ENSURING SUSTAINABILITY WITH TOTAL PROTECTION

ANNUAL REPORT 2023

Our Core Values

CARE AND RESPECT
Care because we respect others

INTEGRITY AND ACCOUNTABILITY
Have discipline, take responsibility for actions and act with integrity

INNOVATION
Grow value through innovation and superior performance

BOLD AND HUMBLE
Lead confidently and serve with humility

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CORPORATE SNAPSHOT

Notice Of Twenty-Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of the Company will be conducted fully via Remote Participation and Voting (video-conferencing) on Thursday, 20 June 2024 at 10.00 a.m. with the Main Venue at Cape Town (MCIS Boardroom) at Wisma MCIS, Level 1 Tower 1, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan for the purpose of transacting the following businesses:

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports therein.	Please refer to Explanatory Note 1
2. To approve the Directors' remuneration and benefits of up to RM2 million for the period from 21 June 2024 until the conclusion of the next AGM.	Ordinary Resolution 1
3. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association and being eligible, they offer themselves for re-election:	
i Mohammad Nizar Idris	Ordinary Resolution 2
ii Casparus Jacobus Hendrik Kromhout	Ordinary Resolution 3
4. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution:

5. Authority to Directors pursuant to Section 75 and 76 of the Companies Act, 2016 — Ordinary Resolution 5

   "THAT pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be further empowered to obtain the approval of the relevant authorities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. To transact any other business of which due notice in writing shall have been given.

By Order of the Board

MARY CONSTANCIA D'SILVA (MAICSA 7020517), (Practicing Certificate 202008003164)
Company Secretary

Petaling Jaya
27 May 2024

Explanatory Notes

(1) Audited Financial Statements for the Financial Year ended 31 December 2023

Agenda item number 1 is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.

(2) Directors' Benefits Payable

The proposed Directors' benefits payable comprises allowances and other benefits.

The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings for the current financial year ending 31 December 2024 until the next Annual General Meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

(3) Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 5 is the renewal of the mandate obtained from members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Twenty-Sixth Annual General Meeting held on 15 June 2023 as there were no requirements for such fund raising activities.

The proposed Ordinary Resolution 5, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

Board of Directors

From left to right

Nuraini Ismail
Independent, Non-Executive Director

Kokula Krishnan Ganesalingam (Gopi Ganesalingam)
Independent, Non-Executive Director

Mohammad Nizar Idris
Chairman and Independent, Non-Executive Director

Prasheem Seebran
Chief Executive Officer & Managing Director

Casparus Jacobus Hendrik Kromhout
Non-Independent, Non-Executive Director

Datin Seri Sunita Mei-Lin Rajakumar
Independent, Non-Executive Director

Get to Know Our Board of Directors

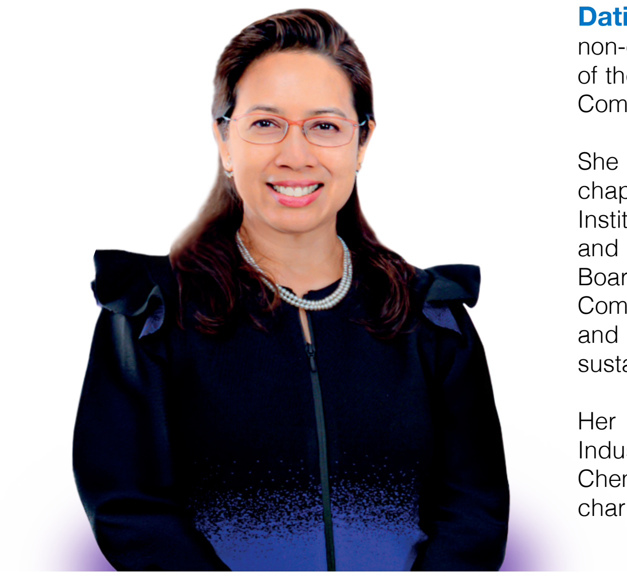
Mohammad Nizar Idris

Chairman and Independent,
Non-Executive Director

Mr. Mohammad Nizar bin Idris was appointed as an independent, non-executive director of the Company on 23 March 2016. He was then appointed as Chairman of the Board on 1 April 2020. He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994.

He started his career in the judicial and legal service of the government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") and worked in Malaysia, the Netherlands and in the UK. During his last posting in Shell London, he was the Head of the Legal Division responsible for Shell's investment, joint ventures, mergers and acquisitions worldwide. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals Malaysia. After his retirement, he was appointed as a director on the boards of several companies including a bank, investment bank and Khazanah Nasional Bhd.

He is also the Chairman of CDC Consulting Sdn Bhd and a director of FIDE FORUM.



Datin Seri Sunita Mei-Lin Rajakumar

Independent, Non-Executive Director

Datin Seri Sunita Mei-Lin Rajakumar was appointed as an independent, non-executive director of the Company on 24 March 2016. She is also the chairperson of the Company's Nominations and Remuneration Committees and a member of the Company's Strategic Capability Committee.

She is the Founder and Chairperson of Climate Governance Malaysia, the country chapter of the World Economic Forum's Climate Governance Initiative; a Fellow of the Institute of Corporate Directors Malaysia; Adjunct Professor in Climate Governance and Sustainability at Unitar International University; a member of the Global Advisory Board of Nottingham University's School of Business; sits on the External Advisory Committee for Sunway University's Master in Sustainable Development Management; and supports the CEO Action Network, an industry led initiative to increase sustainability and climate resilience.

Her other board appointments are as Chairman of Bursa-listed Dutch Lady Milk Industries and independent non-executive director at Bursa-listed Petronas Chemicals, HSBC Malaysia and Zurich General Insurance, as well as trustee of 6 charitable foundations.

Casparus Jacobus Hendrik Kromhout

Non-Independent, Non-Executive Director

Mr. Casparus Jacobus Hendrik Kromhout was appointed as non-independent, non-executive director of the Company on 21 October 2019. He also serves as a member of the Company's Audit, Strategic Capability and Remuneration Committees.

He is currently the Managing Director and CEO of Shriram Life Insurance in Hyderabad, India, a position which he has held since December 2015. Having begun his career in South Africa in 1991, he worked as an Industrial Engineer with Iscor Mining (later Kumba), where he focused on mining and logistics optimization projects and economic feasibility studies for new mine developments. He joined the Life Insurance industry with the opportunity to be part of the large strategic programme to reengineer Sanlam's business processes and policy administration systems. He worked as a Business Consultant and Project Manager with both Sanlam and Old Mutual, delivering multiple strategic projects. He later focused on project portfolio value management in Sanlam, which includes value tree work, concept development, business case governance and benefit realisation.

Early 2010 Sanlam requested Mr. Kromhout to take the COO assignment with Shriram Life Insurance, where he has been supporting and building the operational capabilities of this young company. Shriram Life's key focus is to reach out to the very tough lower middle and mass market segment in rural India, where the loss of a breadwinner can have disastrous financial impacts on the family.

Kokula Krishnan Ganesalingam (Gopi Ganesalingam)

Independent, Non-Executive Director

Mr. Kokula Krishnan Ganesalingam (Gopi Ganesalingam) was appointed as an independent, non-executive director of the Company on 19 August 2020. He is also the chairperson of the Company's Board Risk Management and Strategic Capability Committees and a member of the Audit Committee. Gopi Ganesalingam is a finance professional and an entrepreneur who has served in executive and board positions in the Asia Pacific region for the last 33 years. Gopi has worked in brand names like Matsushita, American Express International, Lucent Technologies, Telstra Australia, Duetsche Telecoms Consulting, and as go-to-market partners for salesforce.com and Google (via the company he founded, LAVA Protocols).

Gopi is now the Senior Vice-President for Digital Exports at Malaysia Digital Economy Corporation (MDEC) - the agency under the Ministry of Communications and Digital, leading the digital transformation of the economy. At MDEC, Gopi is at the forefront of championing talented tech entrepreneurs and disruptors whilst growing and connecting the local tech ecosystem to be globally visible and competitive – powering tech companies and entrepreneurs to actualize their business vision and in becoming regional and global champions. Gopi strives to connect and propel the digital economy via targeted government support and intervention, initiatives, corporate partnerships/innovation, aligning investors/funders, digital talent, adoption initiatives and public-private partnerships; in realization of national and nation building agendas.

Gopi also serves as Chairman and Board Director of Junior Achievement Worldwide, Malaysian chapter. In 2022, Gopi was made an Adjunct Professor at Asia-Pacific University, Malaysia and a Fellow at Certified Public Accountant Australia, carrying the title FCPA.

Nuraini Ismail

Independent,
Non-Executive Director

Puan Nuraini Ismail was appointed to the Board on 19 August 2022. She is currently the Chairperson of the Audit Committee and a member of the Board Risk Management Committee. She is also an Independent, Non-Executive Director of Bank Islam Malaysia Berhad, IIUM Holdings Berhad, GD Express Carrier Bhd, IIUM Edu Care Sdn Bhd and LBS Bina Group Berhad.

Puan Nuraini Ismail is a Fellow member of the Association of Chartered Certified Accountants (FCCA) with more than 35 years of working experience. Her working experience includes in the areas of finance, treasury, corporate finance, debt capital markets, trade finance, banking, financial, credit and trading risks, audit & governance, corporate planning, logistics and operations. Being a Jabatan Perkhidmatan Awam (JPA) scholar, she started her career at the Accountant General Office in 1985 and there after joined an audit firm to secure her professional working experience.

Prior to her appointment to the Board of MCIS Insurance Berhad, Puan Nuraini was with PETRONAS for 29 years since 1992 and the last position held prior to her retirement in 2021 was the Vice-President of Treasury. Prior to assuming this role, she had held various senior positions in PETRONAS Group including Senior General Manager, Group Treasury of PETRONAS, General Manager, Finance & Accounts Services and General Manager, Commercial Services of Malaysian International Trading Corporation Sdn Bhd. She was also appointed as a Non-Independent Non-Executive Director of Petronas Dagangan Berhad from 11 November 2011 till 31 May 2021 and was a member of the Audit Committee from 1 December 2013 till 31 May 2021. Prior to joining PETRONAS, she had served in various organizations including Bank Bumiputra Malaysia Berhad, Bumiputra Merchant Bankers and Maybank Finance Berhad.

Prasheem Seebran

Chief Executive Officer &
Managing Director

Mr. Prasheem Seebran was appointed as non-independent, non-executive director of the Company on 11 May 2016. On 15 March 2019, he became the executive director of the Company following his appointment as the Chief Executive Officer (CEO) and Managing Director of the Company.

Mr. Seebran, a qualified Actuary and a Fellow of both the South African and Malaysian Actuarial Societies, has 23 years of experience in the insurance and financial services industries. He has managed and developed several high-performance teams in previous leadership roles and has launched several industry firsts at his previous companies including insurance telematics, internal capital models, product innovation and structured risk solutions. His previous positions include Regional Head for Sanlam Group in South East Asia, responsible for the investments in the region; Executive Head of Actuarial and Analytics at the Telesure Group, a large multi-brand insurer with operations in South Africa, Australia, Turkey and the UK; and Head of Actuarial at Guardrisk Insurance Company, one of the largest cell captive insurers in the world.

Mr. Seebran's qualifications include a Bachelor of Science Honours degree in Actuarial Science as well as several executive management and leadership qualifications, and is an alumni of the prestigious Insead Business School from France.

Corporate Information

Audit Committee

Chairman **Nuraini Ismail**
Kokula Krishnan Ganesalingam
(Gopi Ganesalingam)
Casparus Jacobus Hendrik Kromhout

Board Risk Management Committee

Chairman **Kokula Krishnan Ganesalingam**
(Gopi Ganesalingam)
Nuraini Ismail
Mohammad Nizar Idris

Nominations Committee

Chairman **Datin Seri Sunita Mei-Lin Rajakumar**
Mohammad Nizar Idris
Prasheem Seebran

Remuneration Committee

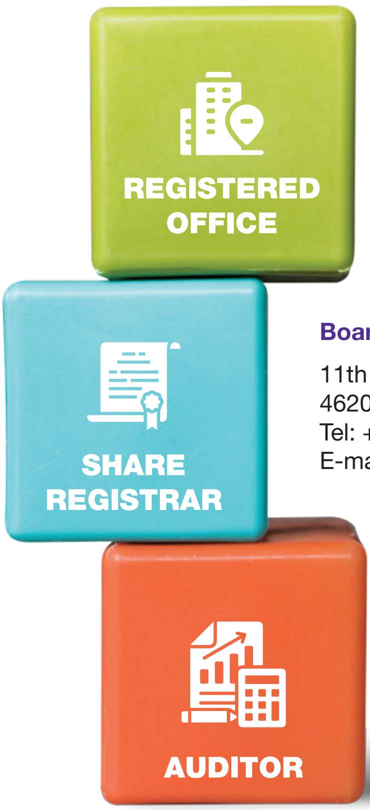
Chairman **Datin Seri Sunita Mei-Lin Rajakumar**
Casparus Jacobus Hendrik Kromhout
Mohammad Nizar Idris

Strategic Capability Committee

Chairman **Kokula Krishnan Ganesalingam**
(Gopi Ganesalingam)
Casparus Jacobus Hendrik Kromhout
Datin Seri Sunita Mei-Lin Rajakumar

Company Secretary

Mary Constancia D'Silva



Wisma MCIS

Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: +603 7652 3388 Fax: +603 7957 5964
E-mail: info@mcis.my Website: www.mcis.my

Boardroom Share Registrars Sdn Bhd

11th Floor Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: +603 7890 4700 Fax: +603 7890 4670
E-mail: bsrhelpdesk@boardroomlimited.com

KPMG PLT

10th Floor, KPMG Tower, No.8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Executive Management Committee

From left to right (back row)

Anesh Junak
Chief Product Officer

Norlin Fatima Albakri
Chief Compliance Officer

Woo Chee Chang
Appointed Actuary

Wan Mohd Fakruddin Razi Bin Wan Abd Ghani
Chief Investment Officer

Koo Chee Min
Chief People Officer

Hiten Narottam Asher
Chief Financial Officer

Ahmad Zubir Bin Aziz
Chief Agency Officer

Chitra Sridharan
Chief Customer Experience & Marketing Officer

Gan Teong Kiat
Chief Corporate Development Officer

Khoo Han Chuan
Chief Strategy Officer

From left to right (seated front row)

Nurliana Binti Mat Lazim
Chief Risk Officer

Susan Cecelia Conradie
Chief Technology Officer

Prasheem Seebran
Chief Executive Officer & Managing Director

Noor Hayati Binti Abu Yaziz @ Mohamad
Chief Internal Auditor

Chairman's Statement

"MCIS Life had to tweak its business strategy to embrace the changes that were happening outside the company and turn them into an advantage for the company in order to remain relevant and successful."

Mohammad Nizar Idris

Chairman and Independent, Non-Executive Director

2023 was a very challenging year for the insurance industry in Malaysia. In that year there were major changes in the country. For a start, the country had a change of government. In the early part of that year, the economy was affected by rising interest rates in the developed world which led to inflation. One effect of the rise in interest rates in the US was the strengthening of the Dollar. As the Malaysian economy was very dependent on international trade, happenings in the developed world severely affected the economy of the country. This strengthening of the Dollar resulted in the weakening of the Ringgit. The economic downturn, inflation and the weakening of the Ringgit affected the income of Malaysians. There was also lot of uncertainty on how the economic downturn coupled with increased conflicts in Europe and the Middle East would further impact the economic performance of the country. All these happenings had a negative impact on people's income and it made it more difficult for the company to provide life insurance coverage especially for the underserved segment of population of the country.

A significant development which resulted from the economic downturn in 2023 was the increasing number of people who choose to be self-employed. These people were not sufficiently covered by insurance. At the same time, there was a growing awareness for those in employment for group employee insurance provided by their employers. There was also greater awareness for health insurance, especially after the end of the pandemic. We also saw a marked change in business practices in 2023. More and more people purchase good through organized business establishments. Technology played a major role in the changes that happened.

All the above changes were happening so fast. MCIS Life had no option but to accept the changes that were happening outside the company. MCIS Life had to tweak its business strategy to embrace the changes that were happening outside the company and turn them into an advantage for the company in order to remain relevant and successful. This required a change in the way the company conducted its business.

The company embarked on several new initiatives to adopt to the changing and uncertain business environment. For a start, the Board together with the management, developed new business strategies to address these new business challenges. For the first time, the Board together with the management also developed a longer term business strategy in order to keep track of other changes which are not within the radar scope of the business strategies for that year. The Board also enhanced the quality of the management team by bringing in new talent, people with more experience and skills to manage the new challenges confronting the business.

Chairman's Statement (cont.d')

There was a review of the business operations of the company to enhance quality by giving more focus and attention in providing better services to policyholders and the agency force. This was done through a new customer experience/service centre. There was a greater use of technology to enhance service excellence and efficiency. The company also took the active step to develop new products that suited the changing customer needs.

The company continued the cultural change and transformation programme which was launched in late 2022. The main target of the cultural change and transformation programme was the enhancement of efficiency and operational excellence. MCIS Life has been in business for many years. Many of the employees had worked for the company for a number of years. They were comfortable working in the usual old ways. With the operational changes made by the company in response to the changes that I mentioned earlier, these employees had to work and operate differently in tandem with those changes. Over the years new laws and policies have also been introduced by the regulators which placed different and greater responsibilities on the managers supporting the business. One of the initiatives of the cultural transformation programme was the retraining of employees as they need to adopt new ways of working. The company's cultural transformation programme was intended to make managers and employees understand their role better and take greater responsibility for their own actions by following proper compliance procedures and directives.

In 2023 a lot of efforts was taken to enhance the agency force to instil a mindset change in the way they conducted their business activities. Actions were taken to invigorate the agency force by implementing innovative work methods. They were guided to reexamine their target markets by refocusing their attention on new opportunities which they have failed to see in the past. For the first time the company introduced the Chairman's Elite Club (CEC), a Club that rewards outstanding agents with exceptional leadership, dedication and remarkable achievements.

All the changes that occurred in the country in 2023 were not necessarily negative. They also presented opportunities for MCIS Life. It spurred the company to review some of its business strategies to take advantage of the changes. The company took a lot of new initiatives to increase the company's group business. MCIS Life also corroborated and partnered with a number of new business entities to provide embedded business. Targets were set for the agency force in order to enhance their performance. Internal systems and processes were improved to create efficiencies.

I am pleased to state that all the efforts taken by the company have shown positive results.

MCIS Life is Getting Stronger

2023 continued the company's recent growth trajectory with our financial performance demonstrating the resilience and adaptability necessary to navigate uncertain times.

We have witnessed a significant increase in our net profit of RM9.5 million, which is 76% growth from RM5.4 million in the preceding year. This improvement signals the successful execution of our strategic initiatives and operational efficiencies. Additionally, our gross premiums have increased to RM731.3 million from RM729.9 million in 2022, underscoring our ability to sustain and grow our core insurance business amid challenging market conditions.

2023 was also the year when the company implemented the new accounting standard MFRS17 (Insurance Contracts), that changes insurance company accounting practices and how financial statements are prepared and presented. We have restated 2022 results to be in line with MFRS17 and comparable to 2023 results. Results prior to 2022 cannot be directly compared to the current set of financials.

The profitable growth was supported by an increase in our new business premium, the Annual Premium Equivalent (APE), recording a healthy RM193.2 million. This reflected the sustained demand for our insurance products and affirmed our competitive edge. Our APE results for 2023 surged by 5% compared to 2022, attributed to the successful launch of new products such as the MSmart Savings (savings product) and M-Fortune Link (investment link product), offering superior returns while addressing policyholders' protection needs, aligning with their need to generate additional income amidst volatile markets and economic uncertainties.

The Value for New Business (VNB) results for 2023, however, recorded a decline compared to 2022, primarily due to increased medical claims and a strategic shift towards lower-margin products amidst the volatile market conditions. In an economic downturn, clients' purchasing power weakens, causing them to reconsider their spending and financial priorities. At times like these, offering enough value to prevent reprioritization is crucial as clients decide to switch away from an insurance premium for a cost-of-living expense.

MCIS Life is Getting Stronger (cont.d')

Despite the pricing competition and policyholders' renewal constraints due to economic conditions, the company achieved a higher total premium compared to last year. This success was attributed to a focused strategy involving the introduction of new products, expansion of the group business, and effective conservation efforts for the in-force block of business.

The company also exercised prudent expense management, allocating investments only where essential, which led to only a 6% increase in expenses, during a period where the company is targeting accelerated growth.

Our investment income has escalated to RM335.9 million, showcasing the resilience of our investment portfolio amid market volatilities and the effectiveness of our investment strategies. The earnings per share (EPS) advanced to 9.5 cent per share, up from 5.4 cent per share, illustrating the value we have created for our shareholders through prudent business practices and strategic financial management.

As we continue the focus on growth activities that include expanding our product offerings and target markets as well as accelerating our digital transformation initiatives, the company decided not to distribute dividends, opting instead to retain capital to invest in the company's expansion plans.

Navigating Ahead 2024

As we look ahead, we anticipate continued economic challenges, and at MCIS Life, we have taken proactive steps to continue to bolster efficiency. This includes restructuring our management team to enhance effectiveness and operational efficiency, while simultaneously raising further the standards of our operations. Additionally, we will continue with the cultural transformation program aimed at fostering improved efficiency and compliance across our organization. Through these measures, we remain committed to serving our customers with excellence and resilience in the face of adversity.

As I mentioned earlier, the economic downturn has had a detrimental effect on the financial well-being of Malaysians, resulting in an increase in the number of individuals falling within the B40 group. With their purchasing power diminished, many view insurance as a secondary consideration rather than a fundamental necessity. Recognizing this shift in consumer behaviour, we have revisited our strategy and embarked on identifying sustainable, long-term solutions to ensure that the underserved segments of society have access to essential protection. Despite global and local challenges, we are intensifying our commitment to create innovative product offerings. This involves evaluating our product range, embracing technology, and strengthening risk management to navigate uncertainty with resilience.

Embracing Digital Transformation

The industry's embrace of digital technologies is in a constant state of evolution, marked by a growing focus on harnessing the power of data analytics, artificial intelligence, and automation. These innovations not only streamline processes but also empower insurers to personalize customer interactions like never before.

MCIS Life seized the opportunity in digitalization by investing in digital channels, offering flexible coverage options, and delivering seamless omnichannel experiences to meet evolving demands. We acknowledged the emerging risks like cyber threats, climate change, and pandemics, presenting both challenges and opportunities for the insurance industry. With that, we started innovating risk mitigation strategies, developing new products, and fostering partnerships to enhance resilience and sustainability.

Invigorating the Agency Force

We will continue to take decisive action to continue invigorating our agency force and implementing innovative work methods. We proactively worked to shift our focus towards new markets, despite facing significant challenges. Encouragingly, we have begun to observe signs of success. We will continue with the Chairman's Elite Club (CEC). The CEC will set ambitious goals for elite members and provides networking support through specialized training and expert guidance to ensure sustained excellence and success.

Chairman's Elite Club Members

Looking ahead, we are committed to delivering robust solutions that safeguard our clients' financial well-being and contribute to Malaysian society's resilience. Amidst these challenging circumstances, MCIS Life undertook a strategic reassessment and formulated a new business strategy by recognizing untapped potential within the underserved market segments.

Good Business Practices

MCIS Life is deeply committed to integrating Environmental, Social, and Governance (ESG) principles into our core operations. MCIS Life sustainability business practice is not just a response to external pressures; it is a proactive commitment that guides our decision-making, product development, and corporate strategies. Our dedication to environmental stewardship, social responsibility, and ethical governance is unwavering, as we recognize the vital role these factors play in securing a sustainable future for our business, our customers, and the broader community.

Our diverse ESG initiatives range from reducing our carbon footprint by continuing our effort to encourage tree planting to supporting community programs through our collaboration with the National Cancer Society of Malaysia. We invest in sustainable technologies that enhance operational efficiency and contribute positively to the environment and society.

The Board, The Management Team, Staff, Agents, and Partners.

In conclusion, I extend my deepest appreciation to our dedicated staff, committed agents, valuable partners, and the management team for their unwavering support throughout 2023. Their collective efforts and resilience have been the cornerstone of MCIS Life's success, allowing us to thrive amidst evolving complexities.

I also want to express my sincere gratitude to my fellow Board members for their continued support and collaboration. Together, we are poised to confidently continue our journey, guided by our shared commitment to ensuring protection for our stakeholders.

Mohammad Nizar Idris
Chairman

Chief Executive Officer's Statement

2023 marked a profound transformation for MCIS Life. Despite economic challenges, we refined our business strategies and empowered our teams, dedicated to delivering unparalleled value and fostering sustainable growth.

Reflecting on 2023, it's clear that MCIS Life experienced a year of profound transformation. We've embraced the imperative of adaptation in our dynamic landscape, achieving notable milestones in empowering our management team and agency force, expanding into new markets, refining our business strategy, and nurturing our internal culture.

Amidst Malaysia's evolving economic landscape marked by a government transition, currency fluctuations, and heightened inflation rates, we recognize the challenges facing consumers, particularly during economic downturns. As purchasing power wanes, there's a heightened need for us to deliver compelling value propositions, safeguarding against the potential diversion of funds from insurance premiums to essential living expenses.

Our commitment remains steadfast: to navigate these shifts with resilience, delivering value and security to our customers while sustaining our growth trajectory in an ever-changing environment.

Prasheem Seebran
Chief Executive Officer & Managing Director

Creating and Enabling Shared Value

The concept of Shared Value fuels our drive to integrate stakeholders into our mission. We are committed to embracing an inclusive approach that fosters stakeholder engagement to actively shape a sustainable future and enhance opportunities for advancement.

In the insurance industry, the concept of creating shared value entails aligning business objectives with societal needs and environmental sustainability, thereby generating both economic and social benefits. At MCIS Life, we prioritize customer centricity by crafting insurance products and services that not only meet our customers' needs but also contribute to their overall well-being. With a growing awareness of health importance, we anticipate a rise in demand for health insurance policies. Therefore, we are committed to strengthening our efforts to provide affordable life and health insurance coverage, particularly, targeting the underserved segment of the population.

Creating and Enabling Shared Value (cond't.)

Moreover, we actively engage with local communities to understand their unique challenges and needs. Through a deep commitment to integrating Environmental, Social, and Governance (ESG) principles into our core business, we have developed initiatives to promote awareness of the importance of protection and prioritize environmental sustainability.

As part of our shared value initiative, we prioritize the well-being of our employees by offering competitive benefits, promoting work-life balance, and fostering a culture of diversity and inclusion. By investing in employee development and engagement, we aim to enhance productivity, attract top talent, and cultivate a positive workplace culture. Additionally, we recognize the power of partnerships and have embarked on collaborations with other entities to provide embedded business offerings, participate in industry-wide initiatives to promote financial inclusion, and partner with non-profit organizations to address pressing social issues.

Furthermore, we are dedicated to supporting the professional growth of our employees, empowering our agents, and ensuring customer service excellence through comprehensive training and development programs. Overall, by embracing the concept of creating shared value, MCIS Life strengthens its competitive position in the insurance market while contributing to building a more resilient, inclusive, and sustainable future for all stakeholders.

Serving the Needs of the Underserved

In Malaysia, addressing the needs of the underserved market segment in the insurance industry represents a significant opportunity for companies to make a meaningful impact while tapping into a largely untapped market.

At MCIS Life, we firmly believe in the significance of giving back to the communities we serve and in the potential of collective action and collaboration. Through strategic partnerships with stakeholders, we aim to tackle common challenges and foster impactful change within our communities.

Our community engagement initiatives encompass a wide range of activities, including education, health, and environmental conservation. A notable initiative is the Purple Truck Project in collaboration with the National Cancer Society of Malaysia (NCSM), aimed at addressing pressing health issues and improving access to healthcare services in underserved communities. As of 2023, this outreach program has successfully screened over 7,000 individuals for various cancers, providing crucial medical information and access to professionals. Additionally, this project plays a vital role in raising awareness about the importance of insurance protection empowering underserved communities to safeguard their financial security in times of adversity.

In line with our commitment to addressing underserved markets, we have introduced innovative products tailored to their specific needs. Recognizing the growing number of startups and Small and Medium Enterprises (SMEs) in Malaysia, we launched SME Care+ in September 2023. This comprehensive insurance coverage is designed specifically for SME owners and their employees, filling a critical gap in insurance coverage within this sector.

Achieving a Creditable Financial Performance

In 2023, our financial performance showcased remarkable resilience and our capacity to generate shareholder value amidst unprecedented global uncertainty.

We take pride in reporting a year of profitable growth, driven by a significant increase in our new business premium, the Annual Premium Equivalent (APE), which surged to a robust RM193.2 million. This growth underscores the sustained demand for our insurance offerings and reaffirms our competitive advantage in the market.

Our 2023 APE results experienced a notable 5% increase compared to 2022, propelled by the successful introduction of new products such as MSmart Savings and M-Fortune Link, catering to diverse customer needs.

We are delighted to report a substantial rise in our net profit, reaching RM9.5 million, marking an impressive 76% growth from the preceding year's RM5.4 million. This remarkable improvement reflects the successful implementation of our strategic initiatives and enhanced operational efficiencies.

Achieving a Creditable Financial Performance (cond't.)

Additionally, our gross premiums saw an uptick to RM731.3 million from RM729.9 million in 2022, underscoring our resilience and ability to expand our core insurance business amidst challenging market conditions.

While the Value for New Business (VNB) results for 2023 witnessed a decline compared to 2022, primarily attributed to increased medical claims and a strategic shift towards lower-margin products in response to market volatility, we maintain optimism for improvement in 2024.

Overall, our 2023 financial performance demonstrates our commitment to delivering sustainable growth and value to our shareholders, even in the face of unprecedented challenges.

Charting a Course for Strategic Transformation

At MCIS Life, we embrace change as a catalyst for progress and continually revise our business strategies to adapt to evolving market dynamics. Recognizing that our people are our most valuable assets, we embarked on a journey of internal transformation, focusing on strengthening our workforce.

Through comprehensive training and development initiatives, we equipped our employees with the skills and knowledge needed to deliver excellence in customer service. We also restructured our management team, empowering top performers to assume leadership roles. Under the guidance of our Chairman, we established the Chairman's Elite Club (CEC), honouring 15 exceptional Chief Agency Managers for their invaluable leadership in driving our success.

Furthermore, we implemented changes in our operational processes, addressing pressing issues effectively and introducing new regulations and policies to enhance efficiency. By clarifying roles and enforcing accountability, we ensure that every member of our team understands their responsibilities and contributes to our collective success.

Recognizing the importance of digitalization in today's landscape, we integrated process automation and leveraged analytics reports for informed decision-making. This digital transformation has enabled us to optimize processes, enhance productivity, and improve overall performance.

However, we acknowledge that digitalization also brings new risks, including cyber threats, online scams, and data breaches. To mitigate these risks, we proactively innovated risk management strategies, developing and assessing security controls to safeguard against potential threats and ensure the security of our operations and customer data.

Through our commitment to embracing change and innovation, MCIS Life remains at the forefront of the insurance industry, poised for continued growth and success in the digital age.

People & Culture

At MCIS Life, we recognize that the success of our company's goals hinges on the solid foundations of our people and culture.

In 2023, we undertook three significant initiatives aimed at fostering talent development and enhancing our organizational culture.

Our first focus was on talent development, with a strategic emphasis on enhancing capabilities and competencies across the organization. Specifically targeting our people managers, we meticulously curated a developmental journey aimed at strengthening two key leadership competencies: flexibility and the ability to nurture others' growth. An impact study conducted post-program revealed evident behavioural shifts, showcasing the effectiveness of these initiatives.

In line with our strategic priority on talent management, we placed a strong emphasis on advancing succession management to bolster the strength of MCIS Life's leadership bench. This involved the identification and evaluation of a pool of high-potential talents through a structured process aligned with our updated succession management framework.

People & Culture (cond't.)

Furthermore, we embarked on career management initiatives to cater to the career aspirations of our workforce. While enhancing the leadership bench strength remains imperative, we recognize the importance of addressing the career aspirations of all employees. As such, we launched a comprehensive career management guide empowering employees to take ownership of their career trajectories.

By prioritizing talent development and career management, we aim to cultivate a culture of continuous learning, growth, and empowerment at MCIS Life, ensuring that our people remain at the heart of our success.

Committing to Sustainability for A Better Future

Our dedication to building a sustainable future remains unwavering.

Currently, we take pride in having planted over 6,000 endemic trees in the Sireh Park Legacy Forest, with plans to continue this initiative to further enhance our environmental impact positively. This endeavour underscores our commitment to ecosystem preservation and carbon sequestration, contributing to biodiversity and wildlife conservation efforts.

Recognizing the urgent need to reduce our carbon footprint and mitigate the impacts of climate change, we have set ambitious goals to achieve net-zero emissions by 2050. To achieve this, we have been actively implementing measures to minimize our environmental footprint. This includes a strong focus on reducing energy consumption and carbon emissions throughout our operations.

One of our key initiatives involves opting for clean energy through the TNB Green Energy Tariff, alongside deploying various energy-saving strategies. Additionally, we are dedicated to sustainable investment practices, actively managing and mitigating ESG (Environmental, Social, and Governance) risks within our investment portfolio. As part of this commitment, we pledge to allocate only 10% of our investments to non-ESG business activities, ensuring that our investments align with our sustainability values.

By prioritizing sustainability across our operations and investments, MCIS Life continues to make strides towards a more sustainable future, demonstrating our commitment to environmental stewardship and responsible business practices.

Acknowledgements

In closing, I extend my heartfelt appreciation to the Board of Directors, our esteemed management team, dedicated customer service representatives, tireless agency force, and all our hardworking employees for their unwavering commitment and dedication throughout 2023. It is through your collective efforts and relentless pursuit of excellence that we have achieved remarkable success.

As we reflect on the challenges we faced and conquered, let us remember that adversity serves as a catalyst for growth, propelling us to surpass previous limits and excel beyond expectations. By confronting challenges head-on, we have not only achieved our goals but also delivered exceptional results.

Looking ahead, we are filled with optimism and determination for the opportunities that lie ahead in 2024. With the same spirit of resilience and collaboration, we aspire to reach new heights and set even higher standards of excellence.

Thank you once again for your outstanding contributions and let us continue to work together towards a brighter and more prosperous future for MCIS Life.

Warm regards,

Prasheem Seebran
Chief Executive Officer & Managing Director
MCIS Insurance Berhad

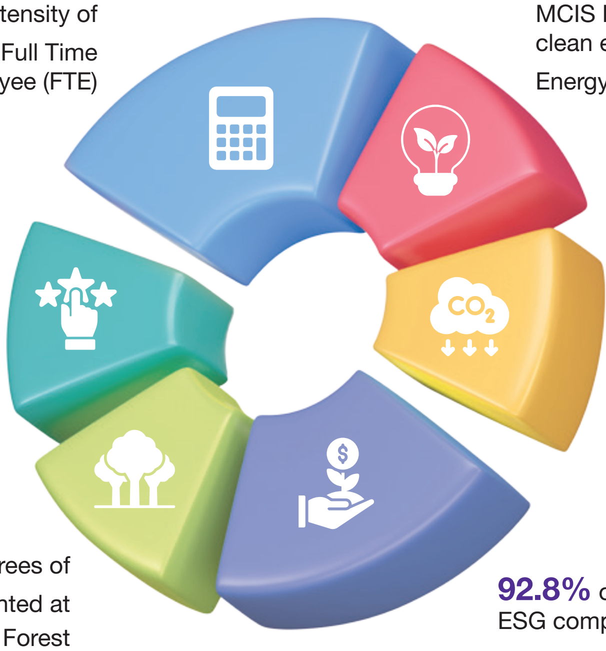
Sustainability Report

2023 Key Achievement at a Glance

Environment

Carbon intensity of **2.69 MT** / Full Time Employee (FTE)

MCIS Life continue to subscribe clean energy from TNB Green Energy Tariff (GET) (**38%** in 2022)



Committed to achieve **Net Zero** by 2050

30% reduction of electricity consumption since year 2018

6,280 endemic trees of **101** species planted at MCIS Life Legacy Forest

92.8% of Investment are in ESG compliances company

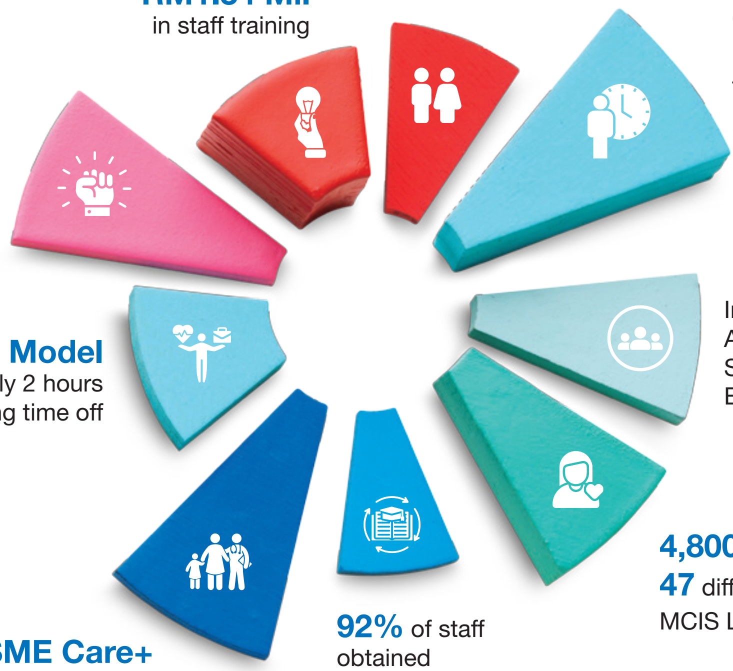
Social

Invested **RM1.34 Mil** in staff training

70% workforce comprises of female staff

Carried out **201** training programs with a total training hour of **21,033**

Zero work related fatalities / incidents



Hybrid Working Model for staff & monthly 2 hours wellbeing time off

Initiated **25** Social Community Activities comprising of various SDGs as part of MCIS Life's Employee Volunteering Program

4,800 cancer screening at **47** different location by MCIS Life's Purple Truck initiative

Launched **SME Care+** product to assist the uninsured & underserved SMEs

92% of staff obtained 24 learning hours and above

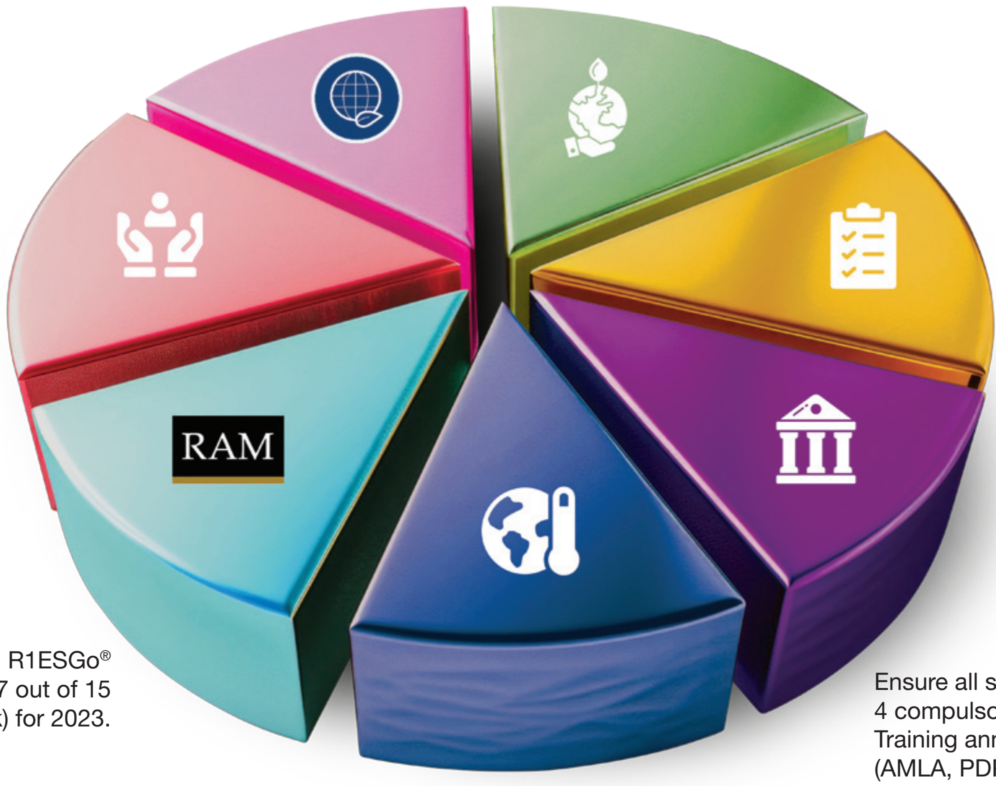
Governance

Adopted UN Principal of Responsible Investment (PRI)

Established Sustainable Office Guideline & Climate Risk Governance Framework

Embedded Sustainability Performance into Remuneration

Comply with BNM's Climate Risk Management & Scenario Analysis (CRMSA)



Obtain RAM R1ESGo® Rating of 7 out of 15 (Moderate Risk) for 2023.

Ensure all staff complete all 4 compulsory Governance Training annually (AMLA, PDPA, FTFC, ABAC)

Senior Management trained on Climate Related Risk

1. Our Sustainability Approach at MCIS Life

1.1. MCIS Life Sustainability Strategy

MCIS Life's ("MCIS" or "the Company") Sustainability Strategy is focused on four main pillars in achieving its Environmental, Social & Governance (ESG) goals. The Company aims to demonstrate to its stakeholders on how they can provide products and services while conducting business activities in a sustainable manner.

SHARED VALUE CREATION IN MALAYSIA
Accelerated socioeconomic development and climate change management outcomes which enables meaningful social change.

STRATEGIC PARTNERSHIPS
Partnerships that enable and/or facilitate large scale achievement of MCIS Life social and economic impact objectives.

FINANCIAL INCLUSION
MCIS Life has an opportunity to create a reputation as a champion of inclusion and upliftment of the previously disadvantaged and excluded members of society, enabling access and participation in financial services.

ESG INTEGRATION IN INVESTMENT, VALUE CHAINS AND ECOSYSTEMS
Integration of sustainability in value creation activities across the organisation, such as investment, partnerships, frameworks and decision making.

MCIS Sustainability Strategy

1. Our Sustainability Approach at MCIS Life (cont'd.)

1.2. Company Targets

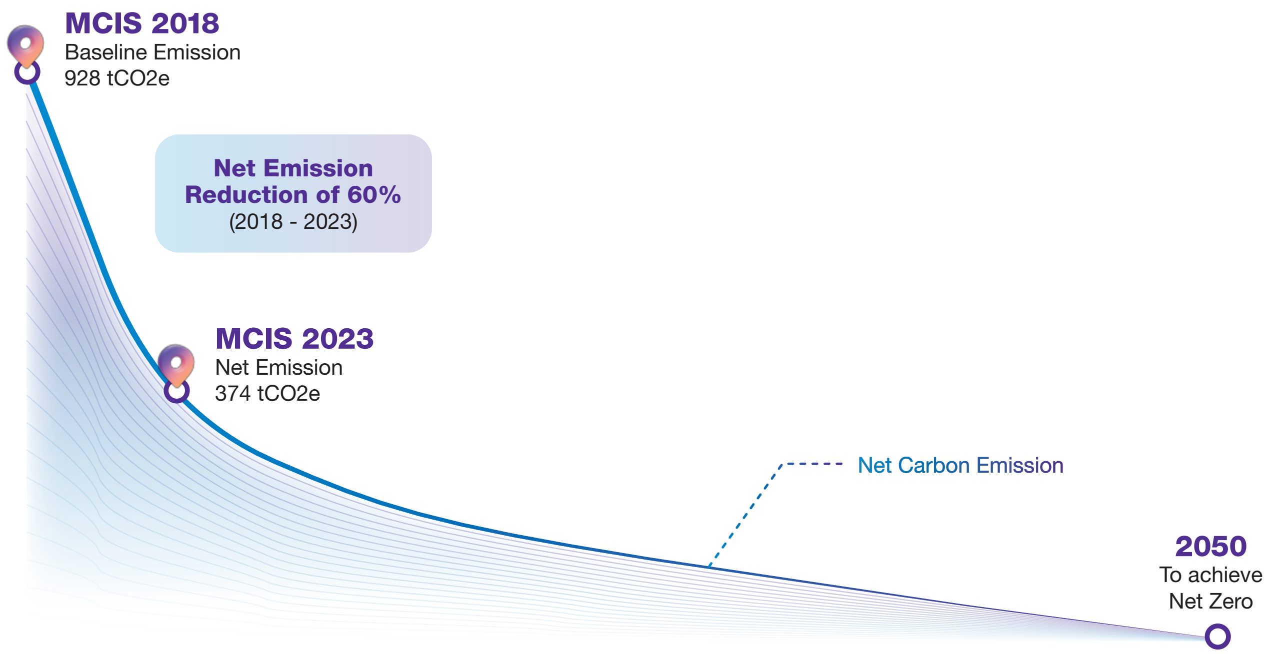
Energy is not only the future but drives everything in the present. As a company in the financial sector, MCIS main emission comes from electricity consumption to operate our business. The Company is well aware that all energy consumption results in carbon emissions responsible for climate change. Thus, MCIS is urgently implementing energy saving initiatives and is constantly exploring external projects to reduce its carbon footprint.

The Company also commits to informing its stakeholders of its journey by reporting its carbon and energy performance transparently. The management of climate-related risks and opportunities facing its business operations are discussed in Board and management meetings.

MCIS aims to reduce its electricity emissions by 50% in 2030 and intends to achieve net zero by 2050 through various initiatives.

MCIS target is to achieve Net Zero by 2050 through:

1. Reducing electricity comsumption
2. Contribute to positive climate initiatives such as TNB's GET, Renewable Energy Certificate (REC), tree planting, etc. *(increase annual emission offset in tonnes CO2e)*

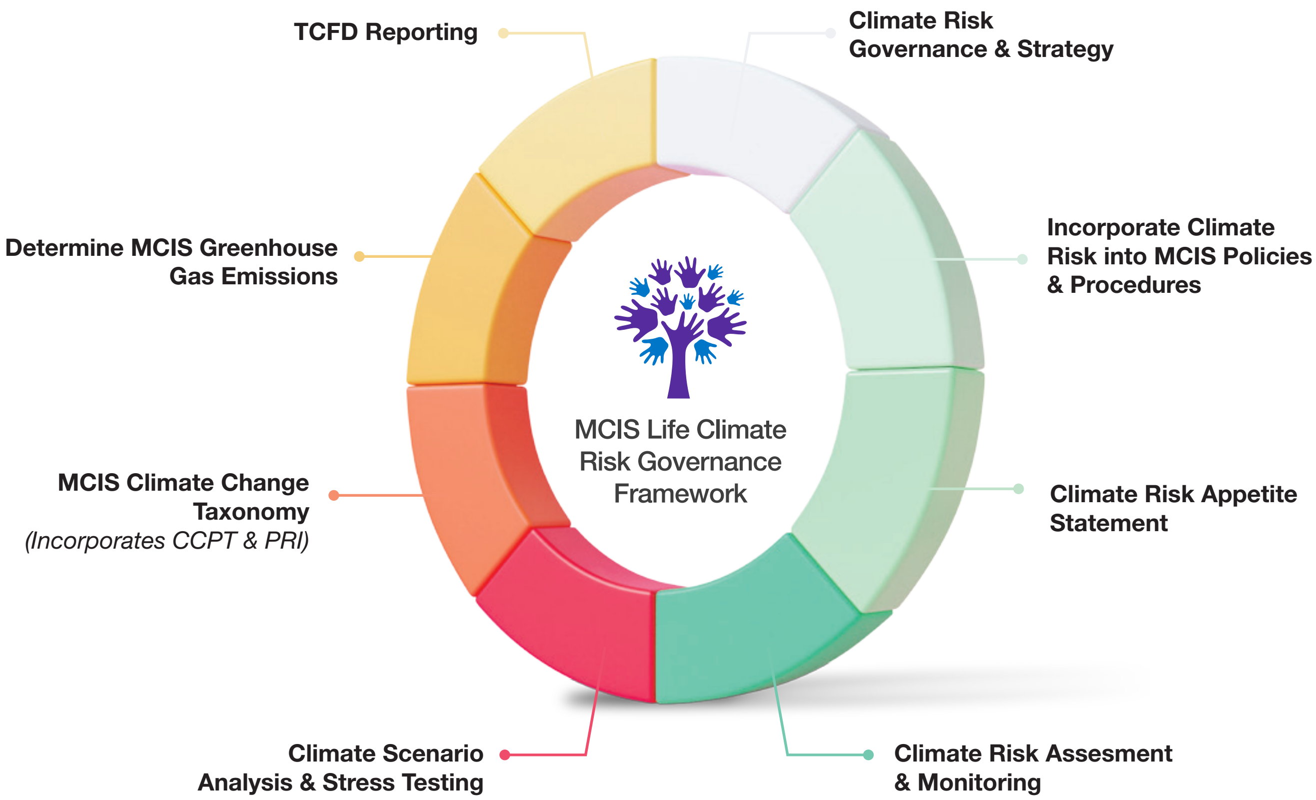


MCIS Net Zero Pathway

2. Sustainability Governance

2.1. Climate Risk Governance Framework

In our commitment to sustainability and to align with UNSDG 13: Climate Action, we took proactive steps to develop the MCIS Climate Risk Governance Framework. This framework not only enable us to manage climate risk within our organization, but it also complies with Bank Negara Malaysia's ("BNM") Climate Risk Management and Scenario Analysis ("CRMSA") requirements.



Climate Risk Governance Framework

Section
2

FINANCIAL INSIGHTS

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

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MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Directors' report

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

Principal activity

The Company is principally engaged in the underwriting of life and investment linked insurance. There has been no significant change in the principal activity during the financial year.

Results

	RM'000
Net profit for the year	9,525

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

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

Dividends

The amount of dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 31 December 2022:	
Final single tier dividend of 8.97 sen per share on 100,284,071 ordinary shares paid on 14 July 2023	8,995

Share capital

There was no change in the issued and paid-up capital of the Company during the financial year.

Directors

The names of the directors of the Company since the end of the previous financial year to the date of this report are:

Mr. Mohammad Nizar bin Idris
Independent, non-executive director

Datin Seri Sunita Mei-Lin Rajakumar
Independent, non-executive director

Mr. Prasheem Seebran
Managing director and Chief Executive Officer

Mr. Casparus Jacobus Hendrik Kromhout
Non-independent, non-executive director

Mr. Kokula Krishnan Ganesalingam
Independent, non-executive director

Puan Nuraini Ismail
Independent, non-executive director

Directors' benefits

Neither at the end of the financial year, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below), by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' benefits (cont'd.)

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM'000
Allowances and other emoluments	1,404
Directors and officers' liability insurance	49
Remuneration for an executive director	3,183
	4,636

Non-executive directors

Mr. Mohammad Nizar bin Idris	345
Datin Seri Sunita Mei-Lin Rajakumar	272
Mr. Casparus Jacobus Hendrik Kromhout	259
Mr. Kokula Krishnan Ganesalingam	282
Puan Nuraini Ismail	246
	1,404

During the financial year, the total amount of indemnity given to, or insurance effected for the directors or officers of the Company, through its ultimate holding company, Sanlam Limited, are up to ZAR2,000,000,000 (equivalent to RM497,779,000) in aggregate on a group basis. The indemnity premium is borne by Sanlam Limited.

In addition, a directors and officers' liability insurance has been entered into by the Company for the financial year ended 31 December 2023 pursuant to Section 289 of the Companies Act, 2016. The details of the insurance is as follows:

	Premium paid RM'000	Sum insured RM'000
Directors and officers' liability insurance	49	10,000

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in its related corporations during the financial year were as follows:

	Number of ordinary shares			
	1.1.2023	Acquired	Sold	31.12.2023
Sanlam Limited				
Mr. Prasheem Seebran	11,098	13,526	(24,624)	-

Directors' interests (cont'd.)

	Number of restricted shares under the Executive Share Incentive Scheme			
	1.1.2023	Granted	Exercised	31.12.2023
Sanlam Limited				
Mr. Prasheem Seebran	77,478	23,370	(13,526)	87,322

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Holding companies

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited ("SEM") and Sanlam Limited respectively. Both companies are incorporated in South Africa.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

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

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

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

Other statutory information (cont'd.)

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

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

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

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

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

(f) In the opinion of the directors:

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

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

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

(g) Before the statement of financial position and statement of profit or loss of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for insurance contract liabilities in accordance with the requirements of MFRS 17 *Insurance Contracts* issued by the Malaysian Accounting Standards Board ("MASB").

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept the re-appointment.

The total amount paid to or receivable by the auditors as remuneration for their services as auditors is RM2,090,000.

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 February 2024.

Mr. Mohammad Nizar bin Idris

Puan Nuraini Ismail

Petaling Jaya, Malaysia
22 February 2024

Corporate governance disclosures

Directors' profiles

Mr. Mohammad Nizar bin Idris was appointed as an independent, non-executive director of the Company on 23 March 2016. He was then appointed as Chairman of the Board on 1 April 2020. He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994.

He started his career in the judicial and legal service of the government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") and worked in Malaysia, the Netherlands and in the UK. During his last posting in Shell London, he was the Head of the Legal Division responsible for Shell's investment, joint ventures, mergers and acquisitions worldwide. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals Malaysia. After his retirement, he was appointed as a director on the boards of several companies including a bank, investment bank and Khazanah Nasional Bhd.

He is also the Chairman of CDC Consulting Sdn Bhd and an independent, non-executive director of Eversendai Corporation Bhd. He is a director of FIDE FORUM.

Datin Seri Sunita Mei-Lin Rajakumar was appointed as an independent, non-executive director of the Company on 24 March 2016. She is also the chairperson of the Company's Nominations and Remuneration Committees and a member of the Company's Strategic Capability Committee.

She is the Founder and Chairperson of Climate Governance Malaysia, the country chapter of the World Economic Forum's Climate Governance Initiative; a Fellow of the Institute of Corporate Directors Malaysia; Adjunct Professor in Climate Governance and Sustainability at Unitar International University; a member of the Global Advisory Board of Nottingham University's School of Business; sits on the External Advisory Committee for Sunway University's Master in Sustainable Development Management; and supports the CEO Action Network, an industry led initiative to increase sustainability and climate resilience.

Her other board appointments are as Chairman of Bursa-listed Dutch Lady Milk Industries and independent non-executive director at Bursa-listed Petronas Chemicals, HSBC Malaysia and Zurich General Insurance, as well as trustee of 6 charitable foundations.

Corporate governance disclosures (cont'd.)

Directors' profiles (cont'd.)

Mr. Prasheem Seebran was appointed as non-independent, non-executive director of the Company on 11 May 2016. On 15 March 2019, he became the executive director of the Company following his appointment as the Chief Executive Officer ("CEO") and Managing Director of the Company.

Mr. Seebran, a qualified Actuary and a Fellow of both the South African and Malaysian Actuarial Societies, has 23 years of experience in the insurance and financial services industries. He has managed and developed several high-performance teams in previous leadership roles and has launched several industry firsts at his previous companies including insurance telematics, internal capital models, product innovation and structured risk solutions. His previous positions include Regional Head for Sanlam Group in South East Asia, responsible for the investments in the region; Executive Head of Actuarial and Analytics at the Telesure Group, a large multi-brand insurer with operations in South Africa, Australia, Turkey and the UK; and Head of Actuarial at Guardrisk Insurance Company, one of the largest cell captive insurers in the world.

Mr. Seebran’s qualifications include a Bachelor of Science Honours degree in Actuarial Science as well as several executive management and leadership qualifications, and is an alumni of the prestigious Insead Business School from France.

Mr. Casparus Jacobus Hendrik Kromhout was appointed as non-independent, non-executive director of the Company on 21 October 2019. He also serves as a member of the Company's Audit, Strategic Capability and Remuneration Committees.

He is currently the Managing Director and CEO of Shriram Life Insurance in Hyderabad, India, a position which he has held since December 2015. Having begun his career in South Africa in 1991, he worked as an Industrial Engineer with Iscor Mining (later Kumba), where he focused on mining and logistics optimization projects and economic feasibility studies for new mine developments. He joined the Life Insurance industry with the opportunity to be part of the large strategic programme to reengineer Sanlam’s business processes and policy administration systems. He worked as a Business Consultant and Project Manager with both Sanlam and Old Mutual, delivering multiple strategic projects. He later focused on project portfolio value management in Sanlam, which includes value tree work, concept development, business case governance and benefit realisation.

Early 2010 Sanlam requested Mr. Kromhout to take the COO assignment with Shriram Life Insurance, where he has been supporting and building the operational capabilities of this young company. Shriram Life's key focus is to reach out to the very tough lower middle and mass market segment in rural India, where the loss of a breadwinner can have disastrous financial impacts on the family.

Corporate governance disclosures (cont'd.)

Directors' profiles (cont'd.)

Mr. Kokula Krishnan Ganesalingam (Gopi Ganesalingam) was appointed as an independent, non-executive director of the Company on 19 August 2020. He is also the chairperson of the Company's Board Risk Management and Strategic Capability Committees and a member of the Audit Committee.

Gopi Ganesalingam is a finance professional and an entrepreneur who has served in executive and board positions in the Asia Pacific region for the last 33 years. Gopi has worked in brand names like Matsushita, American Express International, Lucent Technologies, Telstra Australia, Duetsche Telecoms Consulting, and as go-to-market partners for salesforce.com and Google (via the company he founded, LAVA Protocols).

Gopi is now the Senior Vice-President for Digital Exports at Malaysia Digital Economy Corporation (MDEC) - the agency under the Ministry of Communications and Digital, leading the digital transformation of the economy.

At MDEC, Gopi is at the forefront of championing talented tech entrepreneurs and disruptors whilst growing and connecting the local tech ecosystem to be globally visible and competitive – powering tech companies and entrepreneurs to actualize their business vision and in becoming regional and global champions.

Gopi strives to connect and propel the digital economy via targeted government support and intervention, initiatives, corporate partnerships/innovation, aligning investors/funders, digital talent, adoption initiatives and public-private partnerships; in realization of national and nation building agendas.

Gopi also serves as Chairman and Board Director of Junior Achievement Worldwide, Malaysian chapter. In 2022, Gopi was made an Adjunct Professor at Asia-Pacific University, Malaysia and a Fellow at Certified Public Accountant Australia, carrying the title FCPA.

Puan Nuraini Ismail was appointed to the Board on 19 August 2022. She is currently the Chairperson of the Audit Committee and a member of the Board Risk Management Committee. She is also an Independent, Non-Executive Director of Bank Islam Malaysia Berhad, IIUM Holdings Berhad, GD Express Carrier Bhd, IIUM Edu Care Sdn Bhd and LBS Bina Group Berhad.

Puan Nuraini Ismail is a Fellow member of the Association of Chartered Certified Accountants (FCCA) with more than 35 years of working experience. Her working experience includes in the areas of finance, treasury, corporate finance, debt capital markets, trade finance, banking, financial, credit and trading risks, audit & governance, corporate planning, logistics and operations. Being a Jabatan Perkhidmatan Awam (JPA) scholar, she started her career at the Accountant General Office in 1985 and there after joined an audit firm to secure her professional working experience.

Directors' profiles (cont'd.)

Prior to her appointment to the Board of MCIS Insurance Berhad, Puan Nuraini was with PETRONAS for 29 years since 1992 and the last position held prior to her retirement in 2021 was the Vice-President of Treasury. Prior to assuming this role, she had held various senior positions in PETRONAS Group including Senior General Manager, Group Treasury of PETRONAS, General Manager, Finance & Accounts Services and General Manager, Commercial Services of Malaysian International Trading Corporation Sdn Bhd. She was also appointed as a Non-Independent, Non-Executive Director of Petronas Dagangan Berhad from 11 November 2011 till 31 May 2021 and was a member of the Audit Committee from 1 December 2013 till 31 May 2021.

Prior to joining PETRONAS, she had served in various organizations including Bank Bumiputra Malaysia Berhad, Bumiputra Merchant Bankers and Maybank Finance Berhad.

Board of Directors

The Board of Directors ("the Board") consists of 4 independent, non-executive directors, 1 executive director and 1 non-independent, non-executive director. The attendance of the Board at the 8 board meetings held during the financial year was as follows:

	Attendance
Chairman:	
Mr. Mohammad Nizar bin Idris	8/8
Directors:	
Datin Seri Sunita Mei-Lin Rajakumar	7/8
Mr. Prasheem Seebran	8/8
Mr. Casparus Jacobus Hendrik Kromhout	8/8
Mr. Kokula Krishnan Ganesalingam	8/8
Puan Nuraini Ismail	8/8

The Board assumes overall responsibility for leading, governing, guiding and monitoring the performance of the Company, including but not limited to:

(a) reviewing and adopting strategic plans for the Company;

(b) overseeing the conduct of the Company's business to determine whether the business is being properly managed;

(c) approving risk appetites and overseeing the implementation of governance framework and internal control framework;

(d) overseeing succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programs are in place to provide for the orderly succession of senior management;

Board of Directors (cont'd.)

The Board assumes overall responsibility for leading, governing, guiding and monitoring the performance of the Company, including but not limited to: (cont'd.)

(e) overseeing the development and implementation of shareholder communications policy for the Company; and

(f) reviewing the adequacy and the integrity of the Company's management information and internal control systems.

Directors' remuneration

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

	<----------------- Non-deferred ----------------->		
	<-------- Cash-based remuneration ------->		
	Fixed RM'000	Variable RM'000	Total RM'000
Mr. Mohammad Nizar bin Idris	176	169	345
Datin Seri Sunita Mei-Lin Rajakumar	120	152	272
Mr. Casparus Jacobus Hendrik Kromhout	120	139	259
Mr. Kokula Krishnan Ganesalingam	120	162	282
Puan Nuraini Binti Ismail	120	126	246
Prasheem Seebran	1,777	1,406	3,183
	2,433	2,154	4,587

The Company maintained a directors' and officers' liability insurance during the financial year with premium paid amounting to RM49,000.

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

The details of the directors' remuneration are disclosed in Directors' benefits.

Directors' training

The Board understands the importance of continuous training, and is encouraged to keep abreast with the latest developments, trends and insights and regulatory requirements related to insurance industry.

All the directors attended the Financial Institutions Directors' Education ("FIDE") programme organised by the International Centre for Leadership in Finance.

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

Directors' training (cont'd.)

Some of the directors attended the programme as listed below:

FIDE FORUM

- 1st Distinguished Board Leadership Series for 2023, Can America stop China's rise? Will ASEAN be damaged?
- Business Lunch Engagement with Rohit Talwar
- Lunch Session with Members to form Community of Practice Climate Change (CoPCC)
- Operationalising Resolution Planning – A Perspective from the Trenches
- 1st Engagement Lunch with Board Chairs: Driving Board Excellence from the Chair'
- Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity, and Inclusion (DEI)
- BNM-FIDE FORUM Virtual Dialogue Session

Others

- PNB Knowledge Forum 2023
- Sustainability, Transparency And Disclosure By Mr. Neil Stewart, Director Of Corporate Outreach, International Financial Reporting Standards ("IFRS") Foundation
- Fintech and Innovation
- Technology Resilience and Business Continuity
- Cloud and Infra
- Governance Risk and Compliance
- Crisis Management & Negotiation
- Emulate Prophetic Leadership
- Ethical Leadership Helps Shape Organisational Values and Cultures
- Directors Conference
- Sustainability Leading for Impact
- Detecting & Deterring Financial Statements fraud
- What amounts to Conflict of Interest by Directors
- ESG and Islamic Finance
- E Invoicing
- Cyber Security Awareness
- Behavioural Study and Report Sharing By Samhoud
- Malaysia Budget 2024
- 18th Asia Conference on Healthcare and Health Insurance
- Personal Data Protection Act 2010
- LIAM Insurance Study Tour – ITC Vegas
- InsureTech Connect: ITC Asia 2023
- Year End Workshop including IFRS Training

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

Directors' training (cont'd.)

INTERNATIONAL CENTRE FOR LEADERSHIP IN FINANCE

- FIDE Core Programme, Module A and Module B (Insurance)

IN-HOUSE TRAINING

- AML/CFT and Anti-bribery Corruption Training for Directors

Directors with professional memberships met their Continuing Professional Development ("CPD") hours requirement.

The BNM's policy document, *Corporate Governance* focuses on clarifying the role of the Board and senior management, enhancing the Board effectiveness through strengthening its composition, sets out broad principles and structures in which the Company should adopt in making good corporate governance an integral part of the Company's business dealings and culture. The Company has complied with all the prescriptive requirements, and adopts management practices that are consistent with the principles prescribed under the guideline.

The Board is supported by the Board Audit Committee ("AC"), the Board Risk Management Committee ("BRMC"), the Nominations Committee ("NC"), the Remuneration Committee ("RC") and Strategic Capability Committee ("SCC"). The memberships, roles and terms of reference of the committees are as follows:

(i) Board Audit Committee ("BAC")

The BAC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 4 Audit Committee meetings held during the financial year was as follows:

	Attendance
Chairperson:	
Puan Nuraini Ismail	4/4
Members:	
Mr. Kokula Krishnan Ganesalingam	4/4
Mr. Casparus Jacobus Hendrik Kromhout	4/4

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

(i) Board Audit Committee ("BAC") (cont'd.)

The BAC supports the Board in ensuring that there is a reliable and transparent financial reporting process within the Company. They also oversee the effectiveness of the internal audit function by:

(a) Reviewing and approving the Annual Audit Plan and its revision;

(b) Reviewing key audit reports and ensuring that Senior Management takes necessary corrective actions on a timely manner to address control weaknesses, non-compliance with laws and regulatory requirements, policies and other issues identified by the Internal Audit Division and other control functions;

(c) Reviewing the independence and reporting relationships of Internal Audit Division as well as the adequacy and relevance of the scope, functions, competency and resources and the necessary authority to carry out its work; and

(d) Establishing a mechanism to assess the performance and effectiveness of the Internal Audit function.

In addition, the BAC fosters a quality audit of the Company by exercising oversight over the external auditor in accordance with the expectations set out in the BNM guidelines. The main duties and responsibilities of the AC on the external auditor are:

(a) Making recommendations to the Board on the appointment, removal and remuneration of the external auditor;

(b) Monitoring and assessing the independence of the external auditor including approval of the provision of non-audit services by the external auditor;

(c) Monitoring and assessing the effectiveness of the external audit, including by meeting with the external auditor without the presence of senior management at least annually;

(d) Maintaining regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to BAC on significant matters; and

(e) Ensuring that senior management takes necessary corrective actions in a timely manner to address external audit findings and recommendations.

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

(ii) Board Risk Management Committee ("BRMC")

The BRMC comprises 3 independent, non-executive directors. The attendance of the members of the committee at the 4 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Mr. Kokula Krishnan Ganesalingam	4/4
Members:	
Mr. Mohammad Nizar Idris	4/4
Puan Nuraini Ismail	4/4

The role of the BRMC is to advise and assist the Board in fulfilling its responsibility with regard to overseeing the design and implementation of Company's risk assurance framework and responsibilities in accordance with BNM guidelines and SEM group policies. The BRMC assists the Board, including but not limited to:

(a) determining the risk appetite and level of risk tolerance for the Company;

(b) setting and implementing the Company risk assurance framework and supporting policies;

(c) setting and implementing compliance related policies;

(d) evaluating the adequacy and efficiency of the risk management system;

(e) identifying the build-up and concentration of the various risks to which the Company is exposed;

(f) establishing an independent risk management function;

(g) establishing a process for appropriate risk disclosures to stakeholders;

(h) ensuring that a formal assessment of the risk management processes is undertaken; and

(i) overseeing the state of IT governance and information management and security across the Company.

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

(iii) Nominations Committee ("NC")

The NC comprises 2 independent, non-executive directors and 1 executive director. The attendance of the members of the committee at the 5 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Datin Seri Sunita Mei-Lin Rajakumar	5/5
Members:	
Mr. Prasheem Seebran	5/5
Mr. Mohammad Nizar bin Idris	5/5

NC is responsible for making recommendations to the Board on all new appointments to the Board and its committees. It undertakes a formal process of reviewing the balance and effectiveness of the Board and its committees to ensure the Board and its committees remain effective and focused. This includes a regular review of the composition of the Board committees and identifying the skills needed and the individuals to provide such skills in a fair and efficient manner. It also includes assisting the Chairman with the annual evaluation of Board and Board Committee performance. It is responsible for identifying appropriate Board candidates and evaluating them against the specific disciplines and areas of expertise required.

Succession planning is a key focus area within the Company. The NC considers the composition of the Board and its committees on an on-going basis. The NC assist the management in managing the Company's top talent.

NC is responsible in overseeing the appointments and removals, succession planning and performance evaluation of senior management and company secretary of the Company. The NC will ensure the proper execution of the management succession planning framework that seeks to provide a pool of competent candidates to fill key positions in the Company in the medium to long term.

Board of Directors (cont'd.)

(iv) Remuneration Committee ("RC")

The RC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 2 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Datin Seri Sunita Mei-Lin Rajakumar	2/2
Members:	
Mr. Mohammad Nizar bin Idris	2/2
Mr. Casparus Jacobus Hendrik Kromhout	2/2

The RC is responsible for developing the remuneration strategy of the Company and presenting it to the Board for approval. Its activities include approving the guidelines and philosophy to be applied in formulating mandates for all bonus and setting remuneration packages of the directors, CEO, senior management and company secretary, relative to industry benchmarks. The RC has the prerogative to make all remuneration decisions it deems appropriate within an approved framework and may propose amendments to any part of the Company’s remuneration policy as necessitated by changing circumstances. To fulfil the role described above, the RC undertakes the following:

(a) develops and recommends to the Board for approval bonus incentive schemes for the Company. It includes the setting of guidelines for annual allocations and a regular review of the appropriateness and structure of the schemes to ensure alignment with the Company strategy and shareholder and other stakeholder interests;

(b) develops and recommends to the Board for approval the remuneration strategy as far as the remuneration of Company's directors, CEO, senior management and company secretary;

(c) review the management of the employment contracts of Company's directors, CEO and senior management to ensure that their terms are aligned with good practice principles; and

(d) develops and recommends to the Board for approval incentive schemes for the directors, CEO and senior management. It includes the setting of annual targets, monitoring those targets and reviewing the incentive schemes on a regular basis to ensure that there is a clear link between the schemes and performance in support of the Company strategy.

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

(v) Strategic Capability Committee ("SCC")

The SCC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 4 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Mr. Kokula Krishnan Ganesalingam	4/4
Members:	
Mr. Casparus Jacobus Hendrik Kromhout	4/4
Datin Seri Sunita Mei-Lin Rajakumar	4/4

The role of the SCC is to advise and assist the Board in fulfilling its oversight responsibilities with respect to other sustainability activities of the Company, over and above technology, including but not limited to the monitoring and measurement of the Company's impact and its sustainability activities. SCC assist the Board including and not limited to:

(a) Strategy

(i) Ensure effective implementation of the Digital Framework to drive the company's business strategy;
(ii) Review and assess the effectiveness of Data Strategy and Practices in the Company, and how the Company is utilizing data in business decisions in order to optimize the use of Company resources;
(iii) Review and assess the Customer Experience Strategy and Practices of the company, and how it finds application in the business practices and technology of the Company; and
(iv) Review and assess how the data, customer experience and efficiency strategies of the company shape the Enterprise Architecture of the company.

(b) Technology Governance

(i) Review and ensure that the company is operated within the technology risk appetite which is aligned with the Company's risk appetite statement including the corresponding risk tolerances for technology-related events and ensure key performance indicators and forward-looking risk indicators are in place;
(ii) Review and recommend the Company's IT strategies, frameworks, and policies for the approval by the Board;
(iii) Review and assess the Company's adequacy of IT policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively and supports implementation; and

Corporate governance disclosures (cont'd.)

Board of Directors (cont'd.)

(v) Strategic Capability Committee ("SCC") (cont'd.)

(iv) Ensure that the Technology functions (include but not limited to IT and Security) is set up to be commensurate with the Company's size, nature of operations and complexity of its business as well as having adequate resources and staffed by an appropriate number of experienced and qualified employees to achieve the company's strategic objectives.

(c) Cybersecurity

Oversee the adequacy of the Company's IT and cybersecurity strategic plans that addresses the Company's requirements on infrastructure, control measures to mitigate IT, cyber risk and financial and non-financial resources performance indicators and forward-looking risk, indicators are in place.

(d) Performance Measurement and Monitoring

(i) Review and assess the impact of new and emerging technology projects on the Key Value drivers and business matrix of the company, performance indicators and forward-looking risk indicators are in place;
(ii) Review and assess the benefit realization of implemented projects against the forecasted value drivers and business matrix; and
(iii) Review and access the company's sustainability key matrix.

Remuneration policies and practices

Remuneration philosophy

The Company's remuneration philosophy is to attract and retain qualified employees and achieve high performance through its people by paying fair and competitive remuneration packages consistent with the economic capacity of the Company, and commensurate with those of the industry in which the Company operates. The Company remuneration philosophy aims to:

(i) Pay for performance taking into consideration:

(a) the interest of the Company's stakeholders;
(b) the performance of the Company as a whole;
(c) the performance of the respective business and support divisions; and
(d) the performance of the individual staff.

Corporate governance disclosures (cont'd.)

Remuneration policies and practices (cont'd.)

Remuneration philosophy (cont'd.)

(ii) Fair and equitable

The salaries paid to the employees are internally equitable, relative to similar jobs in the Company.

(iii) Competitive

Consideration is also given to remain market competitive with the insurance and financial services group.

Remuneration governance

Policies related to remuneration for individual contributors and management employees are subject to the Talent Management & Remuneration Committee and Board's approval. This includes remuneration budgets, revision of salary ranges, collective agreements with executive union and national union of commercial workers as well as determining the overall performance bonus pool.

The individual appointments, performance appraisal and remuneration packages of the senior management and company secretary are also subject to the Board's approval.

Performance metrics

Performance management is used to focus and align the Company, department and individual's performance and behaviour towards the achievement of its short, medium and long term goals and aspirations. The metrics used in performance management are reviewed periodically and seek to provide optimal direct line of sight to longer term aspirations and motivate employees towards the desired outcomes and observed core values.

Key performance metrics are applied as below:

Employees' performance and remuneration distributions are subject to robust moderation review by the Chief Executive Officer and Executive Management Committee members to ensure fairness and alignment to Company's performance in terms of financials, growth and risk. The moderation review allows for multiple level input and therefore minimises excesses or biasness in performance and remuneration practices. Particular focus on compliance and risk management is in place and set up to 20% of the total performance requirement for employees.

Corporate governance disclosures (cont'd.)

Remuneration policies and practices (cont'd.)

Performance metrics (cont'd.)

Key performance areas	Revenue generating employees	Support employees	Control employees
Corporate Scorecard	✓	✓	
Governance (Risk, Compliance & Audit)	✓	✓	✓
Strategic Objectives			
- Financial	✓	✓	
- Customer	✓	✓	
- Effectiveness & Efficiency	✓	✓	✓
- People & Culture	✓	✓	✓
- Sustainability	✓	✓	✓
Competencies	✓	✓	✓

There has been no changes to the remuneration elements or structure during the financial year. The Company has implemented a long-term variable pay plan ("LTV") aimed at achievement of its long-term goals and aspirations. The LTV deferred reward payment differentiated by levels of accountability is subject to achievement of company annual target embedded value and the performance of members of senior management and other material risk takers.

Types of remuneration	Fixed	Variable
Basic salary and allowances	✓	-
Cash-based performance bonus	-	✓
LTV	-	✓
Benefits	✓	-

Senior management and other material risk takers

(i) <u>Senior management</u>

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

During the financial year, senior management comprises 14 key personnel who undertook the following roles:

1. Chief Executive Officer
2. Chief Agency Officer
3. Chief Operating Officer

Corporate governance disclosures (cont'd.)

Remuneration policies and practices (cont'd.)

Senior management and other material risk takers (cont'd.)

(i) Senior management (cont'd.)

During the financial year, senior management comprises 14 key personnel who undertook the following roles: (cont'd.)

4. Chief Financial Officer
5. Chief Investment Officer
6. Chief Human Resource Officer
7. Chief Compliance Officer*
8. Chief Risk Officer*
9. Chief Actuary & Strategic Planning Officer
10. Chief Internal Auditor*
11. Chief Corporate Development Officer
12. Chief Customer Experience & Marketing Officer
13. Head of Innovation & Analytics
14. Appointed Actuary*

* Senior management at control function

(ii) Other material risk takers

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

(a) can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on its risk profile; or

(b) is among the most highly remunerated officers in the Company.

During the financial year, other material risk takers comprise 18 key personnel who undertook the following roles:

1. Chief Client Officer
2. Head of Business Partnership, Process Innovation & Automation
3. Section Head of Product Design
4. Head of People & Culture
5. Head of Business Support
6. Head of Corporate Strategy
7. Head of Information Technology
8. Financial Controller
9. Section Head of Financial Analysis and Implementation
10. Section Head of Pricing
11. Head of Life Operations

Corporate governance disclosures (cont'd.)

Remuneration policies and practices (cont'd.)

Senior management and other material risk takers (cont'd.)

(ii) Other material risk takers (cont'd.)

During the financial year, other material risk takers comprise 18 key personnel who undertook the following roles: (cont'd.)

12. Head of Information Security
13. Head of Sustainability
14. Company Secretary
15. Head of Strategic Marketing
16. Head of Corporate Solution Sales
17. Head of Agency Development
18. Head of Operations & Financial Risk*

* Other material risk takers at control function

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

	Senior management and other material risk takers			CEO
	Unrestricted Amount RM'000	Number of officers	Deferred Amount RM'000	Unrestricted Amount RM'000
Non-deferred				
Fixed remuneration				
Cash based	8,318	32	-	1,657
Others	709	21	-	120
Variable remuneration				
Cash based	3,096	29	-	969
Others	2,171	32	-	437
	14,294		-	3,183

* 11 senior management and other material risk takers are entitled for the deferred remuneration. There was no deferred remuneration paid during the financial year.

Corporate governance disclosures (cont'd.)

Key internal control and risk management processes

(i) Governance and risk management framework

The Company has established a governance and risk management framework ("the framework") to serve as an overarching document that guides the Company's governance and risk management policies and procedures. The framework outlines the roles and responsibilities of the oversight functions within the Company in relation to governance and risk management matters. The framework also provides standard and common risk management philosophies and methodologies across all risk types and risk environments within the Company. The Company's Compliance Policy outlines the roles and responsibilities of the Board, senior management, heads of departments, oversight functions and all staff in overseeing and ensuring effective management of compliance risks within the Company. In addition, the Compliance Policy provides guiding principles and minimum standards in relation to compliance risk.

The Company adopts the "three-lines-of-defence" model in managing the risks. It provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, senior management and all employees in the risk management process across the Company.

The first line of defence rests upon the business units and support functions who are responsible to ensure that effective and appropriate processes are in place at all times in accordance to the framework. The amount of risk taken at each level of the organisation must be within the Company's risk appetite.

The second line of defence comprised of oversight functions namely Risk Management and Compliance that report directly to BRMC and BoD respectively, who are responsible for driving the overall risk management framework of the Company. The third line of defence is assumed by the Internal Audit Division that is responsible for providing independent assurance and advisory insights over the effectiveness of key internal controls. The Division subsequently formulates recommendations to the Board based on its observations.

The Company has in place, self-assessment processes for all business units and support functions to assess and manage the effectiveness and adequacy of systems, internal control process and compliance with regulatory requirements. The results of evaluations are reviewed by the senior management and the Board accordingly.

As part of "Tone from the Top", the Board and Senior Management emphasise in communications to employees on the need for good governance and strong risk and compliance, e.g. townhalls. The Company promotes risk management and compliance culture among all employees through regular departmental and divisional risk and compliance meetings and targeted risk and compliance awareness programmes such as road shows, workshops and knowledge sharing sessions.

Key internal control and risk management processes (cont'd.)

(ii) Internal audit function

The Internal Audit function is governed by both the Bank Negara Malaysia Guidelines on the Effective Internal Audit Function of Licensed Institutions and the International Professional Practices Framework ("IPPF") established by the Institute of Internal Auditors. The IPPF offers a basis for stakeholders such as the Audit Committee (AC), Senior Management, and Regulators to assess how the internal audit function fulfills its mission and objectives, providing criteria for measuring the effectiveness, performance, and quality of the internal audit function.

Internal Audit function play a crucial role in advancing the Company's objectives by applying an objective and disciplined approach to assess and enhance the effectiveness of risk management, internal control systems, and governance processes. This function serves as a valuable advisory resource for the BAC, offering insights into areas of weakness or deficiencies in internal processes. These insights facilitate the implementation of appropriate remedial measures by the Company to strengthen its operational frameworks.

The Internal Audit Division (IAD) performs Internal Audit function autonomously within the Company, conducting independent assessments, consulting activities, and providing unbiased assurance regarding the state of internal controls, risk management, and governance processes. The personnel within the IAD uphold a stance of independence from the Company's day-to-day operations, ensuring unimpeded access to all activities.

The IAD plays a pivotal role in enhancing and safeguarding the Company's value. It accomplishes this by offering advise and insights into the efficiency, effectiveness, and business relevance of internal processes, all aimed at realising the Company's vision and strategic objectives.

In order to strentghen and uphold the internal audit activity's standing within the Company, the IAD adheres to its Internal Audit Charter. This document outlines the Objectives, Mission, Purpose, Authority, Responsibilities, Independence, Objectivity, Standards as well as the Quality Assurance & Improvement Program for the Internal Audit function.

Additionally, IAD is guided by the Internal Audit Standard Operating Procedures, Internal Audit Grading Framework, relevant guides of Sanlam Group, and other frameworks such as COSO Internal Control Framework and COSO Enterprise Risk Management Framework to effectively assess and report the adequacy and effectiveness of the design and implementation of the Company's overall internal control, risk management and governance.

Key internal control and risk management processes (cont'd.)

(ii) Internal audit function (cont'd.)

Independence

The independence of the Internal Audit function is robustly established through the Chief Internal Audit's ("CIA") functional reporting directly to the BAC. This reporting structure ensures independence from the activities audited, encompassing managerial decisions on operational and business matters, as well as internal control processes across various operating units within the Company. The direct reporting line to the BAC affords the CIA immediate access to sensitive matters, reinforcing organisational standing. Additionally, administrative reporting to the CEO provides similar benefits, granting authority to carry out duties unhindered and address challenging issues with other members of Senior Management.

Annual Audit Plan

The IAD employs a risk-based and agile methodology to formulate the annual audit plan. This approach takes into consideration the Company-wide governance, risk and compliance factors along with insights from activities / initiatives deployed by the other lines of defence. The Annual Audit plan is systematically developed, considering a range of prioritized factors, including but not limited to financial performance, risk, control issues, the last audit opinion, regulatory requirements, and management requests/concerns. The scope of the audit encompasses various auditable areas across the entire Company.

The proposed Annual Audit Plan will be reviewed and approved by the BAC. Regular progress updates on the plan are presented to the Audit Committee. In adherence to the agile methodology, the IAD conducts ongoing assessments of the Annual Audit Plan to prioritize high-risk areas and allocate resources accordingly. The progress update of the plan and any proposed revision will be presented to the BAC for their update and approval respectively.

Investigation

The Internal Audit Division is proactively involved in investigating matters concerning whistleblowing reports, specific instances, or events that might be seen as violating internal policies and/or regulatory requirements, specifically those related to confidentiality and financial impropriety, and could have a significant impact on the Company.

Corporate governance disclosures (cont'd.)

Key internal control and risk management processes (cont'd.)

(ii) Internal audit function (cont'd.)

Communicating Results and Monitoring Action Plans

The outcomes of conducted audit reviews, encompassing internal audit observations, identified risks, root causes, recommendations, Management's responses, and action plans, are presented to the BAC for thorough review and deliberation. The IAD closely oversees the rectification or remediation of outstanding internal audit observations by the Management to ensure that the implemented actions are not only appropriate and effective but also within the agreed-upon timeline.

In cases where an extension of the deadline for rectification or remediation is deemed necessary, the matter is subject to deliberation by the Executive Management Committee (EMC), requires endorsement from the CEO, and ultimately necessitates approval from the BAC.This structured process ensures a comprehensive and accountable approach to addressing and resolving internal audit observations.

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Mr. Mohammad Nizar bin Idris and Puan Nuraini Ismail, being two of the directors of MCIS Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 February 2024.

Mr. Mohammad Nizar bin Idris

Puan Nuraini Ismail

Petaling Jaya, Malaysia
22 February 2024

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Mr. Prasheem Seebran, being the officer primarily responsible for the financial management of MCIS Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 182 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Mr. Prasheem Seebran)
at Petaling Jaya in Selangor Darul Ehsan)
on 22 February 2024)

Mr. Prasheem Seebran

Before me,

PESURUHJAYA SUMPAH
B 459
GUNALAN A/L MUNUSAMY
1.1.2022 31.12.2024
MALAYSIA

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCIS INSURANCE BERHAD

(Company No. 199701019821 (435318-U))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCIS Insurance Berhad, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 32 to 182.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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 information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 ability of the Company 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

- 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 internal control of the Company.

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

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

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

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

Other Matters

1. The financial statements of the Company as at and for the year ended 31 December 2022 were audited by another chartered accountant who expressed an unmodified opinion on those statements on 22 February 2023.

2. 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.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Yeit Yeen
Approval Number: 03484/02/2026 J
Chartered Accountant

Petaling Jaya

Date: 22 February 2024

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2023

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Assets				
Property and equipment	3	45,369	36,954	54,151
Investment properties	4	300	300	300
Right-of-use assets	5	14,046	17,585	22,007
Intangible assets	6	24,508	25,303	4,036
Investments	7	4,301,073	4,264,724	4,454,884
Insurance contract assets	8	32,973	30,380	217
Reinsurance contract assets	8	76,791	50,257	20,474
Other receivables	9	50,109	50,903	44,989
Current tax assets		5,118	-	-
Cash and bank balances		38,856	47,417	38,820
		4,589,143	4,523,823	4,639,878
Non-current assets held for sale	10	696	1,246	4,002
Total assets		4,589,839	4,525,069	4,643,880
Equity				
Share capital	11	125,024	125,024	125,024
Retained profits	12	221,573	221,043	235,508
		346,597	346,067	360,532
Revaluation reserves		-	-	148
Total equity		346,597	346,067	360,680
Liabilities				
Insurance contract liabilities	8	3,855,909	3,818,338	3,920,499
Reinsurance contract liabilities	8	51,534	30,174	-
Deferred tax liabilities	13	54,193	32,118	45,826
Lease liabilities	14	14,926	18,526	22,511
Other payables	15	67,528	76,590	94,124
Current tax liabilities		-	4,196	1,205
Subordinated notes	16	199,152	199,060	199,035
Total liabilities		4,243,242	4,179,002	4,283,200
Total equity and liabilities		4,589,839	4,525,069	4,643,880

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

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Statement of profit or loss
For the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000 Restated
Insurance revenue	17	411,946	450,838
Insurance service expenses	18	(375,211)	(396,372)
Net income/(expenses) from reinsurance contracts	19	3,431	(6,511)
Insurance service result		40,166	47,955
Investment income	20	175,866	174,833
Realised gains/(losses)	21	12,241	(1,634)
Fair value gains/(losses)	22	147,760	(148,714)
Investment return		335,867	24,485
Net finance expense from insurance contracts	23	(315,692)	(42,871)
Net finance income from reinsurance contracts	23	601	794
Net financial results		20,776	(17,592)
Other operating expenses		(8,526)	(10,004)
Finance cost		(11,469)	(11,644)
Profit before taxation		40,947	8,715
Taxation	24	(31,422)	(3,331)
Net profit for the year		9,525	5,384
Earnings per share (sen)			
Basic and diluted	25	9.5	5.4

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

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2023

		<---- Non-distributable				---->	Distributable		
				Retained profits					
	Note	Share capital RM'000	Revaluation reserves associated with non-current assets held for sale RM'000	Unallocated surplus of non-participating funds RM'000	Accumulated losses of participating fund RM'000	Retained profits of life fund* RM'000	Retained profits of shareholders' fund RM'000	Sub-total RM'000	Total equity RM'000
At 1 January 2022, as previouly reported		125,024	148	81,535	-	81,535	130,720	212,255	337,427
Adjustment on initial application of MFRS 17, net of tax		-	-	95,955	(72,706)	23,249	4	23,253	23,253
Restated at 1 January 2022		125,024	148	177,490	(72,706)	104,784	130,724	235,508	360,680
Net profit for the year (restated)		-	-	11,492	9,735	21,227	(15,843)	5,384	5,384
Realisation of revaluation reserves		-	(148)	-	-	-	148	148	-
Dividends paid during the year	26	-	-	-	-	-	(19,997)	(19,997)	(19,997)
Restated at 31 December 2022		125,024	-	188,982	(62,971)	126,011	95,032	221,043	346,067
At 1 January 2023		125,024	-	188,982	(62,971)	126,011	95,032	221,043	346,067
Net profit for the year		-	-	17,686	9,943	27,629	(18,104)	9,525	9,525
Dividends paid during the year	26	-	-	-	-	-	(8,995)	(8,995)	(8,995)
At 31 December 2023		125,024	-	206,668	(53,028)	153,640	67,933	221,573	346,597

* Non-distributable retained earnings comprise of the unallocated surplus of the Life fund (which includes participating and non-participating funds), net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from Life fund to the Shareholder's fund as recommended by the Appointed Actuary of the Company.

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

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000 Restated
Operating activities			
Cash generated from/(used in) operating activities	27	21,579	(477,971)
Interest paid on lease liabilities		(850)	(961)
Interest paid on subordinated notes	16	(10,600)	(10,600)
Income tax paid		(18,628)	(13,983)
Net cash flows used in operating activities		(8,499)	(503,515)
Investing activities			
Net proceeds from disposal of non-current assets held for sale		550	2,448
Purchase of property and equipment	3	(20,052)	(11,576)
Purchase of intangible assets	6	(302)	-
Net cash flows used in investing activities		(19,804)	(9,128)
Financing activities			
Dividends paid	26	(8,995)	(19,997)
Payment of principal portion of lease liabilities	5	(5,642)	(4,600)
Payment of subordinated notes transaction cost		-	(58)
Net cash flows used in financing activities		(14,637)	(24,655)
Cash and cash equivalents			
Net decrease in cash and cash equivalents		(42,940)	(537,298)
Cash and cash equivalents at beginning of year		330,757	868,055
Cash and cash equivalents at end of year		287,817	330,757
Cash and cash equivalents comprise of:			
Cash and bank balances		38,856	47,417
Short term deposits with original maturity periods of less than 3 months	7(a)	248,961	283,340
		287,817	330,757

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

Notes to the financial statements
For the financial year ended 31 December 2023

1. Corporate information

The Company is principally engaged in the underwriting of life and investment linked insurance. There was no significant change in the principal activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Wisma MCIS, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited ("SEM") and Sanlam Limited respectively. Both companies are incorporated in South Africa.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2024.

2. Material accounting policies

2.1 Basis of preparation

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

At the beginning of the financial year, the Company had fully adopted new and amended MFRSs and improvement to standards and interpretation as described in Note 2.3. Standards, interpretations and amendments that have been issued by MASB but have not been adopted by the Company are described in Note 2.4.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

2. Material accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of material accounting policies

(a) Property and equipment and depreciation

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

Subsequent to initial recognition, property and equipment, except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisals that are undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity of at least once in every three years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially different from the fair values. Any increase in the carrying amount arising from the revaluation of land and buildings is credited to an asset revaluation reserve as a revaluation surplus in the insurance contract liabilities of the participating funds or statement of comprehensive income of the non-participating funds, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement in which case the increase is recognised in the income statement to the extent of the decrease previously recognised.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(a) Property and equipment and depreciation (cont'd.)

A revaluation deficit is first offset against previously recognised revaluation surplus in respect of the same asset in the statement of financial position, and any remaining deficit is thereafter recognised in the income statement.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress are also not depreciated until the assets are ready for their intended use.

Depreciation of other property and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Freehold and leasehold buildings	Over the remaining useful period or 50 years which ever is lower
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Office equipment	10%
Computer equipment	20%
Office renovation	20%

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, not exceeding a period of ten years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Company recognises right-of-use assets at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any re-measurement of lease liabilities, except for those leasehold lands, which are measured in accordance with MFRS 116 *Property, Plant and Equipment* .

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets.

The right-of-use assets are also subject to impairment as described in Note 2.2(d).

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Leases (cont'd.)

(i) The Company as lessee (cont'd.)

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase or extension option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. these leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Leases (cont'd.)

(ii) The Company as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

Rental income arising is accounted for as an straight-line basis over the lease term.

(d) Impairment of non-financial assets

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(e) Financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (“FVTPL”).

Amortised cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has designated its loan receivables which meet the above condition as instruments at amortised cost.

FVTPL

All financial assets not classified as measured at amortised cost are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in the income statement. On initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company has designated all its debt securities, which meet the above condition, as FVTPL, as the fair value option was elected.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment (see Note 2.2(g)).

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(f) Fair value measurement

The Company measures financial instruments and non-financial assets such as investment properties and right-of-use assets, at fair value at each reporting date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(f) Fair value measurement (cont'd.)

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The fair value of financial instruments is determined by reference to marked-to-market prices for assets and offer prices for liabilities, at the close of business on the reporting date.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is carried out annually by Finance and Property Department of the Company. Selection criteria include market knowledge, experience, reputation, independence and whether professional standards are maintained. A valuation is done on an annual basis.

At each reporting date, the Finance and Property Department analyses the movements in the values of assets which are required to be re-measured or re-assessed in accordance with the Company’s accounting policies.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(f) Fair value measurement (cont'd.)

The Property Department and the Company's external valuers also compare the changes in the fair value of each property with relevant external sources to determine whether the changes are reasonable.

The valuation results, as performed by the Company's external valuers, are presented to the Board in the year the valuation is performed.

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

(g) Impairment of financial assets

Financial instruments that are not measured at FVTPL

The Company recognises loss allowances for expected credit losses ("ECL") on loans receivables measured at amortised cost.

The Company assesses on a forward looking basis the ECL associated with loans receivables measured at amortised cost. The Company recognises a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

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

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(h) Derecognition of financial assets/liabilities

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

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

(i) Insurance and reinsurance contracts

Classification

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

The Company does not accept insurance risk from other insurers.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Classification (cont'd.)

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA (see Note 2.2 (j) - Measurement – Contracts measured under the PAA).

Separating components from insurance and reinsurance contracts

At inception, the Company assesses the features of the insurance and reinsurance contracts whether the following components are present and require separation from the insurance and reinsurance contracts:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Separating components from insurance and reinsurance contracts (cont'd.)

The Company currently does not issue any insurance contracts or enter into any reinsurance contracts that include the above components.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

The Company currently does not issue any insurance contracts which provides distinct services or goods to the policyholders.

Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

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

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Aggregation and recognition of insurance and reinsurance contracts (cont'd.)

Insurance contracts (cont'd.)

An insurance contract issued by the Company is recognised from the earliest of:

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

An insurance contract acquired in a transfer of contracts or a business combination is recognized on the date of acquisition. The Company did not acquire any insurance contracts during the financial year. When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts

Groups of reinsurance contracts are determined by identifying the underlying direct contracts it covers, the corresponding reinsurer and dividing each portfolio into annual cohorts (i.e. by year of issue). Each annual cohort is categorized into three groups based on the profitability of the reinsurance contracts:

- a group of reinsurance contracts that are at a net gain to the Company at initial recognition, if any;
- a group of reinsurance contracts that at initial recognition have no significant possibility of becoming a net gain to the Company, if any; and
- a group of the remaining reinsurance contracts in the portfolio, if any.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Aggregation and recognition of insurance and reinsurance contracts (cont'd.)

Reinsurance contracts (cont'd.)

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different coverages lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following dates.

- *Reinsurance contracts initiated by the Company that provide proportionate coverage:* The beginning of the coverage period of the group of reinsurance contracts. However, the Company will delay the recognition of a group of reinsurance contracts until the date on which any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts. This applies to the Company's quota share reinsurance contracts.

- *Other reinsurance contracts initiated by the Company:* The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under Note 2.2 (j) Measurement - Contracts not measured under the PAA Reinsurance contracts (i)). This applies to the Company's surplus reinsurance contracts and excess of loss and stop loss reinsurance contracts.

- *Reinsurance contracts acquired:* The date of acquisition.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Insurance acquisition cash flows

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

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts.

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

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than MFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated.

The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see Note 2.2 (j) - Measurement – Contracts not measured under the PAA). The Company did not incur such acquisition costs prior to the recognition of the related group of contracts during the financial year.

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Insurance acquisition cash flows (cont'd.)

The Company did not acquire any insurance contracts during the financial year.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

Once an asset for insurance acquisition cash flows is recognised, at each reporting date, if facts and circumstances indicate that it may be impaired, then the Company:

a) recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

b) if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Insurance and reinsurance contracts (cont'd.)

Contract boundaries (cont'd.)

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist 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.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement

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

Insurance contracts – Initial measurement

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

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii), if any) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. There were no groups of insurance contracts acquired during the financial year.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognized as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see Note 2.2 (k) - Presentation).

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Insurance contracts – Subsequent measurement

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

(i) Insurance contracts without direct participation features

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

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Insurance contracts – Subsequent measurement (cont'd.)

(i) Insurance contracts without direct participation features (cont'd.)

- changes in fulfilment cash flows that relate to future services, except to the extent that:

  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see Note 2.2 (k) - Presentation); or

  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see Note 2.2 (k) - Presentation);

- the effect of any currency exchange differences on the CSM; and

- the amount recognised as insurance revenue because of the services provided in the year (see Note 2.2 (k) - Presentation).

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;

- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see Note 2.2 (k) - Presentation) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Insurance contracts – Subsequent measurement (cont'd.)

(i) Insurance contracts without direct participation features (cont'd.)

- differences between (a) any loan to a policyholder expected to become repayable in the year, determined as the repayment expected at the start of the year plus any insurance finance income or expenses (see Note 2.2 (k) - Presentation) related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the year; and

- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM (see Note 8).

(ii) Direct participating contracts

Direct participating contracts (see Note 2.2 (i)) are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Insurance contracts – Subsequent measurement (cont'd.)

(ii) Direct participating contracts (cont'd.)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

  - a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component (see Note 2.2 (k) - Presentation); or

  - an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses) (see Note 2.2 (k) - Presentation);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see Note 2.2 (k) - Presentation).

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Reinsurance contracts

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset or liability for remaining coverage and the asset for incurred claims at the portfolio level. The asset or liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

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

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

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see ‘Reinsurance of onerous underlying insurance contracts’ below).

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Reinsurance contracts (cont'd.)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under Note 2.2 (k) - Presentation) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Reinsurance contracts (cont'd.)

(i) Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts.

There were no reinsurance contracts acquired during the financial year.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts not measured under the PAA (cont'd.)

Reinsurance contracts (cont'd.)

(i) Reinsurance of onerous underlying insurance contracts (cont'd.)

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under Note 2.2 (k) - Presentation).

Contracts measured under the PAA

The Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in Note 2.2 (j) - Measurement – Contracts not measured under the PAA. When comparing the different possible measurements, the Group considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts measured under the PAA (cont'd.)

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Company has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided (see Note 2.2 (k) - Presentation). On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Contracts measured under the PAA (cont'd.)

Reinsurance contracts

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

If a loss-recovery component (see ‘Reinsurance of onerous underlying insurance contracts’ under Note 2.2 (j) Contracts not measured under the PAA Reinsurance contracts (i)) is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

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

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see Note 2.2 (k) - Presentation).

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Insurance and reinsurance contracts - Measurement (cont'd.)

Derecognition and contract modification (cont'd.)

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous. If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

(k) Insurance and reinsurance contracts - Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (l)) are included in the carrying amount of the related portfolios of contracts.

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

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

The Company disaggregates the financial component within changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for the financial risk component is presented in insurance finance income or expenses.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(k) Insurance and reinsurance contracts - Presentation (cont'd.)

Insurance revenue – Contracts not measured under the PAA

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).

- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see Note 2.2 (j) - Contracts not measured under the PAA), which are recognised as insurance revenue and insurance service expenses at that date.

- Other amounts, including experience adjustments for premium receipts for current or past services and amounts related to incurred policyholder tax expenses (see Note 24).

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(k) Insurance and reinsurance contracts - Presentation (cont'd.)

Release of the CSM (see also Note 8)

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life non-participating contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Company expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(k) Insurance and reinsurance contracts - Presentation (cont'd.)

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the basis of the passage of time.

Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts 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 component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company’s share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(k) Insurance and reinsurance contracts - Presentation (cont'd.)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- *Incurred claims and other insurance service expenses:* For some non-participating contracts, incurred claims also include premiums waived on detection of critical illness.

- *Amortisation of insurance acquisition cash flows:* For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company recognises acquisition costs in the P&L as incurred.

- Losses on onerous contracts and reversals of such losses.

- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses, if any.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset or liability for remaining coverage that relate to services for which the Company expects to pay consideration.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(k) Insurance and reinsurance contracts - Presentation (cont'd.)

Net expenses from reinsurance contracts (cont'd.)

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

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

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and

- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

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

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see Note 2.2 (j) - Contracts not measured under the PAA). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For both contracts with or without participation features, the Company presents insurance finance income or expenses in profit or loss only.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(l) Insurance and reinsurance contracts - Transition

At 1 January 2022, the Company applied the following approaches to identify and measure all groups of contracts on transition to MFRS 17.

Year of issue	Transition approach
On or after 2022	- All groups: Full retrospective approach
Before 2022	- All groups: Fair value approach

Insurance and reinsurance contracts – Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

For all contracts measured under the fair value approach, the Company used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts with direct participation features.

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

For groups of reinsurance contracts covering onerous underlying contracts, the Company established a loss-recovery component at 1 January 2022. The Company determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Company expected to recover from the reinsurance contracts.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(m) Other revenue recognition

Revenue is recognised when it satisfies a performance obligation by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. The following specific recognition criteria must also be met before revenue is recognised.

Rental income

Rental income from property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

Interest income is recognised on an accrual basis using the effective yield method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective yield of the instrument. When a 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.

Dividend income

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

Realised gains and losses on investments

Realised gains and losses on investments recorded in the income statement include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(n) Income tax

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

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(o) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(p) Employee benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

Defined benefit plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(q) Foreign currencies

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in foreign currency are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the income statement, except for differences relating to items where gains or losses are recognised directly in equity, in which case, the gain or loss is recognised net of the exchange component in equity.

(r) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to contractual provisions of the instruments and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(s) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less.

2. Material accounting policies (cont'd.)

2.3 Changes in material accounting policies

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

On 1 January 2023, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023:
(i) MFRS 17 *Insurance Contracts*
(ii) Amendments to MFRS 17 *Insurance Contracts Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
(iii) Amendments to MFRS 101 *Presentation of Financial Statements - Disclosures of Accounting Policies*
(iv) Amendments to MFRS 108 *Definition of Accounting Estimates*
(vi) Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules*

The adoption of the above standard and amendments to standards issued by Malaysian Accounting Standards Board ("MASB") in the current financial year do not have any material impact to the financial statements of the Company, except as discussed below.

(a) Global minimum top-up tax

The Company has adopted International Tax Reform - Pillar Two Model Rules upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is effective immediately, and requires new disclosures about the Pillar Two exposure.

The temporary mandatory relief applies retrospectively. However, there was no new legislation enacted or substantively enacted to implement the top-up tax at 31 December 2022 in the jurisdictions in which the Company operates. The retrospective application has no impact on the Company's financial statements.

2. Material accounting policies (cont'd.)

2.3 Changes in material accounting policies (cont'd.)

(b) Material accounting policy information

The Company also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

(c) MFRS 17 *Insurance Contracts*

MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. This standard resulted in significant changes to the accounting for insurance and reinsurance contracts. The Company adopted MFRS 17 *Insurance Contracts,* including any consequential amendments to other standards and subsequent amendments to MFRS 17 on 1 January 2023 and restated 2022 comparatives when reporting on 2023 financial year.

The Company applies MFRS 17 *Insurance Contracts* to insurance contracts it issues and reisurance contracts it holds. All references to insurance contracts apply to insurance contracts issued and reinsurance contracts held, unless specifically stated otherwise.

MFRS 17 establishes principles for recognition, measurement, presentation and disclosures of insurance and reinsurance contracts. It introduces a model that measures groups of contracts based on the Company’s estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, a risk adjustment for non-financial risk and a contractual service margin (“CSM”).

2. Material accounting policies (cont'd.)

2.3 Changes in material accounting policies (cont'd.)

(c) MFRS 17 *Insurance Contracts* (cont'd.)

Under MFRS 17, for insurance contracts measured under the general measurement model ("GMM") and variable fee approach ("VFA"), new business gains are recorded on the Statements of Financial Position (as part of the CSM component of the insurance contract liabilities) and amortised into profit or loss as services are provided. New business losses are recorded into profit or loss immediately. For reinsurance contracts held, both reinsurance gain/losses at inception are amortised into profit or loss as services are provided. Also, investment components are no longer included in insurance revenue and insurance service expenses. Any financial changes and financial risk changes related to insurance and reinsurance contracts are recorded separately from insurance and reinsurance service result and are recognised in profit or loss as the Company elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. Under the premium allocation approach ("PAA") measurement model, which is applied to contracts that are short term in nature (mostly one year or less), the measurement of insurance and reinsurance contracts are simplified and is similar to the Company's previous accounting treatment of short term insurance and reinsurance contracts.

During the implementation period of MFRS 17, the Company has determined the following:

- Its insurance contracts are substantially measured using the GMM;
- Policies which have contract boundaries (ie. coverage periods of less than 1 year) are measured under PAA; and
- For policies with direct participation features wherein payments on investment returns to policyholders are based on contractual terms which substantially vary with the underlying items are measured using VFA.

The Company applied the GMM and PAA for reinsurance contracts held.

2. Material accounting policies (cont'd.)

2.3 Changes in material accounting policies (cont'd.)

(c) MFRS 17 *Insurance Contracts* (cont'd.)

Effects of adoption for MFRS 17

Presentation and disclosure differences

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS 17. The following outlines some of the key presentation and disclosure changes:

- Statement of Financial Position:

  (i) Under MFRS 17, the Company presents portfolios of insurance separately from portfolios of reinsurance contracts held, and portfolios in an asset position are further presented separately from portfolios in a liability position. Policy loans (which were previously reported within Investments), insurance receivables and payables, provision for outstanding claims, will be assessed on net portfolio position and reported within Insurance Contract Liabilities or Assets as these are insurance contract related balances. Reinsurance receivables and payables, reinsurance assets and liabilities will be assessed on a net portfolio position and reported within Reinsurance Contract Liabilities or Assets as these are reinsurance contract related. Under MFRS 4, groups of contracts were not split and presented by asset and liability position.

  (ii) Under MFRS 17, Unallocated Surplus of Participating Funds, which represents the surplus which have yet to be declared to Shareholders will be recognised as part of Retained Profits of the Company. Under MFRS 4, these Unallocated Surplus were recognised as part of the Insurance Contract Liabilities.

2. Material accounting policies (cont'd.)

2.3 Changes in material accounting policies (cont'd.)

(c) MFRS 17 *Insurance Contracts* (cont'd.)

Effects of adoption for MFRS 17 (cont'd.)

Presentation and disclosure differences (cont'd.)

- Statement of Profit or Loss:

  (i) The presentation of the statement of profit or loss and other comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net earned premiums or net claims incurred shown on the income statement. Under MFRS 17, the Company separately presents insurance revenue, insurance service expenses, net expenses from reinsurance contracts, net finance expenses from insurance contracts and net finance income from reinsurance contracts. Under MFRS 4, the Company reported net earned premiums, gross benefits and claims paid, claims ceded to reinsurers, gross change in contract liabilities and change in contract liabilities ceded to reinsurers.

Financial impact from adoption of MFRS 17

The effects as a result of adoption of MFRS 17 were recognised as adjustments to retained profits as at 1 January 2022. The adoption resulted in an increase to total equity as of 1 January 2022 by RM23 million (net of tax) as set out below:

Measurement and classification	Description
Transition CSM	CSM is a new insurance contracts liability component that represents the future unearned profits on insurance contracts written. For this measurement step, the amount recognised as at the transition date, 1 January 2022 was RM194 million, with a corresponding impact to reduce Total Non-distributable Retained Profits by RM148 million (net of tax).

2. Material accounting policies (cont'd.)

2.3 Changes in material accounting policies (cont'd.)

(c) MFRS 17 *Insurance Contracts* (cont'd.)

Effects of adoption for MFRS 17 (cont'd.)

Financial impact from adoption of MFRS 17 (cont'd.)

Measurement and classification	Description
Contract Measurement	Under MFRS 17, other components of insurance contract liabilities, aside from the CSM, are also remeasured. This measurement step includes the following changes: Impact of recognizing Risk Adjustment provisions within the Company's insurance liabilities for non-economic risk on the application of the MFRS 17 standard amounted to RM81 million, resulting in a corresponding impact of reducing Retained Profits by RM62 million (net of tax). Lower Best Estimate Liability of RM132 million due to the removal of sterling reserve requirements for products with negative reserves under MFRS 4. This change has a corresponding impact of increasing Retained Profits by RM100 million (net of tax).
Classification differences	Under MFRS 4, an Unallocated Surplus of RM184 million for Participating Policyholders' Funds was reported within Insurance Contract Liabilities. However, Under MFRS 17, these balances are now reported as part of the Retained Profits of the Company. This reclassification has contributed to a lower Insurance Contract Liabilities value of RM184 million, accompanied by a corresponding increase in Retained Profits of RM140 million (net of tax).

2. Material accounting policies (cont'd.)

2.4 Standards issued but not yet effective

The following are standards, amendments to standards and interpretation to standards issued by MASB, but not yet effective, up to the date of this report. The Company intends to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 *Leases - Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101 *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures - Supplier Finance Arrangements*	1 January 2024
Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*	1 January 2025
Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be confirmed

2. Material accounting policies (cont'd.)

2.5 Use of estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include:

(a) Critical judgments made in applying accounting policies

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

(i) Deferred tax assets (Note 13)

Deferred tax assets are recognised for various allowances and provisions to the extent that it is probable that taxable profit will be available against which these allowances and provisions can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

(ii) Income taxes (Note 24)

The Company is subject to income tax and other taxes and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome may not be established until later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate.

Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(iii) Property and equipment (Note 3)

Property and equipment requires the review of the residual value and remaining useful life of an item of property and equipment at least at each financial year end.

Management estimates that the residual values and remaining useful lives are appropriate for the current financial year.

2. Material accounting policies (cont'd.)

2.5 Use of estimates and judgments (cont'd.)

(a) Critical judgments made in applying accounting policies (cont'd.)

(iv) Classification between investment properties and property and equipment (Notes 3 and 4)

The Company has developed certain criteria based on MFRS 140 *Investment Property* in making judgments whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purpose. If these portions could be sold separately (or leased out separately under finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for administrative purposes.

(v) Impairment of receivables (Note 9)

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

To determine lifetime and 12-month PDs, the Company uses a provision matrix (a simplified approach) which is based on its historical observed default rates over the expected life of the receivables. Additional macro-economic and forward looking information is considered when determining PD, such as the Company's internal assessment of the correlation between the receivables and external factors.

(vi) Insurance contract classification (Note 8)

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Company. The Company exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Company is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services.

2. Material accounting policies (cont'd.)

2.5 Use of estimates and judgments (cont'd.)

(a) Critical judgments made in applying accounting policies (cont'd.)

(vi) Insurance contract classification (Note 8) (cont'd.)

The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

(vii) Non-current assets held for sale (Note 10)

The Board considered certain self-occupied, investment properties and right-of-use assets as non-current assets held for sale for the following reasons:

- The properties are available for immediate sale and/or transfer in its present condition;
- The actions to complete the sale were initiated during the year and are expected to be completed within one year from the reporting date; and
- The sale is highly probable, and it is unlikely that the plan to sell the properties will be withdrawn.

(viii) Right-of-use assets (Note 5) and lease liabilities (Note 14)

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its liability to exercise or not to exercise the option to renew or to terminate.

2. Material accounting policies (cont'd.)

2.5 Use of estimates and judgments (cont'd.)

(a) Critical judgments made in applying accounting policies (cont'd.)

(viii) Right-of-use assets (Note 5) and lease liabilities (Note 14) (cont'd.)

Determining the lease term of contracts with renewal and termination options (cont'd.)

The Company included the renewal period as part of the lease term for leases of property with shorter non-cancellable period (i.e., three years). The Company typically exercises its option to renew for these leases because the rented properties are generally branches of the Company and it is highly likely that the Company continues to rent the premises to serve the policyholders and agents. The renewal periods for leases of rented properties with longer non-cancellable periods (i.e., above 3 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease. Therefore, the Company applies judgement and assumptions in determining the incremental borrowing rate ("IBR") of the respective leases. The Company determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(ix) Intangible assets (Note 6)

Computer applications software

The Company recognises the costs of significant development of knowledge based software and computer applications as intangible assets with finite useful lives. Such software and applications are unique to the requirements of the insurance business and the Company establishes that these development costs will generate economic benefits beyond one year.

The Company estimates the useful lives of these software costs to be between 5 to 10 years.

The Company expects that amortisation on software under development will only commence after the software and computer applications are available to be used and generate future economic benefits.

2. Material accounting policies (cont'd.)

2.5 Use of estimates and judgments (cont'd.)

(b) Key sources of estimation uncertainty and assumptions

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

(i) Fair value of financial assets determined using valuation techniques (Note 36)

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For reference to similar instruments, instruments must have similar credit ratings.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counter-parties. Discount rates are influenced by risk-free interest rates and credit risk.

The fair value of the unquoted equity securities is estimated by approximating the net assets value of the investee, which was adjusted by the historical profit growth of the investee.

The valuation techniques described above are calibrated annually.

3. Property and equipment

2023	<--- At valuation ---			<--- At cost ---					
	<--- Properties ---								
	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	Total RM'000
Cost/Valuation									
At 1 January 2023	6,500	3,100	250	303	7,049	33,290	9,515	13,071	73,078
Additions	-	-	-	354	1,540	3,845	2,169	12,144	20,052
Write-offs	-	-	-	-	-	(6)	-	-	(6)
Reclassification									
- property and equipment	-	-	-	-	860	6,821	4,365	(12,046)	-
- intangible asset (Note 6)	-	-	-	-	-	-	-	(4,382)	(4,382)
At 31 December 2023	6,500	3,100	250	657	9,449	43,950	16,049	8,787	88,742

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3. Property and equipment (cont'd.)

	At valuation			At cost					
	Properties								
2023	**Freehold land RM'000**	**Buildings on freehold land RM'000**	**Buildings on leasehold land 50 years or more RM'000**	**Motor vehicles RM'000**	**Furniture, fixtures and fittings RM'000**	**Office and computer equipment RM'000**	**Office renovation RM'000**	**Work-in progress RM'000**	**Total RM'000**
Accumulated depreciation									
At 1 January 2023	-	-	10	189	4,664	23,834	7,427	-	36,124
Charge for the year (Note 27)	-	161	10	57	633	4,240	2,154	-	7,255
Write-offs	-	-	-	-	-	(6)	-	-	(6)
At 31 December 2023	-	161	20	246	5,297	28,068	9,581	-	43,373
Net carrying amount									
At 31 December 2023	6,500	2,939	230	411	4,152	15,882	6,468	8,787	45,369

3. Property and equipment (cont'd.)

2022	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	Total RM'000
	<------ At valuation	------	------>	<------ At cost	------	------	------	------>	
	<------ Properties	------	------>						
Cost/Valuation									
At 1 January 2022	6,930	3,140	250	303	6,988	30,247	7,595	28,725	84,178
Additions	-	-	-	-	39	1,396	13	10,128	11,576
Revaluation deficit:									
- participating fund	(430)	180	-	-	-	-	-	-	(250)
Elimination of accumulated depreciation on revaluation	-	(220)	-	-	-	-	-	-	(220)
Write-offs	-	-	-	-	-	(24)	-	-	(24)
Transfer from non-current assets held for sale (Note 10)	-	-	-	-	14	58	1,685	-	1,757
Reclassification									
- property and equipment	-	-	-	-	8	1,613	222	(1,843)	-
- intangible asset (Note 6)	-	-	-	-	-	-	-	(23,939)	(23,939)
At 31 December 2022	6,500	3,100	250	303	7,049	33,290	9,515	13,071	73,078

3. Property and equipment (cont'd.)

2022	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	Total RM'000
	<--- At valuation	(Properties)	--->	<--- At cost				--->	
Accumulated depreciation									
At 1 January 2022	-	67	-	150	4,218	20,685	4,907	-	30,027
Charge for the year (Note 27)	-	153	10	39	435	3,117	1,138	-	4,892
Elimination of accumulated depreciation on revaluation	-	(220)	-	-	-	-	-	-	(220)
Write-offs	-	-	-	-	-	(24)	-	-	(24)
Transfer from non-current assets held for sale (Note 10)	-	-	-	-	11	56	1,382	-	1,449
At 31 December 2022	-	-	10	189	4,664	23,834	7,427	-	36,124
Net carrying amount									
At 31 December 2022	6,500	3,100	240	114	2,385	9,456	2,088	13,071	36,954

3. Property and equipment (cont'd.)

Included in the cost of property and equipment of the Company are the cost of fully depreciated assets which are still in use amounting to RM24,557,000 (2022: RM21,776,000).

Properties

The revalued lands and buildings consist of an office building, a shop office and an apartment, which are located in various states in Malaysia.

The fair value of the properties was determined by using the cost method, other than fair value of an apartment which was determined by using the sales comparison method. Under the cost method, the apportionment value attributable to the lands is adopted whilst making due allowances for factors such as location, plot, size, accessibility and other relevant factors in determining the value of the lands, while current estimates on construction costs to erect equivalent buildings. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Reconciliation of Level 3 fair value measurement:

	Apartment RM'000	Shop office RM'000	Office building RM'000	Total RM'000
As at 1 January 2022	250	6,182	3,821	10,253
Revaluation deficit	-	(112)	(138)	(250)
Depreciation recognised in profit or loss under management expenses	(10)	(71)	(82)	(163)
As at 31 December 2022	240	5,999	3,601	9,840

3. Property and equipment (cont'd.)

Properties (cont'd.)

Reconciliation of Level 3 fair value measurement: (cont'd.)

	Apartment RM'000	Shop office RM'000	Office building RM'000	Total RM'000
As at 1 January 2023	240	5,999	3,601	9,840
Depreciation recognised in profit or loss under management expenses	(10)	(77)	(84)	(171)
As at 31 December 2023	230	5,922	3,517	9,669

Fair value hierarchy disclosures for the properties have been provided in Note 36.

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

Type of property	Valuation techniques	Key inputs	Weighted average	
Apartment	Comparison method	Price per square foot	Building	RM235
Multi-storey shop office /shop house	Cost method	Price per square foot	Land Building	RM1,950 RM90
7 ½-storey office building	Cost method	Price per square foot	Land Building	RM450 RM60

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2023 RM'000	2022 RM'000
Cost	1,500	1,500
Accumulated depreciation	(995)	(971)
Net carrying amount	505	529

4. Investment properties

	2023 RM'000	2022 RM'000
Investment properties	300	300

The fair value of investment properties was determined by using cost method. Under the cost method, the apportionment value attributable to the land is adopted and making due allowances to factors of location, plot, size, accessibility and other relevant factor in determining the value of the land, while current estimates on constructional costs to erect equivalent buildings with appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building are adopted in determining the cost of the building.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Fair value hierarchy disclosures for investment properties have been provided in Note 36.

Description of valuation techniques used and key inputs to valuation on investment properties are stated below:

Type of property	Valuation technique	Key inputs	Weighted average	
Multi-storey shop office /shop house	Cost method	Price per square foot	Land Building	RM211 RM61

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

The amount of income and expenses recorded in the income statement in respect of investment properties of the Company are as follows:

	2023 RM'000	2022 RM'000
Direct operating expenses (including repairs and maintenance) generating rental income	(3)	(31)
Net expense arising from investment properties	(3)	(31)

There are no restrictions on the realisability of investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than routine building maintenance.

5. Right-of-use assets

The Company as lessee

The Company has entered into various lease agreements for office premises, with lease terms between 1 and 3 years. The Company also leases certain equipment, software and services with lease term of 12 months or less or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Reconciliation of Level 3 fair value measurement:

	Office premises RM'000
As at 1 January 2022	22,007
Additions (Note 14)	615
Amortisation (Note 27)	(5,037)
As at 31 December 2022/1 January 2023	17,585
Additions (Note 14)	2,042
Termination of lease	(725)
Amortisation (Note 27)	(4,856)
As at 31 December 2023	14,046

Reconciliation of Level 3 fair value measurement (cont'd.)

The amount of expenses recorded in the income statement of the Company are as follows:

	2023 RM'000	2022 RM'000
Management expense:		
Amortisation of right-of-use assets	4,856	5,037
Expense relating to leases of low-value assets	270	63
Interest expense on lease liabilities	850	961
	5,976	6,061

5. Right-of-use assets (cont'd.)

Cash outflows for leases as a lessee

	2023 RM'000	2022 RM'000
Included in net cash from operating activities:		
Payment relating to leases of low-value assets	270	63
Interest paid in relation to lease liabilities	850	961
Included in net cash from financing activities:		
Payment of principal portion of lease liabilities	5,642	4,600
Total cash outflows for leases	6,762	5,624

Extension and termination options

The Company has several lease contracts that include extension and termination options. These options are negotiated by the Company to provide operational flexibility in managing the properties portfolio and align with the Company's business needs. The Company exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As of 31 December 2023, the Company has included all potential future cash flows of exercising the extension options in the lease liability.

The Company determines that the termination options are likely not to be exercised.

6. Intangible assets

	2023 RM'000	2022 RM'000
Computer software		
Cost		
At 1 January	51,873	27,934
Additions	302	-
Reclassification from property and equipment (Note 3)	4,382	23,939
At 31 December	56,557	51,873
Accumulated amortisation		
At 1 January	26,570	23,898
Charge for the year (Note 27)	5,479	2,672
At 31 December	32,049	26,570
Net carrying amount		
At 31 December	24,508	25,303

7. Investments

	2023 RM'000	2022 RM'000 Restated
Malaysian Government securities	979,509	1,038,928
Government investment issues	224,221	214,929
Malaysian Government guaranteed bonds	426,656	487,140
Unquoted debt securities	1,603,545	1,506,202
Quoted equity securities	423,004	367,171
Quoted exchange traded funds	173,447	175,500
Quoted unit and property trust funds	46,527	46,945
Unquoted equity securities	48,750	47,950
Unquoted unit trust funds	124,628	94,604
Deposits with financial institutions	248,961	283,340
Loans receivables	1,825	2,015
Total	4,301,073	4,264,724

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

	2023 RM'000	2022 RM'000
FVTPL	4,299,248	4,262,709
Amortised cost	1,825	2,015
	4,301,073	4,264,724

(a) FVTPL

	2023 RM'000	2022 RM'000
Mandatorily measured:		
Quoted equity securities	423,004	367,171
Quoted exchange traded funds	173,447	175,500
Quoted unit and property trust funds	46,527	46,945
Unquoted equity securities (Note 7(c))	48,750	47,950
Unquoted unit trust funds	124,628	94,604
	816,356	732,170
Designated upon initial recognition:		
Malaysian Government securities	979,509	1,038,928
Government investment issues	224,221	214,929
Malaysian Government guaranteed bonds	426,656	487,140
Unquoted debt securities	1,603,545	1,506,202
Deposits with financial institutions	248,961	283,340
	3,482,892	3,530,539
	4,299,248	4,262,709

7. Investments (cont'd.)

(a) FVTPL (cont'd.)

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM248,961,000 (31.12.2022: RM283,340,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

(b) Amortised cost

	2023 RM'000	2022 RM'000
Loans receivables:		
Mortgage loans	2,503	2,624
Other loans	100	100
	2,603	2,724
Loss allowances (Note 34(d))	(778)	(709)
	1,825	2,015

The carrying value of the other loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 31 December 2023 and 31 December 2022.

(c) Reconciliation of Level 3 fair value measurement:

	2023 RM'000	2022 RM'000
Unquoted equity securities		
As at 1 January	47,950	46,950
Fair value gains	800	1,000
As at 31 December	48,750	47,950

The carrying amount disclosed above approximate the fair values at the end of the reporting period.

7. Investments (cont'd.)

(d) Carrying values of financial instruments

	Amortised cost RM'000	FVTPL RM'000	Total RM'000
At 1 January 2022, as previouly reported	199,868	4,452,733	4,652,601
Adjustment on initial application of MFRS 17	(197,717)	-	(197,717)
Restated at 1 January 2022	2,151	4,452,733	4,454,884
Purchases (Note 27)	-	1,318,793	1,318,793
Disposals (Note 27)	-	(810,478)	(810,478)
Fair value losses (Note 22)	-	(148,714)	(148,714)
Realised losses (Note 21)	-	(1,634)	(1,634)
Decrease in loans receivables (Note 27)	(131)	-	(131)
Decrease in deposits with financial institutions:			
- short term deposits with original maturity periods of less than 3 months	-	(545,895)	(545,895)
Write back of impairment loss on loans receivable (Note 27)	(5)	-	(5)
Net amortisation of premiums (Note 20)	-	(2,096)	(2,096)
At 31 December 2022/1 January 2023	2,015	4,262,709	4,264,724
Purchases	-	664,517	664,517
Disposals	-	(751,286)	(751,286)
Fair value gains (Note 22)	-	147,760	147,760
Realised gains (Note 21)	-	12,241	12,241
Decrease in loans receivables (Note 27)	(121)	-	(121)
Decrease in deposits with financial institutions:			
- short term deposits with original maturity periods of less than 3 months	-	(34,379)	(34,379)
- foreign money market placements	-	-	-
Write back of impairment loss on loans receivable (Note 27)	(69)	-	(69)
Net amortisation of premiums (Note 20)	-	(2,314)	(2,314)
At 31 December 2023	1,825	4,299,248	4,301,073

7. Investments (cont'd.)

(e) Fair values of financial instruments

The following tables show investments recorded at fair value analysed by the different bases as follows:

	2023 RM'000	2022 RM'000
FVTPL		
Quoted market price	642,978	589,616
Valuation techniques:		
- market observable inputs	3,607,520	3,625,143
- unobservable inputs	48,750	47,950
	4,299,248	4,262,709

Included in the quoted category are financial instruments that are measured in whole or in part by reference to marked-to-market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

(f) Range of effective interest rates

The range of effective interest rates per annum for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	2023 %	2022 %
Malaysian Government securities	3.43 - 4.21	3.75 - 4.42
Government investment issues	3.91 - 4.26	4.27 - 4.70
Malaysian Government guaranteed bonds	3.78 - 4.25	4.21 - 4.68
Unquoted debt securities	3.65 - 4.69	3.99 - 5.24
Deposits with financial institutions	2.95 - 4.20	2.70 - 4.10
Loans receivables	4.00 - 9.75	4.00 - 9.75

7. Investments (cont'd.)

(g) Interest-bearing contractual re-pricing or maturity dates

The earlier of the contractual re-pricing or maturity dates for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
2023				
Malaysian Government securities	10,574	137,047	831,888	979,509
Government investment issues	-	7,311	216,910	224,221
Malaysian Government guaranteed bonds	23,245	64,356	339,055	426,656
Unquoted debt securities	150,052	509,724	943,769	1,603,545
Deposits with financial institutions	248,961	-	-	248,961
Loans receivables	1,243	158	424	1,825
	434,075	718,596	2,332,046	3,484,717
2022				
Malaysian Government securities	-	74,744	964,184	1,038,928
Government investment issues	1,955	7,246	205,728	214,929
Malaysian Government guaranteed bonds	-	125,004	362,136	487,140
Unquoted debt securities	100,210	639,891	766,101	1,506,202
Deposits with financial institutions	283,340	-	-	283,340
Loans receivables	948	138	929	2,015
	386,453	847,023	2,299,078	3,532,554

8. Insurance and reinsurance contracts

	2023			
	Life risk RM'000	Participating RM'000	Short-term RM'000	Total RM'000
Insurance contracts				
Insurance contract assets	58	-	32,915	32,973
Insurance contract liabilities				
Liabilities for remaining coverage and liabilities for incurred claims	(351,972)	(3,318,218)	(178,187)	(3,848,377)
Revaluation reserve net of tax	-	(7,532)	-	(7,532)
	(351,972)	(3,325,750)	(178,187)	(3,855,909)
Reinsurance contracts				
Reinsurance contract assets	11,651	3,516	61,624	76,791
Reinsurance contract liabilities	(42)	(1,030)	(50,462)	(51,534)

	2022 (Restated)			
	Life risk RM'000	Participating RM'000	Short-term RM'000	Total RM'000
Insurance contracts				
Insurance contract assets	161	-	30,219	30,380
Insurance contract liabilities				
Liabilities for remaining coverage and liabilities for incurred claims	(286,359)	(3,320,200)	(203,861)	(3,810,420)
Revaluation reserve net of tax	-	(7,918)	-	(7,918)
	(286,359)	(3,328,118)	(203,861)	(3,818,338)
Reinsurance contracts				
Reinsurance contract assets	12,376	705	37,176	50,257
Reinsurance contract liabilities	(32)	(4,795)	(25,347)	(30,174)

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered)/ settled more than 12 months after the reporting date.

	2023 RM'000	2022 RM'000 Restated
Insurance contract assets	174	(426)
Insurance contract liabilities	(76,371)	(160,436)
Reinsurance contract assets	7,092	(7)
Reinsurance contract liabilities	1,110	(690)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts

(a) Life risk - Insurance contracts

Analysis by remaining coverage and incurred claims

	2023			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening assets	(137)	-	298	161
Opening liabilities	(271,117)	(915)	(14,327)	(286,359)
Net opening balance	(271,254)	(915)	(14,029)	(286,198)
Changes in the statement of profit or loss				
Insurance revenue				
Contracts under the fair value transition approach	33,691	-	-	33,691
Other contracts	10,667	-	-	10,667
	44,358	-	-	44,358
Insurance service expenses				
Incurred claims and other insurance service expenses	(27)	139	(36,343)	(36,231)
Amortisation of insurance acquisition cash flows	(2,485)	-	-	(2,485)
Losses and reversal of losses on onerous contracts	-	(3,027)	-	(3,027)
Adjustments to liabilities for incurred claims	-	-	(690)	(690)
	(2,512)	(2,888)	(37,033)	(42,433)
Investment components	18,481	-	(18,481)	-
Insurance service result	60,327	(2,888)	(55,514)	1,925
Net finance expenses from insurance contracts	(5,850)	(43)	-	(5,893)
Total changes in the statement of profit or loss	54,477	(2,931)	(55,514)	(3,968)
Cash flows				
Premiums received	(119,465)	-	-	(119,465)
Claims and other insurance service expenses paid, including investment components	-	-	41,210	41,210
Insurance acquisition cash flows	16,507	-	-	16,507
Total cash flows	(102,958)	-	41,210	(61,748)
Net closing balance	(319,735)	(3,846)	(28,333)	(351,914)
Closing assets	174	-	(116)	58
Closing liabilities	(319,909)	(3,846)	(28,217)	(351,972)
Net closing balance	(319,735)	(3,846)	(28,333)	(351,914)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	2022 (Restated)			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening assets	-	-	-	-
Opening liabilities	(237,825)	-	(3,331)	(241,156)
Net opening balance	(237,825)	-	(3,331)	(241,156)
Changes in the statement of profit or loss				
Insurance revenue				
Contracts under the fair value transition approach	40,634	-	-	40,634
Other contracts	2,726	-	-	2,726
	43,360	-	-	43,360
Insurance service expenses				
Incurred claims and other insurance service expenses	(14)	43	(32,683)	(32,654)
Amortisation of insurance acquisition cash flows	(805)	-	-	(805)
Losses and reversal of losses on onerous contracts	-	(947)	-	(947)
Adjustments to liabilities for incurred claims	-	-	653	653
	(819)	(904)	(32,030)	(33,753)
Investment components	15,055	-	(15,055)	-
Insurance service result	57,596	(904)	(47,085)	9,607
Net finance expenses from insurance contracts	(9,098)	(11)	-	(9,109)
Total changes in the statement of profit or loss	48,498	(915)	(47,085)	498
Cash flows				
Premiums received	(92,219)	-	-	(92,219)
Claims and other insurance service expenses paid, including investment components	-	-	36,387	36,387
Insurance acquisition cash flows	10,292	-	-	10,292
Total cash flows	(81,927)	-	36,387	(45,540)
Net closing balance	(271,254)	(915)	(14,029)	(286,198)
Closing assets	(137)	-	298	161
Closing liabilities	(271,117)	(915)	(14,327)	(286,359)
Net closing balance	(271,254)	(915)	(14,029)	(286,198)

8. **Insurance and reinsurance contracts (cont'd.)**

8.1 **Movements in carrying amounts (cont'd.)**

(a) Life risk - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	2023					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	1,443	(140)	(617)	(525)	(1,142)	161
Opening liabilities	(236,906)	(11,293)	(24,681)	(13,479)	(38,160)	(286,359)
Net opening balance	(235,463)	(11,433)	(25,298)	(14,004)	(39,302)	(286,198)
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	1,126	1,525	2,651	2,651
Change in risk adjustment for non-financial risk for risk expired	-	527	-	-	-	527
Experience adjustments	2,464	-	-	-	-	2,464
Changes that relate to future services						
Contracts initially recognised in the year	23,764	(1,615)	-	(24,147)	(24,147)	(1,998)
Changes in estimates that adjust the CSM	(34,176)	2,195	10,222	21,759	31,981	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,029)	-	-	-	-	(1,029)
Changes that relate to past services						
Adjustments to liabilities for incurred claims	(690)	-	-	-	-	(690)
Insurance service result	(9,667)	1,107	11,348	(863)	10,485	1,925
Net finance expenses from insurance contracts	(3,004)	(1,088)	(881)	(920)	(1,801)	(5,893)
Total changes in the statement of profit or loss	(12,671)	19	10,467	(1,783)	8,684	(3,968)
Cash flows	(61,748)	-	-	-	-	(61,748)
Net closing balance	(309,882)	(11,414)	(14,831)	(15,787)	(30,618)	(351,914)
Closing assets	463	(41)	-	(364)	(364)	58
Closing liabilities	(310,345)	(11,373)	(14,831)	(15,423)	(30,254)	(351,972)
Net closing balance	(309,882)	(11,414)	(14,831)	(15,787)	(30,618)	(351,914)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	2022 (Restated)					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	-	-	-	-	-	-
Opening liabilities	(204,488)	(10,068)	(26,600)	-	(26,600)	(241,156)
Net opening balance	(204,488)	(10,068)	(26,600)	-	(26,600)	(241,156)
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	2,179	862	3,041	3,041
Change in risk adjustment for non-financial risk for risk expired	-	630	-	-	-	630
Experience adjustments	6,230	-	-	-	-	6,230
Changes that relate to future services						
Contracts initially recognised in the year	22,420	(1,011)	-	(22,172)	(22,172)	(763)
Changes in estimates that adjust the CSM	(6,477)	(752)	(353)	7,582	7,229	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(184)	-	-	-	-	(184)
Changes that relate to past services						
Adjustments to liabilities for incurred claims	653	-	-	-	-	653
Insurance service result	22,642	(1,133)	1,826	(13,728)	(11,902)	9,607
Net finance expenses from insurance contracts	(8,077)	(232)	(524)	(276)	(800)	(9,109)
Total changes in the statement of profit or loss	14,565	(1,365)	1,302	(14,004)	(12,702)	498
Cash flows	(45,540)	-	-	-	-	(45,540)
Net closing balance	(235,463)	(11,433)	(25,298)	(14,004)	(39,302)	(286,198)
Closing assets	1,443	(140)	(617)	(525)	(1,142)	161
Closing liabilities	(236,906)	(11,293)	(24,681)	(13,479)	(38,160)	(286,359)
Net closing balance	(235,463)	(11,433)	(25,298)	(14,004)	(39,302)	(286,198)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts

Analysis by remaining coverage and incurred claims

	2023			
	Assets for remaining coverage			
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening assets	4,109	879	7,388	12,376
Opening liabilities	(41)	-	9	(32)
Net opening balance	4,068	879	7,397	12,344
Changes in the statement of profit or loss				
Allocation of reinsurance premiums paid	(6,078)	-	-	(6,078)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	3,534	3,534
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(20)	883	-	863
	(20)	883	3,534	4,397
Investment components	(169)	-	169	-
Net expenses from reinsurance contracts	(6,267)	883	3,703	(1,681)
Net finance income from reinsurance contracts	247	-	-	247
Total changes in the statement of profit or loss	(6,020)	883	3,703	(1,434)
Cash flows				
Premiums paid	3,601	-	-	3,601
Amounts received	-	-	(2,902)	(2,902)
Total cash flows	3,601	-	(2,902)	699
Net closing balance	1,649	1,762	8,198	11,609
Closing assets	1,688	1,762	8,201	11,651
Closing liabilities	(39)	-	(3)	(42)
Net closing balance	1,649	1,762	8,198	11,609

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	2022 (Restated)			
	Assets for remaining coverage			
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening assets	4,455	-	8,569	13,024
Opening liabilities	-	-	-	-
Net opening balance	4,455	-	8,569	13,024
Changes in the statement of profit or loss				
Allocation of reinsurance premiums paid	(6,186)	-	-	(6,186)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	3,130	3,130
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(11)	879	-	868
	(11)	879	3,130	3,998
Investment components	(274)	-	274	-
Net expenses from reinsurance contracts	(6,471)	879	3,404	(2,188)
Net finance income from reinsurance contracts	425	-	-	425
Total changes in the statement of profit or loss	(6,046)	879	3,404	(1,763)
Cash flows				
Premiums paid	5,659	-	-	5,659
Amounts received	-	-	(4,576)	(4,576)
Total cash flows	5,659	-	(4,576)	1,083
Net closing balance	4,068	879	7,397	12,344
Closing assets	4,109	879	7,388	12,376
Closing liabilities	(41)	-	9	(32)
Net closing balance	4,068	879	7,397	12,344

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	2023					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	10,923	2,053	15	(615)	(600)	12,376
Opening liabilities	(33)	3	(2)	-	(2)	(32)
Net opening balance	10,890	2,056	13	(615)	(602)	12,344
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	149	83	232	232
Change in risk adjustment for non-financial risk for risk expired	-	(106)	-	-	-	(106)
Experience adjustments	(2,670)	-	-	-	-	(2,670)
Changes that relate to future services						
Contracts initially recognised in the year	2,092	294	-	(1,507)	(1,507)	879
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	8	41	49	49
Changes in estimates that adjust the CSM	489	(60)	(716)	287	(429)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(65)	-	-	-	-	(65)
Changes that relate to past services						
Adjustments to assets for incurred claims	-	-	-	-	-	-
Net expenses from reinsurance contracts	(154)	128	(559)	(1,096)	(1,655)	(1,681)
Net finance income from reinsurance contracts	147	160	-	(60)	(60)	247
Total changes in the statement of profit or loss	(7)	288	(559)	(1,156)	(1,715)	(1,434)
Cash flows	699	-	-	-	-	699
Net closing balance	11,582	2,344	(546)	(1,771)	(2,317)	11,609
Closing assets	11,621	2,341	(540)	(1,771)	(2,311)	11,651
Closing liabilities	(39)	3	(6)	-	(6)	(42)
Net closing balance	11,582	2,344	(546)	(1,771)	(2,317)	11,609

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	2022 (Restated)					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	12,012	1,936	(924)	-	(924)	13,024
Opening liabilities	-	-	-	-	-	-
Net opening balance	12,012	1,936	(924)	-	(924)	13,024
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	(40)	21	(19)	(19)
Change in risk adjustment for non-financial risk for risk expired	-	(97)	-	-	-	(97)
Experience adjustments	(2,940)	-	-	-	-	(2,940)
Changes that relate to future services						
Contracts initially recognised in the year	1,544	180	-	(982)	(982)	742
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	27	140	167	167
Changes in estimates that adjust the CSM	(1,205)	8	967	230	1,197	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(41)	-	-	-	-	(41)
Changes that relate to past services						
Adjustments to assets for incurred claims	-	-	-	-	-	-
Net expenses from reinsurance contracts	(2,642)	91	954	(591)	363	(2,188)
Net finance income from reinsurance contracts	437	29	(17)	(24)	(41)	425
Total changes in the statement of profit or loss	(2,205)	120	937	(615)	322	(1,763)
Cash flows	1,083	-	-	-	-	1,083
Net closing balance	10,890	2,056	13	(615)	(602)	12,344
Closing assets	10,923	2,053	15	(615)	(600)	12,376
Closing liabilities	(33)	3	(2)	-	(2)	(32)
Net closing balance	10,890	2,056	13	(615)	(602)	12,344

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts

Analysis by remaining coverage and incurred claims

	2023			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening assets	-	-	-	-
Opening liabilities	(3,058,099)	(35,019)	(227,082)	(3,320,200)
Net opening balance	(3,058,099)	(35,019)	(227,082)	(3,320,200)
Changes in the statement of profit or loss				
Insurance revenue				
Contracts under the fair value transition approach	169,138	-	-	169,138
Other contracts	25,828	-	-	25,828
	194,966	-	-	194,966
Insurance service expenses				
Incurred claims and other insurance service expenses	(102)	3,669	(170,899)	(167,332)
Amortisation of insurance acquisition cash flows	(10,188)	-	-	(10,188)
Losses and reversal of losses on onerous contracts	-	(1,070)	-	(1,070)
Adjustments to liabilities for incurred claims	-	-	720	720
	(10,290)	2,599	(170,179)	(177,870)
Investment components	372,394	-	(372,394)	-
Insurance service result	557,070	2,599	(542,573)	17,096
Net finance expenses from insurance contracts	(306,162)	(471)	-	(306,633)
Income tax expenses	(5,970)	-	(11,825)	(17,795)
Total changes in the statement of profit or loss	244,938	2,128	(554,398)	(307,332)
Cash flows				
Premiums received	(361,887)	-	-	(361,887)
Claims and other insurance service expenses paid, including investment components	-	-	628,932	628,932
Insurance acquisition cash flows	42,690	-	-	42,690
Others	(421)	-	-	(421)
Total cash flows	(319,618)	-	628,932	309,314
Closing liabilities	(3,132,779)	(32,891)	(152,548)	(3,318,218)
Closing assets	-	-	-	-
Closing liabilities	(3,132,779)	(32,891)	(152,548)	(3,318,218)
Net closing balance	(3,132,779)	(32,891)	(152,548)	(3,318,218)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	2022 (Restated)			
	Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-
Opening liabilities	(3,309,137)	(5,928)	(193,192)	(3,508,257)
Net opening balance	(3,309,137)	(5,928)	(193,192)	(3,508,257)
Changes in the statement of profit or loss				
Insurance revenue				
Contracts under the fair value transition approach	185,793	-	-	185,793
Other contracts	1,328	-	-	1,328
	187,121	-	-	187,121
Insurance service expenses				
Incurred claims and other insurance service expenses	308	35	(148,238)	(147,895)
Amortisation of insurance acquisition cash flows	(4,717)	-	-	(4,717)
Losses and reversal of losses on onerous contracts	-	(29,045)	-	(29,045)
Adjustments to liabilities for incurred claims	-	-	2,090	2,090
	(4,409)	(29,010)	(146,148)	(179,567)
Investment components	375,807	-	(375,807)	-
Insurance service result	558,519	(29,010)	(521,955)	7,554
Net finance expenses from insurance contracts	(30,339)	(81)	-	(30,420)
Income tax expenses	3,875	-	(1,607)	2,268
Total changes in the statement of profit or loss	532,055	(29,091)	(523,562)	(20,598)
Cash flows				
Premiums received	(331,768)	-	-	(331,768)
Claims and other insurance service expenses paid, including investment components	-	-	489,672	489,672
Insurance acquisition cash flows	51,318	-	-	51,318
Others	(567)	-	-	(567)
Total cash flows	(281,017)	-	489,672	208,655
Closing liabilities	(3,058,099)	(35,019)	(227,082)	(3,320,200)
Closing assets	-	-	-	-
Closing liabilities	(3,058,099)	(35,019)	(227,082)	(3,320,200)
Net closing balance	(3,058,099)	(35,019)	(227,082)	(3,320,200)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	2023					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	-	-	-	-	-	-
Opening liabilities	(3,112,356)	(58,462)	(145,607)	(3,775)	(149,382)	(3,320,200)
Net opening balance	(3,112,356)	(58,462)	(145,607)	(3,775)	(149,382)	(3,320,200)
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	15,839	677	16,516	16,516
Change in risk adjustment for non-financial risk for risk expired	-	6,436	-	-	-	6,436
Experience adjustments	(20,439)	-	-	-	-	(20,439)
Revenue recognised for incurred policyholder tax expenses	14,933	-	-	-	-	14,933
Changes that relate to future services						
Contracts initially recognised in the year	17,255	(3,533)	-	(15,365)	(15,365)	(1,643)
Changes in estimates that adjust the CSM	(59,005)	(5,645)	54,786	9,864	64,650	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	573	-	-	-	-	573
Changes that relate to past services						
Adjustments to liabilities for incurred claims	720	-	-	-	-	720
Insurance service result	(45,963)	(2,742)	70,625	(4,824)	65,801	17,096
Net finance expenses from insurance contracts	(303,433)	(3,108)	-	(92)	(92)	(306,633)
Income tax expenses	(17,795)	-	-	-	-	(17,795)
Total changes in the statement of profit or loss	(367,191)	(5,850)	70,625	(4,916)	65,709	(307,332)
Cash flows	309,314	-	-	-	-	309,314
Closing liabilities	(3,170,233)	(64,312)	(74,982)	(8,691)	(83,673)	(3,318,218)
Closing assets	-	-	-	-	-	-
Closing liabilities	(3,170,233)	(64,312)	(74,982)	(8,691)	(83,673)	(3,318,218)
Net closing balance	(3,170,233)	(64,312)	(74,982)	(8,691)	(83,673)	(3,318,218)

8. **Insurance and reinsurance contracts (cont'd.)**

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	2022 (Restated)					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	-	-	-	-	-	-
Opening liabilities	(3,269,773)	(70,687)	(167,797)	-	(167,797)	(3,508,257)
Net opening balance	(3,269,773)	(70,687)	(167,797)	-	(167,797)	(3,508,257)
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	23,246	315	23,561	23,561
Change in risk adjustment for non-financial risk for risk expired	-	6,252	-	-	-	6,252
Experience adjustments	454	-	-	-	-	454
Revenue recognised for incurred policyholder tax expenses	4,242	-	-	-	-	4,242
Changes that relate to future services						
Contracts initially recognised in the year	17,983	(5,242)	-	(15,211)	(15,211)	(2,470)
Changes in estimates that adjust the CSM	(24,843)	14,752	(1,056)	11,147	10,091	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(26,575)	-	-	-	-	(26,575)
Changes that relate to past services						
Adjustments to liabilities for incurred claims	2,090	-	-	-	-	2,090
Insurance service result	(26,649)	15,762	22,190	(3,749)	18,441	7,554
Net finance expenses from insurance contracts	(26,857)	(3,537)	-	(26)	(26)	(30,420)
Income tax expenses	2,268	-	-	-	-	2,268
Total changes in the statement of profit or loss	(51,238)	12,225	22,190	(3,775)	18,415	(20,598)
Cash flows	208,655	-	-	-	-	208,655
Closing liabilities	(3,112,356)	(58,462)	(145,607)	(3,775)	(149,382)	(3,320,200)
Closing assets	-	-	-	-	-	-
Closing liabilities	(3,112,356)	(58,462)	(145,607)	(3,775)	(149,382)	(3,320,200)
Net closing balance	(3,112,356)	(58,462)	(145,607)	(3,775)	(149,382)	(3,320,200)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts

Analysis by remaining coverage and incurred claims

	2023			
	Assets for remaining coverage			
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening assets	(10,776)	10,069	1,412	705
Opening liabilities	(16,215)	-	11,420	(4,795)
Net opening balance	(26,991)	10,069	12,832	(4,090)
Changes in the statement of profit or loss				
Allocation of reinsurance premiums paid	(17,361)	-	-	(17,361)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	27,752	27,752
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(233)	(1,554)	-	(1,787)
Adjustments to assets for incurred claims	-	-	-	-
	(233)	(1,554)	27,752	25,965
Investment components	(1,535)	-	1,535	-
Net expenses from reinsurance contracts	(19,129)	(1,554)	29,287	8,604
Net finance income from reinsurance contracts	300	-	-	300
Total changes in the statement of profit or loss	(18,829)	(1,554)	29,287	8,904
Cash flows				
Premiums paid	19,089	-	-	19,089
Amounts received	-	-	(21,417)	(21,417)
Total cash flows	19,089	-	(21,417)	(2,328)
Closing assets	(26,731)	8,515	20,702	2,486
Closing assets	(25,399)	8,515	20,400	3,516
Closing liabilities	(1,332)	-	302	(1,030)
Net closing balance	(26,731)	8,515	20,702	2,486

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	2022 (Restated)			
	Assets for remaining coverage			
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening assets	(29,286)	3,089	14,273	(11,924)
Opening liabilities	-	-	-	-
Net opening balance	(29,286)	3,089	14,273	(11,924)
Changes in the statement of profit or loss				
Allocation of reinsurance premiums paid	(20,335)	-	-	(20,335)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	21,024	21,024
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(2)	6,980	-	6,978
Adjustments to assets for incurred claims	-	-	-	-
	(2)	6,980	21,024	28,002
Investment components	(1,134)	-	1,134	-
Net expenses from reinsurance contracts	(21,471)	6,980	22,158	7,667
Net finance income from reinsurance contracts	334	-	-	334
Total changes in the statement of profit or loss	(21,137)	6,980	22,158	8,001
Cash flows				
Premiums paid	23,432	-	-	23,432
Amounts received	-	-	(23,599)	(23,599)
Total cash flows	23,432	-	(23,599)	(167)
Closing assets	(26,991)	10,069	12,832	(4,090)
Closing assets	(10,776)	10,069	1,412	705
Closing liabilities	(16,215)	-	11,420	(4,795)
Net closing balance	(26,991)	10,069	12,832	(4,090)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	2023					
			CSM			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Opening assets	(259)	298	549	117	666	705
Opening liabilities	(8,435)	2,968	1,214	(542)	672	(4,795)
Net opening balance	(8,694)	3,266	1,763	(425)	1,338	(4,090)
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services received	-	-	1,352	(64)	1,288	1,288
Change in risk adjustment for non-financial risk for risk expired	-	(330)	-	-	-	(330)
Experience adjustments	9,433	-	-	-	-	9,433
Changes that relate to future services						
Contracts initially recognised in the year	869	329	-	(614)	(614)	584
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(1,954)	974	(980)	(980)
Changes in estimates that adjust the CSM	9,389	(1,104)	(8,887)	602	(8,285)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(1,391)	-	-	-	-	(1,391)
Changes that relate to past services						
Adjustments to assets for incurred claims	-	-	-	-	-	-
Net expenses from reinsurance contracts	18,300	(1,105)	(9,489)	898	(8,591)	8,604
Net finance income from reinsurance contracts	118	158	59	(35)	24	300
Total changes in the statement of profit or loss	18,418	(947)	(9,430)	863	(8,567)	8,904
Cash flows	(2,328)	-	-	-	-	(2,328)
Closing assets	7,396	2,319	(7,667)	438	(7,229)	2,486
Closing assets	7,243	2,261	(6,191)	203	(5,988)	3,516
Closing liabilities	153	58	(1,476)	235	(1,241)	(1,030)
Net closing balance	7,396	2,319	(7,667)	438	(7,229)	2,486

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

			2022 (Restated)			
			CSM			
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(13,785)	3,660	(1,799)	-	(1,799)	(11,924)
Opening liabilities	-	-	-	-	-	-
Net opening balance	(13,785)	3,660	(1,799)	-	(1,799)	(11,924)
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services received	-	-	(294)	42	(252)	(252)
Change in risk adjustment for non-financial risk for risk expired	-	(327)	-	-	-	(327)
Experience adjustments	1,268	-	-	-	-	1,268
Changes that relate to future services						
Contracts initially recognised in the year	1,255	410	-	(1,528)	(1,528)	137
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	6,220	631	6,851	6,851
Changes in estimates that adjust the CSM	2,426	(546)	(2,331)	451	(1,880)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(10)	-	-	-	-	(10)
Net expenses from reinsurance contracts	4,939	(463)	3,595	(404)	3,191	7,667
Net finance income from reinsurance contracts	319	69	(33)	(21)	(54)	334
Total changes in the statement of profit or loss	5,258	(394)	3,562	(425)	3,137	8,001
Cash flows	(167)	-	-	-	-	(167)
Closing assets	(8,694)	3,266	1,763	(425)	1,338	(4,090)
Closing assets	(259)	298	549	117	666	705
Closing liabilities	(8,435)	2,968	1,214	(542)	672	(4,795)
Net closing balance	(8,694)	3,266	1,763	(425)	1,338	(4,090)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Insurance contracts

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening assets	31,773	-	(929)	(625)	30,219
Opening liabilities	(109,018)	(1,252)	(41,452)	(52,139)	(203,861)
Net opening balance	(77,245)	(1,252)	(42,381)	(52,764)	(173,642)
Changes in the statement of profit or loss					
Insurance revenue	172,470	-	152	-	172,622
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(138,813)	1,786	(137,027)
Insurance acquisition cash flows	(19,265)	-	-	-	(19,265)
Lossess and reversal of losses on onerous contracts	-	1,228	-	-	1,228
Adjustments to liabilities for incurred claims	-	-	156	-	156
	(19,265)	1,228	(138,657)	1,786	(154,908)
Investment components	5,459	-	(5,459)	-	-
Insurance service result	158,664	1,228	(143,964)	1,786	17,714
Net finance expenses from insurance contracts	(3,166)	-	-	-	(3,166)
Total changes in the statement of profit or loss	155,498	1,228	(143,964)	1,786	14,548
Cash flows					
Premiums received	(169,425)	-	-	-	(169,425)
Claims and other insurance service expenses paid	-	-	163,694	-	163,694
Insurance acquisition cash flows	19,553	-	-	-	19,553
Total cash flows	(149,872)	-	163,694	-	13,822
Closing liabilities	(71,619)	(24)	(22,651)	(50,978)	(145,272)
Closing assets	33,679	-	(764)	-	32,915
Closing liabilities	(105,298)	(24)	(21,887)	(50,978)	(178,187)
Net closing balance	(71,619)	(24)	(22,651)	(50,978)	(145,272)

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims - Contracts measured under PAA (cont'd.)

	2022 (Restated)				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening assets	-	-	-	-	-
Opening liabilities	(72,425)	(2,847)	(37,179)	(49,749)	(162,200)
Net opening balance	(72,425)	(2,847)	(37,179)	(49,749)	(162,200)
Changes in the statement of profit or loss					
Insurance revenue	219,886	-	471	-	220,357
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(141,099)	(3,015)	(144,114)
Insurance acquisition cash flows	(42,264)	-	-	-	(42,264)
Lossess and reversal of losses on onerous contracts	-	1,595	-	-	1,595
Adjustments to liabilities for incurred claims	-	-	1,731	-	1,731
	(42,264)	1,595	(139,368)	(3,015)	(183,052)
Investment components	3,914	-	(3,914)	-	-
Insurance service result	181,536	1,595	(142,811)	(3,015)	37,305
Net finance expenses from insurance contracts	(3,342)	-	-	-	(3,342)
Total changes in the statement of profit or loss	178,194	1,595	(142,811)	(3,015)	33,963
Cash flows					
Premiums received	(223,974)	-	-	-	(223,974)
Claims and other insurance service expenses paid	-	-	137,609	-	137,609
Insurance acquisition cash flows	40,960	-	-	-	40,960
Total cash flows	(183,014)	-	137,609	-	(45,405)
Closing liabilities	(77,245)	(1,252)	(42,381)	(52,764)	(173,642)
Closing assets	31,773	-	(929)	(625)	30,219
Closing liabilities	(109,018)	(1,252)	(41,452)	(52,139)	(203,861)
Net closing balance	(77,245)	(1,252)	(42,381)	(52,764)	(173,642)

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8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Reinsurance contracts

Analysis by remaining coverage and incurred claims

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening assets	23,549	838	12,789	-	37,176
Opening liabilities	(29,759)	-	473	3,939	(25,347)
Net opening balance	(6,210)	838	13,262	3,939	11,829
Changes in the statement of profit or loss					
Allocation of reinsurance premiums paid	(43,654)	-	-	-	(43,654)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	43,241	(2,110)	41,131
Recoveries and reversal of recoveries of claims on onerous contracts	(349)	(620)	-	-	(969)
	(349)	(620)	43,241	(2,110)	40,162
Reinsurance investment components	(418)	-	418	-	-
Net expenses from reinsurance contracts	(44,421)	(620)	43,659	(2,110)	(3,492)
Net finance income from reinsurance contracts	54	-	-	-	54
Total changes in the statement of profit or loss	(44,367)	(620)	43,659	(2,110)	(3,438)
Cash flows					
Premiums paid	12,285	-	-	-	12,285
Amounts received	-	-	(9,514)	-	(9,514)
Total cash flows	12,285	-	(9,514)	-	2,771
Closing assets	(38,292)	218	47,407	1,829	11,162
Closing assets	29,241	218	32,165	-	61,624
Closing liabilities	(67,533)	-	15,242	1,829	(50,462)
Net closing balance	(38,292)	218	47,407	1,829	11,162

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	2022 (Restated)				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening assets	6,550	911	5,131	6,782	19,374
Opening liabilities	-	-	-	-	-
Net opening balance	6,550	911	5,131	6,782	19,374
Changes in the statement of profit or loss					
Allocation of reinsurance premiums paid	(43,384)	-	-	-	(43,384)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	34,310	(2,843)	31,467
Recoveries and reversal of recoveries of claims on onerous contracts	-	(73)	-	-	(73)
	-	(73)	34,310	(2,843)	31,394
Reinsurance investment components	(50)	-	50	-	-
Net expenses from reinsurance contracts	(43,434)	(73)	34,360	(2,843)	(11,990)
Net finance income from reinsurance contracts	35	-	-	-	35
Total changes in the statement of profit or loss	(43,399)	(73)	34,360	(2,843)	(11,955)
Cash flows					
Premiums paid	30,639	-	-	-	30,639
Amounts received	-	-	(26,229)	-	(26,229)
Total cash flows	30,639	-	(26,229)	-	4,410
Closing assets	(6,210)	838	13,262	3,939	11,829
Closing assets	23,549	838	12,789	-	37,176
Closing liabilities	(29,759)	-	473	3,939	(25,347)
Net closing balance	(6,210)	838	13,262	3,939	11,829

8. Insurance and reinsurance contracts (cont'd.)

8.2 Effect of contracts initially recognised in the year

(a) Life risk

Insurance contracts

	2023		
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Claims and other insurance service expenses payable	(70,500)	(66,430)	(136,930)
Insurance acquisition cash flows	(15,359)	(1,444)	(16,803)
Estimates of present value of cash outflows	(85,859)	(67,874)	(153,733)
Estimates of present value of cash inflows	111,396	66,101	177,497
Risk adjustment for non-financial risk	(1,390)	(225)	(1,615)
CSM	(24,147)	-	(24,147)
Losses recognised on initial recognition	-	(1,998)	(1,998)

	2022 (Restated)		
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Claims and other insurance service expenses payable	(52,835)	(9,486)	(62,321)
Insurance acquisition cash flows	(11,898)	(892)	(12,790)
Estimates of present value of cash outflows	(64,733)	(10,378)	(75,111)
Estimates of present value of cash inflows	87,798	9,733	97,531
Risk adjustment for non-financial risk	(893)	(118)	(1,011)
CSM	(22,172)	-	(22,172)
Losses recognised on initial recognition	-	(763)	(763)

8. Insurance and reinsurance contracts (cont'd.)

8.2 Effect of contracts initially recognised in the year (cont'd.)

(a) Life risk (cont'd.)

Reinsurance contracts

	2023		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	5,083	4,240	9,323
Estimates of present value of cash outflows	(4,607)	(2,624)	(7,231)
Risk adjustment for non-financial risk	159	135	294
Income recognised on initial recognition	-	(879)	(879)
CSM	635	872	1,507

	2022 (Restated)		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	3,709	3,161	6,870
Estimates of present value of cash outflows	(3,463)	(1,863)	(5,326)
Risk adjustment for non-financial risk	102	78	180
Income recognised on initial recognition	-	(742)	(742)
CSM	348	634	982

8. Insurance and reinsurance contracts (cont'd.)

8.2 Effect of contracts initially recognised in the year (cont'd.)

(b) Participating

Insurance contracts

	2023		
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Claims and other insurance service expenses payable	(195,123)	(12,317)	(207,440)
Insurance acquisition cash flows	(38,313)	(6,372)	(44,685)
Estimates of present value of cash outflows	(233,436)	(18,689)	(252,125)
Estimates of present value of cash inflows	251,977	17,403	269,380
Risk adjustment for non-financial risk	(3,176)	(357)	(3,533)
CSM	(15,365)	-	(15,365)
Losses recognised on initial recognition	-	(1,643)	(1,643)

	2022 (Restated)		
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Claims and other insurance service expenses payable	(149,120)	(34,925)	(184,045)
Insurance acquisition cash flows	(33,709)	(15,390)	(49,099)
Estimates of present value of cash outflows	(182,829)	(50,315)	(233,144)
Estimates of present value of cash inflows	202,239	48,888	251,127
Risk adjustment for non-financial risk	(4,199)	(1,043)	(5,242)
CSM	(15,211)	-	(15,211)
Losses recognised on initial recognition	-	(2,470)	(2,470)

8. Insurance and reinsurance contracts (cont'd.)

8.2 Effect of contracts initially recognised in the year (cont'd.)

(b) Participating (cont'd.)

Reinsurance contracts

	2023		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	10,671	905	11,576
Estimates of present value of cash outflows	(9,908)	(799)	(10,707)
Risk adjustment for non-financial risk	305	24	329
Income recognised on initial recognition	-	(584)	(584)
CSM	1,068	(454)	614

	2022 (Restated)		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	15,678	228	15,906
Estimates of present value of cash outflows	(14,440)	(211)	(14,651)
Risk adjustment for non-financial risk	404	6	410
Income recognised on initial recognition	-	(137)	(137)
CSM	1,642	(114)	1,528

8. Insurance and reinsurance contracts (cont'd.)

8.3 Contractual service margin

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

2023

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contracts								
Life risk	(2,762)	(2,572)	(2,419)	(2,223)	(2,044)	(8,133)	(10,465)	(30,618)
Participating	(13,209)	(11,312)	(9,653)	(8,171)	(6,886)	(20,171)	(14,271)	(83,673)
	(15,971)	(13,884)	(12,072)	(10,394)	(8,930)	(28,304)	(24,736)	(114,291)
Reinsurance contracts								
Life risk	230	192	162	141	124	454	1,014	2,317
Participating	940	775	674	599	532	1,852	1,857	7,229
	1,170	967	836	740	656	2,306	2,871	9,546

2022 (Restated)

	1 year or les	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contracts								
Life risk	(3,586)	(3,157)	(2,964)	(2,746)	(2,551)	(10,341)	(13,957)	(39,302)
Participating	(18,747)	(15,854)	(13,752)	(11,845)	(10,164)	(31,910)	(47,110)	(149,382)
	(22,333)	(19,011)	(16,716)	(14,591)	(12,715)	(42,251)	(61,067)	(188,684)
Reinsurance contracts								
Life risk	7	13	16	19	20	105	422	602
Participating	(337)	(265)	(211)	(170)	(136)	(399)	180	(1,338)
	(330)	(252)	(195)	(151)	(116)	(294)	602	(736)

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates

(a) Fullfiment cash flows

Fulfilment cash flows comprise:
- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of fulfillment that reflects the company's best estimate of future cash flows, plus explicit risk adjustments that reflect the company's estimate for non-financial risk.

Estimates of future cash flows

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

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

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the inflation margin, added onto the base risk-free yield.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(a) Fullfiment cash flows (cont'd.)

Estimates of future cash flows (cont'd.)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(a) Fullfiment cash flows (cont'd.)

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

Insurance contracts	Some term assurance and critical illness contracts issued by the Company have annual terms that are guaranteed to be renewable each year. The Company determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Company's expectation of its exposure to risk for that year and, on renewal, the Company can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.
Reinsurance contracts	Each of the Company's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period. Each of the Company's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(a) Fullfiment cash flows (cont'd.)

Mortality (Longevity)

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are developed based on the national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

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

The assumptions applied differ by the type of underwriting style, of which there are 3 main underwriting groups:

(i) Normally underwritten contracts
These contracts are subject to the normal underwriting rules of the company. The risk exposure for these contracts is mostly Malaysian lives. Therefore the Malaysian mortality table is the basis for setting the assumption.

Up to year 2022, the assumption is based on the Malaysian mortality study for the period 2011-2015. From year 2023 and after, the latest Malaysian mortality (i.e. 2016-2020) is the basis for the assumption.

(ii) Automatically accepted contracts
These contracts have support from reinsurance arrangements to limit the Company's mortality exposure. The basis for the assumption is the reinsurance risk rates applicable for the particular arrangement that the contract is covered by.

(iii) EPF Annuity
This is a closed block of life annuity contracts written during the years 2000 and 2001 via EPF. The A90 mortality table is the basis for assumption.

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(a) Fullfiment cash flows (cont'd.)

Morbidity ("Critical Illness")

For contracts that provide benefits upon the diagnosis of any of the prescribed "critical conditions", the basis for the assumption is the reinsurance risk rate.

Lapse and Surrender

Assumptions about lapse and surrender that are used in estimating future cash flows are developed by product type, reflecting recent experience and the expected behaviour of the policyholders within the assumption group.

There are more than 30 assumption groups, each covering contracts that are expected to exhibit similar risk and policyholder behaviour on lapse and surrender. Within each assumption group, the lapse and surrender assumption differs further by the length of period elapsed for the contracts.

The assumption groups are set to reflect the major drivers that the Company believes to have an influence on lapse and surrender behaviour, including:
- Length of boundary
- Existence (or non-existence) of direct participating features
- Existence (or non-existence) of an investment component upon lapse and surrender
- Individual vs. Group contract
- Single premium vs. regular premium
- For EPF annuity contracts before 65 years old, by attained age because the payment upon surrender is related to the attained age.

While setting the assumptions, we may apply the same assumptions onto more than one of the contract groups. The experience for each of the contract groups is too small to be of acceptable credibility, and we perform the experience study with multiple groups grouped together into larger groups that we believe exhibit the same lapse and surrender behaviour (based on the major influencing factors as described).

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(a) Fullfiment cash flows (cont'd.)

Maintenance Expense

Assumptions about maintenance expense that are used in estimating future cash flows are developed by product type, based on the recent experience and the expected cost in maintaining these contracts.

We separate the contracts into the same assumption groups as lapse and surrender. Each group covers contracts that are expected to incur similar effort in maintaining. While setting the assumptions, we may apply the same assumption into more than one of the assumption groups as we see similar maintenance effort across multiple assumption groups.

Investment performance of underlying item

Assumptions about investment performance that are used in estimating future cash flows are based on the company's last-approved long term strategic asset allocation. The Company also considers the investment performance over the past (up to 10) years and the current plus expected market outlook as additional points to be considered before making the assumption.

Discount rates

Cash flows arising from participating contracts is discounted using the best estimate fund-based investment return. The assets that back the cash flows which vary based on the returns of the underlying items are not held separately from the assets that back the cash flows which do not vary based on the returns of the underlying itmes. Applying MFRS17 B77 we apply the discount rate that is appropriate for the cash flows as a whole, and the discount rate reflects the variability of the cash flows.

All other cash flows are discounted using risk-free yield curve applicable for Malaysian Government bonds, observed and published via the Bond Pricing Agency Malaysia. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations.

All risk-free yields come from published information on Bond Pricing Agency Malaysia for terms to maturity up to 15 years. For terms to maturity greater than 15 years, the Smith Wilson extrapolation approach is applied to calculate the yields of up to 100 years term to maturity. In this regard, we believe the ultimate yield at 100 years to maturity is 5.0% per year.

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(a) Fullfiment cash flows (cont'd.)

Illiquidity Premium

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium where applicable to certain contract groups that are assessed as "illiquid contracts". Illiquidity premium is calculated by comparing the expected returns of the allocation of that contract group into assets classes that are deemed illiquid, and calculate their average return spread over the equivalent 10-year Malaysian Government bond. The assets that are deemed as illiquid are "Low Risk bonds" and corporate bonds.

As at the reporting date we deteremined that 2 of our contract groups are assessed to be "illiquid" and we apply an illiquidity premium of 0.15% onto the yearly discount rate. These contract groups are:

- group mortgage contracts; and
- individual investment-linked contracts with significant riders attached.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The approach for determing the fulfillment cash flows with risk adjustment is via adjustments in the projection assumptions used for the Best Estimate Liability of Fulfilment Cash Flows ("BEL FCF"). The amount of risk adjustment ("RA") would then be:

By default, the RA is calculated as the excess of the discounted value of the FCF projected at BEL+RA level over the discounted value at BEL. For certain contract groups the RA is calculated using different subsets of fulfillments as a result of the different designs of the contracts:

- Participating: the excess of the discounted value of the total FCF projected at BEL+RA level over the discounted value at BEL;
- Participating (investment-linked): the excess of the discounted value of the entity FCF projected at BEL+RA level over the discounted value at BEL;
- Short-term: the excess of the undiscounted value of the liability for remaining coverage at the BEL+RA level over the liability for remaining coverage at BEL.

The risk adjustment aims to secure at least a 75% confidence level for the fulfillment.

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(b) Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

For all contracts, the basis for determining the coverage unit is driven by the level of contractual benefits that the entity is obliged to pay to the policyholder.

Type of contract	Basis for driving coverage unit
Participating Annuity	- Before annuity commences: surrender value, or mortality benefit if higher - After annuity commences: discounted value of life annuity
Participating others	Max (surrender value, asset share, insurance benefit)
Non-participating	Max (surrender value, insurance benefit)
Investment-linked	Insurance benefit
Medical contracts	Remaining claimable medical benefit
Reinsurance	Benefit reinsured

Risk mitigation option

The Company uses reinsurance contracts to mitigate the insurance risk underwritten.

(c) Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

For reinsurance contracts held, the investment component is an amount that the Company would receive under all possible scenarios, whether had there been no claims recovered, small claims recovered (resulting in a reinsurance profit sharing being paid) or excessive claims recovered (resulting in a reinsurance loss carried forward).

8. Insurance and reinsurance contracts (cont'd.)

8.4 Significant judgements and estimates (cont'd.)

(d) Fair value of insurance contracts

The Company has applied the fair value approach on transition to MFRS 17. The Company has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin, determined using a confidence level technique that secures at least 75% confidence on the fulfillment.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.

The Company's approach to measuring fair value differs from the MFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition. In particular, in measuring fair value of the insurance contract liability of the Company:

- considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear; and

- uses the risk free discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of the Company's non-performance risk.

- includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, the Company allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants - e.g. general operational risk.

9. Other receivables

	2023 RM'000	2022 RM'000
Financial assets:		
Income due and accrued	38,434	39,310
Other receivables	2,914	2,927
Due premiums including agents/brokers and coinsurers balances	122	122
	41,470	42,359
Non-financial assets:		
Prepayments	8,639	8,544
	50,109	50,903

The carrying amounts of financial assets above approximate their fair values due to the relatively short-term maturity of these balances.

10. Non-current assets held for sale

	Note	2023 RM'000	2022 RM'000
At 1 January		1,246	4,002
Transfer to property and equipment	3	-	(308)
Disposals		(550)	(2,448)
At 31 December		696	1,246

In the current and previous years, the Company has entered into various Sale and Purchase Agreements for disposal of properties. The disposal of the remaining one property has yet to be completed as at the date of these financial statements.

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment are not depreciated or amortised once classified as held for sale.

Non-current assets classified as held for sale and any cumulative income or expense recognised in other comprehensive income relating to assets classified as held for sale are presented separately as current items in the statement of financial position.

11. Share capital

	<-------- 2023 -------->		<-------- 2022 -------->	
Issued and paid-up:	**No. of shares ('000)**	**RM'000**	**No. of shares ('000)**	**RM'000**
Ordinary shares				
At beginning and end of year	100,284	125,024	100,284	125,024

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

12. Retained profits

The non-distributable retained profits represent the unallocated surplus from the Participating and Non Participating funds. In accordance with Section 83 of the Financial Services Act 2013, the unallocated surplus is only available for distribution to the shareholders upon recommendation by the Appointed Actuary.

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

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. 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 capital level.

13. Deferred tax liabilities

	Note	2023 RM'000	2022 RM'000 Restated
At 1 January 2022, as previouly reported		32,118	38,336
Adjustment on initial application of MFRS 17		-	7,490
Restated at 1 January 2022		32,118	45,826
Recognised in:			
Income statement			
- Taxation of the Company	24	22,108	(13,642)
Insurance contract liabilities		(33)	(66)
At 31 December		54,193	32,118

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

	2023 RM'000	2022 RM'000 Restated
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	62,184	42,114
Deferred tax assets	(7,991)	(9,996)
	54,193	32,118

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

	Accelerated capital allowances RM'000	Assets revaluation reserves RM'000	Fair value of investment assets RM'000	Unallocated surplus RM'000	Total RM'000
Deferred tax liabilities					
As at 1 January 2022, as previouly reported	700	801	12,144	25,232	38,877
Adjustment on initial application of MFRS 17	-	-	-	7,490	7,490
Restated at 1 January 2022	700	801	12,144	32,722	46,367
Recognised in:					
Income statement	-	(47)	(10,844)	6,704	(4,187)
Insurance contract liabilities	-	(66)	-	-	(66)
As at 31 December 2022/1 January 2023	700	688	1,300	39,426	42,114
Recognised in:					
Income statement	-	-	11,378	8,725	20,103
Insurance contract liabilities	-	(33)	-	-	(33)
As at 31 December 2023	700	655	12,678	48,151	62,184

13. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (cont'd.):

	Accretion and amortisation on investment assets RM'000	Total RM'000
Deferred tax assets		
At 1 January 2022	(541)	(541)
Recognised in income statement	(9,455)	(9,455)
At 31 December 2022/1 January 2023	(9,996)	(9,996)
Recognised in income statement	2,005	2,005
At 31 December 2023	(7,991)	(7,991)

As at 31 December 2023, Malaysia have substantively enacted new legislation to implement the global minimum top-up tax. The Company expects to be subjected to the top-up tax. However, since the newly enacted tax will only come into effect in year 2025, there is no current year tax impact for the year ended 31 December 2023.

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Company is currently assessing the financial impact of adopting top-up tax.

14. Lease liabilities

	2023 RM'000	2022 RM'000
As at 1 January	18,526	22,511
Additions (Note 5)	2,042	615
Interest expense on lease liabilities	850	961
Lease payment	(6,492)	(5,561)
As at 31 December	14,926	18,526

15. Other payables

	Note	2023 RM'000	2022 RM'000
Financial liabilities:			
Other creditors		26,863	29,646
		26,863	29,646
Non-financial liabilities:			
Provision for retirement medical benefits	(i)	8,603	8,225
Accrued expenses		11,909	20,919
Other provisions	(ii)	20,153	17,800
		40,665	46,944
		67,528	76,590

(i) Provision for retirement medical benefits

This relates to medical benefits provided to certain former employees after retirement.

The movement of the present value of the defined benefit obligation recognised in the statement of financial position is as follows:

	2023 RM'000	2022 RM'000
As at 1 January	8,225	8,192
Provision made/(released) during the year	246	(308)
Medical benefits paid	(330)	(324)
Unwinding of discount rate	462	665
As at 31 December	8,603	8,225

Principal actuarial assumptions used at the end of the financial year is as follows:

	2023	2022
Mortality	M11/15	M11/15
Inflation rate (per annum)	10%	10%

The mortality assumption is based on the experience of Malaysian insured lives between year 2011 to 2015 (2022: year 2011 to 2015).

15. Other payables (cont'd.)

(i) Provision for retirement medical benefits (cont'd.)

The discount rate used is the best estimate of investment returns for participating and annuity business. The gross investment return is 5.50% (2022: 5.50%) for the participating business and 5.00% (2022: 5.00%) for the annuity business. The spot-yields curve of MGS is used for non-participating and investment-linked non-unit funds.

The following tables demonstrates the sensitivity of provision for retirement medical benefits to a reasonable change in discount rate on profit before taxation and equity:

	<---------- Increase/(Decrease) ----------->		
	Changes in basis points	**Impact on profit before taxation RM'000**	**Impact on equity* RM'000**
2023			
Interest rates	+ 100 bps	206	157
Interest rates	- 100 bps	(222)	(169)
2022			
Interest rates	+ 100 bps	199	151
Interest rates	- 100 bps	(216)	(164)

* Impact on equity reflects adjustments for tax, when applicable.

The carrying amounts of financial liabilities disclosed above approximate fair value at the reporting date.

(ii) Other provisions

Bank Negara Malaysia had issued a Policy Document on Investment-linked Business in 2019 to include minimum allocation rate. Arising from the requirements of this new Policy Document, the operating fund has provided for these additional amounts and number of new units to be created to unitholders were created and finalised in 2023. As at 31 December 2022, the NAV per unit as disclosed in the Statement of Financial Position were computed based on the units in circulation as at that date and prior to the creation of these new units.

The exercise was fully completed in 2023 and there are no more units to be created arising from this as at 31 December 2023.

16. Subordinated notes

	2023 RM'000	2022 RM'000
RM200.0 million Tier 2 subordinated notes, net of expenses	199,065	198,973
Add: interest payable	87	87
	199,152	199,060
Payable within 12 months	(9)	(4)
Payable after 12 months	199,161	199,064
	199,152	199,060

In 29 December 2021, the Company issued subordinated notes of RM200.0 million nominal value for a period of 10 years on a 10 non-callable 5 basis with a coupon rate of 5.30% per annum.

The subordinated notes are unsecured liabilities and classified as Tier 2 capital under Risk Based Capital Framework for Insurers.

Reconciliation of changes in liabilities arising from financing activities:

	2023 RM'000	2022 RM'000
At 1 January	199,060	199,035
Transaction cost	-	(58)
Amortisation of transaction cost	92	83
Accrued interest	10,600	10,600
Interest paid	(10,600)	(10,600)
At 31 December	199,152	199,060

The fair value of the subordinated notes amounted to RM222,118,000, estimated based on discounted cash flow model using current yield curve appropriate for the remaining term to maturity.

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(Incorporated in Malaysia)

17. Insurance revenue

	Life risk		Participating		Short-term		Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Contracts not measured under the PAA								
Amounts relating to changes in liabilities for remaining coverage								
- CSM recognised for services provided	2,651	3,041	16,516	23,561	-	-	19,167	26,602
- Change in risk adjustment for non-financial risk for risk expired	527	630	6,436	6,252	-	-	6,963	6,882
- Expected incurred claims and other insurance service expenses	39,263	38,789	146,669	148,927	-	-	185,932	187,716
Other	(568)	95	15,157	3,664	-	-	14,589	3,759
Recovery of insurance acquisition cash flows	2,485	805	10,188	4,717	-	-	12,673	5,522
	44,358	43,360	194,966	187,121	-	-	239,324	230,481
Contracts measured under the PAA	-	-	-	-	172,622	220,357	172,622	220,357
Total insurance revenue	44,358	43,360	194,966	187,121	172,622	220,357	411,946	450,838

18. Insurance service expense

	Life risk		Participating		Short-term		Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Insurance service expense								
Incurred claims and other insurance service expense								
- Reported claims	15,955	12,865	65,293	52,976	120,066	123,224	201,314	189,065
- IBNR & RA	(139)	(43)	(3,669)	(35)	(9,310)	3,015	(13,118)	2,937
- Insurance acquisition expense incurred	-	-	-	-	19,265	42,264	19,265	42,264
- Insurance acquisition expense experience adjustment	27	14	102	(308)	-	-	129	(294)
- Incurred maintenance expenses	20,388	19,818	105,606	95,262	26,271	17,875	152,265	132,955
	36,231	32,654	167,332	147,895	156,292	186,378	359,855	366,927
Amortisation of insurance acquisition cash flows	2,485	805	10,188	4,717	-	-	12,673	5,522
Lossess and reversal of losses on onerous contracts	3,027	947	1,070	29,045	(1,228)	(1,595)	2,869	28,397
Adjustments to liabilities for incurred claims	690	(653)	(720)	(2,090)	(156)	(1,731)	(186)	(4,474)
Total insurance service expense	42,433	33,753	177,870	179,567	154,908	183,052	375,211	396,372

18. Insurance service expense (cont'd)

	Note	2023 RM'000	2022 RM'000 Restated
Claims and benefits		188,010	187,528
Fees and commissions		81,352	96,847
Losses on onerous insurance contracts		2,869	28,397
Employee benefits expenses	(a)	80,634	75,815
Directors' remuneration		1,453	1,540
Auditors' remuneration:			
- statutory audits		680	504
- regulatory related services		120	86
- other services		1,290	928
Office rental		42	45
Equipment rental		270	216
Depreciation of property and equipment	3	7,255	4,892
Amortisation of intangible assets	6	5,479	2,672
Amortisation of right-of-use assets	5	4,856	5,037
Entertainment		1,011	963
Electronic data processing expenses		11,249	9,377
Advertising and promotion		1,672	11,940
Repair and maintenance		1,641	1,345
Agency training		6,426	3,773
Printing and stationery		1,164	829
Electricity and water		1,007	900
Telephone and postages		388	307
Consultancy and legal fees		9,977	6,600
Finance and bank charges		3,109	3,604
Other expenses		12,607	10,311
		424,561	454,456
Amounts attributed to insurance acquisition cash flows incurred during the year		(78,750)	(102,570)
Amortisation of insurance acquisition cash flows		32,067	47,492
		377,878	399,378
Represented by:			
Insurance service expenses		375,211	396,372
Included in other operating expenses		2,667	3,006
		377,878	399,378

(a) Employee benefits expenses

	2023 RM'000	2022 RM'000
Wages and salaries	48,496	44,216
Contributions to defined contribution plan, EPF	8,737	8,689
Social security contributions	407	350
Employee Insurance Scheme	46	39
Other benefits	22,948	22,521
	80,634	75,815

19. Net income/(expense) from reinsurance contracts

	2023			
	Life risk RM'000	**Participating RM'000**	**Short-term RM'000**	**Total RM'000**
Allocation of reinsurance premiums paid	(6,078)	(17,361)	(43,654)	(67,093)
Amounts recoverable from reinsurers				
- Recoveries of incurred claims and other insurance service expenses	3,534	27,752	41,131	72,417
- Recoveries and reversal of recoveries of claims on onerous underlying contracts	863	(1,787)	(969)	(1,893)
Adjustment to assets for incurred claims	-	-	-	-
Total net expenses from reinsurance contracts	(1,681)	8,604	(3,492)	3,431

	2022			
	Life risk RM'000	**Participating RM'000**	**Short-term RM'000**	**Total RM'000**
Allocation of reinsurance premiums paid	(6,186)	(20,335)	(43,384)	(69,905)
Amounts recoverable from reinsurers				
- Recoveries of incurred claims and other insurance service expenses	3,130	21,024	31,467	55,621
- Recoveries and reversal of recoveries of claims on onerous unerlying contracts	868	6,978	(73)	7,773
Adjustment to assets for incurred claims	-	-	-	-
Total net expenses from reinsurance contracts	(2,188)	7,667	(11,990)	(6,511)

20. Investment income

	2023 RM'000	2022 RM'000
Net amortisation of premiums on investment (Note 7(d))	(2,314)	(2,096)
FVTPL:		
Interest income	151,257	152,601
Dividend income:		
- Quoted equity securities	15,428	14,264
- Quoted exchange traded funds	3,858	2,443
- Quoted unit and property trust funds	2,782	2,715
- Unquoted equity securities	681	1,244
- Unquoted unit trust funds	-	861
Amortised cost	207	188
Bank balances interest income	171	202
Other investment income	3,881	2,500
Gross investment income	175,951	174,922
Less: Investment expenses	(85)	(89)
	175,866	174,833

21. Realised gains/(losses)

	2023 RM'000	2022 RM'000
FVTPL:		
Quoted equity securities	4,051	(4,604)
Unquoted debt securities	4,595	1,580
Quoted unit and property trust funds	3,595	1,390
	12,241	(1,634)

22. Fair value gains/(losses)

	2023 RM'000	2022 RM'000
Financial instruments:		
Malaysian Government securities	31,024	(21,831)
Government investment issues	11,450	(7,964)
Malaysian Government guaranteed bonds	18,180	(16,154)
Quoted equity securities	(14,290)	101
Quoted unit and property trust funds	57,745	(756)
Quoted exchange traded funds	-	(27,325)
Unquoted equity securities	800	1,000
Unquoted debts securities	42,851	(51,974)
Unquoted unit trust funds	-	(23,811)
	147,760	(148,714)

23. Net finance (expense)/income

	2023			
	Life risk RM'000	Participating RM'000	Short-term RM'000	Total RM'000
Net finance expenses from insurance contracts				
Changes in fair value of underlying items	-	(278,146)	-	(278,146)
Experience adjustment in underlying items	-	(27,673)	-	(27,673)
Interest accretion	(5,893)	(814)	(3,166)	(9,873)
Total net finance expenses from insurance contracts	(5,893)	(306,633)	(3,166)	(315,692)
Net finance income from reinsurance contracts	247	300	54	601

	2022			
	Life risk RM'000	Participating RM'000	Short-term RM'000	Total RM'000
Net finance expenses from insurance contracts				
Changes in fair value of underlying items	-	(2,742)	-	(2,742)
Experience adjustment in underlying items	-	(24,773)	-	(24,773)
Interest accretion	(9,109)	(2,905)	(3,342)	(15,356)
Total net finance expenses from insurance contracts	(9,109)	(30,420)	(3,342)	(42,871)
Net finance income from reinsurance contracts	425	334	35	794

24. Taxation

	2023 RM'000	2022 RM'000 Restated
Taxation of the Company	31,422	3,331
	31,422	3,331
Tax expense attributable to policyholders	17,795	(2,268)
Tax expense attributable to shareholders	13,627	5,599
	31,422	3,331

	2023 RM'000	2022 RM'000 Restated
Tax expenses:		
Current tax	9,314	16,973
Deferred tax	22,108	(13,642)
	31,422	3,331
Current income tax:		
Malaysian income tax	9,410	17,431
Over provision of income tax expense in prior years	(96)	(458)
	9,314	16,973
Deferred tax:		
Relating to origination and reversal of temporary differences	22,108	(13,642)
	31,422	3,331

The income tax for the Company is calculated based on the tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

24. Taxation (cont'd.)

(a) Reconciliation of income tax expense

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

	2023 RM'000	2022 RM'000 Restated
Profit before taxation	40,947	8,715
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	9,827	2,092
Utilisation of Section 110B credit	-	(2,056)
Tax expense attributable to policyholders	17,795	(2,268)
Expenses not deductible for tax purposes	3,896	6,021
Income not taxable for tax purposes	-	-
Over provision of income tax expense in prior years	(96)	(458)
Tax expense for the year	31,422	3,331

25. Earnings per share

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

	2023	2022 Restated
Profit attributable to ordinary equity holders: (RM'000)	9,525	5,384
Weighted average number of shares in issue ('000)	100,284	100,284
Basic and diluted earnings per share: (sen)	9.5	5.4

There were no dilutive potential ordinary shares as at the reporting date.

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

26. Dividends

	Amount		Net dividend per share	
	2023	2022	2023	2022
	RM'000	RM'000	Sen	Sen
Approved and paid:				
Dividend paid in respect of the financial year ended 31 December 2022:				
Final single tier dividend paid on 14 July 2022	-	19,997	-	19.94
Dividend paid in respect of the financial year ended 31 December 2023:				
Final single tier dividend paid on 14 July 2023	8,995	-	8.97	-
	8,995	19,997	8.97	19.94

Dividends on ordinary shares are recognised as a liability and accounted for in the shareholders' equity as an appropriation of retained profits when they are approved for payment.

Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the reporting date.

27. Cash flows

	Note	2023 RM'000	2022 RM'000 Restated
Profit before taxation		40,947	8,715
Investment income	20	(175,866)	(174,833)
Realised (gains)/losses	21	(12,241)	1,634
Fair value (gains)/losses	22	(147,760)	148,714
Purchases of FVTPL financial instruments	7(d)	(664,517)	(1,318,793)
Proceeds from sale of FVTPL financial instruments	7(d)	751,286	810,478
Decrease in financial instruments at amortised cost	7(d)	121	131
Interest expense on lease liabilities	14	850	961
Interest expense on subordinated notes		10,600	10,600
Investment income received		176,742	170,182
Loss on disposal of non-current assets held for sale		725	-
Non-cash items:			
Depreciation of property and equipment	3	7,255	4,892
Amortisation of right-of-use assets	5	4,856	5,037
Amortisation of intangible assets	6	5,479	2,672
Amortisation of Sub Debt Transaction Cost	16	92	83
Revaluation (surplus)/deficit		(33)	185
Non-current assets written-off		-	-
Net amortisation of investments	20	2,314	2,096
Write back of impairment loss on loan receivables	7(d)	69	5
Impairment loss on receivables		-	-
Changes in working capital:			
Reinsurance contract assets		(26,534)	(29,783)
Insurance contract assets		(2,593)	(30,163)
Other receivables		(82)	(1,263)
Insurance contract liabilities		37,571	(102,161)
Reinsurance contract liabilities		21,360	30,174
Other payables		(9,062)	(17,534)
Cash generated from/(used in) operating activities		21,579	(477,971)

The Company classifies the cash flows from the acquisition and disposal of financial instruments as operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of the cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under operating activities.

28. Operating lease arrangements

The Company as lessor

The Company has entered into non-cancellable operating lease arrangements on its portfolio of properties. The leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2023 RM'000	2022 RM'000
Receivable within one year	190	140
Receivable after one year	134	164
	324	304

29. Capital commitments

The commitments of the Company as at the reporting date are as follows:

	2023 RM'000	2022 RM'000
Approved and contracted for:		
Property and equipment	1,517	-
Approved but not contracted for:		
Property and equipment	58,646	65,312

30. Significant related party disclosures

(a) Related parties

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

Name	Relationship
Sanlam Life Insurance Limited	Holding company of SEM
Sanlam Emerging Markets Proprietary Limited ("SEM")	Immediate holding company
SEM South East Asia Sdn Bhd	Subsidiary of SEM
Pacific & Orient Insurance Co. Berhad	Associate of SEM
Koperasi MCIS Berhad	Corporate shareholder

30. Significant related party disclosures (cont'd.)

(a) Related parties (cont'd.)

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

	2023 RM'000	2022 RM'000
Transactions with related parties:		
(i) Rental and utility expenses		
Koperasi MCIS Berhad	(3,934)	(3,853)
(ii) Secretarial fees received/receivable		
SEM South East Asia Sdn Bhd	14	28
(iii) Management support, internal audit support and actuarial audit paid/payable		
Sanlam Life Insurance Limited	(111)	(394)
(iv) Premium for insurance cover paid		
Pacific & Orient Insurance Co. Berhad	(49)	(45)
(v) Sponsor for corporate social responsibility activities paid		
Koperasi MCIS Berhad	(40)	(30)
(vi) License fee on online search tool payable		
SEM	-	(9)
(vii) End-to-end watch list and sanctions screening solution service paid/payable		
SEM	(66)	(87)
(viii) Candidate assessment for hiring purpose		
Sanlam Life Insurance Limited	(6)	-
Balances with related parties:		
(i) Reimbursable costs to		
Sanlam Life Insurance Limited	138	230
SEM	141	75
(ii) Recovery from		
SEM South East Asia Sdn Bhd	14	14

30. Significant related party disclosures (cont'd.)

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. In line with this classification, the key management personnel of the Company includes directors, CEO and the senior management team.

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

	2023 RM'000	2022 RM'000
Directors' remuneration:		
Directors' allowances and other emoluments	1,404	1,495

	2023 RM'000	2022 RM'000
CEO's remuneration:		
Salary and allowances	1,777	1,682
Bonus	969	1,053
Other benefits	437	425
	3,183	3,160
Other key management personnel:		
Wages and salaries	6,661	6,667
Other short term benefits	3,831	3,474
Benefits-in-kind	504	114
	10,996	10,255

31. Regulatory capital requirement

The capital structure of the Company as prescribed under RBC Framework is provided as below:

	2023 RM'000	2022 RM'000 Restated
Tier 1 capital		
Share capital (paid-up)	125,024	125,024
Reserves, including retained earnings	755,705	803,153
	880,729	928,177
Tier 2 capital		
Revaluation reserves	7,532	7,918
Subordinated notes	199,152	199,060
	206,684	206,978
Deductions	(26,742)	(28,208)
Total capital available as at 31 December	1,060,671	1,106,947

32. Contingent liabilities

There were no contingent liabilities as at the date of this report.

33. Insurance risk

Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Company to financial loss and may result in the inability to meet its liabilities.

The Company's life insurance businesses are exposed to a range of life insurance risks from various products. In providing insurance protection, the Company has to manage risks such as mortality (the death of policyholder), morbidity (ill health), longevity (annuity), persistency (lapsation), product design and pricing.

The mortality and morbidity risks are managed through the use of reinsurance to transfer risks in excess of the Company's risk appetite, appropriate actuarial methodologies/techniques for reserving as well as other risk mitigating measures.

Persistency (or lapsation) risk is managed through monitoring of experience. Where possible, the potential financial impact of lapses is reduced by persistency management, product design requirements, experience monitoring and management actions.

Poorly designed or inadequately priced products may lead to both financial loss and reputation risk to the Company. Policies have been developed to support the Company through complete product development processes, financial analysis and pricing.

The table below shows the concentration of life insurance contract liabilities by type of contract as at the reporting date:

Life insurance contract liabilities	**Direct Insurance Contracts RM'000**	**Reinsurance Contracts Held RM'000**	**Net RM'000**
2023			
Life risk	(351,914)	11,609	(340,305)
Participating	(3,318,217)	2,486	(3,315,731)
Short-term	(145,272)	11,162	(134,110)
	(3,815,403)	25,257	(3,790,146)

33. Insurance risk (cont'd.)

The table below shows the concentration of life insurance contract liabilities by type of contract as at the reporting date: (cont'd.)

Life insurance contract liabilities	Direct Insurance Contracts RM'000	Reinsurance Contracts Held RM'000	Net RM'000
2022 (Restated)			
Life risk	(286,198)	12,344	(273,854)
Participating	(3,320,200)	(4,090)	(3,324,290)
Short-term	(173,642)	11,829	(161,813)
	(3,780,040)	20,083	(3,759,957)

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia only.

Key assumptions

Material judgment is required in the choice of assumptions to determine the value of life insurance liabilities. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The sensitivity analysis below shows the impact of changes in key assumptions on the value of life insurance liabilities. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on liabilities. The correlation of assumptions will have a significant effect in determining the liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

There are no material change to the methods used to derive assumptions from the previous year.

33. Insurance risk (cont'd.)

Key assumptions (cont'd.)

The table below analyses how the CSM, profit or loss and equity would have increased/ (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Change in assumptions	CSM		Profit or loss		Equity	
		Gross	Net	Gross	Net	Gross	Net
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		< ---------------------------------- Increase/(Decrease)				---------------------------------- >	
2023							
Fund based yield	+1%	(379,044)	(367,832)	(28,065)	(98,835)	(21,329)	(75,115)
Fund based yield	-1%	215,412	184,491	(28,065)	(56,703)	(21,329)	(43,094)
Lapse rates	+25%	79,589	79,342	(64,764)	(128,622)	(49,221)	(97,753)
Lapse rates	-25%	17,872	36,766	12,314	(60,218)	9,358	(45,766)
Loss ratio	+10%	83,252	104,145	470	(46,470)	357	(35,317)
Loss ratio	-10%	(1,955)	(10,784)	(45,201)	(131,448)	(34,353)	(99,900)
Mortality rates	+25%	49,753	93,446	5,117	(40,630)	3,889	(30,879)
Mortality rates	-25%	41,740	(14,551)	(42,958)	(102,050)	(32,648)	(77,558)
Risk-free yield	+1%	51,380	58,169	(73,499)	(142,425)	(55,860)	(108,243)
Risk-free yield	-1%	55,210	68,355	32,546	(35,690)	24,735	(27,124)
Unit cost	+25%	109,458	108,756	(13,760)	(72,600)	(10,457)	(55,176)
Unit cost	-25%	(7,786)	10,817	(40,695)	(118,867)	(30,929)	(90,339)

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(Incorporated in Malaysia)

33. Insurance risk (cont'd.)

Key assumptions (cont'd.)

	Change in assumptions %	CSM Gross RM'000	CSM Net RM'000	Profit or loss Gross RM'000	Profit or loss Net RM'000	Equity Gross RM'000	Equity Net RM'000
		< --------------------------------	Increase/(Decrease)			-------------------------------- >	
2022 (Restated)							
Fund based yield	+1%	(100,644)	(100,882)	-	239	-	181
Fund based yield	-1%	126,826	120,516	-	6,310	-	4,795
Lapse rates	+25%	14,224	11,230	(13,368)	(9,218)	(10,160)	(7,006)
Lapse rates	-25%	(19,481)	(15,617)	20,428	16,516	15,525	12,552
Loss ratio	+10%	11,828	14,685	8,570	16,568	6,513	12,592
Loss ratio	-10%	(12,981)	(16,412)	(1,774)	(7,254)	(1,348)	(5,513)
Mortality rates	+25%	(15,405)	(1,963)	14,366	24,887	10,919	18,914
Mortality rates	-25%	4,825	(23,789)	(2,660)	1,781	(2,022)	1,354
Risk-free yield	+1%	(97)	(532)	(20,478)	(20,617)	(15,564)	(15,669)
Risk-free yield	-1%	888	1,372	25,191	25,494	19,145	19,376
Unit cost	+25%	11,210	6,556	5,010	9,680	3,808	7,357
Unit cost	-25%	(28,923)	(24,704)	(1,474)	(5,676)	(1,120)	(4,314)

34. Financial risk

Market and credit risk

Market risk is the risk of asset or liability values being adversely affected by movement in the market prices or rates. This includes interest rate risk, currency risk and equity price risk.

The Company manages market risk by setting policies on asset allocation, investment limits and diversification benchmarks. The Company adopts the asset liability matching criteria to minimise the impact of mismatches between the values of assets and liabilities from market movements.

Exposure to fixed income securities provides the Company's largest market risk exposure. The Company monitors its exposure levels through regular stress/sensitivity testing and constant market supervision of the asset prices. The Company has not transacted in any derivatives.

(a) Interest rate risk

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

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed rate instrument expose the Company to fair value interest rate risk. The Company's exposure to interest rate risk arises primarily from investment in fixed income securities and deposits with licensed institutions.

The carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk is as disclosed in Note 7(g).

<u>Sensitivity analysis:</u>

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of floating rate financial assets and liabilities) and equity (that reflects adjustments to profit before taxation). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate 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.

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(a) Interest rate risk (cont'd.)

	<------------- (Decrease)/Increase		----------->
	Changes in basis points	Impact on profit before taxation RM'000	Impact on equity* RM'000
2023			
Interest rates	+ 100 bps	(45,638)	(34,754)
Interest rates	- 100 bps	29,983	22,829
2022			
Interest rates	+ 100 bps	(35,125)	(26,747)
Interest rates	- 100 bps	34,763	26,467

* Impact on equity reflects adjustments for tax, when applicable.

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

The impact from change in interest rate to the insurance contract liabilities have been disclosed in Note 34.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) with minimal exposure to foreign currency risks.

(c) Equity price risk

Equity price risk is the risk that the fair value of equity assets will be adversely affected by movement in market prices (other than those arising from interest risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(c) Equity price risk (cont'd.)

The Company's exposure to equity price risk arises from its investment in quoted equities traded in the Bursa Malaysia. The Company manages its exposure to equity price risk by setting policies and investment parameters governing asset allocation and investments limits, having regard to such limits stipulated by BNM as well as specific assessment for equity investments falling below 30% of its average historical cost or a prolonged decline in value for 12 consecutive months.

<u>Sensitivity analysis:</u>

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit after taxation). The correlation of variables will have a significant effect in determining the ultimate impact on price 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.

	<------------- Increase/(Decrease) ----------->		
	Change in variables %	Impact on profit before taxation RM'000	Impact on equity* RM'000
2023			
Market indices:			
Market value	+10%	76,761	2,924
Market value	-10%	(76,761)	(2,924)
2022			
Market indices:			
Market value	+10%	68,422	2,549
Market value	-10%	(68,422)	(2,549)

* Impact on equity reflects adjustments for tax, when applicable.

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

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(d) Credit risk

Credit risk is the risk of a financial loss resulting from the failure of 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 and deposits, obligations of reinsurers through reinsurance contracts and receivables from sales of insurance policies. The Company has in place a credit control policy and investment policy to manage its credit risk.

The Company manages the exposure to individual counterparties pertaining to its investment in fixed income securities, by measuring the exposure against internal limits, taking into consideration the credit ratings issued by the authorized rating agencies.

The Company actively monitors and considers the risk of a fall in value of the fixed income securities from changes in the credit worthiness of the issuer by managing individual exposures as well as the concentration of credit risks in its fixed income portfolio through asset allocation, observing minimum credit rating requirements, maximum limits for corporate debt, maximum duration as well as setting maximum permitted exposures to individual counterparties or group of counterparties.

Cash and deposits are placed with financial institutions licensed under the Financial Services Act, 2013 which are regulated by BNM, guided by the Company's approved exposure limits and minimum credit rating requirements.

Reinsurance arrangements are only placed with providers who meet the Company's counterparty credit standards and satisfy the minimum credit rating requirements of the Company. The Company reviews the credit condition of its reinsurers on an on-going basis and reviews its reinsurance arrangements periodically. The Company cedes business to reinsurers that satisfy the minimum credit rating requirements of the Company.

In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Company has no material credit risk on unit-linked financial assets.

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure

At the reporting date, the Company's maximum exposure to credit risk is represented by the amount of each class of financial and insurance assets recognised in the statement of financial position as shown in the table below:

	2023 RM'000	2022 RM'000 Restated
FVTPL		
Malaysian Government securities	979,509	1,038,928
Government investment issues	224,221	214,929
Malaysian Government guaranteed bonds	426,656	487,140
Unquoted debt securities	1,603,545	1,506,202
Deposits with financial institutions	248,961	283,340
Amortised cost		
Loans receivables	1,825	2,015
Reinsurance contract assets	76,791	50,257
Insurance contract assets	32,973	30,380
Other receivables	41,470	42,359
Cash and bank balances	38,856	47,417
Total credit risk exposure	3,674,807	3,702,967

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Rating Agency Malaysia, Malaysian Rating Corporation Berhad, A.M. Best Company and Standard and Poor's credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

2023	<---- Neither past-due nor impaired ----> Investment grade (BBB to AAA) RM'000	Non-investment grade (C to BB) RM'000	Not-rated RM'000	Unit linked RM'000	Past-due but not impaired RM'000	Total RM'000
FVTPL						
Malaysian Government securities	-	-	979,098	411	-	979,509
Government investment issues	-	-	224,005	216	-	224,221
Malaysian Government guaranteed bonds	-	-	426,656	-	-	426,656
Unquoted debt securities	1,551,972	-	-	51,573	-	1,603,545
Deposits with financial institutions	213,050	-	-	35,911	-	248,961
Amortised cost						
Loans receivables	-	-	1,825	-	-	1,825
Reinsurance contract assets	76,791	-	-	-	-	76,791
Insurance contract assets	32,973	-	-	-	-	32,973
Other receivables	37,626	-	3,037	807	-	41,470
Cash and bank balances	38,084	-	-	772	-	38,856
Total credit risk exposure	1,950,496	-	1,634,621	89,690	-	3,674,807

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

2022 (Restated)	<---- Neither past-due nor impaired ----> Investment grade (BBB to AAA) RM'000	Non-investment grade (C to BB) RM'000	Not-rated RM'000	Unit linked RM'000	Past-due but not impaired RM'000	Total RM'000
FVTPL						
Malaysian Government securities	-	-	1,034,823	4,105	-	1,038,928
Government investment issues	-	-	214,719	210	-	214,929
Malaysian Government guaranteed bonds	-	-	487,140	-	-	487,140
Unquoted debt securities	1,460,896	-	-	45,306	-	1,506,202
Deposits with financial institutions	266,727	-	-	16,613	-	283,340
Amortised cost						
Loans receivables	-	-	2,015	-	-	2,015
Reinsurance contract assets	50,257	-	-	-	-	50,257
Insurance contract assets	30,380	-	-	-	-	30,380
Other receivables	38,596	-	3,050	713	-	42,359
Cash and bank balances	45,300	-	-	2,117	-	47,417
Total credit risk exposure	1,892,156	-	1,741,747	69,064	-	3,702,967

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

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

The Company has not provided the credit risk analysis for the financial assets of the unit linked business where the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholders do not have direct exposure to any credit risk in those assets.

Reconciliation of allowance for impairment

Movement in allowances for impairment for financial assets are as follows:

	Loans receivables RM'000 (Note 7(b))
Life-time expected credit loss	
At 1 January 2022	704
Charge for the year	5
At 31 December 2022/1 January 2023	709
Charge for the year	69
At 31 December 2023	778

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(e) Cash flow and liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations due to insufficient liquid resources, or would have to incur excessive cost in meeting the obligations. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Company manages the liquidity risk by monitoring daily cash inflows and outflows and by ensuring a reasonable amount of financial assets are kept in liquid instruments at all times. The Company also practices asset-liability management and ensures that the average investment duration and maturity profiles match the Company's liabilities.

Maturity profiles

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

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

Unit linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

2023	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial investments:							
FVTPL	4,299,248	460,794	812,482	2,070,913	1,676,223	816,356	5,836,768
Amortised cost	1,825	2,076	185	631	-	-	2,892
	4,301,073	462,870	812,667	2,071,544	1,676,223	816,356	5,839,660
Insurance contract assets	32,973	32,973	-	-	-	-	32,973
Reinsurance contract assets	76,791	76,791	-	-	-	-	76,791
Other receivables	41,470	41,470	-	-	-	-	41,470
Cash and bank balances	38,856	38,856	-	-	-	-	38,856
Total financial and insurance assets	4,491,163	652,960	812,667	2,071,544	1,676,223	816,356	6,029,750
Lease liabilities	14,926	5,028	11,277	-	-	-	16,305
Insurance contract liabilities	3,855,909	368,738	807,482	1,894,117	2,567,229	-	5,637,566
Reinsurance contract liabilities	51,534	51,534					51,534
Other payables	67,528	67,528	-	-	-	-	67,528
Subordinated notes	199,152	10,629	42,429	231,800	-	-	284,858
Total financial and insurance liabilities	4,189,049	503,457	861,188	2,125,917	2,567,229	-	6,057,791
Total liquidity surplus/(gap)	302,114	149,503	(48,521)	(54,373)	(891,006)	816,356	(28,041)

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

2022 (Restated)	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial investments:							
FVTPL	4,262,709	390,102	989,336	2,081,233	1,732,322	732,170	5,925,163
Amortised cost	2,015	1,034	166	1,536	-	-	2,736
	4,264,724	391,136	989,502	2,082,769	1,732,322	732,170	5,927,899
Reinsurance contract assets	50,257	50,257	-	-	-	-	50,257
Insurance contract assets	30,380	30,380	-	-	-	-	30,380
Other receivables	42,359	42,359	-	-	-	-	42,359
Cash and bank balances	47,417	47,417	-	-	-	-	47,417
Total financial and insurance assets	4,435,137	561,549	989,502	2,082,769	1,732,322	732,170	6,098,312
Lease liabilities	18,526	5,425	15,376	-	-	-	20,801
Insurance contract liabilities	3,818,338	956,162	712,066	1,854,850	2,783,393	166,616	6,473,087
Reinsurance contract liabilities	30,174	30,174	-	-	-	-	30,174
Other payables	76,590	76,590	-	-	-	-	76,590
Subordinated notes	199,060	10,600	42,429	242,429	-	-	295,458
Total financial and insurance liabilities	4,142,688	1,078,951	769,871	2,097,279	2,783,393	166,616	6,896,110
Total liquidity surplus/(gap)	292,449	(517,402)	219,631	(14,510)	(1,051,071)	565,554	(797,798)

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

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

2023	Current* RM'000	Non-current RM'000	Unit linked RM'000	Total RM'000
Assets				
Property and equipment	-	45,369	-	45,369
Investment properties	-	300	-	300
Right-of-use assets	-	14,046	-	14,046
Intangible assets	-	24,508	-	24,508
Investments:				
FVTPL	389,323	3,459,803	450,122	4,299,248
Amortised cost	1,243	582	-	1,825
Insurance contract assets	32,973	-	-	32,973
Reinsurance contract assets	76,791	-	-	76,791
Other receivables	49,302	-	807	50,109
Current tax assets	5,118	-	-	5,118
Cash and bank balances	38,084	-	772	38,856
Non-current assets held for sale	696	-	-	696
Total assets	593,530	3,544,608	451,701	4,589,839
Liabilities				
Insurance contract liabilities	3,855,909	-	-	3,855,909
Reinsurance contract liabilities	51,534	-	-	51,534
Deferred tax liabilities	-	54,193	-	54,193
Lease liabilities	4,343	10,583	-	14,926
Other payables	67,528	-	-	67,528
Subordinated notes	(9)	199,161	-	199,152
Total liabilities	3,979,305	263,937	-	4,243,242

* Expected utilisation or settlement within 12 months from the reporting date.

34. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(e) Cash flow and liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The table below summarises the expected utilisation or settlement of assets and liabilities (cont'd.):

2022 (Restated)	Current* RM'000	Non-current RM'000	Unit linked RM'000	Total RM'000
Assets				
Property and equipment	-	36,954	-	36,954
Investment properties	-	300	-	300
Right-of-use assets	-	17,585	-	17,585
Intangible assets	-	25,303	-	25,303
Investments:				
FVTPL	362,889	3,499,020	400,800	4,262,709
Amortised cost	948	1,067	-	2,015
Insurance contract assets	30,380	-	-	30,380
Reinsurance contract assets	50,257	-	-	50,257
Other receivables	50,190	-	713	50,903
Cash and bank balances	45,300	-	2,117	47,417
Non-current assets held for sale	1,246	-	-	1,246
Total assets	541,210	3,580,229	403,630	4,525,069
Liabilities				
Insurance contract liabilities	3,818,338	-	-	3,818,338
Reinsurance contract liabilities	30,174	-	-	30,174
Deferred tax liabilities	-	32,118	-	32,118
Lease liabilities	4,675	13,851	-	18,526
Other payables	76,590	-	-	76,590
Current tax liabilities	4,196	-	-	4,196
Subordinated notes	(4)	199,064	-	199,060
Total liabilities	3,933,969	245,033	-	4,179,002

* Expected utilisation or settlement within 12 months from the reporting date.

35. Operational risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

The Company mitigates operational risks by establishing a proper framework for controls and procedures, which includes total risk profiling, documented procedures, proper segregation of duties, access controls, authorization and reconciliation procedures and staff training.

The Risk Management and Compliance Department assesses the effectiveness of the operational compliance and report to the Governance, Risk and Compliance Committee and BRMC.

36. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets:

		Fair value measurement using			
	Date of valuation	Level 1 - Quoted market price in active market	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total fair value
		RM'000	RM'000	RM'000	RM'000
2023					
Assets measured at fair value:					
Investment properties (Note 4)	December 2023	-	-	300	300

36. Fair value measurement (cont'd.)

2023 (cont'd.)	Date of valuation	Fair value measurement using: Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	Total fair value RM'000
Assets measured at fair value: (cont'd.)					
FVTPL (Note 7(a)):					
Malaysian Government securities	31 December 2023	-	979,509	-	979,509
Government investment issues	31 December 2023	-	224,221	-	224,221
Malaysian Government guaranteed bonds	31 December 2023	-	426,656	-	426,656
Unquoted debt securities	31 December 2023	-	1,603,545	-	1,603,545
Quoted equity securities	31 December 2023	423,004	-	-	423,004
Quoted exchange traded funds	31 December 2023	173,447	-	-	173,447
Unquoted equity securities	31 December 2023	-	-	48,750	48,750
Quoted unit and property trust funds	31 December 2023	46,527	-	-	46,527
Unquoted unit trust funds	31 December 2023	-	124,628	-	124,628
Deposits with financial institutions	31 December 2023	-	248,961	-	248,961
		642,978	3,607,520	48,750	4,299,248
Assets measured at revalued amounts:					
- Property and equipment (Note 3)	December 2023	-	-	9,669	9,669
		642,978	3,607,520	58,719	4,309,217

36. Fair value measurement (cont'd.)

		Fair value measurement using			
2022 (Restated)	**Date of valuation**	**Level 1 - Quoted market price in active market RM'000**	**Level 2 - Significant observable inputs RM'000**	**Level 3 - Significant unobservable inputs RM'000**	**Total fair value RM'000**
Assets measured at fair value:					
Investment properties (Note 4)	November 2022	-	-	300	300
FVTPL (Note 7(a)):					
Malaysian Government securities	31 December 2022	-	1,038,928	-	1,038,928
Government investment issues	31 December 2022	-	214,929	-	214,929
Malaysian Government guaranteed bonds	31 December 2022	-	487,140	-	487,140
Unquoted debt securities	31 December 2022	-	1,506,202	-	1,506,202
Quoted equity securities	31 December 2022	367,171	-	-	367,171
Quoted exchange traded funds	31 December 2022	175,500	-	-	175,500
Unquoted equity securities	31 December 2022	-	-	47,950	47,950
Quoted unit and property trust funds	31 December 2022	46,945	-	-	46,945
Unquoted unit trust funds	31 December 2022	-	94,604	-	94,604
Deposits with financial institutions	31 December 2022	-	283,340	-	283,340
		589,616	3,625,143	47,950	4,262,709
Assets measured at revalued amounts:					
- Property and equipment (Note 3)	November 2022	-	-	9,840	9,840
		589,616	3,625,143	58,090	4,272,849

36. Fair value measurement (cont'd.)

The Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

There has been no transfers of financial assets between Level 1 and Level 2 during the financial year ended 31 December 2023 and 2022.

Reconciliation from opening to closing balances of Level 3 fair value hierarchy is provided in Note 3,4,7.

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37. Insurance funds

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows:

Statements of financial position by fund
As at 31 December

	Shareholders' fund			Life funds			Total		
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Assets									
Property and equipment	44	30	25	45,325	36,924	54,126	45,369	36,954	54,151
Investment properties	-	-	-	300	300	300	300	300	300
Right-of-use assets	-	-	-	14,046	17,585	22,007	14,046	17,585	22,007
Intangible assets	-	-	-	24,508	25,303	4,036	24,508	25,303	4,036
Investments*	415,549	409,533	428,311	3,885,524	3,855,191	4,026,573	4,301,073	4,264,724	4,454,884
Insurance contract assets	-	-	-	32,973	30,380	217	32,973	30,380	217
Reinsurance contract assets	-	-	-	76,791	50,257	20,474	76,791	50,257	20,474
Other receivables	7,294	7,320	2,449	42,815	43,583	42,540	50,109	50,903	44,989
Current tax assets	-	-	-	5,118	-	-	5,118	-	-
Cash and bank balances	145	54	168	38,711	47,363	38,652	38,856	47,417	38,820
Non-current assets held for sale	-	-	-	696	1,246	4,002	696	1,246	4,002
Total assets	423,032	416,937	430,953	4,166,807	4,108,132	4,212,927	4,589,839	4,525,069	4,643,880

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(Incorporated in Malaysia)

37. Insurance funds (cont'd.)

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows (cont'd.):

Statements of financial position by fund
As at 31 December

	Shareholders' fund			Life funds			Total		
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Total equity*	192,958	220,056	255,895	153,639	126,011	104,785	346,597	346,067	360,680
Liabilities									
Insurance contract liabilities*	-	-	-	3,855,909	3,818,338	3,920,499	3,855,909	3,818,338	3,920,499
Reinsurance contract liabilities	-	-	-	51,534	30,174	-	51,534	30,174	-
Deferred tax liabilities*	2,332	490	1,029	51,861	31,628	44,797	54,193	32,118	45,826
Lease liabilities	-	-	-	14,926	18,526	22,511	14,926	18,526	22,511
Other payables	28,590	(2,669)	(24,966)	38,938	79,259	119,090	67,528	76,590	94,124
Current tax liabilities	-	-	(40)	-	4,196	1,245	-	4,196	1,205
Subordinated notes	199,152	199,060	199,035	-	-	-	199,152	199,060	199,035
Total liabilities	230,074	196,881	175,058	4,013,168	3,982,121	4,108,142	4,243,242	4,179,002	4,283,200
Total equity and liabilities	423,032	416,937	430,953	4,166,807	4,108,132	4,212,927	4,589,839	4,525,069	4,643,880

* Included herein are inter-fund transactions and balances which are eliminated in presenting the Company's total results.

37. Insurance funds (cont'd.)

Income statement by fund
For the financial year ended 31 December 2023

	Shareholders' Fund		Life Funds		Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Insurance revenue	-	-	411,946	450,838	411,946	450,838
Insurance service expenses	(21,262)	-	(353,949)	(396,372)	(375,211)	(396,372)
Net expenses from reinsurance contracts	-	-	3,431	(6,511)	3,431	(6,511)
Insurance service result	(21,262)	-	61,428	47,955	40,166	47,955
Investment income	16,650	14,579	159,216	160,254	175,866	174,833
Realised gains/(losses)*	244	85	11,997	(1,719)	12,241	(1,634)
Fair value gains/(losses)*	6,969	(2,506)	140,791	(146,208)	147,760	(148,714)
Investment return	23,863	12,158	312,004	12,327	335,867	24,485
Net finance expense from insurance contracts	-	-	(315,692)	(42,871)	(315,692)	(42,871)
Net finance income from reinsurance contracts	-	-	601	794	601	794
Net financial results	23,863	12,158	(3,087)	(29,750)	20,776	(17,592)
Other operating expenses	(8,408)	(9,767)	(118)	(237)	(8,526)	(10,004)
Finance cost	(10,691)	(10,683)	(778)	(961)	(11,469)	(11,644)
Profit before taxation	(16,498)	(8,292)	57,445	17,007	40,947	8,715
Taxation*	(1,603)	(7,552)	(29,819)	4,221	(31,422)	(3,331)
Net profit/(loss) for the period	(18,101)	(15,844)	27,626	21,228	9,525	5,384

* Included herein are inter-fund transactions which are eliminated in presenting the Company's total results.

37. Insurance funds (cont'd.)

Statements of cash flows by fund
For the financial year ended 31 December 2023

	Shareholders' Fund		Life Funds		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Cash flows from:						
Operating activities	14,641	(190,806)	(23,140)	(312,709)	(8,499)	(503,515)
Investing activities	-	-	(19,804)	(9,128)	(19,804)	(9,128)
Financing activities	(8,995)	(20,055)	(5,642)	(4,600)	(14,637)	(24,655)
Net (decrease)/increase in cash and cash equivalents	5,646	(210,861)	(48,586)	(326,437)	(42,940)	(537,298)
At beginning of period	16,471	227,332	314,286	640,723	330,757	868,055
At end of period	22,117	16,471	265,700	314,286	287,817	330,757
Cash and cash equivalents comprise of:						
Cash and bank balances	145	54	38,711	47,363	38,856	47,417
Short term deposits with original maturity periods of less than 3 months	21,972	16,417	226,989	266,923	248,961	283,340
	22,117	16,471	265,700	314,286	287,817	330,757

Section 3

SHAREHOLDERS & OUR FOOTPRINT

Shareholdings

Analysis by Size of Shareholdings

As at 15 May 2024

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 1,000	831	37.93	229,292	0.23
1,000 - 10,000	1,297	59.20	2,909,609	2.90
10,001 - 100,000	59	2.69	1,226,992	1.22
100,001 to less than 5% of issued share	2	0.09	259,500	0.26
5% and above of issued shares	2	0.09	95,658,678	95.39
Total	**2,191**	**100.00**	**100,284,071**	**100.00**

List of Twenty (20) Largest Shareholders

As at 15 May 2024

No.	Name	Holdings	%
1	Sanlam Emerging Markets Proprietary Limited	51,144,876	51.00
2	Koperasi MCIS Berhad	44,513,802	44.39
3	K Rengasamy @ Ranggi Sami A/L Karpan	146,000	0.15
4	Koperasi Angkatan Tentera (M) Bhd	113,500	0.11
5	Koperasi Pegawai-pengawai Kerajaan Taiping Bhd	75,000	0.07
6	Tan Chee Lan @ Tan Kwi Lan	68,761	0.07
7	Ong Kok Ming	55,000	0.05
8	Nyioh Yong Jian	43,000	0.04
9	Thilaga A/P Pariasamy	41,500	0.04
10	Rajanthiran A/L K Narayanasamy	40,000	0.04
11	Suyadev A/P A Peter Amavasi	40,000	0.04
12	Sarjit Singh A/L Tara Singh	38,000	0.04
13	Nagapan A/L Muthaya	32,000	0.03
14	Moey Meng Chye	30,000	0.03
15	Soo Beng Hong	30,000	0.03
16	Sanjay Vohrah	25,205	0.03
17	Koperasi Pekerja-pekerja TNB Ipoh Bhd	25,000	0.02
18	Vohran-Merican Sdn Bhd	25,000	0.02
19	Chong Kong Ching	23,000	0.02
20	Wong See Yong @ Ng Say Eng	23,000	0.02

List of 16 Branches

Alor Setar
No.2, Susuran Tuanku Haminah,
Tuanku Haminah Business Centre,
Mergong, 05150 Alor Setar, Kedah.
Tel: 04-7338233
Fax: 04-7311102

Kulim
No.630, Jalan Seraya 3/7,
Pusat Perniagaan Seraya,
09000 Kulim, Kedah.
Tel: 04-4927241
Fax: 04-4927185

Penang
G11, Bay Avenue,
Lorong Bayan Indah Satu,
11900 Bayan Lepas,
Pulau Pinang.
Tel: 04-6469606 / 04-6469607 / 04-6453379
Fax: 04-6459609

Butterworth
No.83, Jalan Selat, Taman Selat,
12000 Butterworth.
Tel: 04-3333545 / 04-3334545
Fax: 04-3310598

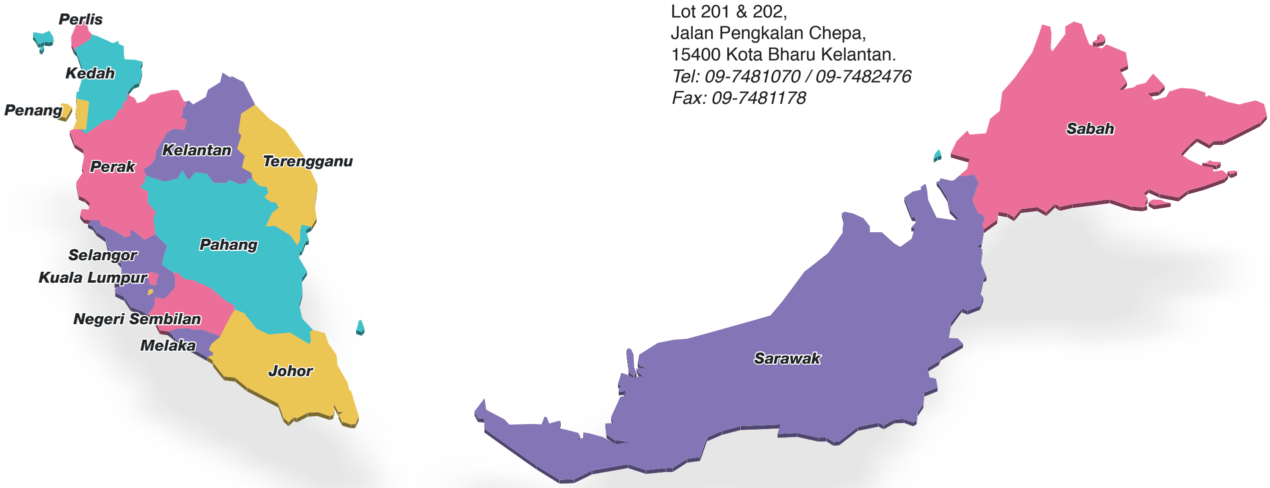
Ipoh
No.11-13, Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan.
Tel: 05-2557760 / 05-2541760
Fax: 05-2550758

Teluk Intan
No.17, Taman Ros,
Jalan Sultan Abdullah,
36000 Teluk Intan,
Perak Darul Ridzuan.
Tel: 05-6225966
Fax: 05-6215611

Petaling Jaya (Head Office)
Wisma MCIS, Jalan Barat,
46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-76523388
Fax: 03-79571562

Klang
Ground Floor, Menara Amverton,
Garden Business Center,
No.3, Jalan Istana,
41000 Klang, Selangor.
Tel: 03- 33811299 / 03- 33815399

Kota Bahru
Lot 201 & 202,
Jalan Pengkalan Chepa,
15400 Kota Bharu Kelantan.
Tel: 09-7481070 / 09-7482476
Fax: 09-7481178



Medan Tuanku
No.305 Medan Tuanku,
Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur.
Tel: 03-26980441 / 03-26980655/ 03-26980922
Fax: 03-26929784

Seremban
No.11-G & 11-1, Jalan Oasis 1,
Pusat Perniagaan Oasis,
70200 Seremban,
Negeri Sembilan.
Tel: 06-7613766
Fax: 06-7636441

Johor Bahru
9, Jalan Molek 1/29,Taman Molek,
81100 Johor Bahru
Tel: 07-3550310 / 07-3550314
Fax: 07-3581361

Kota Kinabalu
No. A-G-13A, A-1-13A & A-2-13A,
Block A, Sutera Avenue,
Lorong Lebuh Sutera,
Off Coastal Highway,
88100 Kota Kinabalu, Sabah.
Tel: 088-241959 / 088-251272
Fax: 088-241859

Kuantan
21, Jalan Tun Ismail,
25000 Kuantan,
Pahang Darul Makmur.
Tel: 09-5157277
Fax: 09-5141119

Melaka
No.138, Kompleks Munshi Abdullah,
Jalan Munshi Abdullah,
75100 Melaka.
Tel: 06-2824575 / 06-2821088
Fax: 06-2847676

Kuching
SL 14 & 15, Lot 187,
Ground Floor, KTLD Jalan Satok,
93400 Kuching, Sarawak.
Tel: 082-247134 / 082-247434
Fax: 082-241826

Proxy Form

NO. OF SHARES HELD

MCIS Insurance Berhad Registration No. 199701019821 (435318-U)

I/We ______________________________ , NRIC No. / Company No ______________________

of ____

being a member/members of MCIS Insurance Berhad hereby appoint ______________________

______________________________ , NRIC No. / Company No ______________________

Mobile No ______________ , Email address ______________________________

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twenty- Seventh Annual General Meeting of the Company to be conducted fully via Remote Participation and Voting (video-conferencing) at Cape Town (MCIS Boardroom) at Wisma MCIS, Level 1 Tower 1, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 June 2024 at 10.00 a.m. and any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Approval for Payment of Directors' Fees and Benefits		
Ordinary Resolution 2	Re-election of Director – Mohammad Nizar Idris		
Ordinary Resolution 3	Re-election of Director – Casparus Jacobus Hendrik Kromhout		
Ordinary Resolution 4	Re-appointment of Auditors and Authorise the Directors to fix their remuneration		
Ordinary Resolution 5	Authority to Directors under Section 75 and 76 of the Companies Act, 2016		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, proxy will vote or abstain at his / her discretion.

Dated this day of 2024

____

Signature of Shareholder(s) or where applicable, common seal of Shareholder(s)

Notes:
1. Refer to Administrative Guide.

STAMP

The Company Secretary
MCIS Insurance Berhad Registration No. 199701019821 (435318-U)
Wisma MCIS
Jalan Barat
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

member of Sanlam group

MCIS INSURANCE BERHAD
Registration No. 199701019821 (435318-U)

Wisma MCIS, Jalan Barat,
46200 Petaling Jaya,
Selangor Darul Ehsan

+603 7652 3388

customerservice@mcis.my

www.mcis.my

mcis life