Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD

(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONTENTS

REGISTERED OFFICE

Level 10, Tower One, RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

Level 12, West Wing, The Icon, No.1, Jalan 1/68F, Jalan Tun Razak
55000 Kuala Lumpur

Registration No.
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RHB INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and 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 all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	85,710
Retained earnings brought forward	469,543
Profits available for appropriation	555,253
Dividend paid during the financial year	-
Retained earnings carried forward	555,253

DIVIDENDS

The Directors do not propose any dividends for the financial year ended 31 December 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

There were no issuances of shares in the Company during the current financial year.

INSURANCE LIABILITIES

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

IMPAIRED DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of impaired debts and the making of allowance for impairment, and satisfied themselves that all known impaired debts had been written off and that adequate allowance had been made for impaired debts.

At the date of this report, the Directors of the Company are not aware of any circumstances that would render the amount written off for impaired debts or the amounts of the allowance for impairment in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

No contingent 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 when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Jahanath Muthusamy	
Wong Pek Yee	
Shaifubahrim Mohd Saleh	
Donald Joshua Jaganathan	
Hizamuddin Jamalluddin	(Appointed on 7 June 2023)
Sharifatu Laila Syed Ali	(Resigned on 7 June 2023)
Oliver Tan Chuan Li	

In accordance with Clause 79 of the Company’s Constitution, Mr. Donald Joshua Jaganathan shall retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Clause 85 of the Company’s Constitution, Encik Hizamuddin Jamalluddin shall retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors in office at the end of the financial year had any shares or debentures in the Company and its related corporations.

SHARE GRANT SCHEME ("SGS")

The holding company, RHB Bank Berhad ("the Bank") has implemented the SGS on 2 June 2022, which was approved by the shareholders at an extraordinary general meeting ("EGM") held on 27 April 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank ('RHB Bank Share(s)') of up to 2% of the total number of issued shares of the Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ("Eligible Employees"). The SGS is to be administered by the Board Nominating and Remuneration Committee ("BNRC") comprising such persons as may be appointed by the Board from time to time, and shall be in force for a period of nine years commencing from the effective date of the implementation of the SGS.

Details of the SGS shares awarded are as follows:

Award date	Fair value	Awarded	Vesting period/date
	RM	Unit'000	
4 July 2022 - First grant	5.71	4,685	3 July 2025
22 May 2023 - Second grant	5.50	5,445	30 June 2026

The movement of the SGS shares during the financial year ended 31 December 2023 are as follows:

	Number of SGS shares (Units'000)			
	As at 1 January 2023	Awarded	Forfeited	As at 31 December 2023
	Unit'000	Unit'000	Unit'000	Unit'000
4 July 2022 - First grant	135	-	-	135
22 May 2023 - Second grant	-	185	-	185

SHARE GRANT SCHEME (“SGS”) (CONTINUED)

As at 31 December 2023, SGS shares awarded to Managing Director and key management personnel are as follows:

	Number of SGS shares awarded Unit'000	
Award Date	Oliver Tan Chuan Li	Key management personnel
4 July 2022 - First grant	50	85
22 May 2023 - Second grant	50	135

DIRECTORS' BENEFITS

Total Directors’ remuneration for the Company for the financial year ended 31 December 2023 is RM1,309,000.

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 and benefits-in-kind as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related company 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, except that certain Directors received remuneration from the Company’s holding company and other related corporations.

During the financial year, Directors of the Company are covered under the RHB Banking Group Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of RHB Banking Group subject to the term of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the RHB Banking Group was RM200 million (2022: RM200 million). The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group was RM731,000.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements 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.

HOLDING COMPANY

The Directors regard RHB Bank Berhad, a company incorporated in Malaysia, as the immediate and ultimate holding company.

STATEMENT ON CORPORATE GOVERNANCE

The Statement on Corporate Governance is attached in Appendix I to the Directors' Report.

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

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

The details of auditors' remuneration for the financial year are as follows:

	2023
	RM'000
Auditors' remuneration *	
- statutory audit services	428

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

This report was approved by the Board of Directors on 26 March 2024.

Signed on behalf of the Board of Directors:

TAN CHUAN LI
DIRECTOR

JAHANATH MUTHUSAMY
DIRECTOR

Kuala Lumpur
26 March 2024

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE

Introduction

The Board of Directors ("Board") of the Company recognises that good corporate governance is and has been fundamental to the success of the Company's business. Therefore, the Board of the Company continuously strives to ensure that highest standards of corporate governance are adopted in establishing accountability and integrity of the Board and the Management in promoting the interest of the stakeholders and in enhancing shareholders' value. The corporate governance structure of the Company which is aligned with that of RHB Banking Group ("Group") is principally based on BNM's Policy on Corporate Governance.

The Board has developed a charter that sets out the key corporate governance principles adopted by the Board ("Charter"). In adhering to the responsibilities set out in the Charter, the Members of the Board are expected to perform their duties with integrity, honesty and professionalism within the ambit of the law to serve the interest of the Company's shareholders and stakeholders.

The Board has adopted a Code of Ethics and Business Conduct for Directors ("Code of Ethics"). The Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of Directors with a view of achieving the following objectives:

- to establish a uniform ethical standard for Directors emphasising conduct free from conflicts of interest; and

- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

The Group has in place a Group Code of Ethics and Conduct that is applicable to all its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities.

BOARD OF DIRECTORS

Composition of the Board

The Board currently comprises one (1) Independent Non-Executive Chairman ("INEC"), one (1) Senior Independent Non-Executive Director ("SINED"), three (3) Independent Non-Executive Directors ("INED") and one (1) Managing Director ("MD"), details of which are as follows:

<u>Name of Directors</u>

Jahanath Muthusamy (INEC)
Wong Pek Yee (SINED)
Shaifubahrim Mohd Saleh (INED)
Donald Joshua Jaganathan (INED)
Hizamuddin Jamalluddin (INED) (Appointed on 7 June 2023)
Sharifatu Laila Syed Ali (INED) (Resigned on 7 June 2023)
Oliver Tan Chuan Li (MD)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles

JAHANATH MUTHUSAMY
Independent Non-Executive Chairman
68 / Male / Malaysian

Mr. Jahanath Muthusamy ("Mr. Jahanath") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 November 2016 and was subsequently appointed as Senior Independent Non-Executive Director on 1 January 2018. On 28 May 2020, Mr. Jahanath was appointed as an Independent Non-Executive Chairman of RHB Insurance Berhad. He also serves as a Member of the Board Risk Committee of RHB Insurance Berhad.

Mr. Jahanath has over 40 years' experience, having joined the insurance industry in 1975. During this period, he was actively involved in the Insurance Institutes and Insurance Associations of both Malaysia and Indonesia serving in various capacities. In 2002, Mr. Jahanath was seconded to PT Assuransi AXA as the President and Chief Executive Officer ("CEO") and a member of the Board of Directors. He returned to AXA Affin General Insurance Malaysia at the end of 2006 and assumed the role of CEO and a member of the Board of Directors until his retirement in October 2012. He remained on the Board of PT Assuransi AXA until 2012. From 2013 to 2015, he was appointed as a Senior Advisor to Solution Providers Pte Ltd, a Swiss insurance solution provider/consultant based in Singapore.

Mr. Jahanath is a Fellow of the Chartered Insurance Institute, United Kingdom and Malaysian Insurance Institute, Malaysia.

He does not hold any directorships in any other public companies.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

WONG PEK YEE
Senior Independent Non-Executive Director
66 / Female / Malaysian

Ms. Wong Pek Yee ("Ms. Wong") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 November 2018 and was subsequently appointed as Senior Independent Non-Executive Director on 28 May 2020. She also serves as Chairperson of the Board Risk Committee, Member of the Board Audit Committee and Member of the Investment Committee of RHB Insurance Berhad.

Ms. Wong holds a Bachelor of Science in Economics & Accounting (Honours) from the University of Hull, United Kingdom. She is also a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of Malaysian Institute of Accountants.

Ms. Wong has over 37 years of experience working in London and Malaysia covering a wide spectrum of industries including tax consultancy, financial services and manufacturing sectors. She started off her career as an Audit and Tax Consultant with PriceWaterhouse London and PriceWaterhouse Tax Services Sdn Bhd from 1980 to 1989. She then joined Hong Leong Group and held Senior Management positions in various industries involving in strategic business planning and decision making in areas ranging from commercial, financial, corporate restructuring, tax to legal. Her last position in Hong Leong Group was as a Group Financial Controller cum Acting Chief Executive Officer of Malaysian Newsprint Industries Sdn Bhd which was part of the Hong Leong Group. During her years in Hong Leong Group, she was also appointed as an Executive Director in some of the subsidiaries within the Hong Leong Group.

Ms. Wong's other directorship in a public company is QES Group Berhad.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

SHAIFUBAHRIM MOHD SALEH
Independent Non-Executive Director
64 / Male / Malaysian

Encik Shaifubahrim Mohd Saleh ("Encik Shaifubahrim") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 April 2019. He also serves as Chairman of the Board Audit Committee, Chairman of the Investment Committee and Member of the Board Risk Committee of RHB Insurance Berhad.

He holds a Bachelor of Science (Honours) Degree in Computer Science from Universiti Sains Malaysia.

Encik Shaifubahrim has vast knowledge and experience in information technology, investment and Small & Medium Enterprises business. He held various Senior Management positions in the information technology industry with more than 30 years. During the years in the information technology industry, he was appointed as President/Chief Executive Officer of Persatuan Industri Komputer Malaysia ("PIKOM"), President/Chief Business Officer of REDtone Telecommunications Sdn Bhd and Chairman/Partner of Pritchett Rummler-Brache (M) Sdn Bhd. He has also held other key positions including Managing Director of Cisco Malaysia, Banyan Systems (Malaysia) Sdn Bhd and Data General as well as Sales Director of ORACLE Systems Malaysia.

Encik Shaifubahrim is currently the Director and Chief Executive Officer of Gamat Emas International Sdn Bhd. He is the Chairman of Merah Network Sdn Bhd, and Director of CyberSecurity Malaysia, which are in Telecommunication and Technology sector.

He is also an Advisor of PIKOM and a Council Member of Malaysia Service Providers Confederation.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

DONALD JOSHUA JAGANATHAN
Independent Non-Executive Director
64 / Male / Malaysian

Mr. Donald Joshua Jaganathan ("Mr. Donald") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 October 2020. .

Mr. Donald holds a Bachelor of Accounting (Hons) from the University of Malaya and is a Member of the Malaysian Institute of Accountants. He also holds a Master in Business Administration from the Cranfield School of Management, United Kingdom and is an alumnus of the Advanced Management Program, Harvard Business School.

He is a Fellow Chartered Banker and serves as a Council Member of the Asian Institute of Chartered Bankers and the Chairman of its Education Committee. He is also a member of the Board of Directors of the Asia Banking School and the Chairman of its Talent Development Committee.

Mr. Donald has had a fulfilling career with Bank Negara Malaysia (BNM) for 36 years, rising to the rank of Assistant Governor, with key responsibilities over the financial stability function, including oversight of BNM's Financial Stability Report. His work experience included leadership and management oversight over the supervision and regulation of the banking and insurance industry in Malaysia, training and development activities with the banking and insurance institutes. He also served as the Malaysian representative in international supervisory bodies, including the Basel Committee on Banking Supervision ("BCBS") and the International Association of Insurance Supervisors ("IAIS").

Mr. Donald's other directorships in public companies include Asian Institute of Chartered Bankers, RHB Bank Berhad and Zurich Life Insurance Malaysia Berhad. He also serves as the Chairman of the Board Risk Committee, Member of the Board Audit Committee, Member of the Board Nominating & Remuneration Committee and Member of the Board Sustainability Committee of RHB Bank Berhad.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

HIZAMUDDIN JAMALLUDDIN
Independent Non-Executive Director
52 / Male / Malaysian

Encik Hizamuddin Jamalluddin ("Encik Hizamuddin") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 7 June 2023. He also serves as a Member of the Board Audit Committee of RHB Insurance Berhad.

Encik Hizamuddin holds a Bachelor of Science in Finance from Northern Illinois University, United States of America. He was a member of the Islamic Finance Committee of Malaysian Institute of Accountants ("MIA") and Senior Associate Member of the Chartered Institute of Islamic Finance Professionals.

Encik Hizamuddin has an extensive experience in the field of Islamic banking and has more than 20 years of experience in corporate management, particularly in corporate planning, corporate finance (both equity & capital market), debt restructuring, enterprise risk management, cross border mergers and acquisitions, privatisation, investor relations and stakeholders' engagement.

He has served as the Chief Executive Officer of Urusharta Jamaah Sdn Bhd, one of the largest Shariah-based equity house in Malaysia. Prior to that, Encik Hizamuddin was the Executive Director, Investment of Lembaga Tabung Haji, a position that he assumed after serving as Lembaga Tabung Haji's Chief Strategy Officer and Chief of Staff. Prior to Lembaga Tabung Haji, he was also the Chief Strategy Officer of several entities namely, BIMB Holdings Berhad, Bank Islam Malaysia Berhad and MTD Capital. During the Asian Financial Crisis 1997, he served as a Corporate Finance Specialist cum Special Assistant to the Managing Director of Pengurusan Danaharta Nasional Berhad. He was also instrumental in the establishment of Prudential BSN Takaful Berhad in 2006.

Encik Hizamuddin was instrumental in initiating and promoting key Islamic Finance initiatives by Bank Negara Malaysia where he was involved in amongst others; the establishment of the Investment Account Platform, development and execution of the restricted investment account under the Islamic Financial Services Act, 2013, and Dana Al Ansar, a collaboration with Lembaga Tabung Haji to provide dedicated funds for Muslim Bumiputra SMEs. Encik Hizamuddin also spearheaded the Deposit Transition Plan and was instrumental in the integration of the principles of Value Based Intermediary in bank's business model. He was the recipient of the "Upcoming Personality of Islamic Finance (Leadership)" by the Global Islamic Finance Award 2016.

Encik Hizamuddin’s other directorships in public and private companies include RHB Islamic Bank Berhad, Love & Laugh Group Sdn Bhd and Sentral REIT Management Sdn Bhd.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

OLIVER TAN CHUAN LI
Managing Director/Chief Executive Officer
57 / Male / Malaysian

Mr. Oliver Tan Chuan Li ("Mr. Oliver Tan") was appointed as the Managing Director/Chief Executive Officer of RHB Insurance Berhad on 21 February 2022.

Mr. Oliver Tan holds a Bachelor of Laws degree from Staffordshire Polytechnic in United Kingdom and a Certificate in Legal Practice ("CLP") from University Malaya in Malaysia.

Mr. Oliver Tan brings with him 22 years of experience within the insurance industry locally and regionally. Prior to joining RHB Insurance Berhad, he held various senior positions which included Chief Executive Officer of MPI Generali Insurans Berhad, Chief Executive Officer and Head, Kuala Lumpur of Swiss Reinsurance Company Limited in Kuala Lumpur to manage business operations in Malaysia, Vietnam, Cambodia, Laos, Brunei and Myanmar. Mr. Oliver Tan had also held various senior positions in AIU Insurance Company Limited in Shanghai and AXA General Insurance Hong Kong Limited.

Duties and Responsibilities of the Board

The Board is responsible for governing the administration of the Company and for exercising all such power pursuant to the Company's Constitution. In general, the Board is responsible for:

- providing strategic leadership to the Company;
- reviewing, approving and monitoring the implementation of the Company's strategic business plans and policies;
- ensuring the Company maintains an effective system of internal controls and is able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- acting as a guardian of the Company's corporate values and ethical principles in parallel with the goal to enhance shareholders' value;
- monitoring as well as evaluating the performance of the Management to ensure that the performance criteria remains dynamic; and
- ensuring the formulation of a succession plan for the Company for the long-term business continuity.

The day-to-day management of the Company is delegated to the MD who is responsible for managing the business and operations of the Company in ensuring the successful implementation of the policies and directions as formulated by the Board. The distinct and separate duties and responsibilities of the MD and the Chairman/other Non-Executive Directors ensure the balance of power and authority towards the establishment of a fully effective Board.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Meetings and Access of Information

The Board meets on a monthly basis. Special meetings are held where any direction or decisions are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

The Board is provided with meeting papers in advance of the meeting dates to allow the Members of the Board to digest the issues at hand, seek clarification from the Management, if required and formulate opinion on matters to be deliberated at the meetings. Board materials/papers are circulated to Members of the Board within a reasonable timeframe prior to the scheduled Board Meeting date. At each Meeting, the Board receives updates from the respective Chairmen/representatives of the Board Audit Committee and Board Risk Management Committee on matters relating to the Company that have been deliberated at both committees, as well as on matters that require appropriate attention. The Board also reviews regular management reports and information on corporate and business issues to assess performance against business targets and objectives.

Each member of the Board is required to apply independent judgement in decision making in their capacity as a Director. Where urgency prevails and if appropriate, decisions are also taken by way of a Directors' Circular Resolution in accordance with the Company's Constitution.

The Board is able to seek clarification and advice as well as request for information on matters pertaining to the Company and the Group from the Senior Management and the Company Secretaries. Should the need arise, the Directors may also seek independent professional advice, at the Company's expense, when deemed necessary for the proper discharge of their duties.

The Board had adopted an internal guideline on the Standard Procedures for Directors to have access to independent advice which lays down the procedures for Directors seeking internal and/or external professional independent advice. The objectives of this guideline among others are as follows:

- To ensure consistency throughout the Group on the procedures for Directors of the Group to have access to independent professional advice; and

- To enable Directors to have an enhanced perception of issues within the Group by allowing them to obtain independent opinion/advice/consultation from leading professionals in the relevant areas.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Meetings and Access of Information (continued)

The Board convened fourteen (14) meetings for the financial year ended 31 December 2023. Details of the attendance of each Director at Board meetings held during the financial year are set out below:-

Name of Directors	Total meetings attended	Percentage of attendance (%)
Jahanath Muthusamy (Chairman)	14/14	100
Wong Pek Yee	14/14	100
Shaifubahrim Mohd Saleh	14/14	100
Donald Joshua Jaganathan	14/14	100
Hizamuddin Jamalluddin*	8/8	100
Sharifatu Laila Syed Ali^	6/6	100
Oliver Tan Chuan Li	14/14	100

Notes:
* Appointed on 7 June 2023
^ Resigned on 7 June 2023

Pursuant to BNM's Policy on Corporate Governance, a director must attend at least 75% of the Board meetings held in each year. For the year under review, all Directors in office at the end of the financial year had complied with the attendance requirement as stipulated by BNM.

Appointments and Re-election to the Board

The Company is governed by BNM's Policy on Corporate Governance on the appointment of new Directors and the re-appointment of its existing Directors upon the expiry of their respective tenures of office as approved by BNM.

The Board Nominating and Remuneration Committee ("BNRC") reviews and assesses the appointments/re-appointments of Directors. During such assessment, the Group BNRC also refers to the results of the individual assessments conducted via the Board Effectiveness Evaluation ("BEE"). The recommendation of the BNRC will thereafter be presented to the Board. Upon approval by the Board, the application for the appointment/re-appointment of Directors will be submitted to BNM for approval.

Clause 79 of the Company's Constitution provides that one-third of the Directors for the time being, or, if their number is not three or a multiple of three, the number nearest one-third, shall retire from office at each Annual General Meeting. Retiring Directors can offer themselves for re-election. Directors who are appointed during the financial year are eligible for re-election by shareholders at the next Annual General Meeting held following their appointments.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training

The Directors continuously participate in various seminars, conferences and training programmes and in-house workshops to keep themselves abreast of the relevant regulatory framework, financial sector issues as well as current and future market developments.

The Group has also adopted a guideline on the Standard Procedures on Directors' In-House Orientation and Continuing Education Programme for the Group, the objectives of which are as follows:

- to ensure consistency throughout the Group in developing an in-house orientation and Continuing Education Programme for its Directors to familiarise themselves with the industry and the Company/Group; and

- to provide Directors with a better understanding of the nature of business, corporate strategy, risks of the business, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate.

During the financial year ended 31 December 2023, the Directors of RHB Insurance Berhad attended the following training programmes, conferences and seminars:

Name of Director	Training Programme Attended	Training Scope & Description
Jahanath Muthusamy	Anti-Money Laundering and Countering Financing of Terrorism (“AML/CFT”) (7 March 2023)	• Common AML/CFT programme challenges • How Regulatory Technology ("RegTech") can be adopted for you’re AML/CFT programme • Benefits and new opportunities with Regtech • Sharing of Use Cases - Monitoring Transaction - Screening - Know Your Customer ("KYC") - Additional Topics
	Leadership for Enterprise Sustainability Asia Conference (15 - 16 March 2023)	• Co-creating sustainable development models for Asia's businesses. • Understanding the complexities and challenges of building a sustainable business. • Looking at trends, shifts, and opportunities brought about by climate change for the region. • Insights and learnings from on-ground changemakers who are making a sustainable impact. • Accelerated Masterclasses focused on actionable takeaways.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Jahanath Muthusamy (continued)	Special Interest Group Discussion (5 April 2023)	• Value propositions of Digital Insurers and Takaful Operators ("DITOs") – Part B (Eligibility Criteria). • Regulatory requirements to be observed by DITOs – Part C & D (Application Procedures, Submission Requirements & Regulatory Requirements). • Enabling ecosystem and infrastructure for DITOs.
	Key Updates on Malaysia Taxation & Budget 2023 (24 May 2023)	• Personal income tax • Current tax trends • Foreign Source Income • Base Erosion and Profit Shifting ("BEPS") • Common Reporting Standard ("CRS") & Foreign Account Tax Compliance Act ("FATCA")
	Managing Liability of Officers under Corporate Law (28 June 2023)	• Demonstrate the extent of their liabilities to the company they are attached to. • To distinguish the various statutory provisions under the Companies Act 2016 which attach liability on officers. • To debate whether the relevant statutory provisions applied to real life cases were appropriate or otherwise. • Evaluate the real-life cases and appraise the extent of the liabilities.
	Assessment of the Board, Board Committees and Individual Directors (6 July 2023)	• Understand the need for an assessment of the Board, Board Committee and Individual Directors; • Be apprised of how a typical assessment is conducted, including using the outcome thereof to enhance the effectiveness of the Board, Board Committees and Individual Directors; • Be familiar with the criteria and questionnaire used in assessment;

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Jahanath Muthusamy (continued)	Assessment of the Board, Board Committees and Individual Directors (6 July 2023) (Continued)	• Appreciate the importance of pertinent documentation on work conducted, to enable objective reporting to stakeholders; and • Be aware of pitfalls to be avoided in the assessment process
	Emerging Risks in the Financial Industry (12 September 2023)	• Understanding and pro-actively managing top and emerging risks are more important than ever before. • Discuss how emerging risks are evolving and share best practices of how banks deal with emerging risks that are top risks. • Share our view on the key trends in managing top and emerging risks and discuss how well RHB is prepared.
	National Resolution Symposium 2023 (18 – 19 October 2023)	• Recent Global banks failure & Impact on the regions • Importance and benefits of recovery and resolution planning. • Insurance and Takaful resolution. • Separability of banks during crisis. • Digitisation & IT Systems in Banking.
	2nd Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion (2 November 2023)	• Perspectives from distinguished leaders on changing nature of work environment that places emphasis on three broad themes of diversity, equity and inclusion. These forces of change are already shaping the future of work. These developments will add further challenges to the way organisations are being shaped that includes disruption to the way capabilities are being acquired, deployed and recognised.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee	Currency & Treasury Environment (28 February 2023)	• Current world situation interest, currency & bond.
	Leading People Through Transformation (7 March 2023)	• New leaders with new skill sets and mindsets are emerging, changing traditional structures and command-and-control approaches. • How leaders adapt will influence the long-term strategic success of their businesses. • The skills and approaches expected of new leaders.
	Anti-Money Laundering and Countering Financing of Terrorism (“AML/CFT”) (7 March 2023)	• Common AML/CFT programme challenges • How Regulatory Technology ("RegTech") can be adopted for you’re AML/CFT programme • Benefits and new opportunities with Regtech • Sharing of Use Cases - Monitoring Transaction - Screening - Know Your Customer ("KYC") - Additional Topics
	Engagement session for Bank Negara Malaysia (“BNM”) Annual Report 2022, Economic and Monetary Review 2022 and Financial Stability Review Second Half 2022 (Insurers and Takaful Operators) (30 March 2023)	• BNM Annual Report and the Economic and Monetary Review.
	BNM - FIDE FORUM - Roundtable on Licensing and Regulatory Framework for DITOs Exposure Draft (11 April 2023)	• Value propositions of DITOs, as set out in the Exposure Draft. • Regulatory requirements to be observed by DITOs. • Enabling ecosystem and infrastructure for DITOs.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Key Updates on Malaysia Taxation & Budget 2023 (24 May 2023)	• Personal income tax • Current tax trends • Foreign Source Income • Base Erosion and Profit Shifting ("BEPS") • Common Reporting Standard ("CRS") & Foreign Account Tax Compliance Act ("FATCA")
	Environmental, Social and Governance ("ESG") Reporting & Disclosure (24 May 2023)	• Sustainability plans • Climate reporting frameworks
	Board Audit Committee Dialogue & Networking (6 June 2023)	• Overseeing Investigation into Serious Allegations - More than Just Another Fiduciary Duty. • Roles, Steps and Pitfalls in an Investigative Process • Rethinking Ethics & Governance Issues - Next Steps for Board.
	The Sustainability Race: Empower your company at Sustainable and Responsible Investment ("SRI") 2023 (21 – 22 September 2023)	• Revving Up the Race for Sustainability. • Turning Up the Volume. • Accelerating Momentum in Challenging Times. • SRI Catalysing a Shared Value for Business and the Nation. • Mobilising SRI – Social Sustainability in Focus. • Spotlight on Education Technology ("EDTech"): Harnessing Technology for Accessible and Equitable Education.
	Emerging Risks in the Financial Industry (12 September 2023)	• Understanding and pro-actively managing top and emerging risks are more important than ever before. • Discuss how emerging risks are evolving and share best practices of how banks deal with emerging risks that are top risks. • Share our view on the key trends in managing top and emerging risks and discuss how well RHB is prepared

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Advocacy for Directors (19 September 2023)	• Update on new listing requirements. • Disclosures - Features of good disclosure - Corporate disclose framework - Corporate disclose policy - Key takeaways
	What Amounts to A Conflict of Interest by Directors? (6 October 2023)	• Gain knowledge about Directors' obligations under the Companies Act 2016 and the recent amendments to Bursa Malaysia's Listing Requirements. • Gain knowledge about recent cases involving conflict of interest. • Understand what amounts to informed consent. • Apply the knowledge to carry out their duty to act in the best interests of the company.
	The Joint Committee on Climate Change ("JC3") Journey to Zero Conference 2023 (23 – 25 October 2023)	• Energy - renewables and mobility • Seamless progress • Pioneering sustainability • Insurance
Shaifubahrim Mohd Saleh	Shariah Programme: Islamic Finance, Islamic Financial Technology ("FinTech") and Digital Banking (23 November 2023)	• An overview of FinTech and its significance. • The development and growth of Islamic FinTech and Digital Banking. • Key areas and competencies in successful Islamic FinTech solutions. • The major players in the Islamic FinTech and Digital Banking Industry. • Islamic Fintech regulations and compliance. • Issues and challenges associated with Islamic FinTech and digitalisation.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan	Anti-Money Laundering and Countering Financing of Terrorism (“AML/CFT”) (7 March 2023)	• Common AML/CFT programme challenges • How Regulatory Technology ("RegTech") can be adopted for you’re AML/CFT programme • Benefits and new opportunities with Regtech • Sharing of Use Cases - Monitoring Transaction - Screening - Know Your Customer ("KYC") - Additional Topics
	Key Updates on Malaysia Taxation & Budget 2023 (24 May 2023)	• Personal income tax • Current tax trends • Foreign Source Income • Base Erosion and Profit Shifting (“BEPS”) • Common Reporting Standard (“CRS”) & Foreign Account Tax Compliance Act (“FATCA”)
	Ernst & Young (“EY”) Sharing Session on “Net Zero within Financial Institutions & Approach and Recommendation on Net Zero Strategy for Board Risk Committee (“BRC”) and Board Sustainability Committee (“BSC”) Members & Management (5 September 2023)	• Background on Net Zero. • Role of Financial Institutions. • Sustainable Finance Instruments. • Challenges faced by Financial Institutions in Achieving Net Zero. • RHB’s Positioning. • Proposed Net Zero Pathway for RHB’s Energy Supply and Palm Oil Sectors. • Proposed Net Zero Pathway for Next 3 Sectors
	Emerging Risks in the Financial Industry (12 September 2023)	• Understanding and pro-actively managing top and emerging risks are more important than ever before. • Discuss how emerging risks are evolving and share best practices of how banks deal with emerging risks that are top risks. • Share our view on the key trends in managing top and emerging risks and discuss how well RHB is prepared

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan (continued)	The Mandatory Accreditation Programme ("MAP") Part II: Leading for Impact (6 – 7 November 2023)	• Duties and responsibilities of Directors on sustainability. • Managing environmental risks and impacts including among others, energy, water, waste and emissions management. • Analysing the social impact in operations, supply chains and local communities. • Managing social and governance risks and impacts. • Bursa Malaysia's Listing Requirements on ability Disclosures
	PricewaterhouseCoopers ("PwC") Training: International Sustainability Standards Board ("ISSB") 1 and ISSB 2 Sustainability and Climate Disclosure and Reporting (22 November 2023)	• Malaysian Financial Reporting Standards ("MFRS") 17 Insurance Contracts Briefing. • Background to MFRS 17 and key features. • Introduction of measurement models under MFRS 17. • Impact to financial statements presentation & disclosures. • Overview on Sustainability Reporting Landscape in Malaysia. • Understanding International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards. • IFRS S1 - General of Sustainability-related Requirements for Disclosure • IFRS S2 - Disclosures Climate-related. • Applying Transitional Relief
Hizamuddin Jamalluddin	Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT") (7 March 2023)	• Common AML/CFT programme challenges • How Regulatory Technology ("RegTech") can be adopted for you're AML/CFT programme • Benefits and new opportunities with Regtech • Sharing of Use Cases - Monitoring Transaction - Screening - Know Your Customer ("KYC") - Additional Topics

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Hizamuddin Jamalluddin (continued)	Operationalising Resolution Planning – A Perspective from the Trenches (17 August 2023)	• Practical experiences in resolution planning. • Challenges and success factors towards effective implementation. • Application of regulatory requirements and guidelines and understanding of its relevance towards organizational practices.
	Emerging Risks in the Financial Industry (12 September 2023)	• Understanding and pro-actively managing top and emerging risks are more important than ever before. • Discuss how emerging risks are evolving and share best practices of how banks deal with emerging risks that are top risks. • Share our view on the key trends in managing top and emerging risks and discuss how well RHB is prepared
	Integrating Climate Change and Principles-Based Taxonomy (“CCPT”) in Financial Institutions' (“FIs”) Business (4 October 2023)	• Review BNM’s CCPT and its relevance to FIs. • Analyse the challenges of climate change risks on FIs in Malaysia to develop a sustainability-focused strategy. • Assess the impact of climate change on an FI’s business operations through its green financing, investments and advisory activities in the capital market. • Discuss the adoption of the CCPT with the principles of Maqasid Shariah. • Analyse new opportunities and growth areas for FIs under the CCPT.
	2nd Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion (2 November 2023)	• Perspectives from distinguished leaders on changing nature of work environment that places emphasis on three broad themes of diversity, equity and inclusion. These forces of change are already shaping the future of work. These developments will add further challenges to the way organisations are being shaped that includes disruption to the way capabilities are being acquired, deployed and recognised.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Hizamuddin Jamalluddin (continued)	Shariah Programme: Islamic Finance, Islamic Financial Technology ("FinTech") and Digital Banking (23 November 2023)	• The major players in the Islamic FinTech and Digital Banking Industry. • Islamic Fintech regulations and compliance. • Issues and challenges associated with Islamic FinTech and digitalization.
Sharifatu Laila Syed Ali	Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT") (7 March 2023)	• Common AML/CFT programme challenges • How Regulatory Technology ("RegTech") can be adopted for you're AML/CFT programme • Benefits and new opportunities with Regtech • Sharing of Use Cases - Monitoring Transaction - Screening - Know Your Customer ("KYC") - Additional Topics
	Key Updates on Malaysia Taxation & Budget 2023 (24 May 2023)	• Personal income tax • Current tax trends • Foreign Source Income • Base Erosion and Profit Shifting ("BEPS") • Common Reporting Standard ("CRS") & Foreign Account Tax Compliance Act ("FATCA")
Oliver Tan Chuan Li	E-Learning : RHB AML/CFT (Malaysia) (3 May 2023)	-
	E-Learning : Information Security Awareness (3 May 2023)	-
	E-Learning : Secrecy and Information Protection Training (17 May 2023)	-

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Oliver Tan Chuan Li (continued)	Emerging Risks in the Financial Industry (12 September 2023)	• Understanding and pro-actively managing top and emerging risks are more important than ever before. • Discuss how emerging risks are evolving and share best practices of how banks deal with emerging risks that are top risks. • Share our view on the key trends in managing top and emerging risks and discuss how well RHB is prepared

Board Performance Evaluation

In line with the requirements of the Bank Negara Malaysia's Policy Document on Corporate Governance and the Malaysian Code on Corporate Governance, the Board continued its annual self-evaluation via the Board Effectiveness Evaluation ("BEE") exercise, reflecting its performance for FY2022-FY2023. The Board Nominating & Remuneration Committee is responsible to ensure the performance of the Board, and that the individual directors are appropriately reviewed. The review of the Directors' performance was carried out via the Board Effectiveness Evaluation exercise, facilitated by Group Legal, Secretariat & Governance.

The internal assessment covered three main areas:

Part A: Board Evaluation

Part A evaluated overall behaviours and culture of the Board and Board Committees. The BEE evaluated the Board as a collective unit based on six (6) dimensions, namely:

- Overall Board Effectiveness
- Structure, Strategy & Performance
- Interaction & Communication
- Boardroom Culture
- Environmental, Social & Governance ("ESG")
- Leadership

Part B: Directors Self & Peer Evaluation

- Board Dynamics and Participation
- Leadership, Integrity and Objectivity
- Knowledge and expertise
- Independence

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Performance Evaluation (continued)

Part C: Company Secretary Evaluation

Part C was to detect and evaluate the Board's satisfaction level with regards to the performance of the Company Secretary. The evaluation will be used in addition to the existing performance scorecard to measure and improve the deliverables and services rendered by Company Secretary to the Board and Board Committees.

The BEE results showed an overall good score attained by the Board, supporting Committees and individual Directors.

Ethical & Sound Leadership

The Group has a structured and robust risk management framework and internal control systems in place to ensure our business operations are carried out effectively and efficiently without compromising quality.

The Board continues to support the initiatives undertaken by the Group with the support of management. This is carried out by exercising good business judgement when developing strategy, delivering objectives and managing our respective risks by having a robust Enterprise Risk Management in place as part of the Group's internal control.

In addition to having proper control mechanisms in place, the Board also views ethical leadership as one of its core responsibility. The Group's ethical culture is guided and led by the tone from the top and the ethical principles and values are driven by the Board through the leadership team and are embedded across the Group. The Board believes that integrity breeds trust and therefore, it is crucial that our staff uphold integrity in order for our customers and clients to place their trust in us.

The Board fully supports the efforts by the Group to set effective safeguards and controls in order to empower staff in maintaining the highest standards of integrity and ethical behavior in all day-to-day dealings and activities. To ensure the Group's messages on this matter is consistent, the Group has in place codes of business ethics and conduct for the Board and employees. These codes convey the minimum requirements that must be met by our people in doing business the RHB way by exercising ethical and sound leadership.

Group Board Committees

Following the Group-wide transformation exercise undertaken in late 2007, the various Board Committees within the Group were consolidated to form Group Board Committees residing either at the Company's holding company, RHB Bank Berhad. The objective is to promote better efficiency and effectiveness in implementing holistic strategies for the benefit of the Group as a whole. The Group Board Committees currently residing at RHB Bank Berhad which are shared by the Company are as follows:

- Board Nominating and Remuneration Committee; and
- Board Sustainability Committee.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Group Board Committees (continued)

The functions and terms of reference of the Group Board Committees are clearly defined and comply with the relevant governing laws, regulations and guidelines. The members of the Group Board Committees comprise the Directors of the Company and that of the operating entities within the Group to ensure a fair representation across the entities in pursuing the interests of the entities concerned.

The relevant minutes/extract of minutes of meetings of all Group Board Committees are tabled to the respective Boards for notation.

Board Nominating and Remuneration Committee ("BNRC")

BNRC comprises three (3) INEDs and one (1) Non INED. A total of eleven (11) meetings were held for the BNRC during the financial year ended 31 December 2023. Details of the attendance of each member for the BNRC's meetings are as follows:

Members of BNRC	Total meetings attended	Percentage of attendance (%)
Datuk Iain John Lo (Chairman)#	11/11	100
Dato' Mohamad Nasir Ab Latif	11/11	100
Hijah Arifakh Othman*	7/8	88
Donald Joshua Jaganathan**	7/8	88
Tan Sri Dr Rebecca Fatima Sta Maria (Chairperson)^	3/3	100
Sharifatu Laila Syed Ali^^	3/3	100

Notes:
\# Re-designated as Chairman on 1 June 2023
* Appointed as Member on 1 June 2023
** Appointed as Member on 7 June 2023
^ Resigned as Chairperson on 1 June 2023
^^ Resigned as Member on 1 June 2023

The main objectives of the BNRC are to support the Boards in the following:

(i) Review and assess the appointment/re-appointments of directors, board committee members, Shariah Committee ("SC") members, Senior Officers, Appointed Actuary and Company Secretary (where applicable) for recommendation to the Boards of main entities and other subsidiaries (as deemed appropriate) under RHB Banking Group ("the Group").

(ii) Advise the Boards on optimal size and mix of skills of Boards.

(iii) Provide oversight and direction on Human Resource (HR) matters and operations, and to recommend to the Boards for approval of remuneration and human resource strategies.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Sustainability Committee ("BSC")

BSC comprises three (3) INEDs and one (1) Non INED. A total of six (6) meetings were held for the BSC during the financial year ended 31 December 2023. Details of the attendance of each member for the BSC's meetings are as follows:

Members of BSC	Total meetings attended	Percentage of attendance (%)
Datuk Iain John Lo (Chairman)	6/6	100
Dato' Mohamad Nasir Ab Latif	6/6	100
Donald Joshua Jaganathan	6/6	100
Hijah Arifakh Othman*	4/4	100
Tan Sri Dr Rebecca Fatima Sta Maria^	1/2	50

Notes:
* Appointed as Member on 1 June 2023
^ Resigned as Member on 1 June 2023

The BSC was established on 1 September 2022 to provide an oversight on the Group's Sustainability and Climate related strategy; a forum for periodical and in-depth discussion/ review of Environmental, Social and Governance ("ESG") issues and will steer the Group's ESG strategy to achieve a sustainable competitive advantage.

The BSC meetings were also attended by the Group Managing Director, being the Chairman of the Group Sustainability Committee, the Group Chief Sustainability and Communications Officer and the Group Chief Risk Officer while the attendance of other Senior Management is by invitation, depending on the matters deliberated by the BSC.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Committees

Board Audit Committee ("BAC")

The Board had, on 23 March 2022, approved the establishment of the BAC for the Company which took effect on 25 April 2022 to look into the audit issues/matters arising from the insurance activities. The minutes of the BAC meetings are also tabled to the Board of RHB Insurance Berhad for notation.

The BAC comprises three (3) INEDs. A total of seven (7) meetings were held during the financial year ended 31 December 2023. Details of the attendance of each member for the BAC's meetings are as follows :

Members of BAC	Total meetings attended	Percentage of attendance (%)
Shaifubahrim Mohd Saleh (Chairman)*	4/4	100
Wong Pek Yee	7/7	100
Hizamuddin Jamalluddin**	4/4	100
Donald Joshua Jaganathan (Chairman)^	3/3	100
Sharifatu Laila Syed Ali^^	3/3	100

Notes:
- * Appointed as Chairman on 7 June 2023
- ** Appointed as Member on 7 June 2023
- ^ Resigned as Chairman on 7 June 2023
- ^^ Resigned as Member on 7 June 2023

The key objectives of the BAC are as follows:

(i) To provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for RHB Insurance Berhad ("RHBI" or "the Company"), and to review the financial condition and performance of the Company;

(ii) To review the quality of the audits conducted by internal and external auditors;

(iii) To provide a line of communication between the Board and external auditors;

(iv) To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process and activities;

(v) To provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is, among others, independent of the Management; and

(vi) To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Risk Committee ("BRC")

The Board had, on 19 March 2019, approved the establishment of the BRC for the Company which took effect on 1 April 2019 to look into the compliance and risk issues/matters arising from the insurance activities. The minutes of the BRC meetings are also tabled to the Board of RHB Insurance Berhad for notation.

The BRC comprises three (3) INEDs. A total of twelve (12) meetings were held during the financial year ended 31 December 2023. Details of the attendance of each member for the BRC's meetings are as follows:

Members of BRC	Total meetings attended	Percentage of attendance (%)
Wong Pek Yee (Chairperson)	12/12	100
Jahanath Muthusamy	12/12	100
Shaifubahrim Mohd Saleh	12/12	100

The key objectives of the BRC are as follows:

(i) To provide oversight and governance of risks of RHB Insurance Berhad;

(ii) To oversee Senior Management's activities in managing risks and ensure that the risk management process is in place and functioning;

(iii) To promote the management of risk in accordance with a risk-return performance management framework; and

(iv) To support and provide the overall leadership to the Senior Management in driving Risk and Compliance Culture and Risk Ownership in RHB Insurance Berhad.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Investment Committee ("IC")

IC comprises three (3) INEDs. A total of four (4) meetings were held for the IC during the financial year ended 31 December 2023. Details of the attendance of each member for the IC's meetings are as follows:

Members of IC	Total meetings attended	Percentage of attendance (%)
Shaifubahrim Mohd Saleh (Chairman)	4/4	100
Wong Pek Yee	4/4	100
Dato' Darawati Hussain	4/4	100

The main objectives of the IC are as follows:

(i) To assist the Board to discharge its responsibilities by reviewing and overseeing the overall investment management of the Company; and

(ii) To set targets for Management and Fund Managers to achieve satisfactory returns of investment in the form of capital appreciation, interest and dividend income.

Remuneration Governance

The Company's Managing Director/Chief Executive Officer is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance for the Board meetings that he attends. As the only Executive Director on the Board of the Company, his remuneration, which includes salary and bonus, comprised short term or long term incentives, in cash or benefits-in-kind, is derived from the Company.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

The Managing Director's sustainable remuneration package also includes performance bonus, in line with the Group's retention policy and risk-based approach. His Key Performance Indicators and remuneration are approved by the Board. The details on the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company during the financial year ended 31 December 2023) are as follows:

Name of Company's ED	Salary and Bonus (RM'000)	Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Oliver Tan Chuan Li	1,862	-	7	1,869
Name of Company's NEDs	**Directors' Fees* (RM'000)**	**Other Emoluments** (RM'000)**	**Benefits-In-Kind (RM'000)**	**Total (RM'000)**
Jahanath Muthusamy^	260	56	32	348
Wong Pek Yee	160	91	-	251
Shaifubahrim Mohd Saleh	160	90	-	250
Donald Joshua Jaganathan	160	84	-	244
Hizamuddin Jamalluddin#	91	26	-	117
Sharifatu Laila Syed Ali^^	69	30	-	99
Sub Total (NEDs)	900	377	32	1,309
Grand Total (MD + NEDs)	2,762	377	39	3,178

Notes:
- * Based on new Directors' fees.
- ** Include Board Committees' allowances and meeting allowance.
- ^ Appointed as Chairman on 28 May 2020
- \# Appointed as Director on 7 June 2023
- ^^ Resigned as Director on 7 June 2023

The Board is mindful that fair remuneration is critical to attract, retain and motivate Directors with the relevant experience and expertise required to lead the Company. The BNRC has been entrusted with discharging the remuneration strategies (as outlined in its Terms Of Reference). The Group has also established a common reference incorporating the NED Remuneration Framework. It is aimed at applying the general principles for the remuneration of NEDs to ensure that remuneration levels are commensurate with the responsibilities, risks and time commitment of Boards/Board Committees. The level of remuneration reflects the level of responsibility undertaken by the particular NED concerned within the Company. It also takes into consideration practices within the industry and is reviewed at least once every two years.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

No.	Non-Executive Directors' Remuneration Scheme	Unrestricted/Non-Deferred	Total (RM'000)	Restricted/ Deferred	Total (RM'000)
A. Fixed-Type Remuneration					
i	Cash-based	• Fixed Fees • Directors' Fees[1] • Board Committees' Allowances[2] • Chairmen's premium[3] for various Board & Board Committees • Emoluments[4]	1,060	-	1,060
ii	Shares & share-linked instruments	-	Nil	-	Nil
iii	Others	Benefits-In-Kind[5]	32	-	Nil
B. Variable-Type Remuneration					
i	Cash-based	Meeting Attendance Allowance[6]	217	-	Nil
ii	Shares & share-linked instruments	-	Nil	-	Nil
iii	Others	Directors' & Officers' Liability Insurance[7]	31	-	Nil

Notes:
The overall remuneration package of the NEDs of the Group/Company comprises the following components:

1 *Directors' Fees*
NEDs are entitled to annual Directors' fees, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company. As part of a periodical review to ensure the Company remains competitive against its peers and with the heightened responsibilities and accountabilities under the Companies Act 2016, the Financial Services Act 2013 and the Malaysian Code on Corporate Governance 2017. Total Directors' fees paid/payable to the Directors for financial year 2023 were RM900,000.00.

2 *Board Committee Allowances*
NEDs who sit on Board Committees are entitled to receive Board Committee allowances which shall be paid on an annual basis at the end of each financial year.

3 *Chairmen's Premium*
The Chairmen of various Boards and Board Committees as the Chairman are entitled to receive a premium above the normal respective Board and Board Committee allowances, which shall be paid on an annual basis at the end of each financial year.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

4 *Farewell Pot*
All NEDs will be awarded with 'Farewell Pot' scheme upon his/her exit from the Group, in recognition of their services and commitments to the Group. Under the 'Farewell Pot' scheme, any NED who leaves the Group would be entitled to RM3,000 as a one-off payment or as decided by the BNRC.

5 *Benefits-in-kind*
The Chairmen of various Boards and Board Committees are entitled to receive a premium above the normal respective Board and Board Committee allowances, which shall be paid on an annual basis at the end of each financial year.

6 *Meeting attendance allowance*
NEDs are also entitled to meeting attendance allowances when they attend the Board/Board Committee meetings.

7 *Directors' & Officers' ("D&O") Liability Insurance*
The insurance covers the Group's Directors in respect of any liabilities arising from acts committed in their capacity as D&O of RHB Banking Group. However, the insurance policy does not indemnify a Director or principal officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty of trust. The Directors are required to contribute jointly towards a portion of the premiums of the said policy.

The remuneration structure and package for the NEDs are approved by the shareholders at the Company's Annual General Meeting. Further information on the total remuneration of the Directors from the Company is available under Note 22 on pages 49 to 50 .

Policies and procedures, including the nomination framework for the Directors and Senior Management are reviewed regularly to ensure the remuneration levels are:

- Commensurate with the responsibilities, risks and time commitment; and
- Market-competitive and sufficient to attract and retain quality people but not excessive.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

RHB Total Rewards

RHB's Total Rewards Philosophy consists of four (4) key principles as follows:

1) To support and promote a high performance culture to deliver the Group's vision.

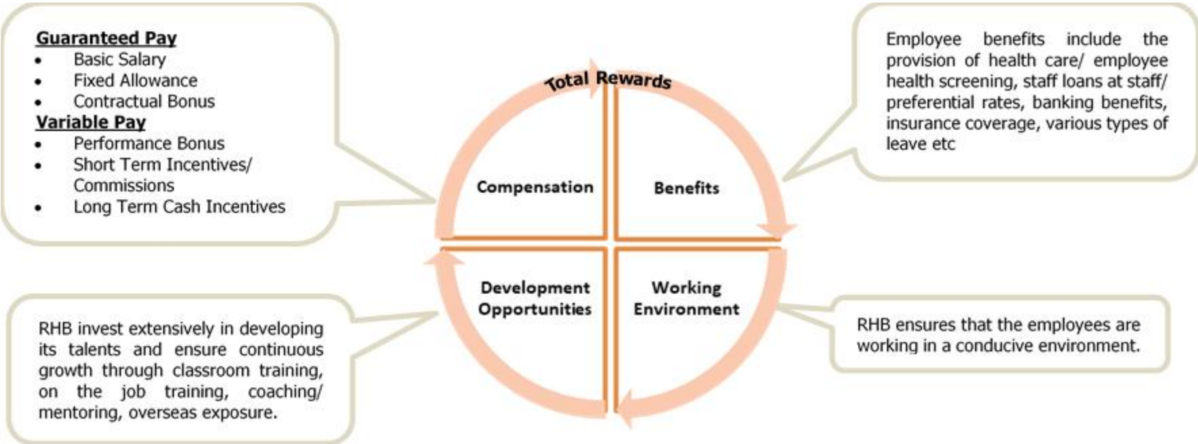
2) To provide a balanced approach between fixed and variable compensation that reflects individual's seniority and level of accountability.

3) To promote a strong performance and reward linkage while incorporating risk and compliance management (to fulfill risk control objective) as part of the key performance indicators for remuneration decisions.

4) To be competitive with market practice; tailored to specific market, i.e. Financial Industry the entity is operating in and aligned to internal philosophy.

The Total Rewards Policy was reviewed by the Board Nominating and Remuneration Committee ("BNRC") and approved by the Board. The policy acts as a guide when designing and implementing remuneration programs and is applicable to all employees in Malaysia and Overseas.

The Policy is guided by RHB's Total Rewards Model that covers all aspects of work that employees value, both tangible and intangible. The components of the model are illustrated below:-



RHB's philosophy of fair remuneration is critical to attract, retain and motivate employees and is within the ambient of RHB's risk appetite. It provides the roadmap to govern our reward strategy and is aligned with the business strategies, corporate values and long-term interests of the organization. RHB's remuneration shall be in alignment with Bank Negara Malaysia's Corporate Governance.

The remuneration for Senior Management including the Managing Directors and Group Management Committee members and the Other Material Risk Takers are being reviewed on an annual basis and deliberated at the BNRC and Board for approval.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

RHB Total Rewards (continued)

Tabulated below is the remuneration summary for FY2023 for the Senior Management and Other Material Risk Takers.

Total value of remuneration awards for the financial year ended 2023	Senior Management (1 Headcount)		Other Material Risk Takers (9 Headcounts)	
	Unrestricted/ Non-Deferred	Restricted/ Deferred	Unrestricted/ Non-Deferred	Restricted/ Deferred
Fixed remuneration				
- Cash-based	1,131,360	-	4,548,973	-
- Shares and share-linked instruments	-	-	-	-
- Others	7,200	-	-	-
Variable remuneration				
- Cash-based	504,000	225,120	1,433,404	93,800
- Shares and share-linked instruments	-	N1	-	N1
- Others	-	-	-	-

Notes:
Figures presented in the table are in Ringgit Malaysia.
N1 - In FY2023, a total of 50,000 and 95,000 units of RHB shares under RHB Group Employees' Share Grant Scheme ("SGS") were awarded to 1 Senior Officer and 5 OMRTs of RHB Insurance. The number of SGS units to be vested/paid by 2026 is conditional upon the said employees fulfilling the vesting/payment criteria.

RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Directors acknowledge the importance of having effective and reliable systems of internal control and risk management. These systems cover not only financial but also operational and compliance controls as well as risk management. The system, by its nature, can only provide reasonable but not absolute assurance against misstatement, loss or fraud.

Pursuant to Guidance 22.2 of Bank Negara Malaysia's Policy Document on Corporate Governance, RHB Insurance Berhad leverages on RHB Banking Group's risk management and internal control framework and policies. As such, details of the Group's risk management and internal control framework and policies can be found within the RHB Bank Berhad's Integrated Report 2023 available at www.rhbgroup.com.

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31.12.2023	Restated 31.12.2022	Restated 1.1.2022
		RM'000	RM'000	RM'000
ASSETS				
Property, plant and equipment	5	24,020	20,584	20,760
Right of use assets - Property office	6	3,978	2,124	4,787
Intangible assets - Computer software	7	25,932	28,102	25,421
Investments	8	1,132,937	1,045,819	1,027,359
Fair value through profit or loss		1,113,800	1,027,189	1,009,104
Loans and receivables		19,137	18,630	18,255
Reinsurance contract assets	10	475,793	487,260	411,191
Other assets	11	47,395	46,818	51,679
Tax recoverable		13,549	5,604	1,029
Cash and cash equivalents	12	113,081	91,987	130,288
Total assets		1,836,685	1,728,298	1,672,514
LIABILITIES				
Insurance contract liabilities	10	1,088,180	1,064,533	960,595
Reinsurance contract liabilities	10	6,975	17,878	11,860
Other liabilities	13	74,612	73,687	77,911
Lease liabilities	14	4,101	2,348	6,565
Deferred tax liabilities	15	7,009	181	6,809
Total liabilities		1,180,877	1,158,627	1,063,740
EQUITY				
Share capital	16	100,000	100,000	100,000
Retained earnings	17	555,253	469,543	508,774
Share-based payment reserve	18	555	128	-
Total equity		655,808	569,671	608,774
Total liabilities and equity		1,836,685	1,728,298	1,672,514

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023	Restated 2022
		RM'000	RM'000
Insurance revenue		844,760	718,702
Insurance service expense		(591,845)	(653,917)
Insurance service results before reinsurance contracts held	19	252,915	64,785
Allocation of reinsurance premiums		(284,291)	(215,553)
Amount recoverable from reinsurers for incurred claims		79,451	200,065
Net expense from reinsurance contracts held	21	(204,840)	(15,488)
Insurance service results		48,075	49,297
Investment income		40,449	31,394
Fair value gains / (losses) on financial assets at fair value through profit or loss		22,590	(10,460)
Investment results	23	63,039	20,934
Insurance finance expenses for insurance contracts issued		(27,470)	(15,645)
Reinsurance finance income for reinsurance contracts held		11,129	6,505
Insurance finance results	24	(16,341)	(9,140)
Other income	25	4,256	10,872
Other expenses	26	(954)	(825)
Foreign exchange (expense) / income		(16)	148
		3,286	10,195
Profit before tax		98,059	71,286
Taxation	27	(12,349)	(10,517)
Net profit for the financial year, representing total comprehensive income for the financial year		85,710	60,769
Basic earnings per share (sen)		85.71	60.77

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

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

	Note	Share capital	Distributable Retained earnings	Non-distributable payment reserve	Total equity
		RM'000	RM'000	RM'000	RM'000
At 31 December 2021, as previously reported		100,000	476,853	-	576,853
Impact of initial application of MFRS 17	37	-	31,921	-	31,921
Balance as at 1 January 2022, as restated		100,000	508,774	-	608,774
Net profit for the financial year		-	60,769	-	60,769
Dividends paid	29	-	(100,000)	-	(100,000)
Share-based payment expense	18	-	-	128	128
At 31 December 2022, as restated		100,000	469,543	128	569,671
At 31 December 2022, as previously reported		100,000	451,286	128	551,414
Impact of initial application of MFRS 17	37	-	18,257	-	18,257
Balance as at 1 January 2023, as restated		100,000	469,543	128	569,671
Net profit for the financial year		-	85,710	-	85,710
Share-based payment expense	18	-	-	427	427
At 31 December 2023		100,000	555,253	555	655,808

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023	Restated 2022
		RM '000	RM '000
Cash flows from operating activities			
Net profit for the financial year		85,710	60,769
Adjustments for:			
Fair value (gains) / losses	8,23	(22,590)	10,460
Depreciation of property, plant and equipment	5	1,541	1,898
Depreciation of right-of-use assets	6	2,381	2,399
Amortisation of intangible assets - computer software	7	4,813	4,204
Share-based payment expense	18	427	128
Investment income	23	(40,449)	(31,394)
Unrealised losses / (gains) on foreign exchange		16	(148)
Taxation	27	12,349	10,517
		44,198	58,833
Purchase of fair value through profit or loss - investments	8	(129,021)	(69,384)
Proceeds from sale of fair value through profit or loss - investments	8	65,000	40,839
Increase in loans and receivables		(467)	(369)
Interest received		3,477	2,213
Dividend received		34,756	29,635
(Increase) / decrease in other assets		1,603	4,539
Increase in insurance contract liabilities		23,647	103,938
Decrease / (increase) in net reinsurance assets		564	(70,051)
Increase / (decrease) in other payables		1,003	(4,042)
Cash generated from operations		44,760	96,151
Income taxes paid		(13,466)	(21,720)
Net cash generated from operating activities		31,294	74,431
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(7,423)	(7,565)
Purchase of intangible assets - computer software	7	(197)	(1,070)
Net cash used in investing activities		(7,620)	(8,635)

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

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

	Note	2023	Restated 2022
		RM '000	RM '000
Cash flows from financing activities			
Dividends paid	29	-	(100,000)
Principal lease payments		(2,560)	(4,107)
Net cash used in financing activities		(2,560)	(104,107)
Effect on exchange rate changes on cash and cash equivalents		(20)	10
Net increase / (decrease) in cash and cash equivalents		21,094	(38,301)
Cash and cash equivalents at beginning of financial year		91,987	130,288
Cash and cash equivalents at end of financial year	12	113,081	91,987
Cash and cash equivalents comprise:			
Cash at bank and in hand		80,431	60,184
Fixed and call deposits		32,650	31,803
		113,081	91,987

Analysis of changes in liabilities arising from financing activity is as follows:

	RM '000
Leases	
At 1 January 2022	6,565
Cash changes:	
Repayment	(4,107)
Non-cash changes:	
Additions (Note 6)	115
Lease modification (Note 6)	(379)
Accrued interest	154
At 31 December 2022	2,348
Cash changes:	
Repayment	(2,560)
Non-cash changes:	
Additions (Note 6)	4,235
Lease modification (Note 6)	-
Accrued interest	78
At 31 December 2023	4,101

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

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Company, a public limited liability company, incorporated and domiciled in Malaysia, is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

The Company's immediate and ultimate holding company is RHB Bank Berhad, a company incorporated in Malaysia.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVTPL").

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company and are effective.

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective and applicable for the Company's financial year beginning on or after 1 January 2023 are as follows:

(i) Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments on disclosure of accounting policies

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies and include examples of what is considered to be material to their financial statements. To support the amendments, MFRS Practice Statement 2 Making Materiality Judgments was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosure.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company and are effective (continued)

(i) Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates (continued)

Amendments on definition of accounting estimates

The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. These amendments provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates. The amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate if the changes do not arise from prior period errors.

(ii) Amendments to MFRS 112 on 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, companies are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

(iii) MFRS 17 'Insurance Contracts' and its amendments

MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

Amendments to MFRS 17 are designed to minimise the risk of disruption to implementation already underway and do not change the fundamental principles of the standard or reduce the usefulness of information for investors.

(iv) Amendment to MFRS 17 'Insurance Contracts': Initial application of MFRS 17 and MFRS 9 - Comparative Information

This amendment relates to the classification of comparative information of financial assets on initial application of MFRS 17 (known as 'classification overlay'). The objective of the amendment is to provide an optional transition provision to reduce the one-time accounting mismatch on comparative information between insurance contract liabilities and related financial assets.

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Company, other than the effects and change in accounting policy arising from the adoption of MFRS 17 as disclosed in Note 37 to the financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

(i) Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’ - effective 1 January 2024

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

(ii) Supplier Finance Arrangements - Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures) - effective 1 January 2024

The amendments require entities to disclose information that would enable users of financial statements to assess the effects of supplier finance arrangements on an entity's liability, cash flows and exposures to liquidity risk.

(iii) Amendments to MFRS 16 ‘Lease Liability in a Sale and Leaseback’ - effective 1 January 2024

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

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective above are not expected to give rise to any material financial impact to the Company.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated. This is the first set of the Company's annual financial statements in which MFRS 17, Insurance Contracts has been applied. The effect of the changes in accounting policies arising from the adoption of MFRS 17 are disclosed in Note 37.

(a) Financial assets

(i) Classification

The Company classifies its financial assets into the following measurement categories

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(a) Business model assessment

The Company conducts assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

(b) Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Company assess whether the financial assets' contractual cash flows represent SPPI. In applying the SPPI test, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(ii) Recognition and derecognition

A financial asset is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase and sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at fair value plus transaction costs that are directly attributable to acquisition of the financial asset in the case of a financial asset not FVTPL. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Subsequent measurement of debt instruments depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its debt instruments:

(1) Financial investments at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated as fair value through profit or loss ('FVTPL'), are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised in profit or loss. The interest income is recognised in profit or loss using the effective interest rate method. Upon derecognition, any gain or loss will be recognised in profit or loss and presented under 'other operating income'.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(iii) Measurement (continued)

(a) Debt instruments (continued)

(2) Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the income statements within 'net gain/(loss) arising from financial assets FVTPL' in the period in which it arises. The interest income is recognised in profit or loss using the effective interest rate method.

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuers' perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuers' net assets.

The Company measures all equity instruments at FVTPL, except where the management has elected, at initial recognition, to irrevocably designate an equity instrument as FVOCI. The Company's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to income statements, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as dividend income when the Company's right to receive payments is established.

Gains and losses on equity instruments at FVTPL are included in the 'net gain/(loss) arising from financial assets FVTPL' in profit or loss.

(iv) Reclassification policy

Reclassification of financial assets is required when, and only when, the Company changes its business model for managing the assets. In such cases, the Company is required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instruments that have been designated as at fair value through other comprehensive income even when there is a change in business model. Such designations are irrevocable.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(v) Impairment

MFRS 9 requires the recognition of expected credit loss (“ECL”) for all financial assets, except for financial assets classified or designated as FVTPL and equity securities classified under FVOCI, which are not subject to impairment assessment.

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for insurance receivables. The expected loss allowance is based on a provisional matrix with the usage of forward-looking information in determining the ECL, including the use of macroeconomic information.

There are three main components to measure ECL which are probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"). In determining the ECL, management will evaluate a range of possible outcomes, taking into account past loss experience, current conditions/trends and economic outlook.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. 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 repair and maintenance costs are recognised as expense in profit or loss during the financial period in which they are incurred.

Freehold land, buildings in progress and renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land	Amortised over the period of the lease*
Buildings	2% to 3.33%
Motor vehicles	20%
Furniture, fixtures and fittings, office equipment	10% to 20%

* The remaining period of the lease ranges from 3 to 95 years.

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would render disclosure in the financial statement.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (continued)

From 1 January 2019, leased assets (including leasehold land) are presented as a separate line item in the statement of financial position as right of use. Refer to accounting policy Note 3(d) on leases. Up to 31 December 2018, leased assets (including leasehold land) under lease arrangement classified as finance lease are amortised in equal instalments over the period of the respective leases that range from 3 to 95 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

At the end of the reporting period, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to Note 3(f) on the impairment of non-financial assets.

(c) Intangible assets

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Company have a definite useful life. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 3(f) on impairment of non-financial assets.

(a) Computer software licenses

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of 3 to 10 years.

(d) Leases - where the Company is the Lessee

From 1 January 2019, leases are recognised as right of use (‘ROU’) asset 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases - where the Company is the Lessee (continued)

In applying MFRS 16 for the first time, the Company has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117 : the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(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 periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The 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 (refer to (iv) below).

(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 properties 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.

(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 receivable;
- 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 are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases - where the Company is the Lessee (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 statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in income statements in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the other interest expenses in profit or loss.

(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 small items of office furniture. Payments associated with short term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(e) Investment income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Investment income (continued)

Other interest income, including amortisation of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

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

(f) Impairment of non-financial assets

Non-financial 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. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flows or cash-generating unit (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in profit or loss.

(g) Revenue from general insurance business consists of insurance service results and insurance/ reinsurance finance income or expenses.

(i) Insurance service results

Insurance service results include insurance revenue and insurance service expenses from insurance contracts issued, and net expense from reinsurance contracts held.

Insurance revenue is recognised based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

Insurance service expenses arising from insurance contracts issued are recognised as they are incurred, and include losses on claims, other insurance service expenses, amortisation of insurance acquisition costs, losses and reversals of losses on onerous contracts.

Net expense from reinsurance contracts held comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance is recognised as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Revenue from general insurance business consists of insurance service results and insurance/ reinsurance finance income or expenses (continued)

(ii) Insurance/reinsurance finance income or expenses

Insurance/reinsurance finance income and expenses comprise the changes in the carrying amounts of the insurance contracts issued and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein.

(h) Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(i) Income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In the case the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Income Taxes (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome. Deferred tax is provided 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 is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, and bonuses are accrued in the financial year in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plan

The Company contributes to the Employees’ Provident Fund, the national defined contribution plan. The Company’s contributions to the defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further legal or constructive obligations.

(iii) Share-based compensation

During the current financial year, the Company implemented SGS, which is awarded to employees and Executive Directors of the Company who fulfil the eligibility criteria (“Eligible Employees”).

The SGS shall be in force for a period of nine years commencing from the effective date of implementation of the SGS, with vesting period to be three years after grant date.

The fair value of the shares offered is recognised as an expense in profit or loss over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iii) Share-based compensation (continued)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share grant that are expected to vest. At each reporting date, the Company revise the estimates of the number of shares granted and shares that are expected to vest. The impact of the revision of original estimates, if any, will be recognised in profit or loss, with the corresponding adjustment to share-based reserve in equity.

(k) 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 the occurrence or non-occurrence of one or more 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 case where there is a liability that cannot be recognised because it cannot be measured reliably.

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

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank balances and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purposes.

(m) Dividends

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

(n) Fair value of financial instruments

The basis of estimation of fair values for financial instruments is as follow:

(i) The fair values of Malaysian Government Securities and BNM Notes are based on the indicative middle prices obtained from BNM.
(ii) The fair values of corporate debt securities are based on quotations from Bondweb.
(iii) The fair value of wholesale unit trust fund is based on the fair value of the underlying assets in the fund.
(iv) The carrying amounts of other financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(p) Insurance contract and reinsurance contracts held

(i) Classification

The Company issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

(ii) Separating components from insurance and reinsurance contracts

The company disaggregates the following components, if significant, from an insurance contract ore reinsurance contract held and accounts them separately.

- Derivatives embedded in the contract.
- Distinct investment component.
- Distinct non-insurance service component.

The company does not have any embedded derivatives in the current insurance contracts issued or reinsurance contracts held.

(iii) Level of aggregation

The insurance and reinsurance contracts are aggregated into groups for measurement purposes. Each group comprise of contracts with similar risks which are managed together and further divided by year of contract issuance; and into their expected profitability at inception as follows:

- contracts that are onerous on initial recognition
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- any remaining contracts

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which further contract may be added.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Insurance contract and reinsurance contracts held (continued)

(iii) Level of aggregation (continued)

Reinsurance contracts held are grouped on a similar basis to the underlying insurance contracts. Some reinsurance contracts held may provide cover for underlying contracts that are included in different groups.

(iv) Recognition

The Company recognises insurance and reinsurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when insurance policy is issued.
- The date when a group of contracts becomes onerous

(v) Insurance acquistition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or group of insurance contracts within the portfolio.

For contracts which have a coverage period of one year or less, the Company have the option to recognise insurance acquisition cost as incurred and expense them or amortise them over time using a rational approach to allocate to each group. Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. commissions) are allocated only to the group of contracts. Insurance acquisition cash flows, other than commission, will be amortised over the coverage period of the contracts in line with premiums.

(vi) Contract boundary

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

For reinsurance contracts, cash flows are within the boundary if they arise from substantive right and obligation that exists during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Insurance contract and reinsurance contracts held (continued)

(vii) Measurements

The Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (“PAA”). The Premium Allocation Approach (“PAA”) is a simplified approach for measurement of the liability of remaining coverage (“LRC”) that an entity may choose to use when the PAA provides a measurement which is not materially differs from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less.

The measurement principles of the PAA differ from the 'earned premium approach' used under MFRS4 in the following key areas:

- The LRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the profit or loss for insurance services provided over the coverage period.
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the LIC (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company’s obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Estimates of future cash flows and discount rate

In estimating the future cash flows, the Company incorporates all reasonable and supportable historical data about claims and other experiences, and updated to reflect current expectations of future events.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. This requirement is a significant change from the previous practice, where liabilities for insurance contracts were not discounted.

The iliquitity premium adjustment is set as zero.

The table below set out the discount rates applied for discounting of future cash flows:

	1 year	3 years	5 years	10 years
2023	3.30%	3.47%	3.57%	3.73%
2022	3.25%	3.67%	3.86%	4.09%

(b) Risk adjustments for non-financial risk

Risk adjustment for non-financial risk reflects the compensation that the Company would require for bearing non-financial risk. The company view is to derive the risk adjustment required using the same methodology adopted in deriving Provision for Risk Margin for Adverse Deviation (“PRAD”).

In current practice, PRAD factor for expired risk is derived based on the uncertainty exhibited by past year claims at pre-defined confidence interval. Diversification benefit between lines of business is allowed for by simulating the PRAD at entity level (combination of all line of business) and allocate to each line of business based on the weightage of the PRAD of respective line of business. PRAD factor for unexpired risk reserve is based on the PRAD factor for expired risk and is loaded with an additional factor to allow for greater degree of variability in unexpired risk.

Under the regulatory Risk Based Capital guideline, the local regulators prescribed the valuation bases which aim to secure an overall level of sufficiency of policy reserves (at entity level) at least at 75% confidence level.

The company disaggregates the change in the risk adjust for non-financial risk between insurance service dresults and the insurance financie income or expense.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Loss Component

The Company establishes a loss component of the liabilities for remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss componet and the liabilities for remianing coverage, excluding the loss component on a systematic allocation basis.

The systematic allocation between the loss componet and the liabilities for remianing coverage should result in the total amount allocated to the loss component to be equal to zero by the end of the coverage period of the insurance contract.

(d) Modification and derecognition

Except for policy cancellation, which are not categorised as policy modifications, the Company does not expect any of its policy endorsement to meet any modification conditions stated in the MFRS17 unless facts and circumstances indicate otherwise. Therefore, changes in cash flows due to policy endorsements shall be treated as changes in estimates of fulfullment cash flows and and when they occur.

The Company derecognises a contract when the specified obligations in the contract expires or are discharged or cancelled.

(e) Liability for incurred claim

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Liability for incurred claim (continued)

Some of the insurance contracts that have been written in the property line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

(f) Transition

The Company has adopted MFRS17 restrospectively, applying alternative transition methods where the full restrospective approach was impracticable. The Company has determined that it would be impracticable to apply the full restrospective approach and has applied modified retrospective approach to estimate the opening balance of the LRC on transition, by estimating the balances of the LRC from the date the contract is recognised until the transition date.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Motor vehicles	Furniture, fixtures and fittings, office equipment	Assets work in progress	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
2023						
Net book value						
At beginning of financial year	504	243	151	3,264	16,422	20,584
Additions at cost	-	-	-	1,403	6,020	7,423
Reclassification	-	-	-	-	(2,446)	(2,446)
Depreciation charge	(20)	(10)	(57)	(1,454)	-	(1,541)
At end of financial year	484	233	94	3,213	19,996	24,020
2022						
Net book value						
At beginning of financial year	524	253	208	3,320	16,455	20,760
Additions at cost	-	-	-	1,783	5,782	7,565
Reclassification	-	-	-	-	(5,815)	(5,815)
Write-off	-	-	-	(28)	-	(28)
Depreciation charge	(20)	(10)	(57)	(1,811)	-	(1,898)
At end of financial year	504	243	151	3,264	16,422	20,584
2023						
Cost	729	422	388	34,061	19,996	55,596
Accumulated depreciation	(245)	(189)	(294)	(30,848)	-	(31,576)
Net book value	484	233	94	3,213	19,996	24,020
2022						
Cost	729	422	775	33,957	16,422	52,305
Accumulated depreciation	(225)	(179)	(624)	(30,693)	-	(31,721)
Net book value	504	243	151	3,264	16,422	20,584

As at 31 December 2023, included in the carrying value of leasehold land and buildings of the Company are right of use assets relating to leasehold land and buildings amounting to RM484,000 (2022: RM504,000) and RM233,000 (2022: RM243,000) respectively.

6. RIGHT OF USE ASSETS - PROPERTY OFFICE

	2023 RM '000	2022 RM '000
Cost		
At beginning of financial year	14,842	15,106
Additions	4,235	115
Lease modifications	-	(379)
At end of financial year	19,077	14,842
Accumulated depreciation		
At beginning of financial year	12,718	10,319
Depreciation for the financial year (Note 20)	2,381	2,399
At end of financial year	15,099	12,718
Net book value		
At end of financial year	3,978	2,124

7. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2023 RM '000	2022 RM '000
Cost		
At beginning of financial year	53,507	46,622
Additions	197	1,070
Reclassifications	2,446	5,815
Write-off	(142)	-
At end of financial year	56,008	53,507
Accumulated amortisation		
At beginning of financial year	25,405	21,201
Amortisation for the financial year (Note 20)	4,813	4,204
Write-off	(142)	-
At end of financial year	30,076	25,405
Net book value		
At end of financial year	25,932	28,102

8. INVESTMENTS

	2023 RM '000	2022 RM '000
Debt securities	6	6
Unit trust funds	235,864	197,416
Structured entities	877,930	829,767
Staff loans	26	20
Fixed and call deposits	19,111	18,610
	1,132,937	1,045,819

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

	2023 RM '000	2022 RM '000
Fair value through profit or loss	1,113,800	1,027,189
Loans and receivables	19,137	18,630
	1,132,937	1,045,819

a) Fair value through profit or loss ("FVTPL")

	2023 RM '000	2022 RM '000
At fair value		
Unquoted in Malaysia:		
Fair value through profit or loss		
- Debt securities	6	6
- Unit trust funds	235,864	197,416
- Structured entities	877,930	829,767
	1,113,800	1,027,189

b) Loans and receivables ("LAR")

	2023 RM '000	2022 RM '000
At amortised cost		
- Loans	26	20
- Fixed and call deposits	19,111	18,610
	19,137	18,630

8. INVESTMENTS (CONTINUED)

c) Carrying value of financial instruments

	Fair value through profit or loss RM '000	Loans and receivables RM '000	Total RM '000
At 1 January 2022	1,009,104	18,255	1,027,359
Purchases	69,384	375	69,759
Disposals	(40,839)	-	(40,839)
Fair value losses recorded in profit and loss (Note 23)	(10,460)	-	(10,460)
At 31 December 2022	1,027,189	18,630	1,045,819
Purchases	129,021	507	129,528
Disposals	(65,000)	-	(65,000)
Fair value gains recorded in profit and loss (Note 23)	22,590	-	22,590
As at 31 December 2023	1,113,800	19,137	1,132,937

d) Fair value investments

	Fair value through profit or loss RM '000	Total RM '000
As at 31 December 2023		
Level 2 - Valuation techniques - market observable inputs	235,870	235,870
	235,870	235,870
At 31 December 2022		
Level 2 - Valuation techniques - market observable inputs	197,422	197,422
	197,422	197,422

8. INVESTMENTS (CONTINUED)

e) Fair value measurements

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
(iii) Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

	Level 1 RM '000	Level 2 RM '000	Total RM '000
As at 31 December 2023			
Fair value through profit and loss			
- Debt securities	-	6	6
- Unit trust funds	-	235,864	235,864
- Structured entities	-	877,930	877,930
	-	1,113,800	1,113,800
At 31 December 2022			
Fair value through profit and loss			
- Debt securities	-	6	6
- Unit trust funds	-	197,416	197,416
- Structured entities	-	829,767	829,767
	-	1,027,189	1,027,189

There were no transfers between levels 1 and 2 during the year.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Company is the last quoted bid prices at the end of the reporting period. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Bursa Malaysia equity investments classified as trading securities.

8. INVESTMENTS (CONTINUED)

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

9. STRUCTURED ENTITIES

The Company has determined that its investment in wholesale unit trust funds (“investee funds”) as investment in unconsolidated structured entities. The Company invests in the investee funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by AmInvestment Management Sdn Bhd, RHB Asset Management Sdn Bhd, Affin Hwang Asset Management Berhad and Opus Asset Management Sdn Bhd and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund’s net assets.

The Company holds 100% of units in Amincome Value Fund and 87.42% of units in RHB SRI Income Plus Fund 2 and has control over these investee funds. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

These investee funds are classified as fair value through profit or loss and the change in fair value of each investee fund is included in profit or loss.

Although the Company has control over these investee funds which are considered wholly owned structured entities, these structured entities are not consolidated by applying the exemption under MFRS 127 ‘Consolidated and Separate Financial Statements’ whereby the Company’s ultimate holding company, which is incorporated in Malaysia, RHB Bank Berhad, is presenting a set of consolidated financial statements at group level.

9. STRUCTURED ENTITIES (continued)

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

	2023	2022
Number of wholesale unit trust funds	2	2
Net asset value per unit of wholesale unit trust funds (RM):		
RHB SRI Income Plus Fund 2	0.9916	0.9726
AmIncome Value	1.0297	0.9874
Fair value of underlying assets (RM'000):		
Malaysian Government securities	159,050	160,689
Debt securities	647,344	611,172
Call deposits	65,003	29,560
Receivables	171	21,021
Cash equivalents	6,362	7,325
	877,930	829,767
Total loss	(14,824)	(35,406)

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

10. INSURANCE AND REINSURANCE CONTRACTS

The following reconciliation tables shows how insurance and reinsurance contracts held are recognised in the statement of profit or loss and movement of cash flows during the year. The tables analyses movements in liabilities remaining coverage and movements in liabilities for incurred claims, which reconciles to the line items in the statement of profit or loss.

The table below sets out the carrying amount of insurance and reinsurance contracts expected to be settled more than 12 months after the reporting date.

	2023	2022
	RM '000	RM '000
Insurance contracts liabilities	(567,485)	(538,684)
Reinsurance contracts assets	286,848	292,228
	(280,637)	(246,456)

10. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a) Insurance contracts

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Loss component	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023					
Insurance contract liabilities	20,283	230,765	735,880	77,605	1,064,533
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	20,283	230,765	735,880	77,605	1,064,533
Statement of comprehensive income movements					
Insurance revenue	-	(844,760)	-	-	(844,760)
Insurance service expense	717	143,445	448,940	(1,257)	591,845
Incurred claims and other directly attributable expenses	-	-	509,664	29,761	539,425
Amortisation of insurance acquisition cash flows	-	143,445	-	-	143,445
Changes to liabilities for incurred claims	-	-	(60,724)	(31,018)	(91,742)
Losses on onerous contracts and reversal of those losses	717	-	-	-	717
Investment components	-	(2,843)	2,843	-	-
Insurance service results	717	(704,158)	451,783	(1,257)	(252,915)
Insurance finance expenses	-	4,919	19,411	3,140	27,470
Total movements in statement of comprehensive income	717	(699,239)	471,194	1,883	(225,445)
Cash flows					
Premiums received	-	850,044	-	-	850,044
Claims and other directly attributable expenses paid	-	-	(481,806)	-	(481,806)
Insurance acquisition cash flows paid	-	(119,146)	-	-	(119,146)
Total cash flows	-	730,898	(481,806)	-	249,092
Net insurance contract liabilities at 31 December 2023	21,000	262,424	725,268	79,488	1,088,180
At 31 December 2023					
Insurance contract liabilities	21,000	262,424	725,268	79,488	1,088,180
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	21,000	262,424	725,268	79,488	1,088,180

10. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Insurance contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Loss component	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022					
Insurance contract liabilities	10,207	210,560	662,002	77,826	960,595
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	10,207	210,560	662,002	77,826	960,595
Statement of comprehensive income movements					
Insurance revenue	-	(718,702)	-	-	(718,702)
Insurance service expense	10,076	129,285	516,903	(2,347)	653,917
Incurred claims and other directly attributable expenses	-	-	495,521	28,041	523,562
Amortisation of insurance acquisition cash flows	-	129,285	-	-	129,285
Changes to liabilities for incurred claims	-	-	21,382	(30,388)	(9,006)
Losses on onerous contracts and reversal of those losses	10,076	-	-	-	10,076
Investment components	-	(2,665)	2,665	-	-
Insurance service results before reinsurance	10,076	(592,082)	519,568	(2,347)	(64,785)
Insurance finance expenses	-	2,849	10,670	2,126	15,645
Total movements in statement of comprehensive income	10,076	(589,233)	530,238	(221)	(49,140)
Cash flows					
Premiums received	-	722,438	-	-	722,438
Claims and other directly attributable expenses paid	-	-	(456,360)	-	(456,360)
Insurance acquisition cash flows paid	-	(113,000)	-	-	(113,000)
Total cash flows	-	609,438	(456,360)	-	153,078
Net insurance contract liabilities at 31 December 2022	20,283	230,765	735,880	77,605	1,064,533
At 31 December 2022					
Insurance contract liabilities	20,283	230,765	735,880	77,605	1,064,533
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	20,283	230,765	735,880	77,605	1,064,533

10. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b) Reinsurance contracts

	Assets for remaining coverage		Assets for incurred claims		
	Loss-recovery component	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023					
Reinsurance contract assets	6,447	35,218	399,751	45,844	487,260
Reinsurance contract liabilities	-	1,828	(22,909)	3,203	(17,878)
Net reinsurance contract assets	6,447	37,046	376,842	49,047	469,382
Statement of comprehensive income movements					
Allocation of reinsurance premiums	-	(284,291)	-	-	(284,291)
Amounts recoverable from reinsurers	2,961	-	84,559	(8,069)	79,451
Recovery of claims and benefits	-	-	106,160	9,815	115,975
Changes in assets for incurred claims	-	-	(26,191)	(17,884)	(44,075)
Recoveries and reversals of loss-recovery component	2,961	-	-	-	2,961
Effect of changes in the risk of reinsurers non-performance	-	-	4,590	-	4,590
Income / (expense) from reinsurance	2,961	(284,291)	84,559	(8,069)	(204,840)
Reinsurance finance income	-	1,258	7,896	1,975	11,129
Total movements in statement of comprehensive income	2,961	(283,033)	92,455	(6,094)	(193,711)
Cash flows					
Premiums paid	-	315,874	-	-	315,874
Recoveries from reinsurance	-	-	(122,727)	-	(122,727)
Total cash flows	-	315,874	(122,727)	-	193,147
Net reinsurance contract assets at 31 December 2023	9,408	69,887	346,570	42,953	468,818
At 31 December 2023					
Reinsurance contract assets	9,408	64,921	360,601	40,863	475,793
Reinsurance contract liabilities	-	4,966	(14,031)	2,090	(6,975)
Net reinsurance contract assets	9,408	69,887	346,570	42,953	468,818

10. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b) Reinsurance contracts (continued)

	Assets for remaining coverage		Assets for incurred claims		
	Loss-recovery component	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022					
Reinsurance contract assets	5,201	40,022	325,322	40,646	411,191
Reinsurance contract liabilities	-	365	(13,770)	1,545	(11,860)
Net reinsurance contract assets	5,201	40,387	311,552	42,191	399,331
Statement of comprehensive income movements					
Allocation of reinsurance premiums	-	(215,553)	-	-	(215,553)
Amounts recoverable from reinsurers	1,246	-	193,107	5,712	200,065
Recovery of claims and benefits	-	-	121,685	10,310	131,995
Changes in assets for incurred claims	-	-	70,280	(4,598)	65,682
Recoveries and reversals of loss-recovery component	1,246	-	-	-	1,246
Effect of changes in the risk of reinsurers non-performance	-	-	1,142	-	1,142
Income / (expense) from reinsurance	1,246	(215,553)	193,107	5,712	(15,488)
Reinsurance finance income	-	576	4,785	1,144	6,505
Total movements in statement of comprehensive income	1,246	(214,977)	197,892	6,856	(8,983)
Cash flows					
Premiums paid	-	211,636	-	-	211,636
Recoveries from reinsurance	-	-	(132,602)	-	(132,602)
Total cash flows	-	211,636	(132,602)	-	79,034
Net reinsurance contract assets at 31 December 2022	6,447	37,046	376,842	49,047	469,382
At 31 December 2022					
Reinsurance contract assets	6,447	35,218	399,751	45,844	487,260
Reinsurance contract liabilities	-	1,828	(22,909)	3,203	(17,878)
Net reinsurance contract assets	6,447	37,046	376,842	49,047	469,382

11. OTHER ASSETS

	2023 RM '000	2022 RM '000
Other receivables, deposits and prepayments	7,080	6,080
Amount due from Malaysian Motor Insurance Pool ("MMIP")	38,139	40,738
Cash call	16,072	10,859
Assets held in MMIP	22,067	29,879
Dividend income receivable	2,176	-
	47,395	46,818

The balance with MMIP as at 31 December 2023 is a net receivable of RM22,985,000 (2022: net receivable RM24,014,000) after setting off the amounts receivable from MMIP against Company's share of MMIP's insurance contract liabilities included in Note 10(a) to the financial statements.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash at bank balances and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purposes.

13. OTHER LIABILITIES

	2023 RM '000	2022 RM '000
Other payables	23,715	24,044
Other accrued expenses	21,660	23,322
Provision for staff bonus	7,663	7,465
Provision for advertising and marketing expenses	4,837	6,826
Provision for agents' profit commision	3,800	6,091
Provision for training expenses	12,937	5,938
	74,612	73,687

14. LEASE LIABILITIES

	2023 RM '000	2022 RM '000
Lease liabilities	4,101	2,348
Undiscounted cash flows of lease liabilities		
Within one year	2,180	2,238
One year to three years	2,152	434
	4,332	2,672

15. DEFERRED TAX LIABILITIES

	2023 RM '000	Restated 2022 RM '000
At beginning of financial year	(181)	(6,809)
Recognised in profit or loss (Note 27)	(6,828)	6,628
At end of financial year	(7,009)	(181)

The movements in deferred tax liabilities during the financial year comprise the tax effects of the following:

	At beginning of financial year RM '000	Recognised in profit or loss RM '000	At end of financial year RM '000
2023			
Excess of capital allowances over depreciation	(4,360)	(185)	(4,545)
Insurance contract liabilities / reinsurance contract assets	(5,402)	(1,221)	(6,623)
Fair value changes on FVTPL financial assets	9,581	(5,422)	4,159
	(181)	(6,828)	(7,009)
2022			
Excess of capital allowances over depreciation	(4,768)	408	(4,360)
Amortisation of premium / (accretion of discounts) - net	1	(1)	-
Insurance contract liabilities / reinsurance contract assets	(9,112)	3,710	(5,402)
Fair value changes on FVTPL financial assets	7,070	2,511	9,581
	(6,809)	6,628	(181)

16. SHARE CAPITAL

	2023		2022	
	Amount	Number of shares	Amount	Number of shares
	RM'000		RM'000	
ORDINARY SHARES				
Issued and fully paid:				
At beginning and end of financial year	100,000	100,000	100,000	100,000

17. RETAINED EARNINGS

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 January 2014.

Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

18. SHARE-BASED PAYMENT RESERVE

	2023	2022
	RM '000	RM '000
Share-based payment reserve	555	128

Share-based payment reserve represents the cost of the ordinary shares of RHB Bank Berhad in respect of share grant scheme ("SGS") awarded to eligible employees of the Company.

19. INSURANCE SERVICE RESULTS BEFORE REINSURANCE CONTRACTS HELD

	2023 RM '000	2022 RM '000
Insurance revenue		
Insurance revenue under premium allocation approach	844,760	718,702
Insurance service expenses	(591,845)	(653,917)
Incurred claims and other directly attributable expenses	(539,425)	(523,562)
Amortisation of insurance acquisition cash flows	(143,445)	(129,285)
Changes to liabilities for incurred claims	91,742	9,006
Losses on onerous contracts and reversal of those losses	(717)	(10,076)
Insurance service results	(591,845)	(653,917)

20. INSURANCE ACQUISITION CASH FLOWS AND OTHER INSURANCE SERVICE EXPENSES

	2023 RM '000	2022 RM '000
Commissions	97,962	89,367
Personnel costs		
Staff salary and bonus	56,507	53,496
Defined contribution plan	9,042	8,451
Share-based payment expenses (Note 18)	427	128
Other staff benefits	4,144	3,771
	70,120	65,846

20. INSURANCE ACQUISITION CASH FLOWS AND OTHER INSURANCE SERVICE EXPENSES (CONTINUED)

	2023 RM '000	2022 RM '000
Establishments costs		
Rent and rates	439	458
Depreciation of property, plant and equipment (Note 5)	1,541	1,898
Depreciation of right of use assets (Note 6)	2,381	2,399
Amortisation of intangible assets - computer software (Note 7)	4,813	4,204
Write-off of property, plant and equipment	-	28
Others	1,186	1,255
	10,360	10,242
Marketing costs		
Electronic printing	3,857	3,850
Advertising and marketing expenses	3,799	7,136
Others	14,787	4,942
	22,443	15,928
Administrative and General Expenses		
Auditors' remuneration	428	867
statutory audit services	428	207
audit-related services	-	660
Write-back of impairment on insurance receivables	391	(1,641)
Bad debts written off	(710)	121
Bad debts recovered	-	-
Bank charges	4,411	3,940
Management fees	7,554	7,361
Other expenses	13,626	11,265
	25,700	21,913
	226,585	203,296
Attributable Expenses to Insurance Service Contract		
Amortisation of insurance acquisition cash flows	143,445	129,285
Deferred acquisition cash flows from the current period	3,302	(449)
Other maintenance expenses	79,203	75,155
Non-Attributable Expenses to Insurance Service Contract	635	(695)
	226,585	203,296

21. INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD

	2023 RM '000	2022 RM '000
Allocation of reinsurance premiums	(284,291)	(215,553)
Amount recoverable from reinsurers for incurred claims	79,451	200,065
Recovery of claims and benefits	115,975	131,995
Changes in assets for incurred claims	(44,075)	65,682
Recoveries and reversals of loss-recovery	2,961	1,246
Effect of changes in the risk of reinsurers non-performance	4,590	1,142
Net expenses from reinsurance contracts held	(204,840)	(15,488)

22. DIRECTORS' REMUNERATION

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

	Salary and other remuneration, including meeting allowance RM '000	Benefits-in-kind (based on an estimated monetary value) RM '000	Bonus RM '000	Total RM '000
2023				
Chief Executive Officer/ Managing Director				
Oliver Tan Chuan Li	1,499(i & ii)	7	504	2,011
	1,499	7	504	2,011
2022				
Chief Executive Officer/ Managing Director				
Oliver Tan Chuan Li (appointed on 21 February 2022)	1,140(i & ii)	6	361	1,507
Kong Shu Yin (resigned on 21 February 2022)	174	1	-	175
	1,314	7	361	1,682

(i) In addition to the above, during the financial year ended 31 December 2023, the MD/CEO who led the achievement of RHB Insurance's short and long term business objectives, was awared a sum of RM225,120 (inclusive of the employer's EPF contribution) (2022: RM168,000) under the Cash Deferred Scheme.

(ii) As at 31 December 2023, the total number of shares awarded to the MD/CEO amounted to 25,000 units (2022: 8,333).

22. DIRECTORS' REMUNERATION (CONTINUED)

	Fees	Benefits-in-kind (based on an estimated monetary value)	Others*	Total
	RM '000	RM '000	RM '000	RM '000
2023				
Non-executive Directors				
Jahanath Muthusamy	260	32	56	348
Wong Pek Yee	160	-	91	251
Shaifubahrim Mohd Saleh	160	-	90	250
Donald Joshua Jaganathan	160	-	84	244
Hizamuddin Bin Jamalluddin	91	-	26	117
Sharifatu Laila Syed Ali	69	-	31	99
	900	32	377	1,309
2022				
Non-executive Directors				
Jahanath Muthusamy	232	25	45	302
Wong Pek Yee	152	-	81	233
Shaifubahrim Mohd Saleh	152	-	68	220
Donald Joshua Jaganathan	152	-	58	210
Sharifatu Laila Syed Ali	152	-	65	217
	840	25	317	1,182

* Others comprise of Directors' committee allowance, meeting allowance, share-based expenses and other remuneration.

23. INVESTMENT RESULTS

	2023 RM '000	2022 RM '000
Investment income		
Dividend income from FVTPL investments	36,932	29,174
Interest income from loans and receivables	3,517	2,220
	40,449	31,394
Fair value gains / (losses) from FVTPL investments	22,590	(10,460)
Investment results	63,039	20,934

24. INSURANCE FINANCE RESULTS

	2023 RM '000	2022 RM '000
Insurance finance expenses	(27,470)	(15,645)
Interest accreted using current financial assumptions	(25,553)	(16,239)
Changes in interest rates and other financial assumptions	(1,917)	594
Reinsurance finance income	11,129	6,505
Interest accreted using current financial assumptions	10,814	6,566
Changes in interest rates and other financial assumptions	315	(61)
Insurance finance results	(16,341)	(9,140)

The total net investment results and net insurance finance results as at 31 December 2023 is RM46,698,000 (2022: RM11,794,000). The investment result is as disclosed in Note 23 and insurance finance result is as disclosed in Note 24.

25. OTHER INCOME

	2023 RM '000	2022 RM '000
Proceeds from fixed assets	54	-
Recovery from defaulted bond	-	9,625
Other operating income	4,202	1,247
	4,256	10,872

26. OTHER EXPENSES

	2023 RM '000	2022 RM '000
Write-off of property, plant and equipment	-	28
Other expenses	954	797
	954	825

27. TAXATION

	2023 RM '000	2022 RM '000
Malaysian taxation:		
Current taxation	5,521	17,145
Deferred taxation (Note 15)	6,828	(6,628)
	12,349	10,517
Current taxation		
Current financial year	11,018	17,956
Overprovision in respect of prior financial years	(5,497)	(811)
	5,521	17,145
Deferred taxation		
Origination and reversal of temporary differences	6,828	(6,628)
	12,349	10,517

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the statutory income tax rate of Malaysia as follows:

	2023 RM '000	2022 RM '000
Profit before taxation	98,059	71,286
Tax calculated at a rate of 24%	23,534	17,109
Expenses not deductible for tax purposes	2,595	2,845
Income exempted for tax purposes	(8,283)	(8,626)
Overprovision in respect of prior financial years	(5,497)	(811)
Tax expenses	12,349	10,517

28. BASIC EARNINGS PER SHARE

The basic earnings per ordinary share has been calculated based on the net profit for the financial year amounting to RM85,710,000 (Restated 2022: RM60,769,000) divided by the number of ordinary shares in issue of 100,000,000 (2022: 100,000,000) during the financial year.

29. DIVIDENDS

Dividends paid during the financial year are as follows:

	2023		2022	
	Net dividend per share	Amount of dividend net of tax	Net dividend per share	Amount of dividend net of tax
	Sen	RM'000	Sen	RM'000
In respect of the financial year ended 31 December 2021 – final dividend	-	-	100.00	100,000
	-	-	100.00	100,000

The Directors do not propose any dividends for the financial year ended 31 December 2023.

30. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

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

Related	Relationship
RHB Bank Berhad	Immediate and ultimate holding company
Employees Provident Fund ("EPF")	Substantial shareholder of RHB Bank Berhad, a fund body that is significantly influenced by the government
Subsidiaries and associate of RHB Bank Berhad as disclosed in its financial statements	Subsidiaries of the immediate and ultimate holding company
Key management personnel	Key management personnel of the Company consists of: - All Directors of the Company; and - Member of the Group Management ("GMC")
Related parties of key management personnel (deemed as related to the Company)	Close family members and dependents of key management personnel

30. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

The following are the significant related party transactions and balances in respect of transactions entered into during the current financial year. The related party transactions described below were on terms and conditions agreed between the Company and its related parties.

		2023 RM '000	2022 RM '000
Related party transactions	Nature of transaction		
With subsidiaries of immediate and ultimate holding company	Interest income	3,445	1,187
	Insurance premium earned	16,721	16,556
	Commission paid and payable	(24,477)	(22,866)
	Rental expense	(369)	(371)
	Shared service fees	(7,554)	(7,361)
	Utilities charges	(1)	(1)
	Repairs and maintenance	(12)	(7)
With key management personnel	Insurance premium earned	138	100
	Claims paid	94	18
Related party balances	Types of balances		
With subsidiaries of immediate and ultimate holding company	Bank balances	96,873	60,453
	Fixed and call deposits	48,439	47,202
	Insurance premium receivable	(71)	1,748
	Shared service fees	(1,105)	(1,245)
	Fund management fees	-	-

	2023 RM '000	2022 RM '000
Key management personnel		
The remuneration of key management personnel is as follows:		
Short-term employee benefits		
- Salary and other remuneration (i)	1,640	1,475
- Contribution to EPF (i)	222	201
- Share-based payment expense (ii)	141	-
- Benefits in kind	7	7
	2,011	1,683

(i) In addition to the above, during the financial year ended 31 December 2023, the MD/CEO who led the achievement of RHB Insurance's short and long term business objectives, was awared a sum of RM225,120 (inclusive of the employer's EPF contribution) (2022: RM168,000) under the Cash Deferred Scheme.

(ii) As at 31 December 2023, the total number of shares awarded to the MD/CEO amounted to 25,000 units (2022: 8,333).

31. CAPITAL COMMITMENTS

	2023 RM '000	2022 RM '000
Authorised and contracted for	531	908

32. RISK MANAGEMENT FRAMEWORK

(a) Risk Management framework

The Company operates within a defined set of principles and guidelines based on best practices that have been approved by the Board.

Risk is inherent in the Company's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides insurance risk, the Company is also exposed to a range of other risk types such as credit, market, liquidity, operational and legal, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to being able to drive sustainable growth and shareholder value, while sustaining competitive advantage, and is thus a central part of the proactive risk management of the Company.

The Enterprise Risk Management Framework governs the management of risks in the Company, as follows:

1. It provides a holistic overview of the risk and control environment, with risk management aimed towards loss minimisation and mitigation against losses which may occur through, principally, the failure of effective checks and controls in the organisation.

2. It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Group. They are:

1. Risk Governance from the Boards of Directors of various operating entities within the Group.

   The ultimate responsibility of the Boards of Directors in the Group is to ensure that an effective risk management strategy is in place and uniformly understood across the Group. The Group has a structured framework to support the Board's oversight responsibilities.

   The Board Risk Committee ("BRC") is the principal Board Committee that provides oversight over risk management for the Company to ensure that the Group's risk management process is in place and functional. The BRC assists the Board to review the overall risk management philosophy, frameworks, policies and models.

32. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(a) Risk Management framework (continued)

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Group. They are: (continued)

1. Risk Governance from the Boards of Directors of various operating entities within the Group (continued)

   The responsibility for the supervision of the day to day management of enterprise risk management is managed by the risk management function. The Company's Investment Committee manages interest rate risk, market risk, credit risk and liquidity risk associated with Company's investments.

2. Clear Understanding of Risk Management Ownership

   Proactive risk ownership is important for effective management of risk. This promotes a risk awareness culture throughout the Company. The respective departments are collectively responsible for identifying, managing and reporting risks. The business units manage certain defined risks supported by the services provided by the functional units, including the risk management function.

3. Institutionalisation of a Risk-focused Organisation

   In addition to risk ownership, a risk-focused culture is promoted throughout the Company through strengthening of the central risk management functions and continuous reinforcement of a risk and control environment within the Company.

4. Alignment of Risk Management to Business Strategies

   Adopting the Group Risk Management Framework serves to align the Company's business strategy to risk strategy, and vice-versa. This is articulated through the risk appetite setting and the Company's annual business and financial budgetary plan, which is facilitated by the integration of risk measures in capital management.

   Risk appetite is set by the Board and reported through various metrics that enable the Company to manage capital constraints and shareholders' expectations. The risk appetite is a key component of the management of risks and describes the types and level of risk that the Company and the Group are prepared to accept in delivering its strategy.

5. Optimisation of Risk-adjusted Return

   One of the objectives of capital management is to reflect a risk-adjusted return assumed by the businesses throughout the Company. By linking risk to capital, the risk-adjusted return measure contributes to the creation of shareholder value by facilitating the allocation of capital to the businesses.

32. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital Management Plan

Capital Management Plan ("CMP") has been written to set out recommendation on the action plans to be taken by the Board and management of the Company in the event of Capital Adequacy Ratio ("CAR") falling below the internal target and the minimum supervisory requirement. The CMP requires the Board and management of the Company to undertake remedial actions to improve the Company's capital position in the event of CAR falling below predetermined thresholds within defined timeframe. The CMP is aligned to the Company's vision and mission. It is intended that through the guidance of Internal Capital Adequacy Assessment Process ("ICAAP") coupled with the CMP; strong alignment will be forged between the risk profile and capital adequacy. Capital adequacy shall be assessed in relation to the Company's own risk profiles, and strategies will be put in place to maintain appropriate capital levels. Through ICAAP, comprehensive risks are identified, measured and managed while adequate capital levels consistent with the risk profiles are maintained over and above the Individual Target Capital Level ("ITCL") after incorporating the Company's current and strategic planning under base and stressed conditions.

With reference to the Policy Document on Stress Testing (BNM/RH/PD 029-7), the impact of the adverse scenarios on the capital position of the company is robustly assessed under several stress test scenarios by various stress magnitude.

CMP has been implemented for the Company to monitor and manage the CAR such that actions can be undertaken accordingly to prevent it from falling below ITCL.

33. INSURANCE RISK

The Company underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis, with the exception of short-term policies such as Marine Cargo which covers the duration in which the cargo is being transported. The Company also underwrites some non-annual policies with coverage period more than one year such as Contractor's All Risk and Engineering, Bonds and Workmen Compensation. The majority of the insurance businesses written by the Company are Fire and Motor. Other major lines of business includes Personal Accident, Medical, Liabilities and other miscellaneous classes. Through the underwriting of these insurance contracts, the Company is exposed to various types of risks, with insurance risk being the primary risk.

By underwriting insurance contracts, the Company takes on insurance risk by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Company faces under insurance contracts is that the actual claims and benefits payments differ from expectations; the risks arise from the fluctuations in timing, frequency and severity of claims; as well as the adequacy of premiums and reserves.

The Company is also exposed to risks arising from climate changes, natural disasters, terrorism activities, regulatory changes and pandemic events. For longer tail claims that take some years to settle, there is also inflation risk.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by the following:

- The Company's underwriting strategy is intended to ensure that the risks underwritten are well diversified across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, underwriting authorities, risk management engineering and risk accumulation limits to ensure risks underwritten are well diversified.
- The Company has in place claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.
- The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance is ceded on both proportional and non-proportional basis. The Company's placement of reinsurance is well diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

33. INSURANCE RISK (CONTINUED)

The table below sets out the concentration of the Company's groups of insurance contracts and reinsurance contracts held:

	Assets	Liabilities	Net
	RM '000	RM '000	RM '000
2023			
Insurance contracts issued			
Motor	-	579,798	579,798
Fire	-	210,417	210,417
Engineering	-	101,259	101,259
Other groups of insurance contracts	-	196,706	196,706
Total insurance contracts issued	**-**	**1,088,180**	**1,088,180**
Reinsurance contracts held			
Motor quota share	(101,539)	-	(101,539)
Other groups of reinsurance contracts	(374,254)	6,975	(367,279)
Total reinsurance contracts held	**(475,793)**	**6,975**	**(468,818)**
2022			
Insurance contracts issued			
Motor	-	505,837	505,837
Fire	-	257,211	257,211
Engineering	-	102,229	102,229
Other groups of insurance contracts	-	199,256	199,256
Total insurance contracts issued	**-**	**1,064,533**	**1,064,533**
Reinsurance contracts held			
Motor quota share	(63,827)	-	(63,827)
Other groups of reinsurance contracts	(423,433)	17,878	(405,555)
Total reinsurance contracts held	**(487,260)**	**17,878**	**(469,382)**

33. INSURANCE RISK

(a) Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and average number of claims for each accident year.

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

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

33. INSURANCE RISK (CONTINUED)

(b) Sensitivity analysis

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

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

	Change in assumptions	Impact on gross undiscounted liabilities	Impact on net undiscounted liabilities	Impact on profit before tax	Impact on profit after tax/equity
		RM'000	RM'000	RM'000	RM'000
2023					
Average claim cost	10%	79,221	53,012	(53,012)	(40,289)
Average number of claims	10%	65,924	46,285	(46,285)	(35,177)
Average claim settlement period	Increased by 6 months	9,405	5,984	(5,984)	(4,548)
2022					
Average claim cost	10%	81,085	44,508	(44,508)	(33,826)
Average number of claims	10%	62,997	37,879	(37,879)	(28,788)
Average claim settlement period	Increased by 6 months	14,479	7,189	(7,189)	(5,464)

(c) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each date of statement of financial position, together with cumulative payments to-date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Gross undiscounted liabilites on incurred claims for 2023:

Accident year	Before 2016	2017	2018	2019	2020	2021	2022	2023	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		471,308	532,463	527,252	424,635	407,727	502,960	504,441	
One year later		439,866	462,905	485,228	346,118	402,656	473,675		
Two years later		426,292	440,163	455,363	333,693	371,386			
Three years later		417,873	426,810	448,150	328,240				
Four years later		408,023	432,950	437,735					
Five years later		400,456	430,186						
Six years later		393,383							
Seven years later									
Current estimate of undiscounted gross cumulative claims		393,383	430,186	437,735	328,240	371,386	473,675	504,441	-
At end of accident year		(155,795)	(185,153)	(147,498)	(120,208)	(106,150)	(163,211)	(164,777)	
One year later		(283,938)	(317,115)	(276,206)	(200,896)	(228,992)	(286,287)		
Two years later		(323,412)	(358,800)	(342,289)	(239,698)	(281,873)			
Three years later		(368,529)	(377,202)	(375,793)	(270,122)				
Four years later		(372,189)	(387,971)	(389,705)					
Five years later		(375,795)	(395,946)						
Six years later		(378,301)							
Seven years later									
Cumulative payments to date		(378,301)	(395,946)	(389,705)	(270,122)	(281,873)	(286,287)	(164,777)	-
Gross undiscounted liabilities for incurred claims	63,098	15,082	34,240	48,030	58,118	89,513	187,388	339,664	835,134
Effect on discounting									(30,378)
Total gross liabilities for incurred claims (Note 10(a))									804,756

33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Net undiscounted liabilites on incurred claims for 2023:

Accident year	Before 2016	2017	2018	2019	2020	2021	2022	2023	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		256,432	329,794	304,953	281,975	270,757	337,084	362,894	
One year later		244,429	301,115	275,600	236,119	228,927	311,909		
Two years later		243,951	288,822	256,414	221,102	213,188			
Three years later		241,046	278,526	253,658	216,571				
Four years later		235,327	276,445	249,800					
Five years later		233,007	275,398						
Six years later		229,251							
Seven years later									
Current estimate of undiscounted net cumulative claims		229,251	275,398	249,800	216,571	213,188	311,909	362,894	-
At end of accident year		(105,430)	(141,728)	(107,517)	(91,141)	(80,138)	(113,515)	(127,490)	
One year later		(188,866)	(223,323)	(177,151)	(143,324)	(139,006)	(195,316)		
Two years later		(210,206)	(243,648)	(200,211)	(168,025)	(165,572)			
Three years later		(218,039)	(251,354)	(218,266)	(184,619)				
Four years later		(219,977)	(258,151)	(227,673)					
Five years later		(222,702)	(262,559)						
Six years later		(224,179)							
Seven years later									
Cumulative payments to-date		(224,179)	(262,559)	(227,673)	(184,619)	(165,572)	(195,316)	(127,490)	-
Net undiscounted liabilities for incurred claims	21,954	5,072	12,839	22,126	31,952	47,616	116,593	235,404	493,556
Effect on discounting									(78,323)
Total net liabilities for incurred claims									415,233

33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Gross undiscounted liabilites on incurred claims for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		398,549	471,308	532,463	527,252	424,635	407,727	502,960	
One year later		378,131	439,866	462,905	485,228	346,118	402,656		
Two years later		360,880	426,292	440,163	455,363	333,693			
Three years later		343,541	417,873	426,810	448,150				
Four years later		340,806	408,023	432,950					
Five years later		337,208	400,456						
Six years later		330,607							
Seven years later									
Current estimate of undiscounted gross cumulative claims		330,607	400,456	432,950	448,150	333,693	402,656	502,960	-
At end of accident year		(108,495)	(155,795)	(185,153)	(147,498)	(120,208)	(106,150)	(163,212)	
One year later		(209,175)	(283,938)	(317,115)	(276,206)	(200,896)	(228,992)		
Two years later		(251,432)	(323,412)	(358,800)	(342,289)	(239,698)			
Three years later		(290,675)	(368,529)	(377,202)	(375,793)				
Four years later		(296,912)	(372,189)	(387,971)					
Five years later		(303,010)	(375,795)						
Six years later		(307,576)							
Seven years later									
Cumulative payments to-date		(307,576)	(375,795)	(387,971)	(375,793)	(239,698)	(228,992)	(163,212)	-
Gross undiscounted liabilities for incurred claims	72,775	23,031	24,661	44,979	72,357	93,995	173,664	339,748	845,210
Effect on discounting									(31,725)
Total gross liabilities for incurred claims (Note 10(a))									813,485

33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Net undiscounted liabilites on incurred claims for 2022:

Accident year	Before 2015	2016	2017	2018	2019	2020	2021	2022	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		231,669	256,432	329,794	304,953	281,975	270,757	337,084	
One year later		212,650	244,429	301,115	275,600	236,119	228,927		
Two years later		204,236	243,951	288,822	256,414	221,102			
Three years later		202,471	241,046	278,526	253,658				
Four years later		201,607	235,327	276,445					
Five years later		198,950	233,007						
Six years later		194,819							
Seven years later									
Current estimate of undiscounted net cumulative claims		194,819	233,007	276,445	253,658	221,102	228,927	337,084	-
At end of accident year		(80,129)	(105,430)	(141,728)	(107,517)	(91,141)	(80,138)	(113,516)	
One year later		(142,961)	(188,866)	(223,323)	(177,151)	(143,324)	(139,008)		
Two years later		(172,886)	(210,206)	(243,648)	(200,211)	(168,025)			
Three years later		(181,960)	(218,039)	(251,354)	(218,266)				
Four years later		(185,287)	(219,977)	(258,151)					
Five years later		(187,305)	(222,702)						
Six years later		(188,388)							
Seven years later									
Cumulative payments to-date		(188,388)	(222,702)	(258,151)	(218,266)	(168,025)	(139,008)	(113,516)	-
Net undiscounted liabilities for incurred claims	22,352	6,431	10,305	18,294	35,392	53,077	89,919	223,568	459,338
Effect on discounting									(71,742)
Total net liabilities for incurred claims									387,596

34. FINANCIAL RISKS

(a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

The Company's primary exposure to credit risk arises through its investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers through reinsurance contracts held.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Investment Committee manages the credit risk associated with investments by setting guidelines on minimum credit ratings and prevents risk concentrations by setting maximum credit exposure for each class of investment and for any one borrower or group of borrowers.

Cash and deposits in Malaysia are generally placed with banks and financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 which are regulated by Bank Negara Malaysia.

A credit control committee has been established to manage the credit risk of receivables and Credit Control Department ensures adherence to the Company's credit policy. As part of the overall risk management strategy, the Company cedes insurance risk through proportional and non-proportional treaties and facultative arrangements. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The Company monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and review its reinsurance arrangements periodically. The Company typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors. When selecting its reinsurers, the Company considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.

The nature of the Company's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

34. FINANCIAL RISKS

(a) Credit risk (continued)

Credit exposure

The following table shows maximum exposure to credit risk for the components on the statement of financial position and items such as future commitments.

	2023 RM '000	2022 RM '000
Loans and receivables		
Staff loans	26	20
Fixed and call deposits	19,111	18,610
Reinsurance contract assets - assets for incurred claims	389,523	425,889
Other assets*	47,002	46,673
Cash and cash equivalents**	113,080	91,986
	568,742	583,178

* excluding prepayments amounting to RM393,000 (2022: RM145,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2022: RM900) which is not subject to credit risk

34. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating

	Neither past-due nor impaired					
	Rated: satisfactory	Rated: unsatis-factory	Not rated	Not past-due but impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023						
Loans and receivables						
Staff loans	-	-	26	-	-	26
Fixed and call deposits	19,111	-	-	-	-	19,111
Reinsurance contract assets - assets for incurred claims	277,950	6,427	105,146	-	-	389,523
Other assets*	-	-	47,002	-	-	47,002
Cash and cash equivalents**	113,080	-	-	-	-	113,080
	410,141	6,427	152,174	-	-	568,742
2022						
Loans and receivables						
Staff loans	-	-	20	-	-	20
Fixed and call deposits	18,610	-	-	-	-	18,610
Reinsurance contract assets - assets for incurred claims	306,190	13,742	105,957	-	-	425,889
Other assets*	-	-	46,673	-	-	46,673
Cash and cash equivalents**	91,986	-	-	-	-	91,986
	416,786	13,742	152,650	-	-	583,178

* excluding prepayments amounting to RM393,000 (2022: RM145,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2022: RM900) which is not subject to credit risk

34. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the reputable rating agencies' credit ratings of counterparties. AAA is the highest possible rating.

	AAA	AA	A	BBB	Not rated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023						
Loans and receivables						
Staff loans	-	-	-	-	26	26
Fixed and call deposits	-	19,111	-	-	-	19,111
Reinsurance contract assets - assets for incurred claims	-	-	277,950	6,427	105,146	389,523
Other assets*	-	-	-	-	47,002	47,002
Cash and cash equivalents**	321	112,759	-	-	-	113,080
	321	131,870	277,950	6,427	152,174	568,742
2022						
Loans and receivables						
Staff loans	-	-	-	-	20	20
Fixed and call deposits	-	18,610	-	-	-	18,610
Reinsurance contract assets - assets for incurred claims	-	-	306,190	13,742	105,957	425,889
Other assets*	-	-	-	-	46,673	46,673
Cash and cash equivalents**	287	91,699	-	-	-	91,986
	287	110,309	306,190	13,742	152,650	583,178

* excluding prepayments amounting to RM393,000 (2022: RM145,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2022: RM900) which is not subject to credit risk

34. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk of the Company being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due without having to transact at a reasonable cost.

This is managed by monitoring the daily and monthly projected and actual cash flows, and ensuring that a reasonable quantum of financial assets is maintained in liquid instruments at all times.

The Company also sets minimum limits on liquid assets to be held at all times as well as adhering to all regulatory limits.

Maturity profiles for insurance and reinsurance contracts (present value of future cash flow basis)

The table below summarises the maturity profile of insurance contracts liabilities and reinsurance assets based on estimated timing of net cash outflows from the recognised insurance liabilities.

2023

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contracts held	346,570	59,722	104,844	71,810	51,975	19,061	39,158	346,570
	346,570	59,722	104,844	71,810	51,975	19,061	39,158	346,570
Insurance contracts issued	725,268	157,783	224,585	133,367	101,486	49,404	58,643	725,268
	725,268	157,783	224,585	133,367	101,486	49,404	58,643	725,268

2022

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contracts held	376,842	84,614	157,484	46,752	53,404	12,752	21,836	376,842
	376,842	84,614	157,484	46,752	53,404	12,752	21,836	376,842
Insurance contracts issued	735,880	197,196	247,891	118,038	104,274	34,647	33,834	735,880
	735,880	197,196	247,891	118,038	104,274	34,647	33,834	735,880

34. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles for financial assets and liabilities (contractual undiscounted cash flow basis)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable.

2023

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and receivables								
Staff loans	26	26	-	-	-	-	-	26
Fixed and call deposits	19,111	19,111	-	-	-	-	-	19,111
Other assets*	47,002	47,002	-	-	-	-	-	47,002
Cash and cash equivalents**	113,080	113,080	-	-	-	-	-	113,080
Total financial assets	179,219	179,219	-	-	-	-	-	179,219
Other liabilities	74,612	74,612	-	-	-	-	-	74,612
Lease liabilities	4,101	2,180	2,115	37	-	-	-	4,332
Total financial liabilities	78,713	76,792	2,115	37	-	-	-	78,944

2022

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and receivables								
Staff loans	20	20	-	-	-	-	-	20
Fixed and call deposits	18,610	18,610	-	-	-	-	-	18,610
Other assets*	46,673	46,673	-	-	-	-	-	46,673
Cash and cash equivalents**	91,986	91,986	-	-	-	-	-	91,986
Total financial assets	157,289	157,289	-	-	-	-	-	157,289
Other liabilities	73,687	73,687	-	-	-	-	-	73,687
Lease liabilities	2,348	2,238	424	10	-	-	-	2,672
Total financial liabilities	76,035	75,925	424	10	-	-	-	76,359

* excluding prepayments amounting to RM393,000 (2022: RM145,000) which is not subject to credit risk
** excluding petty cash amounting to RM900 (2022: RM900) which is not subject to credit risk

34. FINANCIAL RISKS (CONTINUED)

(c) Market risk

Market risk is the risk of loss arising from adverse movements in market indicators, such as interest rates, credit spreads, equity prices and currency exchange rates.

The Company's investments in equities, REITs and fixed income securities are outsourced to professional fund managers. The Investment Committee oversees the formulation of investment policies and strategies and meetings were held during the financial year to review and monitor the performance of the fund managers.

Foreign exchange risk

Foreign exchange risk is the risk of holding or taking positions in foreign currencies.

The Company's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to Singapore Dollar ("SGD").

As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013, and hence, primarily denominated in the same currency (the local RM) as its insurance contract liabilities. The Company's exposure to currency risk is confined to a current account maintained with a bank in Singapore and certain expenses denominated in foreign currency. The current account was opened to facilitate the collection of premiums from reinsurers in Singapore and the amount involved is minimal.

The Company does not engage in derivative transactions for speculative purposes. Where deemed necessary in line with the Company's risk management policy, the Company enters into derivative transactions solely for hedging purposes.

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.

Interest rate risk

Interest rate/profit yield risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rate/profit yield.

The Company has no significant concentration of interest rate/profit yield risk on investment in deposit placements due to the relatively short-term nature and are intended to be held-to-maturity.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company maintains an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities and to manage the maturities of interest bearing financial assets.

34. FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

Interest rate risk (continued)

The Company is exposed to interest rate risk primarily through its investments in fixed income securities, insurance contracts and reinsurance contracts held. Interest rate risk is managed by the Company on an ongoing basis. The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and fixed income securities are, as follows:

	2023	2022
	RM '000	RM '000
Insurance contract issued		
Motor	382,575	325,261
Fire	109,584	167,390
Engineering	76,255	79,714
Other groups of insurance contracts	156,854	163,515
	725,268	735,880
Reinsurance contracts held		
Motor quota share	(83,355)	(62,577)
Other groups of reinsurance contracts	(263,215)	(314,265)
	(346,570)	(376,842)
Fixed income securities at FVTPL	1,113,800	1,027,189

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

	Change in interest rate	2023 Impact on profit after tax and equity*	2022 Impact on profit after tax and equity
		RM '000	RM '000
Insurance and reinsurance contracts	+100 basis points	6,827	6,156
Fixed income securities	+100 basis points	(38,471)	(32,657)
Insurance and reinsurance contracts	-100 basis points	(7,117)	(6,407)
Fixed income securities	-100 basis points	41,283	31,944

* impact on equity reflects adjustments for tax, where applicable.

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

34. FINANCIAL RISKS (CONTINUED)

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT and legal risk but excludes strategic and reputation risk.

The Company cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit.

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

35. REGULATORY CAPITAL REQUIREMENTS

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

	Note	2023 RM '000	2022 RM '000
Eligible Tier 1 Capital			
Share capital (paid-up)	16	100,000	100,000
Retained earnings		532,990	451,288
Eligible Tier 2 Capital			
Share-based payment reserve	18	555	128
		633,545	551,416
Amount deducted from capital		(576)	(5,584)
Total capital available		632,969	545,832

The components of capital available presented above are prepared under the RBC Framework and will not

36. CLAIM AGAINST THE COMPANY BY THE MALAYSIA COMPETITION COMMISSION ("MyCC")

In August 2016, the Malaysia Competition Commission ("MyCC") undertook an investigation under Section 15(1) of the Competition Act 2010 ("the Act") against the Company, Persatuan Insurans Am Malaysia (“PIAM”) and its other 21 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes.

On 22 February 2017, MyCC informed that pursuant to its investigation, MyCC on the preliminary basis found that the Company together with the other 21 members of PIAM, have infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and are therefore liable for an infringement under Section 4(3) of the Act.

On 14 September 2020, MyCC issued a finding of infringement against the Company, PIAM and the other 21 members despite the conduct allegedly giving rise to the infringement being undertaken pursuant to a written direction of the Company’s sectoral regulator, BNM.

The Company’s share of the financial penalty imposed by MyCC amounts to RM4,180,021. The MyCC also imposed certain behavioural remedies upon the Company and the other insurers.

Without any admission of liability, the Company made a provision of the financial penalty in the financial statements for the previous year ended 31 December 2020 due to the uncertainty then on the outcome and duration of the tribunal process.

On 23 March 2021, the Competition Appeal Tribunal (“COMPAT”) granted a stay of the financial penalty pending the disposal of the appeal.

On 2 September 2022, COMPAT allowed the appeal of all insurers and the decision of MyCC dated 14 September 2020 has been set aside.

On 1 December 2022, MyCC had filed a judicial review application before the High Court of Malaya (“the Court”) at Kuala Lumpur against the decision of COMPAT dated 2 September 2022.

On 3 January 2023, the Company filed an affidavit to appear before the Court to submit an objection to MyCC’s application for leave to file the judicial review. The affidavit has been allowed by the Court and the Company's submission was made on 30 November 2023. The Court fixed 16 January 2024 to deliver their decision.

On 16 January 2024, the High Court dismissed MyCC’s application for leave to apply for judicial review and ordered a cost of RM10,000 to be paid to the Company.

On 15 February 2024, MyCC filed an appeal against the dismissal for the leave aplication to the Court of Appeal.

The provision made previously in the financial statements remains unchanged as at 31 December 2023.

37. CHANGES IN ACCOUNTING POLICIES

(a) MFRS 17 Insurance Contract

The Company had initially applied MFRS 17 from 1 January 2023, replacing MFRS 4. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. This standard had brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts.

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

(i) Insurance contracts in the scope of MFRS 17

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the insurance subsidiary (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

The Company had not seen any significant changes for contracts that fall in the scope of MFRS 17 against MFRS 4.

(ii) Level of Aggregation

Under MFRS 17, the insurance and reinsurance contracts are aggregated into groups for measurement purposes. Each group comprise of contracts with similar risks which are managed together and further divided by year of contract issuance and into their expected profitability at inception - onerous contracts, contracts with no significant possibility of becoming onerous and any remaining contracts in the cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which further contract may be added. Reinsurance contract are grouped on a similar basis of the underlying insurance contracts.

(iii) Contract boundary

Under MFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive right and obligation that exits during the reporting period in which the Company can compel the policy holder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

For reinsurance contracts, cash flows are within the boundary if they arise from substantive right and obligation that exists during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 17 Insurance Contract (continued)

(iv) Measurements

MFRS 17 introduces two new measurement models in calculating insurance and reinsurance contract liabilities reflecting a different extent of the overall Company’s performance.

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

The Premium Allocation Approach (“PAA”) is a simplified approach for measurement of the liability of remaining coverage (“LRC”) that an entity may choose to use when the PAA provides a measurement which is not materially differs from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less.

Under the MFRS17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. Hence, the the Company had applied PAA for its insurance and reinsurance contracts.

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

- The LRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the profit or loss for insurance services provided over the coverage period.
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the LIC (previously claims outstanding and incurred-but-not-reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company’s obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

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

37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 17 Insurance Contract (continued)

(v) Presentation

Insurance service

Under MFRS17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolio of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis, therefore balances such as insurance receivables and payables are no longer presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts are presented in the same line item as the related portfolio of the contracts.

The Company disaggregates the total amount recognised in the statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses. Amounts from reinsurance contacts will be presented separately.

Insurance service results consist of the insurance revenue and the insurance service expenses. Insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

Expenses that relate directly to the fulfilment of contracts are recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfillment of contracts are presented outside the insurance service results.

Net expense from reinsurance contracts held comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance is recognised as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component.

Changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are presented as insurance finance income or expenses.

37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 17 Insurance Contract (continued)

(v) Presentation (continued)

Transition

The Company will apply the requirements retrospectively on the transition date of 1 January 2022. The Company has assessed the practicability of applying the full retrospective approach to all group of insurance contracts that had unexpired risk prior to the transition date.

The Company assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of insurance contracts issued prior to 2020. The Company elected to apply the modified retrospective approach, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information.

37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 17 Insurance Contract (continued)

(vi) Financial effects

The following table reconciles the opening of statement of financial position and the related impact of the adoption of MFRS 17 as at 1 January 2022:

	As reported as at 31.12.2021	Impact of adoption of MFRS 17	Restated balance as at 1.1.2022
	RM '000	RM '000	RM '000
Assets			
Property, plant and equipment	20,760	-	20,760
Right of use assets - property office	4,787	-	4,787
Intangible assets - computer software	25,421	-	25,421
Investments	1,027,359	-	1,027,359
Reinsurance contract assets	435,342	(24,151)	411,191
Insurance receivables	47,901	(47,901)	-
Other assets	48,169	3,510	51,679
Tax recoverable	1,029	-	1,029
Deferred tax assets	3,271	(3,271)	-
Cash and cash equivalents	130,288	-	130,288
Total assets	1,744,327	(71,813)	1,672,514
Equity			
Share capital	100,000	-	100,000
Retained earnings	476,853	31,921	508,774
Total equity	576,853	31,921	608,774
Liabilities			
Insurance contract liabilities	1,068,687	(108,092)	960,595
Reinsurance contract liabilities	-	11,860	11,860
Deferred tax liabilities	-	6,809	6,809
Insurance payables	14,311	(14,311)	-
Lease liabilities	6,565	-	6,565
Other liabilities	77,911	-	77,911
Total liabilities	1,167,474	(103,734)	1,063,740
Total equity and liabilities	1,744,327	(71,813)	1,672,514

37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 17 Insurance Contract (continued)

(vi) Financial effects (continued)

The following table reconciles the opening of statement of financial position and the related impact of the adoption of MFRS 17 as at 31 December 2022:

	As reported as at 31.12.2022	Impact of adoption of MFRS 17	Restated balance as at 31.12.2022
	RM '000	RM '000	RM '000
Assets			
Property, plant and equipment	20,584	-	20,584
Right of use assets - property office	2,124	-	2,124
Intangible assets - computer software	28,102	-	28,102
Investments	1,045,819	-	1,045,819
Reinsurance contract assets	505,599	(18,339)	487,260
Insurance receivables	51,601	(51,601)	-
Other assets	43,554	3,264	46,818
Tax recoverable	5,604	-	5,604
Deferred tax assets	5,584	(5,584)	-
Cash and cash equivalents	91,987	-	91,987
Total assets	1,800,558	(72,260)	1,728,298
Equity			
Share capital	100,000	-	100,000
Retained earnings	451,286	18,257	469,543
Shared-based payment reserve	128	-	128
Total equity	551,414	18,257	569,671
Liabilities			
Insurance contract liabilities	1,171,547	(107,014)	1,064,533
Reinsurance contract liabilities	-	17,878	17,878
Deferred tax liabilities	-	181	181
Insurance payables	1,562	(1,562)	-
Lease liabilities	2,348	-	2,348
Other liabilities	73,687	-	73,687
Total liabilities	1,249,144	(90,517)	1,158,627
Total equity and liabilities	1,800,558	(72,260)	1,728,298

37. CHANGES IN ACCOUNTING POLICIES

(a) MFRS 17 Insurance Contract (continued)

(vi) Financial effects (continued)

	RM '000
Retained earnings	
At 31 December 2021, as previously reported	476,853
Impact of initial application of MFRS 17	42,001
Effect of taxation	(10,080)
At 1 January 2022, restated	508,774
Net profit for the financial year 2022	60,769
Dividend payment paid	(100,000)
At 1 January 2023, restated	469,543

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 March 2024.

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016, we, Tan Chuan Li and Jahanath Muthusamy, two of the Directors of RHB Insurance Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 82 are drawn up so as to show a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

TAN CHUAN LI	JAHANATH MUTHUSAMY
DIRECTOR	DIRECTOR

Kuala Lumpur
Date: 26 March 2024

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016, I, Chong Sook Yin, being the Officer primarily responsible for the financial management of RHB Insurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 82 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared at Kuala Lumpur)
on 26 March 2024)
) CHONG SOOK YIN
Before me,)

PESURUHJAYA SUMPAH
W 465
KAPT (B) JASNI BIN YUSOFF
01 JAN 2023 - 31 DIS 2024
MALAYSIA

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur
Tel: 019-6680745

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 7 to 82.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

CHAN SUET LYE
03603/10/2025 J
Chartered Accountant

Kuala Lumpur
26 March 2024