Registration No.
199301022976 (277714-A)

FWD INSURANCE BERHAD
(Formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITY

The Company is engaged principally in the underwriting of life insurance business including investment-linked business. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net loss for the financial year	(95,371)

DIVIDENDS

No dividend has been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend for the current financial year.

SHARE CAPITAL

On 29 November 2023, the Company increased its share capital from RM185,000,000 to RM305,000,000 via the issuance of 120,000,000 ordinary shares for cash proceeds of RM120,000,000.

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY

The directors of the Company who served during the financial year since the date of the last report are as follows:

Dato' Haji Kamil Khalid Ariff	Non-Independent Non-Executive Director/Chairman
Oh Teik Tatt	Independent Non-Executive Director
Ramesh Pillai	Independent Non-Executive Director
Yu Chwee Kum, Rosalind	Independent Non-Executive Director
Norhafizah binti Md Shariff	Non-Independent Non-Executive Director
Zainudin bin Ishak	Independent Non-Executive Director (Appointed on 1 June 2023)
Binayak Dutta	Executive Director (Appointed on 12 June 2023)
Jonathan Graybill	Executive Director (Resigned on 3 April 2023)

None of the directors (including the spouses or children of the directors who themselves are not directors of the Company) holding office at 31 December 2023 have any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

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DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than directors' remuneration as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Remuneration of the Directors

The remuneration of each director during the financial year was as follows:

	Non-deferred Cash-based remuneration		
	Fixed RM'000	Variable RM'000	Total RM'000
Dato' Haji Kamil Khalid Ariff	187	63	250
Ramesh Pillai	157	62	219
Oh Teik Tatt	153	58	211
Yu Chwee Kum, Rosalind	133	49	182
Zainudin Bin Ishak	84	26	110
	714	258	972

There was no deferred remuneration awarded to the directors during the financial year. There was no other type of remuneration awarded to the directors (in their capacity of Directors) apart from cash-based remuneration as stated above.

The details of the directors' remuneration are disclosed in Note 19(d) to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the directors in office at the end of the financial year did not hold any interest in shares and options over shares in or debentures of the Company or shares and debentures of its related corporations during the financial year.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity covered by FWD Group Holdings Limited for the directors and certain officers of the Company was RM9,599,250.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

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AUDITORS' REMUNERATION

Total amount paid or payable to auditors as remuneration during the financial year are as follows:

	RM'000
Statutory audit services	438
Audit-related services	1,489
Non-audit services	51
Total	1,978

There is no indemnity given to or insurance effected for any auditor of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

a) that would render it necessary to write off any bad debts or render the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
b) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
d) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading, or
e) that would render the provision for its insurance liabilities inadequate to any substantial extent.

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

a) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
b) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

Contingent or other liabilities do not include liabilities arising from insurance policies in the normal course of business of the Company.

In the opinion of the directors, the financial performance of the Company for the financial year ended 31 December 2023 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

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ULTIMATE HOLDING COMPANY

The directors regard FWD BSN Holdings Sdn Bhd (formerly known as Gibraltar BSN Holdings Sdn Bhd) ("FBSNHoldco"), a company incorporated in Malaysia, as the immediate holding company and PCGI Holdings Limited, a company incorporated in the Cayman Islands as the ultimate holding company.

AUDITORS

The auditors, Ernst & Young PLT (LLP0022760-LCA) & AF 0039, have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with resolution of the directors:

DATO' HAJI KAMIL KHALID ARIFF
CHAIRMAN

YU CHWEE KUM
DIRECTOR

Kuala Lumpur, Wilayah Persekutuan
26 June 2024

CORPORATE GOVERNANCE

The Company, with the leadership of the Board of Directors ("the Board"), has adopted the necessary measures to ensure that the corporate and management practices are consistent with the regulatory requirements and best practice standards ordained under BNM/RH/PD/029-9: Corporate Governance issued by BNM. The Company's policy is to achieve best practices in their business standards for all activities throughout the Company and good corporate governance, which the Board fully recognises to be one of its principal responsibilities to protect and enhance shareholder value and financial performance of the Company.

(a) Key issues and aspects

Key elements of the industry's corporate governance captured by the Frameworks are:

(i) An effective and balanced Board appointed through a predetermined appointment procedure;
(ii) Executive remuneration set by the Board Remuneration Committee that attracts and retains the people needed to run the Company;
(iii) A sound system of internal controls that safeguards the Company's assets and investments, and identifies and manages business risks; and
(iv) The process in respect to disclosure of conflict of interest situation where arising.

The Company's commitment to the corporate governance standards entails the following:

(i) The Board currently comprises seven directors represented by four independent non-executive, two non-independent non-executive and one executive director of calibre, with the necessary skills and diverse corporate experience to ensure that strategies proposed by the management are fully discussed and examined as well as to take into account the long term interests of various stakeholders.
(ii) Executive remuneration is set by the Board Remuneration Committee. The Company's executive remuneration policy is to reward employees competitively, taking into account individual performance, company performance, market comparisons and the competitiveness in the local insurance industry. Remuneration packages are reviewed annually and comprise a mix of basic salary and performance-linked elements.
(iii) The Board is responsible for the Company's system of internal controls and risk management, and reviewing the effectiveness of these systems which are designed to proactively manage, rather than eliminate, the risk of failure to achieve sustainable business objectives. In achieving this, the following are put in place:
  - the Board Risk Management Committee provides oversights on the Company's overall Enterprise Risk Management Framework and risk management activities;
  - the Chief Executive Officer ("CEO") provides regular updates and reports to the Board on the Company's financial performance, key developments on the business and operational activities;
  - regular assessments of internal controls by the Company's internal audit department in line with the annual audit plan; and
  - review of the effectiveness of the internal control processes by the Board Audit Committee, on behalf of the Board.

CORPORATE GOVERNANCE (continued)

(b) Board responsibilities

The Board is ultimately responsible for the Company's strategic direction and overseeing the performance of the Company. Its focus is on the following:

(i) Strategic plan
(ii) Organisation development
(iii) Shareholder value
(iv) Oversight and control
(v) Corporate governance

(c) Supply information

The Board is mindful that its strategic focus on matters relating to their business and its exposures should be based on informed decisions. Hence, all the directors are provided with the meeting agenda and Board reports well ahead of Board meetings. This is to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. As and when necessary, the Board, in furtherance of their duties may seek independent professional advice at the Company's expense. All the directors have access to the advice and services of the Company Secretary.

Board of Directors

Board Meetings

The Board met thirteen (13) times during the financial year ended 31 December 2023.

Details of attendance of each director are as follows:

Name of Directors	Number of Board meetings (Attended/Held)
Dato' Haji Kamil Khalid Ariff (Chairman)	13/13
Oh Teik Tatt	13/13
Ramesh Pillai	13/13
Yu Chwee Kum, Rosalind	13/13
Norhafizah Binti Md Shariff	13/13
Zainudin bin Ishak (Appointed on 1 June 2023)*	6/6
Binayak Dutta (Appointed on 12 June 2023)**	5/6
Jonathan Graybill (Resigned on 3 April 2023)	4/4

* Zainudin bin Ishak was appointed on 1 June 2023 and had attended 6 out of 6 meetings held after his appointment.

** Binayak Dutta was appointed on 12 June 2023 and had attended 5 out of 6 meetings held after his appointment.

CORPORATE GOVERNANCE (continued)

Board of Directors (continued)

Directors' Profile

The membership of the directors as disclosed in the directors' profile below is as of 31 December 2023.

1. **Dato' Haji Kamil Khalid Ariff**
   Chairman/Non-Independent Non-Executive Director
   Member of Board Risk Management Committee, Board Audit Committee, Board Nomination Committee and Board Remuneration Committee

   Appointed to the Board: 24 October 2011

   Dato' Khalid is the Chairman and Non-Independent Non-Executive Director of the Company. His career spans over 45 years where he served in numerous Management and Board positions in several large corporate entities which among others include, The New Straits Times, Mahkota Technologies Sdn Bhd, Kumpulan Perangsang Selangor Bhd, Kumpulan Guthrie Bhd, Bank Muamalat Malaysia Bhd, and Idris Hydraulic Bhd. He was also a founder director of the Kuala Lumpur Tin Market, which he, as part of a Government Steering Committee, helped set up in the mid-1980s.

   Dato' Khalid was appointed to the Board on 24 October 2011 and was subsequently appointed as Chairman of the Board on 20 January 2017. He was later redesignated as a Non-Independent Non-Executive Director on 19 January 2020.

   Dato' Khalid is currently the Chairman of the Boards of Liberty General Insurance Berhad, Putrajaya Holdings Sdn Bhd and Public Islamic Bank Berhad. He also sits on the Board of several private companies.

   Dato' Khalid graduated with a Bachelor of Science in Management from Syracuse University in New York. He also holds a Diploma in Public Administration from ITM and an MBA in International Business from Central Michigan University, United States of America ("USA").

   Dato' Khalid does not have any shareholdings in the Company.

2. **Oh Teik Tatt**
   Independent Non-Executive Director
   Chairman of Board Nomination Committee and Board Audit Committee
   Member of the Board Risk Management Committee and Board Remuneration Committee

   Appointed to the Board: on 24 January 2017

   Mr Oh Teik Tatt is a graduate in Agricultural Science from University of Malaya, and was the Managing Director of Tractors Malaysia Holdings Berhad for 11 years until his retirement in 2004. He also served as Chairman of the Board of Landmarks Bhd in 2006 and is on the Board of a number of companies.

   Mr Oh Teik Tatt does not have any shareholdings in the Company.

CORPORATE GOVERNANCE (continued)

Board of Directors (continued)

Directors' Profile (continued)

3. **Ramesh Pillai**
   Independent Non-Executive Director
   Chairman of the Board Risk Management Committee
   Member of the Board Audit Committee, Board Nomination Committee and Board Remuneration

   Appointed to the Board: 1 July 2016

   Mr Ramesh began his career with Price Waterhouse's Financial Institutions specialism in London gaining experience in Audit, Consultancy and Corporate Finance assignments. He has over 36 years of risk management experience, both in the public and private sector and has held various positions, including Chief Executive Officer, Finance Director and Group Chief Risk Officer in Conventional and Islamic Banks. He was also with Pengurusan Danaharta Nasional as its Chief Risk Officer as well as Bank Negara Malaysia as the Head of its Deposit Insurance Taskforce.

   Mr Ramesh is currently the Chairman of the Board of Governors of the International Institute of Enterprise Risk Practitioners (IERP® - providing professional certification in Enterprise Risk Management), the Group Managing Director of Friday Concepts (International), an International Boutique Risk Management, Governance and Compliance consultancy and TriasGRC, a tech startup providing Governance, Risk and Compliance solutions. He currently also sits on the board of AmInvestment Bank Berhad and on the Board Risk Management and Board Audit Committees for the Taylor's Education Group business in Malaysia and Singapore.

   Mr Ramesh holds a Bachelor of Science (Honours) in Economics with Accountancy from Loughborough University, United Kingdom, where he specialised in Economics, Accounting and Banking in general, and Islamic Banking in particular. He is a fellow of the Institute of Chartered Accountants in England and Wales (1991) as well as the Malaysian Institute of Accountants, a Certified Enterprise Risk Manager, a Certified Risk Professional, a Qualified Risk Director, a certified Islamic Enterprise Risk Manager, a Qualified Risk Auditor, and a Qualified Sustainability Risk Manager.

   Mr Ramesh does not have any shareholdings in the Company.

CORPORATE GOVERNANCE (continued)

Board of Directors (continued)

Directors' Profile (continued)

4. **Yu Chwee Kum, Rosalind**
   Independent Non-Executive Director
   Member of the Board Risk Committee, Board Nomination Committee and Board Remuneration

   Appointed to the Board: 30 July 2021

   Ms Rosalind Yu brings over 31 years of experience in the insurance industry, both locally and abroad. Over the span of her career, she has managed both individual Life and Group businesses as well as heading Customer Service & Branch Operations nationwide.

   She is currently the Director of Health and Benefits at Willis Towers Watson where she is overall responsible for the strategic direction, business operations and talent management to drive business growth.

   Ms Rosalind Yu graduated with a BSc (Hons) from Monash University (Australia). She also holds a Graduate Diploma (Marketing) from the Chartered Institute of Marketing (UK) and an MBA from University of South Australia.

   Ms Rosalind Yu does not have any shareholdings in the Company.

5. **Norhafizah Binti Md Sharif**
   Non-Independent Non-Executive Director
   Member of the Board Remuneration Committee

   Appointed to the Board: 28 April 2022

   Puan Norhafizah's career spans over 21 years and includes roles in PricewaterhouseCoopers in Hong Kong. She is currently the Chief Financial Officer of Bank Simpanan Nasional ("BSN") overseeing Finance, Corporate Planning & Strategic Sourcing as well as Data Governance. Prior to her role at BSN, Norhafizah served as the Chief Financial Officer of a private equity firm with Funds under Management of RM4.1 billion in investments across 21 portfolio companies where she was involved in mergers and acquisitions ("M&A") and corporate exercises, oversaw value creation and operational improvements across multiple industries.

   She holds a Bachelor's Degree in Accounting from Universiti Malaya, a CPA with Malaysian Institute of Certified Public Accountants and is a member of the Malaysian Institute of Accountants.

   Puan Norhafizah does not have any shareholdings in the Company.

CORPORATE GOVERNANCE (continued)

Board of Directors (continued)

Directors' Profile (continued)

6. **Zainudin bin Ishak**
   Independent Non-Executive Director
   Chairman of the Board Remuneration Committee
   Member of the Board Risk Management Committee, Board Audit Committee and Board Nomination

   Appointed to the Board: 1 June 2023

   En Zainudin began his career in the insurance industry specialising in the areas of Bancassurance, Broking and Agency. He has accumulated 35 years of experience in the general insurance, takaful and life industry covering a range of business and functional roles in various capacities in domestic and multinational corporations in Kuala Lumpur, Hong Kong, Kingdom of Saudi Arabia and Dubai, UAE. In the last 17 years, he has served as the Chief Executive Officer in 2 multinational insurance groups including a Malaysian national reinsurer. He also served as Chairman of the Malaysian Takaful Association and founded the ASEAN Reinsurance Working Committee under ASEAN Insurance Council where he served as the Chairman. He was previously a Director of the General Insurance Association of Malaysia.

   En Zainudin is currently a director of the Vehicle Theft Reduction Council of Malaysia Berhad and a Member of the Malaysian Insurance Institute Professional Membership Council.

   He holds an Associateship of the Malaysian Insurance Institute (AMII) and Fellowship of the Malaysian Insurance Institute (FMII).

   En Zainudin does not have any shareholdings in the Company.

7. **Binayak Dutta**
   Executive Director

   Appointed to the Board: 12 June 2023

   Mr Dutta was appointed to the Board following FWD Group's, with other investors, entry into the Company. He joined the FWD Group as Group Chief Distribution Officer in November 2016 and has been in his current role since February 2018 as Managing Director, Emerging Markets and Group Chief Distribution Officer. He oversees the life insurance companies in Emerging Markets as well as the growth and development of distribution channels across the FWD Group.

   He began his career in banking and has over 21 years of experience in the insurance industry in Asia. He holds various board positions within the FWD Group. Prior to joining FWD Group, he served as the Chief Executive Officer of Prudential Life Assurance (Thailand) Public Company Limited and has a track record in leading multi-national insurers through diverse phases from start-up to acquisition, merger and realignment.

   Mr Dutta does not have any shareholdings in the Company.

CORPORATE GOVERNANCE (continued)

Board of Directors (continued)

Directors' Profile (continued)

8. **Jonathan Graybill**
   Executive Director
   Member of the Board Nomination Committee

   Appointed to the Board: 18 September 2017
   Resigned: 3 April 2023

   Mr Jonathan Graybill was an Executive Director of Gibraltar BSN Life Berhad.

   He is currently the Chief Strategy Officer of Prudential Holdings of Japan ("PHJ") and also serves on the Boards of PHJ, Prudential of Japan, and Prudential Gibraltar Financial Life.

   Mr Graybill relocated to Singapore in 2016 and assumed the role of President of the Asia Ex-Japan Region for Prudential International Insurance ("PII"). In this capacity, he was responsible for PII's businesses in Korea, Taiwan, Malaysia, Indonesia, and the regional staff located in Singapore.

   Prior to moving to Singapore, Mr Graybill served as the Chief Operating Officer ("COO") of PII where he supported the operations and technology organisations in twelve countries and fourteen businesses.

   Mr Graybill has a long and successful track record at Prudential with over 31 years of service. Before joining PII, he held leadership positions in various Operations and Technology functions in U.S. Annuities, Retirement Services and Individual Life. He was responsible for Policyholder Administration in the Individual Life Business. This included the post-sale service to over ten million policyholders through operations centres located in the United States, India and the Philippines. In addition to his operation and support ("O&S") expertise, Mr Graybill has deep experience in Business Continuation, Information Security and Vendor Management.

   Mr Graybill holds a Bachelor of Science in Finance from Pennsylvania State University and an MBA from Temple University, USA.

   Mr Graybill does not have any shareholdings in the Company.

Board Committees

The Board has assigned specific responsibilities to four (4) Board committees (Board Audit, Board Remuneration, Board Nomination and Board Risk Management Committees) operating on the terms of reference approved by the Board, to assist the Board in the execution of its responsibilities. Board committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

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CORPORATE GOVERNANCE (continued)

Board Committees (continued)

As at the date of this report, the following are the principal committees:

(a) Board Audit Committee

During 2023, the Board Audit Committee held 4 meetings. Attendance is set out as follows:

Name of Directors	Number of Audit meetings (Attended/Held)
Oh Teik Tatt (Chairman)**	4/4
Dato' Haji Kamil Khalid Ariff	4/4
Ramesh Pillai	4/4
Yu Chwee Kum, Rosalind**	4/4
Zainudin bin Ishak (Appointed on 1 June 2023)*	2/2

*Effective 1 January 2024, Zainudin bin Ishak relinquished his membership in the Board Audit Committee.

**Effective 1 January 2024, Yu Chwee Kum, Rosalind was appointed as the Chairman of the Board Audit Committee in place of Oh Teik Tatt, who remains as a member.

The Board Audit Committee reviews the Company's accounting policies, systems of internal controls and risk management, reports from the Company's internal and external auditors and determines that appropriate actions are being taken by the management. Its conclusions are reported to the Board, which takes responsibility for the Company's system of internal controls.

The Board Audit Committee also considers the Company's published financial statements for statutory compliance and best practice standards, and recommends to the Board appropriate disclosure in these reports. It also reviews the performance of the Company's external auditors annually to ensure an objective, professional and cost-effective relationship. It recommends to the Board the external auditors fees for their audit services.

The detailed terms of reference of the Board Audit Committee are set out in the Board Charter which is available at the website, www.fwd.com.

(b) Board Remuneration Committee

During 2023, the Board Remuneration Committee held 3 meetings. Attendance is set out as follows:

Name of Directors	Number of Remuneration meetings (Attended/Held)
Zainudin bin Ishak (Chairman) (Appointed on 1 June 2023)	1/1
Dato' Haji Kamil Khalid Ariff	3/3
Oh Teik Tatt	3/3
Ramesh Pillai	3/3
Yu Chwee Kum, Rosalind*	3/3
Norhafizah Binti Md Shariff	3/3

CORPORATE GOVERNANCE (continued)

Board Committees (continued)

As at the date of this report, the following are the principal committees: (continued)

(b) Board Remuneration Committee (continued)

*Effective 1 January 2024, Yu Chwee Kum, Rosalind relinquished her membership in the Board Remuneration Committee.

The Board Remuneration Committee recommends the remuneration policy for the Directors, the CEO and senior management. Specifically, the Board Remuneration Committee agrees their service/employment contracts, salaries, other benefits, including bonuses and participation in the Company's long-term incentive plans, and other terms and conditions of service/employment.

It also agrees terms for their cessation of service/employment, approves changes in the Company's long term incentive plans, recommends to the Board those plans which require shareholders' approval and oversees their operations.

The detailed terms of reference of the Board Remuneration Committee are set out in the Board Charter which is available at the website, www.fwd.com.my.

(c) Board Nomination Committee

During 2023, the Board Nomination Committee held 6 meetings. Attendance is set out as follows:

Name of Directors	Number of Nomination meetings (Attended/Held)
Oh Teik Tatt (Chairman)	6/6
Dato' Haji Kamil Khalid Ariff	6/6
Ramesh Pillai*	6/6
Zainudin bin Ishak (Appointed on 1 June 2023)	2/2
Jonathan Graybill (Resigned on 3 April 2023)	2/2
Yu Chwee Kum, Rosalind**	-
Binayak Dutta***	-

*Effective 1 January 2024, Ramesh Pillai relinquished his membership in the Board Nomination Committee.

**Effective 1 January 2024, Yu Chwee Kum, Rosalind was appointed member in the Board Nomination Committee.

***Effective 1 January 2024, Binayak Dutta was appointed member in the Board Nomination Committee.

***Effective 22 April 2024, Binayak Dutta relinquished his membership in the Board Nomination Committee.

CORPORATE GOVERNANCE (continued)

Board Committees (continued)

As at the date of this report, the following are the principal committees: (continued)

(c) Board Nomination Committee (continued)

The Board Nomination Committee recommends to the Board the appointments of all Directors and senior management, and regularly reviews the profile of the skills and attributes required from the Directors as a whole to ensure an appropriate balance of expertise and ability. This profile is used to assess the suitability of candidates put forward by the Directors and shareholders.

The detailed terms of reference of the Board Nomination Committee are set out in the Board Charter which is available at the website, www.fwd.com.my.

(d) Board Risk Management Committee

The Board Risk Management Committee meetings and attendance for the financial year ended 31 December 2023 are as follows:

Name of Directors	Number of Risk meetings (Attended/Held)
Ramesh Pillai (Chairman)	6/6
Dato' Haji Kamil Khalid Ariff	6/6
Oh Teik Tatt*	6/6
Yu Chwee Kum, Rosalind	6/6
Zainudin bin Ishak (Appointed on 1 June 2023)	3/3

*Effective 1 January 2024, Oh Teik Tatt relinquished his membership in the Board Risk Management Committee.

The duties and responsibilities of the Board Risk Management Committee are guided by its approved Terms of Reference by the Board of Directors. The key roles of the committee are as follows:

(a) To review and approve the Annual Plan of Risk Management and Compliance Department;
(b) To review and recommend frameworks, policies, risk appetite as recommended by the Risk Management and Compliance Department for the Board's approval;
(c) To review and ensure that adequate infrastructure, resources and systems are in place for the Risk Management and Compliance Department to effectively carry out their respective responsibilities;
(d) To receive and review financial year reports from Risk Management and Compliance Department on risk exposure, risk profile, fraud related matters, regulatory developments and compliance events; and
(e) To review Risk Management and Compliance reports as well as provide recommendations and constructive challenge to Senior Management.

The detailed terms of reference of the Board Risk Management Committee are set out in the Board Charter which is available at the website, www.fwd.com.my.

CORPORATE GOVERNANCE (continued)

Appointment/re-appointment of Directors

The appointment/re-appointment of the Directors is based on the Company's Articles of Association and were approved by BNM. All the Directors who are appointed by the Board are subject to re-election every succeeding year; thereafter one-third of the Directors (being those who have been longest in office) shall be retired or re-elected.

Directors' training

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by the International Centre for Leadership in Finance ("ICLIF"), the Directors are encouraged to attend continuous education programs and seminars to keep abreast with developments in the industry. A budget for Directors' training is provided each year by the Company and the Company also keeps a record of the Directors' attendance at training programs. During the financial year, a training on MACC Section 17A and Adequate Procedures was arranged for the Directors. All Directors had attended various training programmes / seminars during the financial year and the Board Nomination Committee reviewed the list of training programmes / seminars attended by the Directors and was satisfied with the training programmes / seminars attended by the Directors.

Directors' responsibility statement with respect to the financial statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and comply with the requirements of the Companies Act 2016 in Malaysia and give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and to ensure that the financial statements comply with the requirements of the Companies Act 2016 in Malaysia.

The Directors have overall responsibility to take steps to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

Financial reporting

In presenting the annual financial statements, the Directors aim to present a balanced and understandable assessment of the Company's position and prospects.

CORPORATE GOVERNANCE (continued)

Remuneration policies and practices

(a) Purpose

The remuneration system forms a key component of the governance and incentive structure of the Company through which the Board and senior management drive performance, conveys acceptable risk taking behaviour and reinforces the Company's corporate and risk culture.

(b) Remuneration Philosophy

The Company's remuneration philosophy is very strongly linked to merit and performance. It aims to reward its top performers at par with the market while being attractive to recruit high performing talent into the Company. The Company values consistency in performance and rewards for that, as well as for growth and promotions, which include:

- Alignment with critical business goals and objectives
- Link to performance results relevant to the business segment
- Retain the top performers and developing future potential talent
- Pay for results and differentiated performance
- Attract and reward highly qualified employees
- Encourage contributions that promote success

The remuneration philosophy also aims to motivate employees to deliver the Company's key business strategies, create a strong performance oriented environment and reward achievement of meaningful short and long term targets, with prudent risk taking and promoting a risk conscious culture.

In determining the remuneration policy, the Company ensures that a competitive remuneration package for talent is maintained and benchmarked with other companies operating in the insurance industry. Total individual compensation is aimed at the median of comparable companies in the insurance industry. For that purpose, benchmark research is carried out each year against other insurance companies.

The overall remuneration system for the Company shall also:

i. be subject to Board's active oversight to ensure that the system operates as intended;
ii. be in line with the business and risk strategies, corporate values and long-term interests of the Company;
iii. promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Company as a whole, taking into account the interests of its customers; and
iv. be designed and implemented with input from the Control functions and the Board Risk Management committee to ensure that risk exposures and risk outcomes are adequately considered.

CORPORATE GOVERNANCE (continued)

Remuneration policies and practices (continued)

(c) Remuneration Strategy

The key factors that influence an individual employee's remuneration:

Market Competitiveness
The Company's remuneration levels need to be competitive with those of other similar organisations so that the Company can attract and retain high quality people.

The Company maintains this position by taking part in salary surveys involving other insurance companies and benchmarking to similar jobs in the market.

Corporate Performance
The corporate performance element of remuneration is based on the company's ability to meet the cost of increases in remuneration based on the Company's achieved results.

Division Performance
The division performance element of remuneration is based on the division's performance against division target and objectives set for the year.

Individual Performance
The individual performance element of remuneration is based on the employee's individual performance against individual target and objectives set for the year under review, which includes prudent risk management and control culture.

(d) Performance Management

A performance appraisal is an important component of the performance management system. Within the Company, performance appraisal is about motivating and developing employees and supporting them in performing their roles at the highest standard possible. This is achieved through the provision of opportunities for them to discuss their performance with their managers and, in particular, to identify areas of strength and for development and mutually agree upon the mode of learning in which those needs can be met.

(e) Deferred Performance Incentive Plan ("DPI")

The Company's business strategy is aligned closely to its risk strategy as well as its risk management philosophy, which recognises that the managed acceptance of risk lies in the heart of the business.

As per the BNM's Corporate Governance requirement under clause 19.1 ("Remuneration systems form a key component of the governance and incentive structure through which the board and senior management drive performance, convey acceptable risk taking behaviour and reinforce the financial institution's corporate and risk culture. The provisions in this paragraph are not intended to prescribe particular system designs or levels of individual remuneration as financial institutions differ in goals, activities and culture, as do jobs within an institution. However, any remuneration work together with other management tools in pursuit of prudent risk taking."), the remuneration structure shall align with prudent risk-taking and appropriately adjust for risk to reflect the nature and time horizon of risks.

CORPORATE GOVERNANCE (continued)

Remuneration policies and practices (continued)

(e) Deferred Performance Incentive Plan ("DPI") (continued)

i. Purpose

The DPI Plan is designed as a reward system to strengthen the links between remuneration with leadership, consistent performance, achievement of corporate objectives and risk management, which include the accountability for the potential financial and other risks to mature over a longer period of time.

The Company has adopted a multi-year framework to measure the performance of the CEO, senior management ("EXCO") and Other Material Risk Takers ("OMRTs"), which provide for the following:

- The financial upside opportunity for out-performance over the multi-year time horizon.
- The deferment of a portion of variable performance bonus to the extent that risks are realised over long period of time.
- The adjustment to the earned and deferred portions of variable performance bonus to reflect the long term performance and achievement of corporate performance objectives, whilst adjusting for any material risk, regulatory or compliance issues over the time horizon.

ii. DPI Participants

The DPI participants are the CEO, EXCO and OMRTs as defined below:

No.	Job Function	Description	No. of Officers
1	CEO	Chief Executive Officer	1
2	EXCO members	All direct reports to the CEO representing the senior management of the Company, excluding control functions.	7
3	Other material risk takers ("OMRTs")	Other key employees who can materially commit or control significant amounts of the Company's resources or whose actions can have a significant impact on its risk profile.	9

iii. Structure of DPI Plan

The DPI Plan is structured according to the following 2 key components:

1) Deferred Annual Performance Bonus
   - The Annual Performance Bonus is paid over a 3 year time period as long as there was no adverse issue attributable to the individual key employee during the payment date.

CORPORATE GOVERNANCE (continued)

Remuneration policies and practices (continued)

(e) Deferred Performance Incentive Plan ("DPI") (continued)

iii. Structure of DPI Plan (continued)

2) Financial Upside
- Linked to the performance of key strategic corporate KPIs, and if the company outperforms its annual objectives as per agreed plans.
- Based on the average of 3 years Corporate Performance Factor ("CPF").

Each performance target must map to 1 or 2 defined performance dimensions to ensure Targets are focused on outcomes instead of activities. These performance dimensions are 1) Growth, 2) Profitability, 3) Efficiency, 4) Quality, 5) Talent/Engagement and 6) Culture.

The Board shall confirm the yearly out performance achievement ("accelerator") or make an adjustment, where appropriate, that would be used in the computation of the financial upside.

Deferred Performance Bonus Payment in 2023

The first payment of the Deferred Performance Bonus for the Financial Year 2022 amounting to RM1,404,373 or 70% of the total performance bonus was paid to 13 DPI participants in March 2023.

Adjustment to Deferred Performance Incentive Plan ("DPI")

There has been no changes in the remuneration elements or structures during the financial year except for the DPI. The adjustment to the earned and deferred portions of performance bonus for any material risk, regulatory or compliance issues over the time horizon are as follows:

a.	Malus of deferred performance bonus	Depending on the impact (medium to high scale) of the risk event(s) to the organisation on its financial, reputation, legal/regulatory compliance and operations or customer(s), including findings from BNM Supervisory letter, the Board can make adjustment by deducting a portion or the entire deferred performance bonus of the individual or all key employees.
b.	Claw back of earned performance bonus	Depending on the impact (medium to high scale) of the risk event(s) associated for extraordinary circumstances and not business as usual ("BAU") issues to the organization on its financial, reputational, legal/regulatory, operational or customer(s), the Board can direct the Company to claw back a portion or the entire earned performance bonus of the individual or all key employees.

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CORPORATE GOVERNANCE (continued)

Remuneration policies and practices (continued)

(e) Deferred Performance Incentive Plan ("DPI") (continued)

iii. Structure of DPI Plan (continued)

2) Financial Upside (continued)

Adjustment to Deferred Performance Incentive Plan ("DPI") (continued)

a. Year to exercise Malus and Claw back

a. Malus of deferred performance bonus	During the payment date on the 2nd year and 3rd year of the deferred period
b. Claw back of earned performance bonus	Within 12 months after the payment date

b. Proportion of performance bonus that is subject to Malus and Claw back

a. Malus of deferred performance bonus (as a % of total performance bonus)	Up to 30% of the total performance bonus
b. Claw back of earned performance bonus (as a % of total performance bonus)	Up to 30% of the total performance bonus

iv. Risk Limits

The Board Remuneration Committee ("BRC") must be satisfied that the overall remuneration policy does not include excessive risk-taking and is consistent with the risk appetite and the long-term strategy of the Company. Performance metrics used in determining remuneration must not contribute to the misalignment of risk and reward.

Remunerations for employees in Control functions are structured in a way that is principally based on the achievement of their control objectives and does not compromise their independence.

Performance goals or expectations imposed on employees (other than in Control functions) shall appropriately balance between achieving business outcome with engendering responsible risk behaviors.

The Company will ensure the alignment of risks and rewards across the organisation. This also takes into consideration of an appropriate mix of fixed and variable components and how components of remuneration may impact risk-taking behaviors and contribute to or undermine the Company's risk management objectives.

CORPORATE GOVERNANCE (continued)

Senior management and other material risk takers

Senior management of the Company is the highest level of management who directs and oversees the day-to-day operations of the Company. They typically are heads of the Company's functional divisions and departments. They possess significant influence over their departments in aligning the direction of the departments to the Company.

During the financial year, senior management comprises eight key personnel who undertook the following roles:

1. Chief Executive Officer
2. Chief Financial Officer
3. Chief Operations Officer
4. Chief Partnership Officer
5. Chief Actuary and Appointed Actuary
6. Chief Marketing Officer
7. Chief Agency Officer
8. Head of Human Resources

Other material risk takers are defined in the BNM guidelines on Corporate Governance as employees who may or may not be a member of the senior management and:

- can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile; or
- is among the most highly remunerated officers in the financial institution.

During the financial year, other material risk takers comprise nine key personnel who undertook the following role:

1. Chief Officer Digital, Direct & Telemarketing
2. Chief Officer Information Technology
3. Head of Life Operations
4. Head of Digital
5. Head of Agency and Sales Development
6. Financial Controller
7. Head of Investment
8. Head of Strategy and Growth
9. Head of Enterprise Project Management

CORPORATE GOVERNANCE (continued)

Senior management and other material risk takers (continued)

Total remuneration and number of senior management and other material risk takers received the remuneration during the financial year are as follows:

	Senior management and other material risk takers		
	No. of officers	Unrestricted Amount	Deferred Amount
		RM'000	RM'000
Fixed remuneration			
Cash based	16	7,507	-
Other	16	1,460	-
Variable remuneration			
Cash based	16	2,326	1,074
		11,293	1,074

	Chief executive officer	
	Unrestricted Amount	Deferred Amount
	RM'000	RM'000
Fixed remuneration		
Cash based	1,598	-
Other	322	-
Variable remuneration		
Cash based	626	-
	2,546	-

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

We, Dato' Haji Kamil Khalid Ariff and Yu Chwee Kum, being two of the Directors of FWD Insurance Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 28 to 151 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and the cash flows of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 June 2024.

DATO' HAJI KAMIL KHALID ARIFF
CHAIRMAN

YU CHWEE KUM
DIRECTOR

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

I, Lee Kok Wah, being the officer primarily responsible for the financial management of FWD Insurance Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 28 to 151 are, in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

LEE KOK WAH

Subscribed and solemnly declared by the abovenamed Lee Kok Wah at Kuala Lumpur, Wilayah Persekutuan in Malaysia on 26 June 2024.

Before me,

PESURUHJAYA SUMPAH
W985
MUHAMAD NAZRI
BIN MAMAT @ AB RAHMAN
01/12/2022 - 31/12/2024
MALAYSIA

COMMISIONER FOR OATHS

PUSAT PERKHIDMATAN SETEMPAT
JHEV ATM
TINGKAT BAWAH,
MENARA TH PERDANA, 1001 JALAN
SULTAN ISMAIL, 50250 KUALA LUMPUR

Building a better working world

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199301022976 (277714-A)

Independent auditors' report to the member of FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad) (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FWD Insurance Berhad ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 28 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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**Independent auditors' report to the member of
FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia) (cont'd.)**

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

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

In connection with our audit of the financial statements of the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the 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.

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.

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Independent auditors' report to the member of
FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia) (cont'd.)

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- 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.

Building a better working world

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Independent auditors' report to the member of
FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia) (cont'd.)

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.

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2023.

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

Muhammad Syarizal bin Abdul Rahim
No. 03157/01/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 June 2024

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FWD INSURANCE BERHAD
(Formerly known as Gibraltar BSN Life Berhad)
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
ASSETS				
Property and equipment	3	1,685	1,163	3,335
Investment property	4	5,400	5,400	5,400
Intangible assets	5	6,014	7,254	7,833
Right-of-use ("ROU") assets	6(a)	15,638	17,323	23,617
Investments	7	1,854,644	1,800,472	1,925,422
Insurance contract assets	8	495	230	683
Reinsurance contract assets	8	11,616	9,753	8,880
Other receivables	9	19,182	39,768	20,437
Cash and cash equivalents	10	230,756	195,367	199,014
Deferred tax assets	13	6,103	-	-
TOTAL ASSETS		**2,151,533**	**2,076,730**	**2,194,621**
EQUITY AND LIABILITIES				
Share capital	11	305,000	185,000	185,000
(Accumulated losses)/Retained earnings	12(a)	(44,883)	50,488	70,596
Fair value reserve	12(b)	57,204	33,694	63,101
Asset revaluation reserve	12(b)	603	482	390
Insurance/reinsurance finance reserve	12(b)	(9,738)	3,295	-
TOTAL EQUITY		308,186	272,959	319,087
Insurance contract liabilities	8	1,741,654	1,734,079	1,790,954
Reinsurance contract liabilities	8	489	9,617	9,448
Deferred tax liabilities	13	-	7,422	18,390
Tax payable		63	750	1,995
Other payables	14	89,993	39,054	35,262
Lease liabilities	6(b)	11,148	12,849	19,485
TOTAL LIABILITIES		1,843,347	1,803,771	1,875,534
TOTAL EQUITY AND LIABILITIES		**2,151,533**	**2,076,730**	**2,194,621**

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

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FWD INSURANCE BERHAD
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INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000 Restated
Insurance revenue	15	137,170	143,792
Insurance service expense	16	(236,397)	(141,457)
Net income/(expenses) from reinsurance contracts held	17	9,574	(3,320)
Insurance service result		**(89,653)**	**(985)**
Interest revenue from financial assets not measured at fair value through profit or loss ("FVTPL")		63,880	63,178
Net gain/(losses) on FVTPL financial assets		9,508	(62,419)
Net gain/(losses) on derecognition of financial assets measured at fair value through other comprehensive income ("FVOCI")		764	(12)
Impairment loss on financial assets		(370)	(5,306)
Other investment income		18,772	41,314
Investment expenses		(6,272)	(6,465)
Net investment income	18	**86,282**	**30,290**
Insurance finance expenses for insurance contracts issued	18	(87,917)	(39,819)
Reinsurance finance expenses for reinsurance contracts held	18	(41)	(72)
Net insurance financial result		**(87,958)**	**(39,891)**
Net insurance and investment result		**(91,329)**	**(10,586)**
Other operating expenses	19	(15,083)	(9,247)
Loss before income tax		**(106,412)**	**(19,833)**
Tax credit/(expense)	20	11,041	(275)
Net loss for the financial year		**(95,371)**	**(20,108)**
Basic and diluted loss per share (sen)	21	**(48.91)**	**(10.87)**

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

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

	Note	2023 RM'000	2022 RM'000 Restated
Net loss for the financial year		**(95,371)**	**(20,108)**
Other comprehensive loss:			
Items that will be reclassified to the income statement			
Net gains/(losses) on financial assets at FVOCI	18	30,128	(34,499)
Deferred tax relating to these items	13	(6,618)	5,092
		23,510	**(29,407)**
Insurance finance (expenses)/income for insurance contracts issued	18	(17,623)	4,298
Reinsurance finance income for reinsurance contracts held	18	474	38
Deferred tax relating to these items	13	4,116	(1,041)
		(13,033)	**3,295**
Items that will not be reclassified to the income statement			
Revaluation of properties		132	100
Deferred tax relating to these items	13	(11)	(8)
		121	**92**
Total other comprehensive income/(loss)		**10,598**	**(26,020)**
Total comprehensive loss for the financial year		**(84,773)**	**(46,128)**

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

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

	Note	Share capital RM'000	Fair value reserve RM'000	Asset revaluation reserve RM'000	Insurance/ reinsurance finance reserve RM'000	Retained earnings: Non Distributable * RM'000	Retained earnings: Distributable RM'000	Total RM'000
At 1 January 2022 (As previously reported)		185,000	14,504	44	-	41,045	59,480	300,073
Impact of initial application of MFRS 9		-	23,205	-	-	-	-	23,205
Impact of initial application of MFRS 17		-	25,392	346	-	(29,929)	-	(4,191)
At 1 January 2022 (Restated)		**185,000**	**63,101**	**390**	**-**	**11,116**	**59,480**	**319,087**
Net loss for the financial year		-	-	-	-	(30,531)	10,423	(20,108)
Other comprehensive (loss)/income for the financial year		-	(29,407)	92	3,295	-	-	(26,020)
Total comprehensive (loss)/income for the financial year		-	(29,407)	92	3,295	(30,531)	10,423	(46,128)
At 31 December 2022 (Restated)		**185,000**	**33,694**	**482**	**3,295**	**(19,415)**	**69,903**	**272,959**
Net loss for the financial year		-	-	-	-	(115,096)	19,725	(95,371)
Other comprehensive income/(loss) for the financial year		-	23,510	121	(13,033)	-	-	10,598
Total comprehensive income/(loss) for the financial year		-	23,510	121	(13,033)	(115,096)	19,725	(84,773)
Issuance of shares during the financial year	11	120,000	-	-	-	-	-	120,000
At 31 December 2023		**305,000**	**57,204**	**603**	**(9,738)**	**(134,511)**	**89,628**	**308,186**

* Non-distributable retained earnings comprise of the shareholders' share of participating life fund's estate and the surplus from participating and non-participating life insurance business, net of deferred tax. This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer a requisite amount of the life fund surplus to the shareholder's fund.

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

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FWD INSURANCE BERHAD
(Formerly known as Gibraltar BSN Life Berhad)
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000 Restated
Loss before income tax		(106,412)	(19,833)
Interest revenue calculated using the effective interest method	18	(63,880)	(63,178)
Net (gains)/losses on financial assets at FVTPL	18	(9,508)	62,419
Net (gains)/losses on derecognition of financial assets at FVOCI	18	(764)	12
Other investment income	18	(18,772)	(41,314)
Investment expenses	18	6,272	6,465
Impairment loss on financial assets	18	370	5,306
Purchases of FVTPL financial assets	7(d)	(282,046)	(234,801)
Proceeds from sale of FVTPL financial assets	7(d)	252,101	265,261
Purchases of FVOCI financial assets	7(d)	(47,918)	(44,406)
Proceeds from sale of FVOCI financial assets	7(d)	65,098	35,200
Placement of fixed and call deposits	7(d)	(822)	(800)
Maturity of fixed and call deposits	7(d)	800	1,147
Non-cash items:			
Depreciation of property and equipment	3	1,157	2,143
Depreciation of right-of-use assets	6(a)	2,653	2,857
Interest expense on lease liabilities	6(b)	452	621
Amortisation of intangible assets	5	2,785	2,735
Impairment of intangible assets	5	-	137
Gain on lease modification		-	(480)
Property and equipment written off	3	10	406
Changes in working capital:			
Increase in reinsurance contract assets		(10,518)	(666)
Increase/(decrease) in other receivables		23,815	(15,689)
Decrease in insurance contract liabilities		(10,312)	(52,124)
Increase in other payables		44,686	14,164
Cash used in operating activities		**(150,753)**	**(74,418)**

Registration No.
199301022976 (277714-A)

FWD INSURANCE BERHAD
(Formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia)

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

	Note	2023 RM'000	2022 RM'000 Restated
Cash used in operating activities		**(150,753)**	**(74,418)**
Dividend income received		15,285	18,339
Interest income received		62,538	66,545
Interest paid on lease liabilities		(452)	(621)
Rental income on investment property received		231	242
Income tax paid		(5,686)	(8,444)
Net cash (used in)/generated from operating activities		**(78,837)**	**1,643**
INVESTING ACTIVITIES			
Purchase of property and equipment	3	(1,689)	(377)
Purchase of intangible assets	5	(1,547)	(2,294)
Net cash used in investing activities		**(3,236)**	**(2,671)**
FINANCING ACTIVITIES			
Proceeds from issuance of shares	11	120,000	-
Payment of principal portion of lease liabilities		(2,538)	(2,619)
Net cash generated from/(used in) financing activities		**117,462**	**(2,619)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		35,389	(3,647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		195,367	199,014
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	**230,756**	**195,367**

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

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

The Company is engaged principally in the underwriting of life insurance business including investment-linked business. There has been no significant change in the nature of this activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company as follows:

Level 21, Mercu 2
No 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur

On 3 April 2023, FWD Group acquired 70% shareholding in FWD BSN Holdings Sdn. Bhd. ("FBSNHoldco") (formerly known as Gibraltar BSN Holdings Berhad ("GH")) from Prudential Insurance Company of America ("PICA"). The Company is wholly owned by FBSNHoldco. Effective 14 April 2023, the Company changed its name from Gibraltar BSN Life Berhad to FWD Insurance Berhad ("FIB").

The Directors regard FBSNHoldco, a company incorporated in Malaysia, as the immediate holding company. The ultimate holding company is PCGI Holdings Limited, a company incorporated in the Cayman Islands.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") as issued by the Malaysian Accounting Standards Board ("MASB") and 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, new MFRSs and Interpretations applicable for annual financial periods beginning on or after 1 January 2023, as described in Note 2.3.

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of material accounting policy information. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information

(a) Property and equipment

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

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

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

Motor vehicles	5 years
Office equipment and computers	3-4 years
Furniture, fittings and renovation	5 years

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the income statement.

(b) Intangible assets – computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives of 5 years.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(c) Investment property

Investment property includes office building, is held for long term rental yields or for capital appreciation or both, and is not occupied by the Company.

Investment property is initially stated at cost and subsequently carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment property is reviewed annually, and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying value of the investment property differs materially from the fair value. Changes in fair values are recorded in the income statement as part of fair value gains and losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the financial year of the retirement or disposal.

(d) Leases

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(d) Leases (continued)

(i) Lease term

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

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

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

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

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

Long term leasehold land and buildings are subsequently revalued, based on financial year, but at least triennial, valuations by external independent valuers, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(d) Leases (continued)

(ii) ROU assets (continued)

The surplus arising on revaluation is credited to the revaluation reserves except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to income statement. A deficit arising from revaluation is recognised as an expense except that, to the extent that such a deficit is related to a surplus which was previously recorded as a credit to the asset revaluation reserves account and which has not been subsequently reversed or utilised, it is charged directly to the revaluation reserves.

Payment for rights to use land over the predetermined financial year is classified as prepaid lease property and is stated at cost less accumulated amortisation and accumulated impairment. The prepaid lease property are amortised on a straight line basis over the lease financial year of up to 99 years.

ROU assets are depreciated on a straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Long term leasehold land and buildings	54-70 years
Property	1-6 years
Equipment	5-6 years

(iii) Lease liabilities

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

- Fixed payments (including in-substance fixed payments), less any lease incentive
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(d) Leases (continued)

(iii) Lease liabilities (continued)

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease financial year so as to produce a constant financial year rate of interest on the remaining balance of the liability for each financial year.

Variable lease payments that depend on sales are recognised in income statement in the financial year in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the management expenses.

(iv) Reassessment of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short term leases and leases of low value assets

Short term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture. Payments associated with short term leases of equipment and vehicles and all leases of low value assets are recognised on a straight line basis as an expense in income statement.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(f) Payables

Other payables are classified as current liabilities if payment is due within one year or less.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) 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 statement of financial position date and adjusted to reflect the current best estimate.

(h) Share capital

Proceeds from ordinary shares issued are accounted for as equity, with the nominal value of the share being separately disclosed as share capital. Costs directly attributable to the issuance of new ordinary shares are accounted for as a deduction from equity.

(i) Contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(j) Employee benefits

(i) Short term employee benefits

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(j) Employee benefits (continued)

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed premiums to the state pension scheme, the Employees Provident Fund ("EPF").

The Company's premiums to defined contribution plans are charged to the income statement in the financial year to which they relate. Once the premiums have been made, the Company has no further payment obligations.

(k) Insurance and reinsurance contracts accounting classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk.

The Company does not issue any reinsurance contracts.

(l) Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

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

Some term life contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17. 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 expenses. The surrender options are considered non-distinct investment components as the Company is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(ii) Level of aggregation

MFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has defined portfolios of insurance contracts issued based on its product types, namely immediate annuity and term life contracts due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include, in the same group, contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

The insurance contract portfolios are divided into:

- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts in the portfolio

The reinsurance contracts held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining contracts in the portfolio

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(iii) Recognition

The Company recognises groups of insurance contracts that it issues from the earliest of the following:

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

The Company recognises a group of reinsurance contracts held it has entered into from the earliest of the following:

- 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 Company of reinsurance contracts held
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date

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

(iv) Onerous groups of contracts

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, eg. a change in market experience or regulations

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(v) 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:

- 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
  Or
  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
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to financial year after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For life contracts with renewal period, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks covered for the policyholder by the Company, that the Company would consider when underwriting equivalent contracts on the renewal dates for the remaining service. The Company reassesses the contract boundary of each group of contracts at the end of each reporting period.

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA")

(a) Insurance contract - initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of:

- Fulfilment cash flows
- A CSM representing the unearned profit the Company will recognise as it provides insurance contract services under the insurance contracts in the group

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(a) Insurance contract - initial measurement (continued)

Fulfillment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risk, plus a risk adjustment for non-financial risk. The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substances and dive a good representation of possible outcomes. The cash flow from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims:
  (i) Payments to policyholders resulting from embedded surrender value options
  (ii) An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

The Company incorporates, 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. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(a) Insurance contract - initial measurement (continued)

- Historical data about the Company's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions
- Current pricing information, when available

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to income statement (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to the income statement.

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- The obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- A variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in the income statement. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services.

(b) Reinsurance contracts held - initial measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(b) Reinsurance contracts held - initial measurement (continued)

- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the balance sheet as a CSM and releases this to income statement as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous group of underlying insurance contracts are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in the income statement on initial recognition.

(c) Insurance contracts – subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in income statement, because it relates to future service to be provided.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(c) Insurance contracts – subsequent measurement (continued)

For a group of insurance contracts measured under the General Measurement Model, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - (i) Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - (ii) Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the financial year, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a financial year. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the financial year, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in the income statement while differences related to premiums received (or due) for future services are adjusted against the CSM.

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the income statement and statement of other comprehensive income rather than adjusting the CSM).

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(c) Insurance contracts – subsequent measurement (continued)

- Differences between any investment component expected to become payable in the financial year and the actual investment component that becomes payable in the financial year. Those differences are determined by comparing (i) the actual investment component that becomes payable in the financial year with (ii) the payment in the financial year that was expected at the start of the financial year plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in the income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the group comprising the fulfilment cash flows related to past service allocated to the group at that date.

For a group of insurance contracts measured under the Variable Fee Approach, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- The CSM of any new contracts that are added to the group in the year;
- The change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  a) the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(c) Insurance contracts – subsequent measurement (continued)

b) a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to the loss in the income statement (included in insurance service expenses) and creating a loss component; or

c) an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in the income statement (included in insurance cut-off expenses)

- The effect of any currency exchange differences on the CSM; and
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the financial year

(d) Reinsurance contracts held - subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in the income statement if the related changes arising from the underlying ceded contracts have been recognised in the income statement. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement - Contracts not measured under the Premium Allocation Approach ("PAA") (continued)

(d) Reinsurance contracts held - subsequent measurement (continued)

A loss-recovery component is reversed in a manner consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

(vii) Measurement - contracts measured under the PAA

(a) Insurance contracts

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

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any insurance acquisition cash flows allocated after initial recognition.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in the income statement and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vii) Measurement - contracts measured under the PAA (continued)

(b) Reinsurance contracts held

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

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

(viii) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

(ix) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

(x) Presentation

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

The Company disaggregates the amounts recognised in the income statement and statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion in the income statement.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(x) Presentation (continued)

(a) Insurance revenue

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

(b) Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(x) Presentation (continued)

(c) 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:

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

The Company disaggregates insurance finance income or expenses on insurance contracts issued for its insurance contracts between the income statement and statement of other comprehensive income ("OCI"). The impact of changes in market interest rates on the value of the life insurance and related reinsurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial instrument and insurance assets and liabilities. The Company's financial instruments backing the insurance issued portfolios are predominantly measured at FVOCI.

The Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to income statement using discount rates determined on initial recognition of the group of contracts.

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 income statement as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

(d) Net income or expenses from reinsurance contracts held

The Company presents separately on the face of the income statement and statement of comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the income statement and statement of comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(x) Presentation (continued)

(d) Net income or expenses from reinsurance contracts held (continued)

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a Company of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

(m) Financial instruments

(i) Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date and measured at their fair value. Except for financial instrument and financial liabilities recorded at fair value through profit and loss ("FVTPL"), transaction costs are added to this amount.

(ii) Measurement categories

The Company classifies all of its financial instrument based on the business model for managing the assets and the asset's contractual terms. The categories include the

- Amortised cost
- Fair Value through Other Comprehensive Income ("FVOCI")
- Fair Value through Profit or Loss ("FVTPL")

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(ii) Measurement categories (continued)

(i) Financial instruments measured at amortised cost

Financial instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding

The details of these conditions are outlined below.

(a) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial instruments to achieve its business objective.

The Company holds financial instruments to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial instruments held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial instrument held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(ii) Measurement categories (continued)

(i) Financial instruments measured at amortised cost (continued)

(a) Business model assessment (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If 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 instrument held in that business model, but incorporates such information when assessing newly originated or newly purchased financial instrument going forward.

(b) The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the financial year for which the interest rate is set.

(ii) Financial instruments measured at fair value through other comprehensive income

The Company applies the new category under MFRS 9 *Financial Instruments* ("MFRS 9") for debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial instrument
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139"). Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(ii) Measurement categories (continued)

(iii) Financial instruments measured at fair value through profit and loss

Financial instruments in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes financial instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

(iii) Subsequent measurement

(i) Financial instruments at amortised cost

After initial measurement, financial instruments are measured at amortised cost, using the effective interest rate ("EIR") method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

(ii) Debt instruments at fair value through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in income statement in the same manner as for financial instrument measured at amortised cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to income statement. ECLs are recognised in OCI as discussed further in note 2.2(m)(vi).

(iii) Financial instrument at fair value through profit or loss

Financial instrument at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in income statement. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in income statement as other investment income when the right to the payment has been established.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(iv) Reclassification of financial assets and liabilities

The Company does not reclassify its financial instrument subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

(v) Derecognition

(i) Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial instrument) is derecognised when:

- The rights to receive cash flows from the asset have expired
  Or
- The Company has transferred its right to receive cash flows from the asset 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) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 the Company could be required to pay.

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(v) Derecognition (continued)

(i) Derecognition other than for substantial modification (continued)

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

(vi) Impairment of financial instruments

The Company recognises an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("lifetime ECL").

The Company's debt instruments mainly comprise of quoted bonds that are graded in the investment grade categories by the MARC Ratings and/or RAM Ratings and, therefore, are considered to be low credit risk investments. Unquoted bonds held by the Company comprise less than 1% of the overall debt exposure. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(vi) Impairment of financial instrument (continued)

(i) The calculation of ECLs (continued)

The Company calculates the 12-month ECL as the product of the 1-year Probability of Default ("PD") (based on the credit rating of the instrument), Exposure at Default ("EAD") (or "Current Exposure") and Loss Given Default ("LGD"). When calculating lifetime ECL, the RAM Solution further considers the annual exposure and annual PDs over the lifetime of a financial asset.

The mechanics of the ECL calculations are outlined below and the key elements are,

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

- Exposure at Default ("EAD")
  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

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

- 12-month ECL
  The 12-month ECL is calculated as the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the four scenarios, as explained above.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(m) Financial instruments (continued)

(vi) Impairment of financial instrument (continued)

(i) The calculation of ECLs (continued)

- Lifetime ECL
  When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

- Impairment
  For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for lifetime ECLs assets, with the PD set at 100%.

(ii) Debt instruments measured at fair value through other comprehensive income

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to income statement. The accumulated gain recognised in OCI is recycled to the income statement upon derecognition of the assets.

(n) Recognition of interest income

(i) The effective interest rate method

Under MFRS 9, interest income is recorded using the EIR method for all financial instrument measured at amortised cost. Similar to interest bearing financial instrument previously classified as available-for-sale or held to maturity under MFRS 139, interest income on interest bearing financial instrument measured at FVOCI under MFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter financial year, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(n) Recognition of interest income (continued)

(i) The effective interest rate method (continued)

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income.

(ii) Interest and similar income

Interest income comprises amounts calculated using both the effective interest method and other methods. Interest income on loans is recognised on an accrual basis except where a loan is considered non-performing, where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortised cost or FVOCI. Other interest income including the amount of amortisation of premium and accretion of discount is recognised on a time proportion basis that takes into account the effective yield of the assets.

Other interest and similar income includes interest on all financial instrument measured at FVTPL, using the contractual interest rate.

The Company calculates interest income on financial instrument, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

(o) Impairment of non-financial instrument

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment, assets are grouped at the lowest level for which there is cash flows.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(o) Impairment of non-financial instrument (continued)

Non-financial assets that had suffered impairment are reviewed for possible reversal of the impairment at each reporting date. The impairment loss is charged to income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in income statement unless it reverses an impairment loss on a revalued assets, in which case it is taken as a revaluation surplus.

(p) Other revenue recognition

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

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

Profits or losses arising on disposal of investments are credited or charged to the income statement.

(q) Taxation

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

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

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

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or when the deferred tax liability is settled.

(r) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholder and upon receipt of approval from BNM.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(s) Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(ii) Transactions and balances

Foreign currency transactions of the Company are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the statement of financial position date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

(t) Fair value measurement

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 - Fair value measurements that are measured by reference to published quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data. Valuation techniques are based on assumptions that are supported by prices from observable current market transaction are instruments for which pricing is obtained.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(t) Fair value measurement (continued)

Level 3 - Fair value measurements using significant non market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk. Unobservable inputs are inputs not supported by market data, but which are set on the basis that they represent what is reasonable given the prevailing market conditions.

In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

(u) Critical accounting estimates and judgements

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 statement of financial position 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 key assumptions concerning the future and other key sources of estimation uncertainty at the statement of 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 as follows:

(i) Insurance and reinsurance contracts

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(u) Critical accounting estimates and judgements (continued)

(i) Insurance and reinsurance contracts (continued)

(a) The methods used to measure insurance contracts

The Company primarily uses deterministic projections to estimate the present value of future cash flows. The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates

  Assumptions are based on market data where available, set with reference to reinsurance rates, and adjusted when appropriate to reflect the Company's own experiences. Assumptions are differentiated by participant gender, underwriting class and contract type.

  An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

- Expenses

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force contracts and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  An increase in the expected level of expenses will reduce future expected profits of the Company.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

- Lapse and surrender rates

  Lapses relate to the termination of contracts due to non–payment of premiums. Surrenders relate to the voluntary termination of contracts by policyholders. Contract termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, contract duration and sales channel.

  An increase in lapse rates would tend to reduce profits of the Company.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(u) Critical accounting estimates and judgements (continued)

(i) Insurance and reinsurance contracts (continued)

(a) The methods used to measure insurance contracts (continued)

- Discount rate

  All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The risk-free yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long term real profit rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on changes to long term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are determined by adjusting the return of a reference portfolio to eliminate any factors that are not relevant to the insurance contracts.

2.2 Summary of material accounting policy information (continued)

(u) Critical accounting estimates and judgements (continued)

(i) Insurance and reinsurance contracts (continued)

(a) The methods used to measure insurance contracts (continued)

The tables below set out the discount rates used:

As at 31 December 2023

	1 year	5 years	10 years	15 years	20 years
Risk free	3.30%	3.65%	3.74%	4.05%	4.29%
With illiquidity premium	3.40%	3.75%	3.84%	4.15%	4.29%

As at 31 December 2022

	1 year	5 years	10 years	15 years	20 years
Risk free	3.25%	3.88%	4.09%	4.36%	4.54%
With illiquidity premium	3.43%	4.06%	4.27%	4.54%	4.54%

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

(u) Critical accounting estimates and judgements (continued)

(ii) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that a insurance operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. The Company has estimated the risk adjustment at 75% confidence level using the margin approach.

(iii) Amortisation of the CSM

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit of the group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in the income statement as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period, based on the number of coverage units provided in the period, which is determined by considering for each contract, the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholders for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Company applies judgement in these determinations. Expected coverage period is derived based on the likelihood of a covered event occurring to the extent they affect the expected duration of contracts in the Company. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

The amortisation of the CSM of the reinsurance contracts held follows the same principles as those for insurance contracts issued.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure

The following are accounting standards, amendments, and interpretations that have been issued by the MASB adopted by the Company:

MFRSs, Interpretations and amendments effective from financial year beginning on or after 1 January 2023:

- Amendments to MFRS 4 *Insurance Contracts - Extension of the temporary exemption from applying MFRS 9*
- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of liabilities as current or non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 112 *Income Taxes – International Tax Reform – Pillar Two Model*

The adoption of the above standards and pronouncement did not have any significant impact on the financial statements of the Company, except for the following:

(i) MFRS 17 *Insurance Contracts* and Amendments to 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 ended 31 December 2022 and as at 1 January and 31 December 2022, applying the transitional provisions in Appendix C to MFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

The adoption of MFRS 17 did not change the classification of the Company's insurance contracts. However, MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The key principles of MFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the covered event) adversely affects the policyholders.
- 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

(i) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (continued)

- 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;
  - An amount representing the unearned profit in the group of contracts (CSM); and
  - 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 is explained in Note 2.2(k) and Note 2.2(l).

Changes to presentation and disclosure

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

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

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

The line item descriptions in the income statement and other comprehensive income have been changed significantly compared with last year. Previously the Company reported the following main line items: net premiums, net insurance benefits and claims, other income and other expenses. MFRS 17 requires separate presentation of:

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

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

- The amounts recognised in its financial statements from insurance contracts.
- Significant judgements, and changes in those judgements, made when applying the standard.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

(i) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (continued)

Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if MFRS 17 had always applied, unless impracticable .
- Derecognised any existing balances that would not exist had MFRS 17 always been applied.
- Recognised any resulting net difference in equity.

Fair value approach

The Company has applied the fair value approach on transition for all contracts issued on or before 31 December 2021. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of MFRS 13 *Fair Value Measurement*.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts
- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of profit on the CSM is determined using the bottom-up approach at inception.

The Company has elected to disaggregate insurance finance income or expenses between amounts included in the income statement and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

(i) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (continued)

Fair value approach (continued)

The Company used the income approach to fair value the insurance contracts at the transition date.

(ii) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial instrument and financial liabilities, effective for annual financial years beginning on or after 1 January 2018. However, as the Company qualifies for the temporary exemption under the guidance on Amendments to MFRS 4 – Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts from applying MFRS 9 and has deferred and adopted MFRS 9 together with MFRS 17 for the financial year beginning on or after 1 January 2023.

The adoption of MFRS 9 as of 1 January 2023 resulted in differences in the assets classification when compared to their classification under MFRS 139. Classification changes included reclassifying debt securities from Available-for-sale ("AFS") and Held-to-maturity ("HTM") under MFRS 139 to FVOCI under MFRS 9. These classification changes led the Company to present certain investment results previously reported in the income statement under MFRS 139 to OCI under MFRS 9.

The Company has applied MFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of MFRS 9. Difference arising from the adoption of MFRS 9 have been recognised in retained earnings as of 1 January 2022.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs.

A reconciliation between the carrying amounts under MFRS 139 to the balances reported under MFRS 9 as of initial application date 1 January 2023 is, as follows:

	1 January 2023					
	MFRS 139		Remeasurement		MFRS 9	
	Category	Amount	Reclassification	Reclassification to MFRS 17 Cash Flow	Amount	Category
		RM'000	RM'000	RM'000	RM'000	
Financial assets						
Cash and cash equivalents		195,367	-	-	195,367	
	L&R	195,367	-	-	195,367	AC
AFS Financial assets		1,053,708	(1,053,708)	-		
To: Financial assets at FVOCI			1,053,708	-		
	AFS	1,053,708	-	-	N/A	
HTM Financial assets		170,979	(170,979)	-		
To: Financial assets at FVOCI			170,979	-		
	HTM	170,979	-	-	N/A	

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9 (continued)

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs. (continued)

A reconciliation between the carrying amounts under MFRS 139 to the balances reported under MFRS 9 as of initial application date 1 January 2023 is, as follows: (continued)

	1 January 2023					
	MFRS 139		Remeasurement		MFRS 9	
	Category	Amount	Reclassification	Reclassification to MFRS 17 Cash Flow	Amount	Category
		RM'000	RM'000	RM'000	RM'000	
Financial assets						
Loans and receivables		62,265	(62,265)	-		
To: Financial assets at AC			62,265	-		
	L&R	62,265	-	-	N/A	
Financial assets at AC						
From: Loans and receivables			62,265	(61,465)	800	
		-	62,265	(61,465)	800	AC
Financial assets at FVOCI						
From: AFS Financial assets			1,053,708	16,943	1,070,651	
From: HTM Financial assets			170,979	2,658	173,637	
		-	1,224,687	19,601	1,244,288	FVOCI

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9 (continued)

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs. (continued)

A reconciliation between the carrying amounts under MFRS 139 to the balances reported under MFRS 9 as of initial application date 1 January 2023 is, as follows: (continued)

	1 January 2023					
	MFRS 139		Remeasurement		MFRS 9	
	Category	Amount	Reclassification	Reclassification to MFRS 17 Cash Flow	Amount	Category
		RM'000	RM'000	RM'000	RM'000	
Financial assets						
Financial assets at FVTPL (designated)	FVTPL (designated)	351,695	(351,695)	-	N/A	FVTPL (designated)
Financial assets at FVTPL (mandatory)	FVTPL (mandatory)	203,689	351,695	-	555,384	FVTPL (mandatory)
	FVTPL	555,384	-	-	555,384	FVTPL
Total assets		2,037,703	1,286,952	(41,864)	1,995,839	

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9 (continued)

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs. (continued)

A reconciliation between the carrying amounts under MFRS 139 to the balances reported under MFRS 9 as of initial application date 1 January 2023 is, as follows: (continued)

L&R: Loans and receivables
AFS: Available-for-sale
HTM: Held-to-maturity
AC: Amortised cost

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9 (continued)

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs. (continued)

A reconciliation between the carrying amounts under MFRS 139 and the balances reported under MFRS 9 as of 1 January 2022 is, as follows: (continued)

	1 January 2022					
	MFRS 139		Remeasurement		MFRS 9	
	Category	Amount RM'000	Reclassification RM'000	Reclassification to MFRS 17 Cash Flow RM'000	Amount RM'000	Category
Financial assets						
Cash and cash equivalents		199,014	-	-	199,014	
	L&R	199,014	-	-	199,014	AC
AFS Financial assets		1,062,992	(1,062,992)	-		
To: Financial assets at FVOCI		-	1,062,992	-		
	AFS	1,062,992	-	-	N/A	
HTM Financial assets		187,685	(187,685)	-		
To: Financial assets at FVOCI		-	187,685	-		
	HTM	187,685	-	-	N/A	

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9 (continued)

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs. (continued)

A reconciliation between the carrying amounts under MFRS 139 and the balances reported under MFRS 9 as of 1 January 2022 is, as follows: (continued)

	1 January 2022					
	MFRS 139		Remeasurement		MFRS 9	
	Category	Amount	Reclassification	Reclassification to MFRS 17 Cash Flow	Amount	Category
		RM'000	RM'000	RM'000	RM'000	
Financial assets						
Loans and receivables		60,797	(60,797)	-		
To: Financial assets at FVOCI			60,797	-		
	L&R	60,797	-	-	N/A	
Financial assets at AC						
From: Loans and receivables			60,797	(59,650)	1,147	
		-	60,797	(59,650)	1,147	AC
Financial assets at FVOCI						
From: AFS Financial assets			1,062,992	16,177	1,079,169	
From: HTM Financial assets			187,685	9,150	196,835	
		-	1,250,677	25,327	1,276,004	FVOCI

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

Effect of application of MFRS 9 (continued)

The following section sets out the impact of adopting MFRS 9 on the statement of financial position, including the effect of replacing MFRS 139's incurred credit loss calculations with MFRS 9's ECLs. (continued)

A reconciliation between the carrying amounts under MFRS 139 and the balances reported under MFRS 9 as of 1 January 2022 is, as follows: (continued)

	1 January 2022					
	MFRS 139		Remeasurement		MFRS 9	
	Category	Amount	Reclassification	Reclassification to MFRS 17 Cash Flow	Amount	Category
		RM'000	RM'000	RM'000	RM'000	
Financial assets at FVTPL (designated)	FVTPL (designated)	392,523	(392,523)		-	FVTPL (designated)
Financial assets at FVTPL (mandatory)	FVTPL (mandatory)	255,748	392,523	-	648,271	FVTPL (mandatory)
	FVTPL	648,271	-	-	648,271	FVTPL
Total assets		2,158,759	1,311,474	(34,323)	2,124,436	

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

Transition impact from MFRS 17 and MFRS 9 on 1 January 2022

The impact of transition to MFRS 17 and MFRS 9 on reserves and retained earnings is, as follows:

	Reserves and retained earnings RM'000
Fair value reserve	
Closing balance under MFRS 4 and MFRS 139 (31 December 2021)	14,504
Reclassification of debt instruments from AFS and HTM to FVOCI	23,205
Reclassification of participating fund fair value reserve from insurance contract liabilities to fair value reserve	25,392
Opening balance under MFRS 17 and MFRS 9 (1 January 2022)	63,101
Asset revaluation reserve	
Closing balance under MFRS 4 and MFRS 139 (31 December 2021)	44
Reclassification of participating fund asset revaluation reserve from insurance contract liabilities to asset revaluation reserve	346
Opening balance under MFRS 17 and MFRS 9 (1 January 2022)	390
Retained earnings	
Closing balance under MFRS 4 and MFRS 139 (31 December 2021)	100,525
Impact of initial application of MFRS 17	(39,381)
Deferred tax in relation to MFRS 17 application	9,452
Opening balance under MFRS 17 and MFRS 9 (1 January 2022)	70,596

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

Transition impact from MFRS 17 and MFRS 9 on 1 January 2022 (continued)

The impact of transition to MFRS 9 on reserves and retained earnings is, as follows: (continued)

	Reserve and retained earnings RM'000
Total change in equity (after tax) due to the application of new standards	
Fair value reserve	23,205
Total change in equity due to application of MFRS 9	23,205
Fair value reserve	25,392
Asset revaluation reserve	346
Retained earnings	(29,929)
Total change in equity due to application of MFRS 17	(4,191)

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Changes in accounting policy and disclosure (continued)

The following are accounting standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been early adopted by the Company:

MFRSs, Interpretations and amendments effective from financial year beginning on or after 1 January 2024:

- Amendment to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 7 *Financial Instruments: Disclosures and MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements*

MFRSs, Interpretations and amendments effective from financial year beginning on or after 1 January 2025 or deferred:

- Amendment to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
- Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3 PROPERTY AND EQUIPMENT

	Motor vehicles RM'000	Office equipment and computers RM'000	Furniture, fittings and renovation RM'000	Total RM'000
Cost				
At 1 January 2023	14	11,669	11,326	23,009
Additions	-	1,359	330	1,689
Disposals/Write-offs	-	(1,530)	(1,931)	(3,461)
At 31 December 2023	14	11,498	9,725	21,237
Accumulated depreciation				
At 1 January 2023	8	11,241	10,597	21,846
Disposals/Write-offs	-	(1,530)	(1,921)	(3,451)
Depreciation charge for the financial year (Note 19)	1	505	651	1,157
At 31 December 2023	9	10,216	9,327	19,552
Net book value				
At 31 December 2023	5	1,282	398	1,685

3 PROPERTY AND EQUIPMENT (continued)

	Motor vehicles RM'000	Office equipment and computers RM'000	Furniture, fittings and renovation RM'000	Total RM'000
Cost				
At 1 January 2022	14	12,216	13,219	25,449
Additions	-	366	11	377
Disposals/Write-offs	-	(913)	(1,904)	(2,817)
At 31 December 2022	14	11,669	11,326	23,009
Accumulated depreciation				
At 1 January 2022	7	11,492	10,615	22,114
Disposals/Write-offs	-	(879)	(1,532)	(2,411)
Depreciation charge for the financial year (Note 19)	1	628	1,514	2,143
At 31 December 2022	8	11,241	10,597	21,846
Net book value				
At 31 December 2022	6	428	729	1,163

4 INVESTMENT PROPERTY

	2023	2022
	RM'000	RM'000
At 1 January/31 December	5,400	5,400
The following investment property is held under lease terms:		
Leasehold building	5,400	5,400

Investment property is stated at fair value, which had been determined based on valuations performed by an external independent professional valuer on 31 December 2023 and 31 December 2022. Valuation is performed on an annual basis and fair value changes are recorded in the income statement.

Fair value information

Fair value of investment property is categorised as Level 3 as follows:

	2023	2022
	RM'000	RM'000
Investment property	5,400	5,400

Fair value information

The following are recognised in the income statement in respect of investment property:

	2023	2022
	RM'000	RM'000
Gross rental income	390	390
Direct operating expenses	(159)	(148)
Net rental income	231	242

The fair value of the long term leasehold building was measured and adjusted for differences using a valuation technique based on assumption supported by prices from observable current market transactions as well as the discounted cash flows (at a discount rate of 5.00%) (2022: 5.00%) of the current rental income based on usual tenancy terms in open market values.

Description of valuation techniques used and key inputs considered in valuation of investment property measured at Level 3:

Valuation	Unobservable Input	2023	2022
Comparison & Investment method	Term Yield	4.75%	4.75%
	Reversionary Rate	5.00%	5.00%
	Average Rental per square feet (Term)	RM3.20	RM3.20
	Average Rental per square feet (Reversion)	RM3.70	RM3.70
	Discount Rate	5.00%	5.00%
	Estimated value per square feet	RM562 psf over strata floor area	RM564 psf over strata floor area

5 INTANGIBLE ASSETS

	2023 RM'000	2022 RM'000
Software costs		
Cost		
At 1 January	29,164	26,948
Additions	1,547	2,294
Write-offs	(1,442)	(78)
At 31 December	29,269	29,164
Accumulated amortisation		
At 1 January	21,773	19,115
Amortisation of intangible assets (Note 19)	2,785	2,735
Write-offs	(1,440)	(77)
At 31 December	23,118	21,773
Accumulated impairment		
At 1 January	137	-
Impairment of intangible assets (Note 19)	-	137
At 31 December	137	137
Net book value		
At 31 December	6,014	7,254

6 (a) RIGHT-OF-USE ("ROU") ASSETS

	Leasehold land and buildings RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost				
At 1 January 2023	5,935	21,773	601	28,309
Additions	-	505	-	505
Write-offs	-	(678)	-	(678)
Modification	-	331	-	331
Revaluation surplus	30	-	-	30
At 31 December 2023	5,965	21,931	601	28,497
Accumulated depreciation				
At 1 January 2023	47	10,571	368	10,986
Write-offs	-	(678)	-	(678)
Depreciation of right-of-use assets (Note 19)	102	2,503	48	2,653
Reversal on accumulated depreciation on long term leasehold land and buildings	(102)	-	-	(102)
At 31 December 2023	47	12,396	416	12,859
Net book value				
At 31 December 2023	5,918	9,535	185	15,638

6 (a) RIGHT-OF-USE ("ROU") ASSETS (continued)

	Leasehold land and buildings RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost				
At 1 January 2022	5,935	25,876	434	32,245
Additions	-	477	-	477
Write-offs	-	(399)	-	(399)
Modification	-	(4,181)	167	(4,014)
At 31 December 2022	5,935	21,773	601	28,309
Accumulated depreciation				
At 1 January 2022	47	8,300	281	8,628
Write-offs	-	(399)	-	(399)
Depreciation of right-of-use assets (Note 19)	100	2,670	87	2,857
Reversal on accumulated depreciation on long term leasehold land and buildings	(100)	-	-	(100)
At 31 December 2022	47	10,571	368	10,986
Net book value				
At 31 December 2022	5,888	11,202	233	17,323

The Company has carried out a valuation on the long term leasehold land and buildings based on open market values of the properties on existing use basis conducted by an independent qualified valuer, Knight Frank Malaysia Sdn Bhd.

Had the long term leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been included in the financial statements at the end of the financial year are as follows:

	2023 RM'000	2022 RM'000
Long term leasehold land and buildings	4,671	4,365

The long term leasehold land and buildings have unexpired lease financial years from 54 years to 70 years.

6 (a) RIGHT-OF-USE ("ROU") ASSETS (continued)

Fair value information

Fair value of long term leasehold buildings are categorised as follows:

	2023 RM'000	2022 RM'000
Level 3:		
Melaka Branch	300	270
Menara Liberty Level 18	5,400	5,400
Total buildings	5,700	5,670

The fair value of the long term leasehold buildings were measured and adjusted for differences using a valuation technique based on assumption supported by prices from observable current market transactions as well as the discounted cash flows at a discount rate of 5.00% (2022: 5.00%) of the current rental income based on usual tenancy terms in open market values.

Description of valuation techniques used and key inputs considered in valuation of long term leasehold buildings measured at Level 3:

Valuation Technique	Unobservable Input	2023	2022
Comparison & Investment method	Reversionary Rate	3.50%-5.00%	3.50%-5.00%
	Average Rental per square feet (Reversion)	RM1.30-RM3.70	RM1.30-RM3.70
	Discount Rate	3.50%-5.00%	3.50%-5.00%
	Estimated value per square feet	RM348-RM561 psf over strata floor area	RM348-RM563 psf over strata floor area

6 (b) LEASE LIABILITIES

	2023 RM'000	2022 RM'000
At 1 January	12,849	19,485
Increase/(decrease) in lease liabilities	837	(4,017)
Payment of lease liabilities	(2,990)	(3,240)
Interest expense on lease liabilities (Note 19)	452	621
At 31 December	11,148	12,849

7 INVESTMENTS

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Malaysian government securities	10,496	10,320	10,450
Malaysian government guaranteed bonds	710,851	681,527	676,972
Private debt securities	548,624	562,178	599,391
Quoted shares	379,772	342,691	416,171
Unquoted shares	20,288	20,288	19,522
Unit and property trust funds	182,157	180,623	200,115
Warrants	1,634	2,045	1,654
Fixed and call deposits	822	800	1,147
	1,854,644	1,800,472	1,925,422
Fair value through other comprehensive income ("FVOCI") financial assets	1,258,985	1,244,288	1,276,004
Fair value through profit or loss ("FVTPL") financial assets	594,837	555,384	648,271
Amortised cost ("AC") financial assets	822	800	1,147
	1,854,644	1,800,472	1,925,422

(a) FVOCI financial assets

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Fair value			
Unquoted in Malaysia			
Unquoted shares	20,288	20,288	19,522
Private debt securities	510,722	526,862	562,269
Malaysian government securities	10,282	10,108	10,450
Malaysian government guaranteed bonds	703,293	673,971	669,737
Accrued interest	14,400	13,059	14,026
	1,258,985	1,244,288	1,276,004

7 INVESTMENTS (continued)

(b) FVTPL financial assets

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Fair value			
Quoted in Malaysia			
Mandatorily measured			
Quoted shares	379,772	342,691	416,171
Warrants	1,634	2,045	1,654
Unit trust and property trust funds	182,157	180,623	200,115
Unquoted in Malaysia			
By designation			
Private debt securities	30,963	29,715	30,012
Accrued interest	311	310	319
	594,837	555,384	648,271

(c) AC financial assets

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Fair value			
Unquoted in Malaysia			
Fixed and call deposits	822	800	1,147

7 INVESTMENTS (continued)

(d) Carrying value of financial assets

	AC	FVOCI	FVTPL	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	800	1,244,288	555,384	1,800,472
Purchases/placement of deposits	822	47,918	282,046	330,786
Maturity/proceeds from sale	(800)	(65,098)	(252,101)	(317,999)
Realised gains	-	764	2,263	3,027
Fair value gains recorded in:				
Income statement	-	-	7,245	7,245
Other comprehensive income	-	29,758	-	29,758
Accretion of discount	-	14	-	14
Movement of accrued interest	-	1,341	-	1,341
At 31 December 2023	822	1,258,985	594,837	1,854,644

7 INVESTMENTS (continued)

(d) Carrying value of financial assets (continued)

	AC	FVOCI	FVTPL	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	1,147	1,276,004	648,271	1,925,422
Purchases/placement of deposits	800	44,406	234,801	280,007
Maturity/proceeds from sale	(1,147)	(35,200)	(265,261)	(301,608)
Realised (losses)/gains	-	(12)	13,180	13,168
Fair value (losses)/gains recorded in:				
Income statement	-	(5,306)	(75,599)	(80,905)
Other comprehensive income	-	(34,499)	-	(34,499)
Amortisation of premium	-	(139)	-	(139)
Movement of accrued interest	-	(966)	(8)	(974)
At 31 December 2022	800	1,244,288	555,384	1,800,472

7 INVESTMENTS (continued)

(e) Changes in the fair value and the corresponding ECL

No loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve.

Movements in allowances for impairment, which reflects the expected credit loss ("ECL") model on impairment, recognised in other comprehensive income.

The loss allowance for FVOCI financial assets of RM 0.37mil (2022: RM 5.30mil) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

(f) Estimation of fair value

Fair value hierarchy disclosure

The following table presents the Company's assets that are measured at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2023				
FVTPL financial assets				
Quoted in Malaysia				
Shares and warrants	381,406	-	-	381,406
Unit trust and property trust funds	182,157	-	-	182,157
Unquoted in Malaysia				
Private debt securities	-	30,963	-	30,963
Accrued Interest	-	311	-	311
FVOCI financial assets				
Unquoted in Malaysia				
Shares	-	-	20,288	20,288
Private debt securities	-	502,913	7,809	510,722
Malaysian government securities	-	10,282	-	10,282
Malaysian government guaranteed bonds	-	703,293	-	703,293
Accrued Interest	-	14,400	-	14,400
Fixed and call deposits	822	-	-	822
Total investments	564,385	1,262,162	28,097	1,854,644

7 INVESTMENTS (continued)

(f) Estimation of fair value (continued)

Fair value hierarchy disclosure (continued)

The following table presents the Company's assets that are measured at fair value. (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
FVTPL financial assets				
Quoted in Malaysia				
Shares and warrants	344,736	-	-	344,736
Unit trust and property trust funds	180,623	-	-	180,623
Unquoted in Malaysia				
Private debt securities	-	29,715	-	29,715
Accrued Interest	-	310	-	310
FVOCI financial assets				
Unquoted in Malaysia				
Shares	-	-	20,288	20,288
Private debt securities	-	519,745	7,117	526,862
Malaysian government securities	-	10,108	-	10,108
Malaysian government guaranteed bonds	-	673,971	-	673,971
Accrued Interest	-	13,059	-	13,059
Fixed and call deposits	800	-	-	800
Total investments	526,159	1,246,908	27,405	1,800,472

	2023 RM'000	2022 RM'000
Level 3		
At 1 January	27,405	9,882
Fair value gains	1,025	22,829
Impairment of financial assets		
FVOCI debt securities	(333)	(5,306)
At 31 December	28,097	27,405

As observable prices are not available for these securities, the Directors have determined the fair values of equity securities based on their net asset value per share and fair values of debt securities based on discounted cash flows and the binding bid price quoted by the issuer. The valuations are not sensitive to a change in unobservable inputs.

Level 3 valuations are reviewed on an annual basis by the Company's management. The management considers the appropriateness of the valuation model inputs, as well as the valuation result using the valuation method and techniques generally recognised as standard within industry.

8 INSURANCE AND REINSURANCE CONTRACTS

The breakdown of portfolios 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:

	31.12.2023			31.12.2022			01.01.2022		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Insurance contracts issued									
Life insurance contracts	495	(1,741,654)	(1,741,159)	230	(1,734,079)	(1,733,849)	683	(1,790,954)	(1,790,271)
Total insurance contracts issued	**495**	**(1,741,654)**	**(1,741,159)**	**230**	**(1,734,079)**	**(1,733,849)**	**683**	**(1,790,954)**	**(1,790,271)**
Reinsurance contracts held									
Life reinsurance contracts	11,616	(489)	11,127	9,753	(9,617)	136	8,880	(9,448)	(568)
Total reinsurance contracts held	**11,616**	**(489)**	**11,127**	**9,753**	**(9,617)**	**136**	**8,880**	**(9,448)**	**(568)**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD

8.1 (a) Insurance contracts issued

(i) The roll-forward of the net liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for portfolios not measured under the PAA, is disclosed in the table below:

		2023				2022			
		Liabilities for remaining coverage			Total	Liabilities for remaining coverage			Total
	Note	Excluding loss component	Loss component	Liabilities for incurred claims		Excluding loss component	Loss component	Liabilities for incurred claims	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract liabilities as at 1 January		1,468,542	30,609	234,928	1,734,079	1,572,509	-	218,262	1,790,771
Insurance contract (assets) as at 1 January		(18)	-	-	(18)	(1,524)	-	841	(683)
Net insurance contract liabilities as at 1 January		**1,468,524**	**30,609**	**234,928**	**1,734,061**	**1,570,985**	**-**	**219,103**	**1,790,088**
Insurance revenue	15	(135,909)	-	-	(135,909)	(142,408)	-	-	(142,408)
Contracts under the fair value approach		(118,262)	-	-	(118,262)	(136,769)	-	-	(136,769)
Other contracts		(17,647)	-	-	(17,647)	(5,639)	-	-	(5,639)
Insurance service expense	16	7,803	51,521	172,772	232,096	2,979	30,405	106,324	139,708
Incurred claims and other insurance service expenses		-	(10,049)	197,379	187,330	-	(3,053)	130,517	127,464
Amortisation of insurance acquisition cash flows		7,803	-	-	7,803	2,979	-	-	2,979
Losses and reversal of losses on onerous contracts		-	61,570	-	61,570	-	33,458	-	33,458
Adjustments to liabilities for incurred claims		-	-	(24,607)	(24,607)	-	-	(24,193)	(24,193)
Investment components		**(184,321)**	**-**	**184,321**	**-**	**(121,396)**	**-**	**121,396**	**-**
Insurance service result		**(312,427)**	**51,521**	**357,093**	**96,187**	**(260,825)**	**30,405**	**227,720**	**(2,700)**
Net finance expenses for insurance contracts	18	**104,125**	**1,415**	**-**	**105,540**	**35,317**	**204**	**-**	**35,521**
Total changes in the income statement and OCI		**(208,302)**	**52,936**	**357,093**	**201,727**	**(225,508)**	**30,609**	**227,720**	**32,821**
Cash flows									
Premiums received		152,451	-	-	152,451	155,972	-	-	155,972
Claims and other insurance service expenses paid, including investment components		-	-	(298,985)	(298,985)	-	-	(211,895)	(211,895)
Insurance acquisition cash flows		(48,005)	-	-	(48,005)	(32,925)	-	-	(32,925)
Total cash flows		**104,446**	**-**	**(298,985)**	**(194,539)**	**123,047**	**-**	**(211,895)**	**(88,848)**
Net insurance contract liabilities as at 31 December		**1,364,668**	**83,545**	**293,036**	**1,741,249**	**1,468,524**	**30,609**	**234,928**	**1,734,061**
Insurance contracts liabilities as at 31 December		1,367,327	82,983	291,344	1,741,654	1,468,542	30,609	234,928	1,734,079
Insurance contracts (assets) as at 31 December		(2,659)	562	1,692	(405)	(18)	-	-	(18)
Net insurance contract liabilities as at 31 December		**1,364,668**	**83,545**	**293,036**	**1,741,249**	**1,468,524**	**30,609**	**234,928**	**1,734,061**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (a) Insurance contracts issued (continued)

(ii) The roll-forward of the net liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for portfolios measured under the PAA, is disclosed in the table below:

		2023				2022			
		Liabilities for remaining coverage			Total	Liabilities for remaining coverage			Total
	Note	Excluding loss component	Loss component	Liabilities for incurred claims		Excluding loss component	Loss component	Liabilities for incurred claims	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract liabilities as at 1 January		-	-	-	-	-	-	183	183
Insurance contract (assets) as at 1 January		(520)	192	116	(212)	-	-	-	-
Net insurance contract liabilities as at 1 January		**(520)**	**192**	**116**	**(212)**	**-**	**-**	**183**	**183**
Insurance revenue	15	**(1,261)**	**-**	**-**	**(1,261)**	**(1,384)**	**-**	**-**	**(1,384)**
Contracts under the fair value approach		-	-	-	-	(490)	-	-	(490)
Other contracts		(1,261)	-	-	(1,261)	(894)	-	-	(894)
Insurance service expense	16	**2,352**	**39**	**1,910**	**4,301**	**327**	**192**	**1,230**	**1,749**
Incurred claims and other insurance service expenses		-	(2,465)	1,053	(1,412)	-	(983)	850	(133)
Amortisation of insurance acquisition cash flows		2,352	-	-	2,352	327	-	-	327
Losses and reversal of losses on onerous contracts		-	2,504	-	2,504	-	1,175	-	1,175
Adjustments to liabilities for incurred claims		-	-	857	857	-	-	380	380
Investment components		-	-	-	-	-	-	-	-
Insurance service result		**1,091**	**39**	**1,910**	**3,040**	**(1,057)**	**192**	**1,230**	**365**
Total changes in the income statement and OCI		**1,091**	**39**	**1,910**	**3,040**	**(1,057)**	**192**	**1,230**	**365**
Cash flows									
Premiums received		1,247	-	-	1,247	915	-	-	915
Claims and other insurance service expenses paid, including investment components		-	-	(1,803)	(1,803)	-	-	(1,297)	(1,297)
Insurance acquisition cash flows		(2,362)	-	-	(2,362)	(378)	-	-	(378)
Total cash flows		**(1,115)**	**-**	**(1,803)**	**(2,918)**	**537**	**-**	**(1,297)**	**(760)**
Net insurance contract liabilities as at 31 December		**(544)**	**231**	**223**	**(90)**	**(520)**	**192**	**116**	**(212)**
Insurance contracts liabilities as at 31 December		-	-	-	-	-	-	-	-
Insurance contracts (assets) as at 31 December		(544)	231	223	(90)	(520)	192	116	(212)
Net insurance contract liabilities as at 31 December		**(544)**	**231**	**223**	**(90)**	**(520)**	**192**	**116**	**(212)**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (a) Insurance contracts issued (continued)

(iii) The table below presents a roll-forward of the net liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM for the portfolios not measured under the PAA:

		2023				2022			
	Note	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Insurance contract liabilities as at 1 January		1,579,609	83,553	70,917	1,734,079	1,588,894	82,735	119,142	1,790,771
Insurance contract (assets) as at 1 January		(18)	-	-	(18)	(1,772)	881	208	(683)
Net insurance contract liabilities as at 1 January		**1,579,591**	**83,553**	**70,917**	**1,734,061**	**1,587,122**	**83,616**	**119,350**	**1,790,088**
Changes that relate to current services		83,930	(13,601)	(11,105)	59,224	18,583	(13,376)	(17,172)	(11,965)
Contractual service margin recognised for services provided		-	-	(11,105)	(11,105)	-	-	(17,172)	(17,172)
Risk adjustment recognised for the risk expired		-	(13,601)	-	(13,601)	-	(13,376)	-	(13,376)
Experience adjustments		83,930	-	-	83,930	18,583	-	-	18,583
Changes that relate to future services		23,592	9,731	28,247	61,570	54,452	12,084	(33,078)	33,458
Contracts initially recognised in the financial year		1,695	4,081	6,508	12,284	4,212	3,531	1,351	9,094
Changes in estimates that adjust the contractual service margin		(18,756)	(2,983)	21,739	-	29,110	5,319	(34,429)	-
Changes in estimates that do not adjust the contractual service margin		40,653	8,633	-	49,286	21,130	3,234	-	24,364
Changes that relate to past services		(24,607)	-	-	(24,607)	(24,193)	-	-	(24,193)
Adjustments to liabilities for incurred claims		(24,607)	-	-	(24,607)	(24,193)	-	-	(24,193)
Insurance service result		**82,915**	**(3,870)**	**17,142**	**96,187**	**48,842**	**(1,292)**	**(50,250)**	**(2,700)**
Insurance finance expenses	18	**100,694**	**4,179**	**667**	**105,540**	**32,475**	**1,229**	**1,817**	**35,521**
Total changes in the income statement and OCI		**183,609**	**309**	**17,809**	**201,727**	**81,317**	**(63)**	**(48,433)**	**32,821**
Cash flows									
Premiums and similar expenses paid		152,451	-	-	152,451	155,972	-	-	155,972
Claims and other expenses paid including investment components		(298,985)	-	-	(298,985)	(211,895)	-	-	(211,895)
Insurance acquisition cash flows		(48,005)	-	-	(48,005)	(32,925)	-	-	(32,925)
Total cash flows		**(194,539)**	**-**	**-**	**(194,539)**	**(88,848)**	**-**	**-**	**(88,848)**
Net insurance contract liabilities as at 31 December		**1,568,661**	**83,862**	**88,726**	**1,741,249**	**1,579,591**	**83,553**	**70,917**	**1,734,061**
Insurance contracts liabilities as at 31 December		1,570,807	82,551	88,296	1,741,654	1,579,609	83,553	70,917	1,734,079
Insurance contracts (assets) as at 31 December		(2,146)	1,311	430	(405)	(18)	-	-	(18)
Net insurance contract liabilities as at 31 December		**1,568,661**	**83,862**	**88,726**	**1,741,249**	**1,579,591**	**83,553**	**70,917**	**1,734,061**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (a) Insurance contracts issued (continued)

(iv) The impact on the current financial year of the transition approaches adopted to establishing CSMs for insurance contracts portfolios is disclosed in the table below:

	2023			2022		
	Contracts using the fair value approach	All other contracts	Total	Contracts using the fair value approach	All other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contractual service margin as at 1 January	**69,250**	**1,667**	**70,917**	**119,350**	**-**	**119,350**
Changes that relate to current services						
Contractual service margin recognised for services provided	(10,733)	(372)	(11,105)	(17,041)	(131)	(17,172)
Changes that relate to future services						
Contracts initially recognised in the financial year	-	6,508	6,508	-	1,351	1,351
Changes in estimates that adjust the contractual service margin	19,223	2,516	21,739	(34,861)	432	(34,429)
Insurance service result	8,490	8,652	17,142	(51,902)	1,652	(50,250)
Insurance finance expenses	609	58	667	1,802	15	1,817
Total changes in the income statement and OCI	9,099	8,710	17,809	(50,100)	1,667	(48,433)
Contractual service margin as at 31 December	**78,349**	**10,377**	**88,726**	**69,250**	**1,667**	**70,917**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (a) Insurance contracts issued (continued)

(v) The components of new business for insurance contracts issued is disclosed in the table below:

	2023			2022		
	Contracts issued			Contracts issued		
	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance contract liabilities						
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	48,873	72,156	121,029	28,897	46,987	75,884
Estimates of insurance acquisition cash flows	6,248	26,422	32,670	6,304	21,472	27,776
Estimate of present value of future cash outflows	55,121	98,578	153,699	35,201	68,459	103,660
Estimates of present value of future cash inflows	(62,506)	(89,498)	(152,004)	(37,402)	(62,046)	(99,448)
Risk adjustment	877	3,204	4,081	850	2,681	3,531
CSM	6,508	-	6,508	1,351	-	1,351
Amount included in insurance contract liabilities for the financial year	**-**	**12,284**	**12,284**	**-**	**9,094**	**9,094**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (b) Reinsurance contracts held

(i) The roll-forward of the net asset for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising business ceded to reinsurers is disclosed in the table below:

		2023					2022				
		Non-PAA			PAA		Non-PAA			PAA	
		Assets for remaining coverage					Assets for remaining coverage				
	Note	Excluding loss-recovery component	Loss-recovery component	Amounts recoverable on incurred claims	Estimates of the present value of future cash flows	Total	Excluding loss-recovery component	Loss-recovery component	Amounts recoverable on incurred claims	Estimates of the present value of future cash flows	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets as at 1 January		1,663	907	7,183	-	9,753	4,022	-	4,858	-	8,880
Reinsurance contract (liabilities) as at 1 January		(12,629)	154	3,014	(156)	(9,617)	(11,878)	-	2,430	-	(9,448)
Net reinsurance contract assets as at 1 January		**(10,966)**	**1,061**	**10,197**	**(156)**	**136**	**(7,856)**	**-**	**7,288**	**-**	**(568)**
Net income/(expenses) from reinsurance contracts	17	(10,790)	11,694	8,683	(13)	9,574	(11,734)	1,054	7,667	(307)	(3,320)
Net finance income/(expenses) from reinsurance contracts	18	137	48	248	-	433	(229)	7	188	-	(34)
Total changes in the income statement and OCI		**(10,653)**	**11,742**	**8,931**	**(13)**	**10,007**	**(11,963)**	**1,061**	**7,855**	**(307)**	**(3,354)**
Cash flows											
Premiums paid		11,873	-	-	99	11,972	8,853	-	-	151	9,004
Amounts received		-	-	(10,988)	-	(10,988)	-	-	(4,946)	-	(4,946)
Total cash flows		**11,873**	**-**	**(10,988)**	**99**	**984**	**8,853**	**-**	**(4,946)**	**151**	**4,058**
Net reinsurance contract assets as at 31 December		**(9,746)**	**12,803**	**8,140**	**(70)**	**11,127**	**(10,966)**	**1,061**	**10,197**	**(156)**	**136**
Reinsurance contract assets as at 31 December		(8,676)	12,931	7,361	-	11,616	1,663	907	7,183	-	9,753
Reinsurance contract (liabilities) as at 31 December		(1,070)	(128)	779	(70)	(489)	(12,629)	154	3,014	(156)	(9,617)
Net reinsurance contract assets as at 31 December		**(9,746)**	**12,803**	**8,140**	**(70)**	**11,127**	**(10,966)**	**1,061**	**10,197**	**(156)**	**136**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (b) Reinsurance contracts held (continued)

(ii) The table below presents a roll-forward of the net asset for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM for reinsurance held portfolios not measured under the PAA.

		2023				2022			
	Note	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Reinsurance contract assets as at 1 January		2,289	6,790	674	9,753	(699)	6,872	2,707	8,880
Reinsurance contract (liabilities) as at 1 January		(19,366)	8,526	1,379	(9,461)	(21,068)	9,340	2,280	(9,448)
Net reinsurance contract assets as at 1 January		**(17,077)**	**15,316**	**2,053**	**292**	**(21,767)**	**16,212**	**4,987**	**(568)**
Changes that relate to current services									
Contractual service margin recognised for services received		-	-	(248)	(248)	-	-	(638)	(638)
Risk adjustment recognised for the risk expired		-	(1,594)	-	(1,594)	-	(1,726)	-	(1,726)
Experience adjustments		(252)	-	-	(252)	(1,444)	-	-	(1,444)
Changes that relate to future services									
Contracts initially recognised in the financial year		1,305	949	(2,254)	-	447	822	(1,269)	-
Changes in estimates that adjust the contractual service margin		22,129	6,475	(16,675)	11,929	2,675	(400)	(1,151)	1,124
Changes that relate to past services									
Changes in amounts recoverable arising from changes in liability for incurred claims		(248)	-	-	(248)	(329)	-	-	(329)
Reinsurance finance expenses/(income)	18	**(829)**	**1,188**	**74**	**433**	**(566)**	**408**	**124**	**(34)**
Total changes in the income statement and OCI		**22,105**	**7,018**	**(19,103)**	**10,020**	**783**	**(896)**	**(2,934)**	**(3,047)**
Cash flows									
Premiums paid		11,873	-	-	11,873	8,853	-	-	8,853
Amounts received		(10,988)	-	-	(10,988)	(4,946)	-	-	(4,946)
Total cash flows		**885**	**-**	**-**	**885**	**3,907**	**-**	**-**	**3,907**
Net reinsurance contract assets as at 31 December		**5,913**	**22,334**	**(17,050)**	**11,197**	**(17,077)**	**15,316**	**2,053**	**292**
Reinsurance contract assets as at 31 December		8,511	21,777	(18,672)	11,616	2,289	6,790	674	9,753
Reinsurance contract (liabilities) as at 31 December		(2,598)	557	1,622	(419)	(19,366)	8,526	1,379	(9,461)
Net reinsurance contract assets as at 31 December		**5,913**	**22,334**	**(17,050)**	**11,197**	**(17,077)**	**15,316**	**2,053**	**292**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (b) Reinsurance contracts held (continued)

(iii) The impact on the current financial year of the transition approaches adopted to establishing CSMs for reinsurance contracts held portfolios is disclosed in the table below:

	2023			2022		
	Contracts using the fair value approach	All other contracts	Total	Contracts using the fair value approach	All other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contractual service margin as at 1 January	1,830	223	2,053	4,987	-	4,987
Changes that relate to current services						
Contractual service margin recognised for services provided	(284)	36	(248)	(629)	(9)	(638)
Changes that relate to future services						
Contracts initially recognised in the financial year	-	(2,254)	(2,254)	-	(1,269)	(1,269)
Changes in estimates that adjust the contractual service margin	(15,465)	(1,210)	(16,675)	(2,666)	1,515	(1,151)
Reinsurance finance income/(expense)	115	(41)	74	138	(14)	124
Contractual service margin as at 31 December	(13,804)	(3,246)	(17,050)	1,830	223	2,053

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD (continued)

8.1 (b) Reinsurance contracts held (continued)

(iv) The components of new business for reinsurance contracts held portfolios are disclosed in the table below:

	2023 RM'000	2022 RM'000
Reinsurance contract assets		
Estimate of present value of future cash outflows	(2,862)	(4,520)
Estimates of present value of future cash inflows	4,167	4,967
Risk adjustment	949	822
CSM	(2,254)	(1,269)
Amount included in reinsurance contract assets for the financial year	-	-

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in income in future years is presented below:

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
Insurance contracts issued							
Life insurance contracts issued	11,308	9,899	8,629	7,416	6,372	45,102	88,726
Reinsurance contracts held							
Life reinsurance contracts held	2,582	2,189	1,864	1,592	1,373	7,450	17,050
	13,890	12,088	10,493	9,008	7,745	52,552	105,776
31 December 2022							
Insurance contracts issued							
Life insurance contracts issued	10,807	8,491	7,020	5,989	5,152	33,458	70,917
Reinsurance contracts held							
Life reinsurance contracts held	(456)	(343)	(248)	(168)	(136)	(702)	(2,053)
	10,351	8,148	6,772	5,821	5,016	32,756	68,864

The Company expects to recognise the CSM in profit or loss for existing contracts within 94 years, which represents the longest coverage financial year for the contracts in force issued by the Company. The expected timeline for the CSM recognition for reinsurance contracts held is in line with insurance contracts issued.

9 OTHER RECEIVABLES

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Income due and accrued	437	702	675
Receivable from fund managers and brokers	12,285	33,790	18,305
Receivable from related parties	1,092	-	-
Other receivables and deposits	5,368	5,276	1,457
	19,182	39,768	20,437

The Company does not offset its other receivables against other payables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 31 December 2023 (2022: RM nil).

10 CASH AND CASH EQUIVALENTS

	2023 RM'000	2022 RM'000
Deposits and placements with licensed commercial banks (with original maturity period of three months or less)	201,876	191,199
Cash and bank balances	28,880	4,168
	230,756	195,367

11 SHARE CAPITAL

	2023 Number of shares	2023 Amount RM'000	2022 Number of shares	2022 Amount RM'000
Issued and fully paid ordinary shares:				
At the beginning of financial year	185,000	185,000	185,000	185,000
Issued during financial year	120,000	120,000	-	-
At the end of financial year	305,000	305,000	185,000	185,000

12 RESERVES

(a) Retained earnings

Pursuant to the single tier system, any dividends distributed by the Company will be exempted from tax in the hand of shareholders. The Company shall not be entitled to deduct on dividend paid, credited or distributed to shareholders.

12 RESERVES (continued)

(a) Retained earnings (continued)

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 December 2013. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio ("CAR") position to below its internal target.

(b) Other reserves

Other reserves consist of fair value reserve, asset revaluation reserve and insurance/reinsurance finance reserve.

The fair value reserve of the Company represent the fair value gains or losses of the FVOCI financial assets, net of deferred tax.

The asset revaluation reserve represents the revaluation surplus of self-occupied properties.

The insurance/reinsurance finance reserve represents the impact of changes in market interest rate on the value of the life insurance and related reinsurance assets and liabilities.

13 DEFERRED TAX ASSETS/(LIABILITIES)

	2023 RM'000	2022 RM'000
At 1 January	(7,422)	(18,390)
Recognised in:		
Income statement (Note 20)	16,038	6,925
Other comprehensive income	(2,513)	4,043
At 31 December	6,103	(7,422)

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'000	2022 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	28,698	2,068
Deferred tax liabilities	(22,595)	(9,490)
	6,103	(7,422)

13 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

	Fair value of investment assets	Unutilised business loss	Fair value investment property	Expected credit loss	Self occupied property	Property and equipment	(Amortisation of premium)/ Accretion of discount on investment	Unallocated Surplus	Insurance and reinsurance contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets										
At 1 January 2023	-	-	-	-	-	3	-	-	-	3
Recognised in										
Income Statement	-	28,183	-	-	-	197	-	-		28,380
Other comprehensive income	-	-	-	315	-	-	-	-		315
At 31 December 2023	-	28,183	-	315	-	200	-	-	-	28,698
Deferred tax liabilities										
At 1 January 2023	(6,608)	-	(144)	-	(35)	-	(275)	2,065	(2,428)	(7,425)
Recognised in										
Income Statement	(806)	-	-	-	-	-	14	(5,889)	(5,661)	(12,342)
Other comprehensive income	(6,933)	-	-	-	(11)	-	-	-	4,116	(2,828)
At 31 December 2023	(14,347)	-	(144)	-	(46)	-	(261)	(3,824)	(3,973)	(22,595)

13 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

	Fair value of investment assets RM'000	Unutilised business loss RM'000	Fair value investment property RM'000	Expected credit loss RM'000	Self occupied property RM'000	Property and equipments RM'000	(Amortisation of premium)/ Accretion of discount on investment RM'000	Unallocated Surplus RM'000	Insurance and reinsurance contracts RM'000	Total RM'000
Deferred tax assets										
At 1 January 2022	-	-	-	-	-	(32)	-	(9,630)	-	(9,662)
Recognised in										
Income Statement	-	-	-	-	-	35	-	11,695	-	11,730
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
At 31 December 2022	-	-	-	-	-	3	-	2,065	-	2,068
Deferred tax liabilities										
At 1 January 2022	(17,748)	-	(144)	-	(27)	-	(262)	-	9,453	(8,728)
Recognised in										
Income Statement	6,048	-	-	-	-	-	(13)	-	(10,840)	(4,805)
Other comprehensive income	5,092	-	-	-	(8)	-	-	-	(1,041)	4,043
At 31 December 2022	(6,608)	-	(144)	-	(35)	-	(275)	-	(2,428)	(9,490)

14 OTHER PAYABLES

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Accrued expenses	8,266	4,723	6,162
Provision for bonus	21,191	7,511	9,953
Unclaimed monies	6,786	1,293	496
Payable to investment brokers	931	3,649	-
Payable to agents	6,259	4,988	5,152
Payable to related parties	19,999	2,175	3,120
Other payable	26,561	14,715	10,379
	89,993	39,054	35,262

The carrying amounts disclosed above approximate fair value at the statement of financial position date.

The Company does not offset their other payables against other receivables. The Company does not have any financial instruments subject to an enforceable master netting arrangement or financial collateral (pledged or received) as at 31 December 2023 (2022: RM Nil).

15 INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognised in the financial year:

	Note	2023 RM'000	2022 RM'000
Contracts not measured under PAA			
Amounts relating to the changes in the liability for remaining coverage			
Expected claims and insurance service expenses incurred in the financial year	a	103,400	108,881
Change in the risk adjustment for non-financial risk	b	13,601	13,376
Amount of CSM recognised in the income statement	c	11,105	17,172
Amounts relating to recovery of Insurance acquisition cash flows			
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	d	7,803	2,979
Insurance revenue - Contracts not measured under the PAA		135,909	142,408
Insurance revenue - Contracts measured under the PAA		1,261	1,384
Total insurance revenue		**137,170**	**143,792**

15 INSURANCE REVENUE (continued)

Notes:

a. *Expected insurance service expense incurred in the financial year comprise claims and other expenses which the Company expects to pay on covered events that occurred during the financial year. Refer to Note 2.2(l)(vi)(a) for the full list of the cash flows included.*
b. *Change in risk adjustment shows amount of risk which expired during the financial year. Refer to Note 2.2(u)(ii) for the details of accounting policy.*
c. *The CSM is recognised in income statement over the coverage financial year of the corresponding group of contracts based on coverage units. Refer to Note 2.2(u)(iii) for the details of the accounting policy.*
d. *Acquisition cash flows are allocated on a straight-line basis over the coverage financial year of the group of contracts. Refer to Note 2.2(l)(vi)(a) for details of accounting policy.*

16 INSURANCE SERVICE EXPENSE

The table below presents an analysis of the total insurance service expense recognised in the financial year:

	2023 RM'000	2022 RM'000
Incurred claims and other insurance service expense	185,918	127,331
Amortisation of acquisition cash flows	10,155	3,306
Losses on onerous contracts and reversal of losses on onerous contracts	64,074	34,633
Changes to liabilities for incurred claims	(23,750)	(23,813)
Total insurance service expense	**236,397**	**141,457**
Represented by:		
Contracts not measured under the PAA	232,096	139,708
Contracts measured under the PAA	4,301	1,749
	236,397	**141,457**

17 NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD

The Company has voluntarily disclosed an analysis of the net income/(expenses) from reinsurance contracts held recognised in the financial year in the table below:

	Note	2023 RM'000	2022 RM'000
Amounts relating to the changes in the assets for remaining coverage			
Expected recovery for insurance service expenses incurred in the financial year	a	(8,949)	(9,370)
Changes in the risk adjustment for non-financial risk	b	(1,594)	(1,726)
Net cost recognised in income statement	c	(248)	(638)
Allocation of reinsurance premiums - Contracts not measured under the PAA		(10,791)	(11,734)
Allocation of reinsurance premiums - Contracts measured under the PAA		(13)	(307)
Total allocation of reinsurance premiums		**(10,804)**	**(12,041)**
Amounts recoverable for claims and other expenses incurred in the financial year		8,697	7,926
Changes in amounts recoverable arising from changes in liability for incurred claims		(248)	(329)
Changes in fulfillment cash flow which relate to onerous underlying contracts		11,929	1,124
Amounts recoverable from reinsurers		**20,378**	**8,721**
Net income/(expense) from reinsurance contracts held		**9,574**	**(3,320)**

Notes:

a. *Expected recovery for insurance service expenses incurred in the financial year comprise recovery for claims and other expenses which the Company expects to receive from reinsurance operators on covered events occurred during the financial year.*

b. *Change in risk adjustment shows amount of risk which expired during the financial year. Refer to Note 2.2(l)(vi)(d) for the details of accounting policy.*

c. *Net cost/gain recognised in profit or loss during the coverage financial year of the corresponding group of reinsurance contracts held based on coverage units. Refer to Note 2.2 (l)(vi)(d) for the details of the accounting policy.*

18 NET INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT

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

	2023 RM'000	2022 RM'000
Investment income		
Interest revenue calculated using the effective interest method	63,880	63,178
Other investment income	18,772	41,314
Net gains/(losses) on financial assets at FVTPL	9,508	(62,419)
Net gains/(losses) on derecognition of financial assets at FVOCI	764	(12)
Impairment loss on financial assets	(370)	(5,306)
Investment expenses	(6,272)	(6,465)
Total amounts recognised in the income statement	**86,282**	**30,290**
Net gains/(losses) on financial assets at FVOCI	30,128	(34,499)
Amounts recognised in OCI	**30,128**	**(34,499)**
Total investment income/(loss)	**116,410**	**(4,209)**
Insurance finance expenses for insurance contracts issued		
Interest accreted to insurance contracts using locked-in rate	(20,699)	(19,181)
Changes in fair value of the underlying assets of insurance contracts	(67,218)	(20,638)
Due to changes in interest rates and other financial assumptions	(17,623)	4,298
Total insurance finance expenses for insurance contracts issued	**(105,540)**	**(35,521)**
Represented by:		
Amounts recognised in the income statement	(87,917)	(39,819)
Amounts recognised in OCI	(17,623)	4,298
Reinsurance finance income/(expenses) for reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	(41)	(72)
Due to changes in interest rates and other financial assumptions	474	38
Reinsurance finance income/(expenses) for reinsurance contracts held	**433**	**(34)**
Represented by:		
Amounts recognised in the income statement	(41)	(72)
Amounts recognised in OCI	474	38
Total net investment income, insurance finance expenses and reinsurance finance income	**11,303**	**(39,764)**
Represented by:		
Amounts recognised in the income statement	(1,676)	(9,601)
Amounts recognised in OCI	12,979	(30,163)

19 MANAGEMENT EXPENSES

	Note	2023 RM'000	2022 RM'000
Employee benefits expense	19(a)	61,938	46,785
Directors' remuneration:			
- Current year	19(d)	972	982
Auditors' remuneration:			
- Statutory audit services		438	293
- Audit-related services		1,489	410
- Non-audit services		51	40
Depreciation of property and equipment	3	1,157	2,143
Depreciation of right-of-use assets	6(a)	2,653	2,857
Amortisation of intangible assets	5	2,785	2,735
Impairment of intangible assets	5	-	137
Training expenses		408	228
Printing and stationery		73	272
Postage, telephone and telefax		722	641
EDP expenses		10,191	6,921
Write-off of bad debts		760	358
Professional fees		981	630
Marketing expenses		7,731	3,698
Interest expense on lease liabilities	6(b)	452	621
Administration and general expenses		30,620	9,784
		123,421	79,535
Less: Amount attributed to acquisition cash flows		(43,511)	(28,837)
Add: Amortisation of acquisition cash flows	16	10,155	3,306
		90,065	54,004
Represented by:			
Insurance service expenses:			
Maintenance expenses		64,827	41,451
Acquisition expenses	16	10,155	3,306
		74,982	44,757
Other expenses		15,083	9,247
		90,065	54,004

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

Registration No.
199301022976 (277714-A)

FWD INSURANCE BERHAD
(Formerly known as Gibraltar BSN Life Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19 MANAGEMENT EXPENSES (continued)

(a) Employee benefits expense

	2023 RM'000	2022 RM'000
Wages, salaries and bonuses	49,493	36,600
Contribution to social security ('SOCSO')	274	250
Contribution to EPF	8,098	6,107
Other benefits	4,073	3,828
Total employee benefits expenses	61,938	46,785

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the financial year amounted to RM2,546,000 (2022: RM1,554,000) as disclosed in Note 19(b) to the financial statements.

(b) CEO's remuneration for the year

The details of remuneration, attributable to the CEO of the Company are as follows:

	2023 RM'000	2022 RM'000
Salary	1,268	868
Bonus	626	411
Benefits-in-kind	9	60
Retirement benefit	322	215
Others	321	-
Total	2,546	1,554

(c) Compensation of key management personnel

The compensation of the key management personnel excluding the CEO as disclosed in Note 19(b) to the financial statements is as follows:

	2023 RM'000	2022 RM'000
Short term employee benefits	9,833	7,680
Defined contribution plan	1,460	1,233
	11,293	8,913

19 MANAGEMENT EXPENSES (continued)

(d) Directors' remuneration

	2023 RM'000	2022 RM'000
Director fees		
Dato' Haji Kamil Khalid Ariff	187	187
Dato' Danapalan A/L T.P Vinggrasalam	-	145
Ramesh Pillai	157	157
Oh Teik Tatt	153	153
Yu Chwee Kum, Rosalind	133	132
Zainudin Bin Ishak	84	-
	714	774
Director allowances		
Dato' Haji Kamil Khalid Ariff	63	45
Dato' Danapalan A/L T.P Vinggrasalam	-	43
Ramesh Pillai	62	45
Oh Teik Tatt	58	43
Yu Chwee Kum, Rosalind	49	32
Zainudin Bin Ishak	26	-
	258	208
	972	982

20 TAXATION

	Note	2023 RM'000	2022 RM'000
Current tax		4,997	7,200
Deferred Tax	13	(16,038)	(6,925)
Tax (credit)/expense		(11,041)	275
Current tax			
Current financial year		5,009	7,739
Overprovision in prior financial year		(12)	(539)
		4,997	7,200
Deferred tax			
Origination and reversal of temporary differences	13	(16,038)	(6,925)
		(11,041)	275

Domestic income tax for shareholders' fund is calculated at the Malaysian statutory rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

20 TAXATION (continued)

The amount of tax charged on the life fund is based on the method prescribed under the Income Tax Act 1967 for life insurance business. The statutory tax rate for the life insurance business is 8%.

	2023 RM'000	2022 RM'000
Loss before taxation	(106,412)	(19,833)
Taxation at Malaysian statutory tax rate of 24% (2022:24%)	(25,539)	(4,761)
Effect of difference in tax rate	(7,098)	(4,451)
Income not subject to tax	(3,081)	(13,915)
Expense not deductible for tax purpose	24,689	23,941
Overprovision of current tax in prior financial years	(12)	(539)
Tax (credit)/expense for the financial year	(11,041)	275

21 LOSS PER SHARE

The basic loss per ordinary share has been calculated by dividing the net loss for the financial year of the Company over the weighted average number of shares of the Company in issue during the financial year.

Diluted loss per share are not presented as there were no dilutive potential ordinary shares as at the date of the statement of financial position.

	2023	2022
Net loss for the financial year (RM'000)	(95,371)	(20,108)
Weighted average number of shares in issue ('000)	195,000	185,000
Basic loss per share (sen)	(48.91)	(10.87)

22 CAPITAL COMMITMENTS

As of 31 December 2023, capital expenditure approved by Directors of the Company but not provided for in the financial statements are as follows:

	2023 RM'000	2022 RM'000
Authorised and contracted but not provided for:		
Computer hardware and software	559	1,373
Property and equipment	7	26
Project - Integration project	71	-
Project - Distribution agreement	10,000	-
	10,637	1,399

23 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December 2023, as prescribed under the Risk Based Capital ("RBC") Framework is provided below:

	2023 RM'000	2022 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	305,000	185,000
Valuation surplus, retained earnings and other capital available*	73,638	148,949
	378,638	333,949
Tier 2 Capital		
Eligible Tier 2 Capital	63,213	17,400
Amount deducted from Capital	(35,048)	(7,773)
	28,165	9,627
Total Capital Available	406,803	343,576

* The amounts shown are calculated based on the requirements of BNM/RH/PD 032-12 Risk Based Capital Framework for Insurers, which is on a different basis compared to the amounts shown in the financial statements.

24 RELATED PARTY DISCLOSURES

The transactions were entered into between the Company and related parties based on agreed terms and conditions.

(a) Related parties and relationship

The related parties of and their relationship with the Company are as follows:

Related parties	Relationship
PCGI Holdings Limited ("PCGI")	Ultimate holding company
FWD Management Holdings Limited ("FWD")	Penultimate holding company
Prudential Financial, Inc. ("PFI)*	Former ultimate holding company
Bank Simpanan Nasional ("BSN")	Substantial shareholder
FWD BSN Holdings Sdn Bhd ("FBSNHoldco")	Immediate holding company
FWD Technology & Innovation Malaysia Sdn. Bhd. ("TIM")	Other related company
FWD Group Management Holdings Limited ("GMH")	Other related company
Valdimir Pte Ltd ("Valdimir")	Other related company
Key management	Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the company, and the Company, either directly or indirectly

*PFI ceased to be the holding company effective from 3 April 2023.

24 RELATED PARTY DISCLOSURES (continued)

(b) Related party balances

The significant related party balances as at the end of the financial year are as follows:

	2023 RM'000	2022 RM'000
Included in cash and cash equivalents and investments:		
Bank balances, fixed and call deposits placed with BSN	49,490	27,234
Interest income receivable from BSN	92	2
Included in other payables:		
Outstanding general and administrative expenses due to		
• BSN	(1,771)	(1,845)
• PFI	-	(330)
• Valdimir	(408)	-
• GMH	(12,072)	-
• TIM	(5,748)	-
Included in other receivables:		
Management expenses reimbursable from GMH	1,092	-

(c) Related party transactions

The significant related party transactions with related parties during the financial year are as follows:

	2023 RM'000	2022 RM'000
Commission expenses paid/payable to BSN	(2,777)	(2,401)
Interest income received/receivable from BSN	990	526
Insurance specialist and telemarketing related expenses paid/payable to BSN	(4,082)	(4,275)
Information technology and general expenses paid/payable to PFI	(107)	(410)

24 RELATED PARTY DISCLOSURES (continued)

(c) Related party transactions (continued)

The significant related party transactions with related parties during the financial year are as follows:

	2023 RM'000	2022 RM'000
Royalty fees paid/payable to Valdimir	(22)	-
Service fees paid/payable to:		
• GMH	(919)	-
• TIM	(20)	-
• Valdimir	(152)	-
Passthrough cost paid/payable to:		
• GMH	(10,780)	-
• TIM	(5,911)	-
• Valdimir	(422)	-
Management expenses reimbursable from GMH	1,092	-

(d) Key management personnel

Identified key management personnel received remuneration for services rendered during the financial year. The total compensation paid to the Company's key management personnel as disclosed in Note 19(c) to the financial statements.

25 RISK MANAGEMENT FRAMEWORK

25.1 Overview of the Enterprise Risk Management Framework

The Enterprise Risk Management Framework ("the Framework") sets out the governance structure in place to support implementation of a structured Risk Management process and to embed the risk management culture across the Company. It seeks to promote principles of sound corporate governance and effective management of risk to ensure that the risk-taking activities are aligned with the Company's objectives and risk appetite.

The Framework ensures that all key risks are identified, adequately assessed, treated, monitored, controlled and reported to the relevant stakeholders on a timely basis. Apart from safeguarding the Company's financial strength and providing a strong platform for sustainable growth, it enables the Company to fulfill their obligations due to policyholders, shareholders, stakeholders, and at the same time, meeting the expectation of the regulator.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles

Risk is defined as the possibility that an event may occur and adversely impact the achievement of the Company's mission or business objectives. Proactive management of risk is an integral part of our business and the main objective of having the Framework in place is to ensure that all key risks are appropriately managed.

Broadly, the Framework classifies management of risks into seven broad categories and these are:

(a) Insurance risk
(b) Liquidity risk
(c) Market risk
(d) Operational risk
(e) Credit risk

During the course of business, decisions taken and/or functions performed may expose the Company to one or more categories of risks. In order to strike a right balance of risks versus returns, these risks are managed to within acceptable limits, either by the Business and/or operational heads or established committees. This is possible owing to the proper Risk Governance structure being put in place within the Company. To this end, each of the committees have been set up and governed under clearly defined Terms of Reference, roles and responsibilities and level of delegated authorities, to ensure that the committees perform as intended.

(a) Insurance risk

(i) Life insurance contracts and reinsurance contracts

The Company offers whole life, endowment and term life contracts.

The main risks that the Company is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the policyholder living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(a) Insurance risk (continued)

(i) Life insurance contracts and reinsurance contracts (continued)

The Company is exposed to life insurance risks when it signs a contract with the insured party or policyholder for a premium amount and in return promises to compensate the policyholder if a specified uncertain future event or an insured event adversely affects the policyholder. Life insurance risks arise when the prices charged for life insurance contracts may be ultimately inadequate to support the future contractual obligations due to adverse deviation of the assumptions used in pricing the insurance contracts from the actual experience. Assumptions used in product pricing include items such as policy lapses, policy claims such as mortality and morbidity, expenses as well as investment return and discount rate.

Experience studies are carried out annually to ensure that pricing assumptions are adequate, appropriate and consistent with the actual experience for insurance product pricing purposes.

The Company offers whole life, endowment and term life contracts.

The main risks that the Company is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the policyholder living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

The Company has implemented underwriting and claims management guidelines and procedures to manage its life insurance risks. Whilst proper underwriting process is put in place to control the risk of anti-selection, appropriate claims management systems also help to identify fraudulent claims.

The mortality and morbidity risks are also managed through reinsurance programme. The bulk of the Company's reinsurance is in the form of automatic treaties. These treaties are of risk premium type and cover both individual business and Company business. In addition, there is another layer of reinsurance that is in the form of a catastrophe treaty. Both of these types of reinsurance serve to protect the Company's solvency, especially when there is an accumulation of risk, for example a natural disaster.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(a) Insurance risk (continued)

(i) Life insurance contracts and reinsurance contracts (continued)

A substantial portion of the Company's life insurance funds are participating in nature. In the event of volatile investment climate and/or unusual claims experience, the Company has the option of revising the bonus rates and dividends payable to the policyholders.

For non-participating funds, the risk is that policy benefits are guaranteed to the policyholders and these obligations must be fulfilled in spite of the Company's poor investment performance or unfavourable claims experience. To mitigate this risk, investment mandate is put in place to ensure that appropriate investment strategy that focuses on Low Risk Assets ("LRA") as well as corporate bonds and sukuk with minimum equity exposure is adopted by the fund managers.

For investment-linked funds, the risk exposure for the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholders and proper expense management is in place to minimise actual costs incurred.

The BNM's Policy Document of Stress Testing (BNM/RH/PD 029-7) provides standards and guidance for the insurance industry in conducting stress testing to support a licensed person's risk and capital management. The purpose of Stress Testing is to test the solvency of life insurance funds under various scenarios according to the prescribed statutory valuation basis, simulating drastic changes in major parameters like interest rates, investment return, inflation rate, investment asset value, new business volume, mortality/morbidity patterns as well as expense patterns. In addition, stress testing also provides an early warning signal for the Company to take necessary measures to protect its financial position.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(a) Insurance risk (continued)

(i) Life insurance contracts and reinsurance contracts (continued)

(i) Sensitivities

The following sensitivity analysis shows the impact (gross and net of reinsurance held) on contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions (as detailed in Note 2.2(v)(i)(a) held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities.

					2023
Life insurance contracts issued	**Change in assumptions**	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
	%	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Mortality/morbidity rate	+25%	(113,808)	(88,720)	(86,494)	(67,427)
Expenses	+25%	(18,013)	(14,851)	(13,690)	(11,287)
Lapse and surrender rate	+25%	(3,163)	(2,705)	(2,404)	(2,056)

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(a) Insurance risk (continued)

(i) Life insurance contracts and reinsurance contracts (continued)

(i) Sensitivities (continued)

					2022
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
	%	RM'000	RM'000	RM'000	RM'000
Mortality/morbidity rate	+25%	(79,367)	(67,992)	(60,319)	(51,674)
Expenses	+25%	(35,548)	(31,496)	(27,017)	(23,937)
Lapse and surrender rate	+25%	(1,693)	(1,508)	(1,287)	(1,146)

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(a) Insurance risk (continued)

(i) Life insurance contracts and reinsurance contracts (continued)

(i) Sensitivities (continued)

			2023		2022
	Change in assumptions	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	Impact on CSM before tax gross on reinsurance	Impact on CSM before tax net of reinsurance
	%	RM'000	RM'000	RM'000	RM'000
Mortality/morbidity rate	+25%	(27,839)	(18,034)	(32,485)	(16,103)
Expenses	+25%	(13,674)	(16,875)	(34,284)	(38,374)
Lapse and surrender rate	+25%	5,305	3,817	7,271	6,492

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(a) Insurance risk (continued)

(i) Life insurance contracts and reinsurance contracts (continued)

(ii) Concentration risk

The table below shows the concentration of life insurance contract liabilities by type of contract:

	Gross			Reinsurance			
	With DPF	Without DPF	Total	With DPF	Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
Whole life	484,252	125,565	609,817	-	(2,677)	(2,677)	607,140
Endowment	560,071	204,972	765,043	-	(1,685)	(1,685)	763,358
Term - Mortgage	-	289,414	289,414	-	(3,899)	(3,899)	285,515
Term - Others	-	76,885	76,885	-	(2,866)	(2,866)	74,019
Total insurance contract liabilities	1,044,323	696,836	1,741,159	-	(11,127)	(11,127)	1,730,032
31 December 2022							
Whole life	479,886	121,664	601,550	-	(3,690)	(3,690)	597,860
Endowment	629,938	200,106	830,044	-	(2,392)	(2,392)	827,652
Term - Mortgage	-	221,737	221,737	-	9,457	9,457	231,194
Term - Others	-	80,518	80,518	-	(3,511)	(3,511)	77,007
Total insurance contract liabilities	1,109,824	624,025	1,733,849	-	(136)	(136)	1,733,713

DPF: Discretionary participation feature

25 RISK MANAGEMENT FRAMEWORK (continued)

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(b) Liquidity risk (continued)

Liquidity risk is the risk of exposure to losses in the event that insufficient liquid asset will be available from among the assets supporting the policy obligations to meet the cash flow requirements of the obligations to policyholders when they fall due. For example, lower than expected investment income to meet claims necessitate unexpected realisation of assets. Unexpected demands for liquidity may also be triggered by market conditions that encourage widespread exercise of embedded options, adverse change in the surrender rate as well as uncertainty in the level of new business growth.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and to mitigate the effects of fluctuations in cash requirements. Liquidity management requires the Company to maintain a liquid position at all times to meet unexpected claims payments when they fall due and simultaneously hold an asset mix that meets the Company's target return.

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents. The liquidity risk is also minimised by close monitoring of surrenders and redemptions.

In addition, guidelines on asset allocation, portfolio limit structure and maturity profile of assets are also put in place to ensure sufficient funding is available to meet insurance and investment contracts' obligations. Compliance with the guidelines and policies, exposures and breaches are monitored and reported on regular basis to the Company's Management Investment Committee ("MIC").

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts issued and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the financial years presented.

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5years	2023 Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance contract liabilities	225,259	97,853	73,714	56,983	50,926	842,335	1,347,070
Reinsurance contract liabilities	(225)	(106)	(142)	(129)	(119)	(4,013)	(4,734)
Total	225,034	97,747	73,572	56,854	50,807	838,322	1,342,336

The estimates of the present value the future cash flows as disclosed above only consist of liabilities for remaining coverage.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts issued and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the financial years presented.

							2022
	Up to 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Life insurance contract liabilities	115,254	212,556	102,187	79,563	61,168	844,433	1,415,161
Reinsurance contract liabilities	1,345	1,263	1,288	1,230	1,207	13,461	19,794
Total	116,599	213,819	103,475	80,793	62,375	857,894	1,434,955

The estimates of the present value the future cash flows as disclosed above only consist of liabilities for remaining coverage.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

The following table summarises the maturity profile of financial assets and financial liabilities of the Company based on remaining undiscounted contractual cash flows, including interest receivable.

							2023
	Carrying Value	Up to 1 year	1-5 years	5-15 years	>15years	No maturity Date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets							
Cash and cash equivalents	230,756	230,756	-	-	-	-	230,756
Financial assets at FVTPL	594,837	1,221	16,027	18,873	14,443	563,563	614,127
Financial assets at FVOCI	1,258,985	131,211	577,413	682,289	246,336	20,288	1,657,537
Fixed and call deposits at amortised cost	822	841	-	-	-	-	841
Other receivables	19,182	19,182	-	-	-	-	19,182
Total	2,104,582	383,211	593,440	701,162	260,779	583,851	2,522,443
Financial liabilities							
Other payables	89,993	89,993	-	-	-	-	89,993
Total	89,993	89,993	-	-	-	-	89,993

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

							2022
	Carrying Value	**Up to 1 year**	**1-5 years**	**5-15 years**	**>15years**	**No maturity Date**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets							
Cash and cash equivalents	195,367	195,367	-	-	-	-	195,367
Financial assets at FVTPL	555,384	3,046	16,450	12,510	14,493	525,359	571,858
Financial assets at FVOCI	1,244,288	69,101	577,777	805,595	240,354	20,288	1,713,115
Fixed and call deposits at amortised cost	800	818	-	-	-	-	818
Other receivables	39,768	39,768	-	-	-	-	39,768
Total	2,035,607	308,100	594,227	818,105	254,847	545,647	2,520,926
Financial liabilities							
Other payables	39,054	39,054	-	-	-	-	39,054
Total	39,054	39,054	-	-	-	-	39,054

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

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

	2023			2022		
	No more than 12 months	More than 12 months	Total	No more than 12 months	More than 12 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
Cash and cash equivalents	230,756	-	230,756	195,367	-	195,367
Financial assets at FVTPL	1,221	612,906	614,127	3,046	568,812	571,858
Financial assets at FVOCI	131,211	1,526,326	1,657,537	69,101	1,644,014	1,713,115
Fixed and call deposits at amortised cost	841	-	841	818	-	818
Other receivables	19,182	-	19,182	39,768	-	39,768
Financial liabilities						
Other payables	89,993	-	89,993	39,054	-	39,054
Insurance contract liabilities						
Life insurance issued	225,259	1,121,811	1,347,070	115,254	1,299,907	1,415,161
Reinsurance held	(225)	(4,509)	(4,734)	1,345	18,449	19,794

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(c) Market risk

Market risk is the risk that the fair value of assets or future cash flows of assets supporting the insurance contract liabilities, or the carrying value of the contract liabilities will fluctuate because of changes in market prices and rates. These include changes in equity prices, interest rates and exchange rates. Market risk also includes such factors as changes in economic environment, consumption pattern and investor's expectation that may have significant impact on the value of the investments.

The Company distinguishes market risk as follows:
(i) Currency risk;
(ii) Interest rate risk; and
(iii) Equity price risk.

The Company manages market risk by putting in place investment mandates and policies to ensure that appropriate investment strategy is adopted by the fund managers. In addition, asset allocation, portfolio and exposure limit structure as well as performance benchmark are also set to ensure that assets support the specific contract liabilities and that assets held are adequate and sufficient to deliver income and gains to policyholders in accordance with the terms of respective contracts and in line with the policyholders' expectations. Compliance with the investment mandates and policies is monitored and reported regularly to the Company's MIC and exposures and breaches are reported as soon as practicable.

The Company also issues investment-linked policies. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the net asset value of the funds. The Company's exposure to market risk on this business is therefore limited to the extent that income arising from asset management charges is based on the net asset value of the funds.

(i) Currency risk

Currency risk is the risk that relative changes in currency values will ultimately decrease the value of foreign assets or increase the value of financial obligations denominated in foreign currencies.

As the Company operates mainly in Malaysia, its financial assets are primarily maintained in Malaysia as required under the FSA, and are primarily denominated in the same currency (the local RM) as its insurance contract liabilities. Therefore, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which the insurance contract liabilities are expected to be settled.

The Company does not engage in derivative transactions for speculative or hedging purposes.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

As the Company's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk.

In the investment-linked business, the policyholders bear the currency risk on the foreign assets held in some of the investment-linked funds as the policy benefits are directly linked to the net asset value of the funds. The Company's exposure to currency risk on this business is therefore limited to the extent that income arising from asset management charges is based on the net asset value of the funds.

(ii) Interest rate risk

As one of the reasons for asset-liability duration mismatch is the scarcity of longer tenure assets in the local financial market, the Company has adopted investment strategy that focuses on identifying suitable investment opportunities which can lengthen the duration of assets and acquiring longer tenure assets whenever available so as to mitigate interest rate risk.

The Company also manages its interest rate risk by calculating the asset and liability durations and monitoring the duration gap on periodic basis.

The Company has no significant concentration of interest rate risk.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are, as follows:

	2023 RM'000	2022 RM'000
Insurance contract assets		
Life insurance issued	495	230
Reinsurance held	11,616	9,753
Insurance contract liabilities		
Life insurance issued	(1,741,654)	(1,734,079)
Reinsurance held	(489)	(9,617)
Investments		
Debt instruments at FVOCI	1,238,697	1,224,000
Debt instruments at FVTPL	31,274	30,026
Fixed and call deposits at amortised cost	822	800

The sensitivity analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impacts for the financial year ended:

			2023
	Change in interest rate	Impact on profit before tax	Impact on equity
		RM'000	RM'000
Insurance and reinsurance contracts	-100bps	(72,086)	(54,786)
Debt instruments	+50bps	(840)	(35,063)
Debt instruments	-50bps	1,707	30,831

			2022
	Change in interest rate	Impact on profit before tax	Impact on equity
		RM'000	RM'000
Insurance and reinsurance contracts	-100bps	(75,283)	(57,215)
Debt instruments	+50bps	(920)	(35,531)
Debt instruments	-50bps	1,268	31,868

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

In the above analysis, the impact arising from changes in interest rate risk to fixed income securities and liabilities of the life participating and investment-linked funds are retained in the life insurance contract liabilities. The impact to the Company's profit after tax and equity arise from the investment in fixed income securities of the funds other than life participating and investment-linked funds.

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

(iii) Equity price risk

The Company is exposed to equity price risk through direct investments in equity of listed and unlisted companies by both life insurance funds and shareholders' fund as the Company bears some of the volatility in returns and investment performance risk.

Equity price risk also exists in investment-linked products as the revenue of the insurance operations are linked to the value of the underlying equity funds and this has an impact on the level of fees earned.

The Company monitors its equity exposure against a benchmark set and agreed by the MIC. The portfolio benchmarks include indices such as the Kuala Lumpur Composite Index and the FTSE Bursa Malaysia Index.

The Company's investment policy also requires it to manage market risk by monitoring the asset class limit and single security exposure of the portfolio against the internal investment limits as well as regulatory limits stipulated by BNM. The Company has complied with both the internal and BNM stipulated investment limits during the financial year and has no significant concentration of equity price risk.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(c) Market risk (continued)

(iii) Equity price risk (continued)

The sensitivity analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impacts for the financial year ended:

	Change in variables	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2023			
Bursa Malaysia	30%	147,288	152,809
Bursa Malaysia	-30%	(147,288)	(152,809)
31 December 2022			
Bursa Malaysia	30%	137,388	142,909
Bursa Malaysia	-30%	(137,388)	(142,909)

The potential impact arising from other market indices are deemed insignificant as the Company's holdings in equity securities listed in other bourses are not material.

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

(d) Operational risk

Operational risk may be defined as the risk of loss arising from system failure, inadequate or failed internal processes, human factors, from internal and/or external events. When the controls measures in place are inadequate or poorly implemented, it may expose the Company to operational risks. These operational risks, if materialised, may lead to both financial and/or non-financial losses.

In mitigating this, the Company ensures the internal operational controls are implemented.

Business and operational activities continue to be relevant and effective. The manner in which operational risk is managed can be best demonstrated through implementation of proper governance structure, supported by over-arching framework of policies, procedures and standards. Some of the controls being implemented include clear reporting lines, proper segregation of duties and responsibilities, adequate check and balance, properly defined role-based access controls, authorisation and reconciliation procedures, staff training and evaluation procedures to name a few.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(d) Operational risk (continued)

In order to gauge the effectiveness of the controls being put in place, all Business and/or Operational Heads perform thorough risk identification and assessment of risk. In order to mitigate of identified risks (moderate and above), the Business and/or Operational Heads will assess and implement mitigation action plans to manage the risk to within acceptable limits.

The Risk Management and Compliance functions continue to play proactive role in ensuring that proper programs are in place to instill the right control culture within the Company and at the same time, works with the Business and/or Operational Heads to assess the appropriateness of controls and remedial action plans being implemented in mitigating the risks, consistent with its control and oversight responsibilities.

The internal audit function will perform its independent assurance work to ensure that the risk management and oversight approach undertaken, systems of internal controls, governance process of the Company are adequate, relevant and effective in managing the risks.

(e) Credit risk

Credit risk is the potential financial loss resulting from counterparty's inability or unwillingness to fully meet its contractual financial obligations as and when they fall due. The counterparties may include debtors, borrowers, brokers, policyholders, reinsurers and guarantors.

The Company's primary exposure to credit risk is through its investments in fixed income securities, lending activities such as policy loans are secured against the surrender value of policies and carry no substantial credit risk and potential obligations of reinsurers arising out of reinsurance arrangements.

The Company's MIC manages credit risk associated with investments in fixed income securities through the setting of investment policies as well as credit exposure limits approved by the Board and within the guidelines issued by BNM.

Credit evaluation of an issuer of credit facilities is undertaken by the Investment Department. The credit profile of an issuer is assessed by considering factors such as industry and business background, operating performance or viability of a project, business risk factors, financial ratio analysis, financial strength and flexibility, availability of cash flows and identified sources of repayment, management credibility and shareholders' profile as well as security enhancement.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(e) Credit risk (continued)

In addition, a credit review of individual exposure is also conducted by the investment team at least once a year to review and monitor the creditworthiness of issuers or counterparties. Additional review will be carried out when there is a downgrade of credit rating, a change in the nature of an issuer's business or a corporate restructuring of an issuer.

Reinsurance programme is arranged with reinsurers that have a good credit rating in order to reduce credit risk arising from reinsurance arrangements.

Credit risk in respect of policyholder balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated.

(i) Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position:

			2023
	Life & shareholder fund	**Investment-linked fund**	**Total**
	RM'000	**RM'000**	**RM'000**
Cash and cash equivalent	217,582	13,174	230,756
Debt instruments at FVTPL	-	31,274	31,274
Debt instruments at FVOCI	1,238,697	-	1,238,697
Fixed and call deposits at amortised cost	822	-	822
Reinsurance contract assets	8,511	-	8,511
Other receivables	16,198	2,984	19,182

			2022
	Life & shareholder fund	**Investment-linked fund**	**Total**
	RM'000	**RM'000**	**RM'000**
Cash and cash equivalent	194,272	1,095	195,367
Debt instruments at FVTPL	-	30,026	30,026
Debt instruments at FVOCI	1,224,000	-	1,224,000
Fixed and call deposits at amortised cost	800	-	800
Reinsurance contract assets	2,289	-	2,289
Other receivables	20,799	18,969	39,768

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(e) Credit risk (continued)

(i) Credit exposure (continued)

Credit exposure by credit rating

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

				2023
	Investment grade (AAA to A)	Investment-linked	Not rated	Total
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	217,575	13,174	7	230,756
Debt instruments at FVTPL	-	31,274	-	31,274
Debt instruments at FVOCI	1,230,888	-	7,809	1,238,697
Fixed and call deposits at amortised cost	822	-	-	822
Reinsurance contract assets	103	-	8,408	8,511
Other receivables	9,409	2,984	6,789	19,182
Total credit risk exposure	1,458,797	47,432	23,013	1,529,242

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(e) Credit risk (continued)

(i) Credit exposure (continued)

Credit exposure by credit rating

				2022
	Investment grade (AAA to A)	**Investment-linked**	**Not rated**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and cash equivalents	194,265	1,095	7	195,367
Debt instruments at FVTPL	-	30,026	-	30,026
Debt instruments at FVOCI	1,216,883	-	7,117	1,224,000
Fixed and call deposits at amortised cost	800	-	-	800
Reinsurance contract assets	631	-	1,658	2,289
Other receivables	14,683	18,969	6,116	39,768
Total credit risk exposure	1,427,262	50,090	14,898	1,492,250

(ii) Impairment assessment

The Company's ECL assessment and measurement method is set out below.

(a) Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(e) Credit risk (continued)

(ii) Impairment assessment (continued)

(a) Significant increase in credit risk, default and cure (continued)

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

(b) Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.2 Enterprise Risk Management Principles (continued)

(e) Credit risk (continued)

(iii) Impairment losses on financial assets subject to impairment assessment

(a) Debt instruments measured at FVOCI

The table below shows the fair value of the Company's debt instruments measured at FVOCI by credit risk, based on the Company's internal credit rating system:

			2023
	12-month ECL	Lifetime ECL	Total
Internal rating grade	RM'000	RM'000	RM'000
Investment grade (AAA to A)	1,230,888	-	1,230,888
Not Rated	-	7,809	7,809
Investment-linked	-	-	-
Total Net Amount	1,230,888	7,809	1,238,697

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

			2023
	12-month ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000
Fair value as at 1 January	1,216,883	7,117	1,224,000
New assets originated or purchased	47,918	-	47,918
Assets derecognised or matured	(64,334)	-	(64,334)
Accrued interest capitalised	-	-	-
Change in fair value	30,421	692	31,113
At 31 December	1,230,888	7,809	1,238,697

			2023
	12-month ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000
ECLs as at 1 January	-	10,006	10,006
New assets originated or purchased	(1)	-	(1)
Assets derecognised or matured	14	-	14
Accrued interest capitalised	-	-	-
ECL movement	26	334	360
At 31 December	39	10,340	10,379

25 RISK MANAGEMENT FRAMEWORK (continued)

25.3 Capital management

The Company's capital management policy is to ensure that scenarios under which the possibility of future shortage of capital are accurately and timely identified and reported so that immediate remedial actions can be taken, utilise capital efficiently given limited resources for life insurers, achieve optimal balance in the management of risk, return, capital requirement as well as capital availability, and reduce the capital requirement by putting in place proper controls, risk management processes and procedures to minimize and reduce unwanted surplus/losses.

Regulatory capital

The Company is required to comply with the RBC Framework which is the capital adequacy framework for all insurers licensed under the FSA. The CAR is calculated as follows:

$$\text{CAR} = \frac{\text{Total Capital Available ("TCA")}}{\text{Total Capital Required ("TCR")}} \times 100\%$$

The Company has met all the regulatory requirements and operates at capital level above Individual Target Capital Level throughout the financial year.

25.4 Governance framework

The Company's Board of Directors ("the Board") retains the overall risk management responsibilities in accordance with BNM's Policy Document Corporate Governance (BNM/RH/PD 029-9) and Guidelines on Risk Governance (BNM/RH/GL 013-5).

Whilst the Board still retains ultimate responsibilities for risk management and for determining the appropriate level of risk appetite, a Board Risk Management Committee consisting of non-executive directors has been established to assist the Board in overseeing the risk management strategies and provide an independent risk management reporting line for the Company.

An Enterprise Risk Management Committee is also established at senior management level and shall meet at least four times a year, to review the Company's risk exposure and to raise and discuss matters regarding risk management.

An Operational Risk Committee ("ORC") is established to provide governance and oversight of the operational risk management activities within the Company by ensuring the operational risk management activities are governed by the guiding principles and processes in the Company's Enterprise Risk Management Framework, with the emphasis of operational risks.

Whilst the Risk Management Department spearheads the development and implementation of the Enterprise Risk Management Framework of the Company, the senior management remains accountable and responsible for the development of detailed policies, procedures and limits for managing risks inherent in the Company's activities based on the business and risk management strategies approved by the Board.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.4 Governance framework (continued)

Consistent with the provisions set out in the guidelines, the Company's operational management or business lines, typically known as the first line of defense, are accountable for the day-to-day management of business activities and all types of risks associated with these activities within the established limits. The Risk Management and Compliance functions, typically known as the second line of defense, are accountable for ensuring adequate programs are in place in exercising its control and oversight responsibilities. The internal audit function, typically known as the third line of defense are accountable for providing the Board with an independent assurance that the risk management and oversight approach undertaken, system of internal controls, governance process of the Company are adequate and effective.

25.5 Insurance risks of life insurance contract

The Company is exposed to life insurance risks when it signs a contract with the insured party or policyholder for a premium amount and in return promises to compensate the policyholder if a specified uncertain future event or an insured event adversely affects the policyholder. Life insurance risks arise when the prices charged for life insurance contracts may be ultimately inadequate to support the future contractual obligations due to adverse deviation of the assumptions used in pricing the insurance contracts from the actual experience. Assumptions used in product pricing include items such as policy lapses, policy claims such as mortality and morbidity, expenses as well as investment return and discount rate.

Experience studies are carried out annually to ensure that pricing assumptions are adequate, appropriate and consistent with the actual experience for insurance product pricing purposes.

The Company has implemented underwriting and claims management guidelines and procedures to manage its life insurance risks. Whilst proper underwriting process is put in place to control the risk of anti-selection, appropriate claims management systems also help to identify fraudulent claims.

The mortality and morbidity risks are also managed through reinsurance programme. The bulk of the Company's reinsurance is in the form of automatic treaties. These treaties are of risk premium type and cover both individual business and Company business. In addition, there is another layer of reinsurance that is in the form of a catastrophe treaty. Both of these types of reinsurance serve to protect the Company's solvency, especially when there is an accumulation of risk, for example a natural disaster.

A substantial portion of the Company's life insurance funds are participating in nature. In the event of volatile investment climate and/or unusual claims experience, the Company has the option of revising the bonus rates and dividends payable to the policyholders.

25 RISK MANAGEMENT FRAMEWORK (continued)

25.5 Insurance risks of life insurance contract (continued)

For non-participating funds, the risk is that policy benefits are guaranteed to the policyholders and these obligations must be fulfilled in spite of the Company's poor investment performance or unfavorable claims experience. To mitigate this risk, investment mandate is put in place to ensure that appropriate investment strategy that focuses on Low Risk Assets ("LRA") as well as corporate bonds and sukuk with minimum equity exposure is adopted by the fund managers.

For investment-linked funds, the risk exposure for the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholders and proper expense management is in place to minimise actual costs incurred.

The BNM's Policy Document of Stress Testing (BNM/RH/PD 029-7) provides standards and guidance for the insurance industry in conducting stress testing to support a licensed person's risk and capital management. The purpose of Stress Testing is to test the solvency of life insurance funds under various scenarios according to the prescribed statutory valuation basis, simulating drastic changes in major parameters like interest rates, investment return, inflation rate, investment asset value, new business volume, mortality/morbidity patterns as well as expense patterns. In addition, stress testing also provides an early warning signal for the Company to take necessary measures to protect its financial position.