Registration No.
201001040438 (924363-W)

AIA GENERAL BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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CONTENTS

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AIA GENERAL BERHAD
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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is engaged principally in the underwriting of all classes of general insurance business. There has been no significant change in the principal activity during the financial year.

FINANCIAL RESULTS

	RM'000
Profit after tax for the financial year	33,648

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

SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

There were no material events subsequent to the reporting date that require disclosures or adjustments to the financial statements.

DIVIDENDS

In respect of the financial year ended 31 December 2022:

	RM'000
Final single tier dividend of RM0.1579 per ordinary share on 190,000,000 ordinary shares, paid on 16 June 2023	30,000

The Directors have not recommended any final dividend to be paid for the current financial period under review.

SHARE CAPITAL

There were no changes in the issued share capital of the Company during the year.

DIRECTORS

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

Ching Yew Chye @ Chng Yew Chye (Chairman)
Kang Ah Lai @ Kang Hak Koon
Chong Kin Leong
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Heng Zee Wang

DIRECTORS' BENEFITS

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

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration in Note 20) by reason of a contract made by the Company or a related corporation with any Directors 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' INTERESTS AND DEBENTURES

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

	Number of ordinary shares			
	As at 1 January 2023	Acquired	Disposed	As at 31 December 2023
AIA Group Limited				
Direct Interest				
Heng Zee Wang	195,533	12,137	-	207,670
Indirect Interest				
Ching Yew Chye @ Chng Yew Chye	217,000	-	-	217,000

	Number of matching restricted stock purchase unit over ordinary shares under Employee Share Purchase Plan			
	As at 1 January 2023	Granted	Vested	As at 31 December 2023
AIA Group Limited				
Heng Zee Wang	1,880	942	(810)	2,012

	Number of restricted share units over ordinary shares			
	As at 1 January 2023	Granted	Vested	As at 31 December 2023
AIA Group Limited				
Heng Zee Wang	24,532	8,304	(8,911)	23,925

Matching restricted stock purchase units, restricted share units and share options are granted to certain employees, Directors and officers of the Company under the Employee Share Purchase Plan, Restricted Share Unit Scheme and Share Option Scheme of AIA Group Limited respectively. Details of the employee share purchase plan are set out in Note 26 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard AIA Bhd., a company incorporated in Malaysia and AIA Group Limited ("AIAGL"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited, as the Company's immediate holding company and ultimate holding company respectively.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") is satisfied that, the Company has complied with all the prescriptive requirements of, and adopts the Corporate Governance Policy Document, issued by Bank Negara Malaysia ("BNM").

(A) BOARD OF DIRECTORS

The brief profile of the Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows:

1. Ching Yew Chye @ Chng Yew Chye (Chairman)
   Independent Non-Executive Director

   Mr Ching holds a Bachelor of Science (Honours) degree from the University of London, UK. Mr Ching has extensive experience in retail and commercial banking as well as capital markets. Between 1997 and 2007, Mr Ching assumed various regional senior management roles in Accenture, including the roles of Managing Partner of the Financial Services Industry Group-Asia, Geographic Council Chairman-Asia and Managing Partner for the South Asia Region.

2. Kang Ah Lai @ Kang Hak Koon
   Independent Non-Executive Director

   Mr Kang is a Fellow of The Association of Chartered Certified Accountants, UK, a Member of the Malaysian Institute of Accountants, and a Chartered Insurer of The Chartered Insurance Institute, UK. Between 1979 and 2000, Mr Kang served in various capacities in Finance and Business Operations, his last position being General Manager of the General Insurance Division of Sime AXA Assurance Bhd. He has also served as Chief General Insurance Officer of Prudential Malaysia and was a pioneer in starting Prudential's General Insurance business.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The brief profile of the Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows: (continued)

3. Chong Kin Leong
Independent Non-Executive Director

Mr Chong graduated in Accounting from the University of Malaya in 1981 and is a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. Mr Chong has more than 40 years of experience in all aspects of financial and business management in the corporate sector, financial institutions and auditing. His last executive position prior to retirement was Chief Financial Officer of Genting Berhad, where he worked for 16 years.

4. Tunku Dato' Mahmood Fawzy bin Tunku Muhyiddin
Independent Non-Executive Director

Tunku Dato' Mahmood Fawzy received his BA (Hons) Business Studies from the Polytechnic of Central London, Masters in Business Administration from the University of Warwick and Diploma in Marketing from the Chartered Institute of Marketing. Tunku Dato' Mahmood Fawzy is a Fellow of the Chartered Institute of Management Accountants and the Institute of Corporate Directors Malaysia. Tunku Dato' Mahmood Fawzy draws on a wealth of experience around strategy, governance, risk management, and cross border activity in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.
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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The brief profile of the Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows: (continued)

5. Heng Zee Wang
Executive Director

Zee Wang holds a first-class honours degree in Bachelor of Science (Hons) in Actuarial Science from the University of Kent, Canterbury, United Kingdom. He is also a Fellow of the Institute and Faculty of Actuaries, UK.

Zee Wang has been the Chief Marketing Officer of AIA Bhd. since May 2018. He is responsible for building a purpose-led brand for AIA which advocates for "Healthier, Longer, Better Lives". He spearheads the development and implementation of integrated marketing strategies that put AIA Malaysia's customers at the front and centre – this includes delivering the company's distinctive propositions through innovative yet personalised total health and wealth solutions, together with its unique health programme AIA Vitality. He also leads the development of My AIA, the company's dedicated customer digital platform designed to enable customers to self-serve and interact with AIA seamlessly.

In addition, Zee Wang oversees AIA Malaysia's Private Retirement Scheme and General Insurance business as well as developing digital direct business with digital platform partners.

Zee Wang has over 26 years of experience across the Asia Pacific region and in the UK, with roles spanning a number of functions including finance and actuarial, marketing, sales distribution, and business development. He is a member of the Executive Committee of AIA Bhd. and is an Executive Director of AIA Pension and Asset Management Sdn. Bhd. and AIA General Berhad respectively.

In promoting independent oversight by the Board, the tenure limit for Independent Directors is nine (9) years from the date of the Director's initial appointment. The Board is also discouraged from having more than eight (8) Directors. However, a maximum of ten (10) Directors may be allowed provided the additional Directors are Independent Directors.

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

During the financial year, a total number of twenty-five (25) Board and Board Committee Meetings were held, as set out below:

	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Board
Number of meetings	5	4	4	3	9

The Directors' attendance to the Board and Board Committee Meetings during the financial year was as follows:

Name of Director	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Board Meeting
Ching Yew Chye @ Chng Yew Chye	5/5	4/4	4/4	3/3	9/9
Kang Ah Lai @ Kang Hak Koon	5/5	4/4	4/4	3/3	9/9
Chong Kin Leong	5/5	4/4	4/4	3/3	9/9
Tunku Dato' Mahmood Fawzy bin Tunku Muhyiddin	5/5	4/4	4/4	3/3	9/9
Heng Zee Wang	N/A	N/A	4/4	N/A	9/9

The Board is responsible for the overall governance of the Company and discharges this responsibility through compliance with the Financial Services Act ("FSA") and Corporate Governance Policy Document issued by BNM and other directives, in addition to adopting other best practices on corporate governance.

The Board has an overall responsibility to lead the Company, including setting the strategic future direction, review viability of the corporate objective and overseeing the conduct and performance of business.

As at the date of the report, the Board comprises four Independent Non-Executive Directors and one Executive Director to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

The Board met nine times during the financial year. All Directors in office at the end of the financial year complied with the 75% minimum attendance requirement at such meeting.

** N/A – Not Applicable (Not a Member)*

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Members of the Board had attended briefings, conferences, seminars and trainings during the financial year, which include the following:

No.	Description
1.	Maybank & Ogier Global Sustainable Investment Consulting: Growth of ESG Regulation in Asia - Trends, Opportunities and Implications for Sustainable Investing in 2023
2.	Getting Started with Climate Related Financial Reporting
3.	Building Experience and Expertise in Climate Related Financial Reporting
4.	BNM Engagement/Annual Report for 2023
5.	BNM-FIDE FORUM Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators Exposure Draft
6.	AIA Directors Investment Training Session
7.	Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
8.	Malaysian Institute of Accountants International Accountants Conference 2023
9.	Capitalising on Windows of Opportunity
10.	Navigating Economic Shifts to Capture Investment Opportunities
11.	Climate Governance Malaysia Chairperson Masterclass Series: Scaling Up the Circular Economy
12.	How Can Financial Institutions Shape a More Sustainable Future?
13.	Building and Managing Crypto Portfolios - Considerations and Risks
14.	Cyber and Technology Risk Training & Talkbot Live Demo
15.	Creating Value for AIA and Data for Banking and Finance leaders
16.	Ignite Your Sustainability Journey with the New ISSB Standards
17.	From Numbers to Impact: A Decarbonisation Remit for Finance Function
18.	Khazanah Mega Trends
19.	Joint Committee on Climate Change (JC3): Journey to Zero Conference 2023

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Members of the Board had attended briefings, conferences, seminars and trainings during the financial year, which include the following: (continue)

No.	Description
20.	Elements of ESG
21.	Focus session on the new MFRS17
22.	Business Considerations for Human Rights
23.	Shariah Principles and its Application in Takaful
24.	Climate Governance Malaysia Chairperson Masterclass Series: The New Era of Board Duties
25.	Budget 2024 Snapshots and E-Invoicing
26.	Tower Xchange Conference (Technology)
27.	AML / CFT : Anti Money Laundering key considerations

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(B) BOARD OF DIRECTORS (CONTINUED)

The Members of the Board were also regularly updated on the issuance of new related Acts and regulations as well as the requirements to be observed both by the Company and Directors.

The Company provides an in-house orientation to newly appointed Directors and the Directors may request trainings on specific subjects in facilitating the Directors to discharge their duties effectively. On an annual basis, the Nominating Committee will conduct annual review of trainings attended by the Directors during each financial year.

To support sound corporate governance and processes, the Board formed various Board Committees namely the Nominating Committee, the Remuneration Committee, the Risk Management Committee and the Audit Committee ("the Committees") in accordance with the requirements of BNM's Corporate Governance Policy Document.

The roles and members of the Committees are as provided below.

Nominating Committee

As at the date of this report, the Nominating Committee ("NC") comprises five (5) members as follows:

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Chairman (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Kang Ah Lai @ Kang Hak Koon	Member (Independent Non-Executive)
Chong Kin Leong	Member (Independent Non-Executive)
Heng Zee Wang	Member (Executive)

The objective of the NC is to establish a documented, formal and transparent procedure for the appointment of Directors, Chief Executive Officer ("CEO") and Key Senior Officers ("KSOs") and to assess the effectiveness of individual Directors, the Board as a whole (including various committees of the Board), CEO and KSOs on an on-going basis.

Nominating Committee (continued)

The principal duties and responsibilities of the NC are:

(a) establishing the minimum requirements of the Directors and senior management at the time of appointment and on a continuing basis;

(b) establishing and regularly reviewing succession plans for senior management and the Board to promote the Board's renewal and address any vacancies;

(c) ensuring that the composition of the Board and the designated board-level committee should include at least a member with technology experience and competencies;

(d) establishing a rigorous process for the appointment and removal of Directors and senior management. The process must involve the assessment of candidates against the minimum requirements as set out in the Corporate Governance Policy Document to maintain the engagement between a candidate and the Committee and to ascertain the suitability of each candidate for the Board;

(e) assessing against the minimum requirements for each senior management and Director on an annual basis, and as and when the Board becomes aware of information that may materially compromise the individual/Director's fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities;

(f) recommending and assessing the appointment and reappointment of Directors and senior management as per the minimum requirements as set out in the Corporate Governance Policy Document before an application for approval is submitted to BNM;

(g) assessing the Board and the Board Committees in terms of the appropriate size that promotes effective deliberation and encourages the active participation of all Directors and allows the work of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees;

(h) assessing the performance and effectiveness of the Board, the Board Committees and individual Directors. This is important to enable the Board to identify areas for professional development and process improvements, having regard to the changing needs of the Company; and

(i) overseeing the effective implementation of the transfer of knowledge of expatriates to local employees.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee

As at the date of this report, the Remuneration Committee ("RC") comprises four (4) members as follows:

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Chairman (Independent Non-Executive)
Kang Ah Lai @ Kang Hak Koon	Member (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Chong Kin Leong	Member (Independent Non-Executive)

The objective of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and KSOs and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

The principal duties and responsibilities of the RC are to review and assess:

(a) the remuneration policy of the Company which must be approved by the Board, which must be subject to periodic Board's review, including when material changes are made to the policy.

(b) the remuneration for each Director, members of senior management and other material risk taker must be approved by the Board annually. The Company must maintain and regularly review a list of officers who fall within the definition of "other material risk takers".

(c) the overall remuneration system for the Company which must:

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

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee (continued)

The principal duties and responsibilities of the RC are to review and assess: (continued)

(d) the remuneration for individuals which must be aligned with prudent risk-taking. Hence, remuneration outcomes must be symmetric with risk outcomes. This includes ensuring that:

- (i) remuneration is adjusted to account for all types of risk, and must be determined by both quantitative measures and qualitative judgement;
- (ii) the size of the bonus pool is linked to the overall performance of the Company;
- (iii) incentive payments are linked to the contribution of the individual and business unit to the overall performance of the Company;
- (iv) bonuses are not guaranteed, except in the context of sign-on bonuses; and
- (v) for members of senior management and other material risk takers:
  - a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and institution-wide measures that adequately assess performance; and
  - the variable portion of remuneration increases along with the individual's level of accountability.

(e) the remuneration payout schedules which must reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time. As such, the Company must adopt a multi-year framework to measure the performance of members of senior management and other material risk takers. Such a framework must provide for:

- (i) the deferment of payment of a portion of variable remuneration to the extent that risks are realised over long periods, with these deferred portions increasing along with the individual's level of accountability;
- (ii) the calibration of an appropriate mix of cash, shares, share-linked instruments, and other forms of remuneration to reflect risk alignment; and
- (iii) adjustments to the vested and unvested portions of variable remuneration (through malus, claw backs and other reversals or downward revaluations of awards) in the event of bad performance of the business unit or institution attributable to the individual or if he commits serious legal, regulatory or internal policy breaches.

(f) the incentive structure to ensure that:

- (i) variables used to measure risk and performance outcomes of an individual relate closely to the level of accountability of that individual;
- (ii) the determination of performance measures and variable remuneration considers that certain indicators (such as share prices) may be influenced in the short term by factors like market sentiment or general economic conditions which are not specifically related to the Company's performance or an individual's actions, and the use of such indicators does not create incentives for individuals to take on excessive risk in the short term; and
- (iii) members of senior management and other material risk takers commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Risk Management Committee

As at the date of this report, the Risk Management Committee ("RMC") comprises four (4) members as follows:

Kang Ah Lai @ Kang Hak Koon	Chairman (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Chong Kin Leong	Member (Independent Non-Executive)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Member (Independent Non-Executive)

The objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively. Risk Management Committee is also the designate board-level committee to oversee technology related matters and frameworks.

The principal duties and responsibilities of the RMC are:

(a) ensuring that the Company's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities;

(b) providing effective oversight of senior management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework;

(c) ensuring senior management oversight in the day-to-day management of the financial institution's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board;

(d) ensuring that the risk management framework enables the identification, measurement and continuous monitoring of all relevant and material risks on a Company-wide basis, supported by robust management information systems that facilitate the timely and reliable reporting of risks and the integration of information across the institution. The sophistication of the Company's risk management framework must keep pace with any changes in the institution's risk profile (including its business growth and complexity) and the external risk environment;

(e) ensuring that the risk management is well-integrated throughout the organisation and embedded into the culture and business operations of the institution;

(f) establishing an independent senior risk executive role (chief risk officer or its equivalent) with distinct responsibility for the risk management function and the institution's risk management framework across the entire organisation. The executive must have sufficient stature, authority and seniority within the organisation to meaningfully participate in and be able to influence decisions that affect the Company's exposures to risk;

(g) establishing and maintaining an effective risk management function with sufficient authority, stature, independence, resources and access to the Board;

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Risk Management Committee (continued)

The principal duties and responsibilities of the RMC are: (continued)

(h) effectively implementing the risk management framework that is reinforced with an effective compliance function and subjected to an independent internal audit review;

(i) ensuring that the Company has appropriate mechanisms in place for communicating risks across the organisation and for reporting risk developments to the Board and senior management;

(j) ensuring that the executive remuneration is aligned with prudent risk-taking and appropriately adjusted for risks. The Board must actively oversee the institution's remuneration structure and its implementation, and must monitor and review the remuneration structure to ensure that it operates as intended;

(k) ensuring that the Board and senior management are aware of and understand the Company's operational and organisational structure and the risks it poses and be satisfied that it is not overly complex or opaque such that it hampers effective risk management by the Company;

(l) ensuring that the Board and senior management understand the purpose, structure and unique risks of operations when the Company operates through special-purpose structures. Appropriate measures must be undertaken to mitigate the risks identified;

(m) establishing and approving the technology risk appetite and risk tolerance;

(n) overseeing the adequacy of the Company's IT and cybersecurity strategic plans covering a period of no less than three years;

(o) overseeing the effective implementation of a sound and robust technology risk management framework and cyber resilience framework; and

(p) discussing cyber risks and related issues, including the strategic and reputational risks associated with a cyber-incident.

Audit Committee

As at the date of this report, the Audit Committee ("AC") comprises four (4) members as follows:

Chong Kin Leong	Chairman (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Kang Ah Lai @ Kang Hak Koon	Member (Independent Non-Executive)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Member (Independent Non-Executive)

Audit Committee (continued)

The primary objective of the AC is to ensure the integrity and transparency of the financial reporting process.

The principal duties and responsibilities of the AC are:

(a) ensuring that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives;

(b) reviewing and concurring the annual audit plan, audit charter and annual budget of the internal audit department and the appointment of the external auditors;

(c) ensuring that internal audit staff have free and unrestricted access to the Company's records, assets, personnel or processes relevant to and within the scope of the audits;

(d) reviewing various relationships between the external auditors and the Company or any other entity that may impair or appear to impair the external auditors' judgement or independence in respect of the Company;

(e) maintaining regular, timely, open and honest communication with the external auditors, and require the external auditors to report to the AC on significant matters;

(f) reviewing with the external auditors that appropriate audit plans are in place and the scope of the audit plans reflect the terms of the engagement letter;

(g) reviewing with the external auditors on the financial statements and discussing the findings and issues arising from their work done, including but not limited to, any opinions or qualifications, significant/material changes and fluctuations reported therein;

(h) audit reports, including obligation reports to BNM and discuss the findings and issues arising from the external audit;

(i) ensuring that management's remediation efforts with respect to all findings and recommendations are resolved effectively and in a timely manner;

(j) approving the provision of non-audit services by the external auditors and ensuring that the level of provision of non-audit services is compatible with maintaining auditor independence;

(k) reviewing the Chairman's statement, financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report (where applicable);

(l) reviewing any related party transactions and conflicts of interest situations that may arise including any transaction, procedure or conduct that raises questions of management integrity;

(m) ensuring that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes;

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Audit Committee (continued)

The principal duties and responsibilities of the AC are: (continued)

(n) monitoring compliance with the Board's conflict of interest policy which would include monitoring the items set out below:

  (i) identifying circumstances which constitute or may give rise to conflicts of interests;
  (ii) clearly defining the process for Directors to keep the Board informed on any change of circumstances that may give rise to a conflict of interest;
  (iii) identifying those responsible for maintaining updated records on each Director's conflicts of interest; and
  (iv) articulating how any non-compliance with the policy will be addressed.

(o) reviewing third-party opinions on the design and effectiveness of the Company's internal control framework.

The AC has the authority to investigate any matter within its terms of reference and has unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Company.

During the financial year, the AC members have met twice with the external auditors without the presence of the management.

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employees and formal performance appraisal is done annually. Information is effectively communicated to the relevant employees within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company has, in any circumstances, conflict of interest referred to in Sections 54 and 55 of the FSA.

The management meets all prescriptive requirements under this section and has already adopted best practices in the areas of organisational structure and allocation of responsibilities, conflicts of interest, goal setting and the area of communication.

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on agreed terms as specified under BNM's Guidelines on Related-Party Transactions and BNM's Corporate Governance Policy Document. Related parties' transactions and balances have been disclosed in the financial statements in compliance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK

The Board assisted by its sub-committees has overall responsibility for ensuring that the Company maintains an adequate system of internal control and risk management and for reviewing its effectiveness. Enterprise Risk Management, Compliance and Internal Audit functions, among others, provide assessment, reporting and assurance on the effectiveness of the Company's policies and operations as well as its compliance with legal and regulatory obligations.

The criteria applied by the Directors in judging the effectiveness of these controls are that they allow the maximisation of shareholders' value by optimising business opportunities whilst ensuring that risks are properly identified and managed. The controls are regularly reviewed to ensure that they enable the proper management of business risks without so restricting efficiency and entrepreneurial nature that they inhibit proper running of the business.

The Company has a management structure with clear lines of responsibility and accountability, staffed by appropriate personnel. The Board is responsible for setting the overall strategy and reviewing the performance of the Company.

The day to day running of the Company's operations is managed by the Company's Management Committee, chaired by the Chief Executive Officer. This team is also responsible for the recommendation to the Board of the Company's strategy and its subsequent implementation, for ensuring that appropriate internal controls are in place to manage and assess risk and that they are fully complied with.

The company's Risk Management Framework ("RMF") does not seek to eliminate all risks, but rather to identify, understand and manage them within acceptable limits in order to support the sustainability of the business and the creation of long-term value, and can only provide reasonable and not absolute assurance against material misstatement or loss. The key features of the company's RMF include:

(a) Risk Culture

The Company identifies desired risk behaviours for its employees and to promote the desired risk behaviours and foster mindsets and attitude which influence them, the Company has identified a set of drivers. The desired risk behaviours are promoted through broader culture programmes aligned to AIA's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People…the Right Results will come."

(b) Risk Governance

Risk Governance establishes clear responsibility and accountability across the Company to execute its risk strategy and carry out its day-to-day risk management and compliance activities. The Company's Risk Governance is organised through the "Three Lines of Defence" model which clearly defines roles and responsibilities for the management of risk and compliance between the executive management ("First Line"), Risk and Compliance ("Second Line") and Internal Audit ("Third Line") functions. Whilst each line of defence is independent from the others, they work closely to ensure effective oversight.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

(b) Risk Governance (continued)

Risk and compliance policies and standards referred collectively as "Risk Policy Suite", sets out the approach and minimum expectations for managing the Company's risk profile. The Risk Policy Suite which supports the management of risk and establishment of a robust control environment may be owned by the Risk and Compliance functions or other business functions. The following policies have been adopted by the Company:

(i) AIA Code of Conduct: AIA Code of Conduct lays the foundation for good business decisions and guides staff and agents in conducting business honourably, ethically and with utmost professionalism. The Code specifies the standards of behaviour to which every AIA employee and stakeholder is expected to adhere. The Code guides us on compliance, ethics and risk issues and allows us to contribute positively to the societies where we operate.

(ii) Whistleblower Protection Policy: Whistleblower Protection Policy aims to establish corporate values and culture that support ethical behaviour and to assure confidentiality and non-retaliation to whistleblowers. Every employee has the obligation to report unethical behaviour or suspected violations of law or Group policy connected with AIA Group's business activities.

(iii) Anti-Fraud Policy: The Company is committed to conducting all of its business with the highest level of ethics and integrity. To uphold this commitment and in particular, a zero-tolerance approach to fraud, the Company requires adherence to this Anti-Fraud Policy. The policy is intended to reinforce management procedures designed to aid in the prevention, detection and investigation of fraud, thereby safeguarding the Company's assets and providing protection from the legal and reputational consequences of fraudulent activities.

(iv) Anti-Corruption Policy: The Company is committed to conducting all of its business in an honest and ethical manner. Bribery or any improper payment to gain an advantage in any situation is never acceptable and may have serious legal, reputation and regulatory implications for the Company. The Anti-Corruption Policy also makes good business sense.

(v) Anti-money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions (AML, CFT & TFS) Policy: The Company is committed to a strict programme of compliance with all applicable laws and regulations to prevent the use of its products and services for money laundering and terrorist financing purposes. The policy sets out the detailed requirements of the Company's AML, CFT & TFS Programme, which includes conducting simplified customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. AIA uses a comprehensive monitoring software to screen and monitoring of customer activity. All staff and agents are required to complete internal training requirement.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

(b) Risk Governance (continued)

(vi) Data Privacy Compliance Policy: AIA is committed to protecting the interests of our customers, partners, staff, agents and stakeholders, ensuring high standards of information security. The policy prescribes adequate safeguards for our customer and business data as well as compliance with data protection legislation. AIA's Group Information Security Policy is consistent with industry leading standards to ensure that our systems, processes and information are secured.

(c) Risk Strategy

Risk Strategy describes the types of risks, how and to what extent they are taken in order to pursue the Company's strategic objectives. The Company's risk appetite framework establishes the quantum and nature of risks the Company is prepared to take to achieve its strategic objectives.

The Company also maintains a detailed risk taxonomy to ensure all risks are identified and systematically managed.

(d) Risk Underwriting and Risk Control

The Company has a robust process that provides sufficient information, capability and tools to manage its key risks. Risks which the Company proactively accepts are identified, quantified and managed to support the creation of long-term value, while risks which the Company seeks to mitigate are managed through an effective internal controls system to maintain exposures within an acceptable residual level.

In order to encourage good management and to embed a culture of iterative process of continuous improvement, all business functions must incorporate the key risk management process in their activities to identify, quantify, manage and monitor the risk exposures. This ensures that risk reviews undertaken by the Company are appropriate and contributes to optimisation of business decisions.

(e) Risk Disclosure

Risk disclosure represents the internal and external risk and compliance reporting processes which support an ongoing evaluation of the Company's risk profile, compliance status, and overall effectiveness of the RMF.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY

The AIA Group's Remuneration Guidelines, Philosophy and Standards applies to the Company and guide the design, operation and management of remuneration programmes. The elements of the remuneration policy applied are compensation (fixed and variable), benefits, performance and recognition.

The Company conducts yearly overall Salary Increment ("SI"), overall Short-Term Incentive ("STI") Payout, Long Term Incentive ("LTI") Scheme Grant and Nominations and Total Compensation Review ("TCR") for the senior management. The yearly exercise was recommended by the CEO (excluding that of the CEO) and consulted with the CEO of AIA Malaysia and the Regional Chief Executive of AIA Group. The proposal is then tabled to the Remuneration Committee and the Board for approval.

The remuneration programmes should be market competitive, transparent and within prudent risk limits to attract and retain best talents in financial services industry. The compensation comprises of fixed pay and variable pay. Variable pay refers to discretionary pay or pay-at-risk which is cash based and does not consist of shares or non-cash instrument. Market competitiveness ensures remuneration is aligned with the relevance of the market movement and the overall target market position of the Company will be at market median.

Remunerations are determined based on individual performance as well as the Company's performance. The Performance Development Dialogue platform used by the Company in assessing the employees' performance include both "What" and "How". "What" refers to results an employee achieved, aligned with strategic priorities which help achieve the Company's business goal. On the other hand, "How" refers to behaviours an employee demonstrated to achieve the results, guided by the Company's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People And the results will come". Both "What" and "How" are equally important and taken into consideration in determining the employees' remuneration for the financial year.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

The Directors' remuneration for the financial year is required to be tabled to the Remuneration Committee, Board and Members of the Company for approval. Set out below is the breakdown of the total amount of remuneration for the following Directors during the financial year:

Name of Director	Fixed Remuneration (RM)	Variable Remuneration (RM)	Total Remuneration (RM)
Ching Yew Chye @ Chng Yew Chye	161	29	190
Chong Kin Leong	152	27	179
Kang Ah Lai @ Kang Hak Koon	140	28	168
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	154	29	183
TOTAL	**607**	**113**	**720**

The Directors' and Officers' liability insurance is taken and borne by AIA Bhd. covering all Directors and Officers of the Company and its related companies incorporated in Malaysia, collectively.

The senior management's remuneration for the financial year was tabled to the Remuneration Committee and the Board for approval. The breakdown of the total amount of remuneration for the senior management during the financial year are as follows:

Total value of remuneration awards for the financial year	Unrestricted (RM'000)	Deferred (RM'000)
Fixed remuneration		
• Cash-based	2,365	-
• Shares and share-linked instruments	-	-
• Other	383	-
Variable remuneration		
• Cash-based	-	-
• Shares and share-linked instruments	-	303
• Other	-	-

(F) PUBLIC ACCOUNTABILITY

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. The Company meets all prescriptive and best practice requirements under this section relating to unfair practices.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that:

(i) 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 all known bad debts had been written off and that adequate impairment losses had been made for doubtful debts; and

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

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

(i) which would render the amounts written off for bad debts or the amount of impairment losses or allowance for doubtful debt in the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements of the Company that would render any amount stated in the financial statements misleading.

(c) 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; and

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

(d) In the opinion of the Directors:

(i) no contingent 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, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations as and when they fall due; and

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

(iii) 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.

OTHER STATUTORY INFORMATION (CONTINUED)

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

Before the income statement and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its insurance contract liabilities in accordance with MFRS 17 Insurance Contracts.

AUDITORS' REMUNERATION

The auditor's remuneration are as follow:

	2023 RM'000
Auditor's remuneration	
- statutory audit	348
	348

INSURANCE AND INDEMNITY COST

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

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 21 March 2024. Signed on behalf of the Board of Directors:

CHONG KIN LEONG
DIRECTOR

HENG ZEE WANG
DIRECTOR

Kuala Lumpur

AIA GENERAL BERHAD
(Incorporated in Malaysia)

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

We, Chong Kin Leong and Heng Zee Wang, two of the Directors of AIA General Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 30 to 162 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and financial performance of the Company for the financial year ended 31 December 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated on 21 March 2024.

CHONG KIN LEONG DIRECTOR	HENG ZEE WANG DIRECTOR

Kuala Lumpur

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

I, Lai Ann Nee, the officer primarily responsible for the financial management of AIA General Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 30 to 162 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LAI ANN NEE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 March 2024.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA GENERAL BERHAD
(Incorporated in Malaysia)
Registration No. 201001040438 (924363-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 30 to 162.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA GENERAL BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 201001040438 (924363-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AIA GENERAL BERHAD
(Incorporated in Malaysia)
Registration No. 201001040438 (924363-W)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT	WONG HUI CHERN
LLP0014401-LCA & AF 1146	03252/05/2024 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
21 March 2024

AIA GENERAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Insurance revenue	3	338,537	307,947
Insurance service expenses	5	(294,442)	(206,312)
Net expenses from reinsurance contracts		3,289	808
Insurance service results		47,384	102,443
Interest revenue on financial assets	4a	13,806	13,538
Other investment return	4b	17,345	2,175
Net impairment gain/(loss) on financial assets		518	(894)
Investment return		31,669	14,819
Net finance expenses from insurance contract	4c	(7,947)	(5,201)
Net finance expenses from reinsurance contract	4d	(258)	(210)
Net investment result		23,464	9,408
Other operating expenses	5	(33,584)	(36,472)
Profit before tax		37,264	75,379
Tax expense	6	(3,616)	(15,802)
Net profit		33,648	59,577
Basic earnings per share (sen)	7	17.71	31.36

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

AIA GENERAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Profit after tax for the year	33,648	59,577
Other comprehensive income/(expense):		
Items that may be subsequently reclassified to profit or loss		
Net fair value gains/(losses) on financial assets at fair value through other comprehensive income	8,317	(8,586)
Net realised (losses)/gains on financial assets at fair value through other comprehensive income reclassified to profit or loss	(1,547)	3,100
Deferred taxation	(1,208)	907
Change in fair value reserve	5,562	(4,579)
Change in insurance finance reserve (Note 4c)	(2,870)	2,222
Deferred taxation	689	(533)
	(2,181)	1,689
Total other comprehensive income/(expense) - net of tax, for the year	3,381	(2,890)
Total comprehensive income for the year	37,029	56,687

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

AIA GENERAL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	31.12.2023 RM'000	31.12.2022 (restated) RM'000	01.01.2022 (restated) RM'000
ASSETS				
Intangible asset	9	3,428	3,759	3,304
Property and equipment	10	1,375	1,008	1,351
Reinsurance contract assets	15	32,311	27,788	21,589
Financial investments:	11			
Amortised cost		91	155	203
Fair value through other comprehensive income		297,337	293,560	298,991
Fair value through profit or loss		254,793	229,833	201,872
Current tax assets		7,521	3,290	-
Other assets	12	41,783	42,594	47,388
Cash and cash equivalents	13	55,371	19,186	32,212
Total assets		**694,010**	**621,173**	**606,910**
LIABILITIES				
Insurance contract liabilities	15	242,526	181,124	191,454
Reinsurance contract liabilities	15	-	-	4,536
Deferred tax liabilities	16	42,788	37,703	29,839
Current tax liabilities		-	-	413
Other liabilities	17	9,752	10,431	5,440
Total liabilities		**295,066**	**229,258**	**231,682**
EQUITY				
Share capital	18	190,000	190,000	190,000
Retained earnings	19	202,795	199,147	179,570
Other comprehensive income:				
Fair value reserve		6,641	1,079	5,658
Insurance finance reserve		(492)	1,689	-
Total equity		398,944	391,915	375,228
Total equity and liabilities		**694,010**	**621,173**	**606,910**

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

AIA GENERAL BERHAD
(Incorporated in Malaysia)

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

		Non-distributable			Distributable	
	Share capital	Fair value reserves	Insurance Finance reserves	Share-based reserves	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023 – as previously reported	190,000	(1,283)	-	-	84,869	273,586
Changes in accounting policies (Note 28)	-	2,362	1,689	-	114,278	118,329
At 1 January 2023 - as restated	190,000	1,079	1,689	-	199,147	391,915
Profit after tax for the year	-	-	-	-	33,648	33,648
Other comprehensive income for the year	-	5,562	(2,181)	-	-	3,381
Dividend paid during the financial year	-	-	-	-	(30,000)	(30,000)
At 31 December 2023	190,000	6,641	(492)	-	202,795	398,944

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

AIA GENERAL BERHAD
(Incorporated in Malaysia)

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

		Non-distributable			Distributable	
	Share capital	Fair value reserves	Insurance Finance reserves	Share-based reserves	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022 - as previously reported	190,000	2,641	-	-	89,822	282,463
Changes in accounting policies (Note 28)	-	3,017	-	-	89,748	92,765
At 1 January 2022 - as restated	190,000	5,658	-	-	179,570	375,228
Profit after tax for the year	-	-	-	-	59,577	59,577
Other comprehensive income for the year	-	(4,579)	1,689	-	-	(2,890)
Dividend paid during the financial year	-	-	-	-	(40,000)	(40,000)
At 31 December 2022	190,000	1,079	1,689	-	199,147	391,915

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

AIA GENERAL BERHAD
(Incorporated in Malaysia)

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

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,264	75,379
Interest and dividend income	(23,040)	(17,348)
Realised (losses)/gains	(123)	2,831
Fair value gains/(losses)	8,382	(1,233)
Depreciation		
- property and equipment	105	131
- right-of-use assets	232	234
Amortisation		
- intangible assets	331	304
Interest expense	24	23
	23,175	60,321
Changes in working capital:		
Decrease in FVOCI and FVTPL financial assets	(20,093)	(14,781)
Increase in reinsurance contract assets	(4,523)	(6,199)
Increase in insurance receivables	(4,230)	-
Decrease in other assets	874	4,842
Increase/(Decrease) in insurance payables	8	(2)
Increase/(Decrease) in insurance contract liabilities	61,401	(14,867)
`Increase in other payables	6,221	4,519
Cash generated from operating activities	62,833	33,833
Income taxes paid	(5,200)	(10,929)
Interest income received	2,644	513
Interest paid	(24)	(23)
Dividend income received	6,873	4,597
Net cash inflow from operating activities	67,126	27,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(704)	(21)
Purchase of intangible asset	-	(759)
Net cash outflow from investing activities	(704)	(780)

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

AIA GENERAL BERHAD
(Incorporated in Malaysia)

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

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(237)	(237)
Dividend paid	(30,000)	(40,000)
Net cash outflow from financing activities	(30,237)	(40,237)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	36,185	(13,026)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	19,186	32,212
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	55,371	19,186

Cash and cash equivalents comprised:

Cash and bank balances	30,531	19,186
Fixed and call deposits with licensed financial Institutions with maturity of equal and less than 3 months	24,840	-
	55,371	19,186

The Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows predominantly associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

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

	31.12.2023 RM'000	31.12.2022 RM'000
As at 1 January	877	1,114
Non-cash changes:		
Addition	624	-
Interest expense	24	23
Derecognition on lease liability	-	-
Cash changes:		
Net cash flows from operating activities	(24)	(23)
Net cash flows from financing activities	(237)	(237)
As at 31 December	1,264	877

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

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of all classes of general insurance business.

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

The Company is a public limited liability company, incorporated under the Companies Act 2016 and FSA and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Level 13, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is AIA Bhd., a company incorporated in Malaysia. The Directors regard AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited, as the ultimate holding company.

The financial statements are authorised for issue by the Board on 21 March 2024.

2 MATERIAL ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of all the years presented.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year. It also requires Directors to exercise judgement in the process of applying the Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual result may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.16 to the financial statements.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and effects arising from adoption of revised MFRS

(a) Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Company's financial year ending 31 December 2023

(i) The following accounting standards, amendments and interpretations are effective for the financial year ending 31 December 2023:

- MFRS 9, Financial Instruments
- MFRS 17, Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Accounting policies and additional information on the qualitative and quantitative effects of the adoption of the new and revised accounting standards on the Company's financial statements are provided in note 28.

(ii) The following relevant new amendments to standards have been adopted for the first time for the financial year ending 31 December 2023 and have no material impact to the Company:

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 on "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- Amendments to MFRS 112 on International Tax Reform - Pillar Two Model Rules

(b) Standards, amendments to published standards and interpretations to existing standards that are relevant to the Company but are not effective for the financial year ended 31 December 2023 and have not been early adopted

The Company will apply the new standards, amendments to standards and interpretations in the following period and not expected to have a material impact on the financial position or results.

- Amendments to MFRS 101 "Classification of liabilities as current or non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2022 amendments');
- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback.
- Amendments to MFRS 107 "Statement of Cash Flows" and MFRS 7 "Financial Instruments: Disclosures"

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held

The Company has elected an accounting policy where the estimates made in previous interim financial statements are not changed when applying MFRS 17 in subsequent interim periods or in the annual reporting period.

2.3.1 Insurance contracts and reinsurance contracts held classification

The Company classifies its contracts written which transfers significant insurance risk as insurance contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Company to pay significant claims to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Company to financial risk. Once a contract has been classified as an insurance and reinsurance contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

The basis of accounting for insurance contracts and reinsurance contracts held is discussed in notes 2.3.2 to 2.3.11 below.

2.3.2 Separating components from insurance contracts and reinsurance contracts held

At inception, the Company separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- 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 contract or a reinsurance contract held 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.

After separating any financial instrument components, the Company separates any promises to transfer 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into semi-annual cohorts and each semi-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 portfolio.

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.

Reinsurance contracts held

Reinsurance contracts held by the Company cover underlying insurance contracts.

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

- Reinsurance contracts held that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.
- Reinsurance contracts acquired: The date of acquisition.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.4 Fulfilment cash flows and contract boundaries

Fulfilment 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.

Further details of the related methodology and assumptions in respect of estimation of fulfilment cash flows are provided in note 15.

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.

Insurance contracts

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

A substantive obligation to provide insurance contract services ends when:
- the Company has the practical ability to reassess the risks of the particular policyholder and 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 for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.4 Fulfilment cash flows and contract boundaries (continued)

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the 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.

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

2.3.5 Insurance acquisition cash flows

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

Insurance acquisition cash flows arising before the recognition of the related groups of contracts are recognised as an asset. 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 related groups of contracts.

When the Company acquires insurance contracts in a transfer of contracts, at the date of acquisition it recognises an asset for insurance acquisition cash flows at the 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 (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.5 Insurance acquisition cash flows (continued)

Recoverability assessment

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

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

The Company recognises any reversal of impairment losses in profit or loss when the impairment conditions no longer exist or have improved.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under PAA

2.3.6.1 Initial measurement

On initial recognition, the Company measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The measurement of the fulfilment cash flows of a group of contracts does not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of 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 contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and 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) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue.

For groups of contracts acquired in a transfer of contracts, 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under PAA (continued)

2.3.6.2 Subsequent measurement

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

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

- Changes relating to future services are 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 are recognised in the insurance service result in profit or loss; and
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are 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 reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- 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 in insurance service expenses and recognised as a loss component in LRC; or
    - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under PAA (continued)

2.3.6.2 Subsequent measurement (continued)

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

- experience adjustments arising from premiums received in the period 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 LRC, measured at the discount rates determined on initial recognition, except for those that relate to 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 period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

2.3.7 Measurement – insurance contracts measured under the PAA

The Company generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- insurance contracts and reinsurance contracts held where the coverage period of each contract in the group of contracts is one year or less; or
- the Company reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under PAA.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.7 Measurement – insurance contracts measured under the PAA (continued)

2.3.7.1 Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognizes for cash flows related to the group. The Company has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

2.3.7.2 Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the liability of incurred claims. On initial recognition of each group of contracts, the Company expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Company has chosen not to adjust the LRC 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 recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk.

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

2.3.8 Reinsurance contracts held

For groups of reinsurance contracts held, the Company applies the same accounting policies as that applied to insurance contracts, with the following modifications.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held (continued)

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset 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 recognizes 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 held 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) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Company recognizes the cost immediately in profit or loss as an expense.

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

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts to that group. A loss-recovery component is established or adjusted in the remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes 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; and
- the amount recognised in profit or loss for the services received in the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held (continued)

<u>Reinsurance of onerous underlying insurance contracts</u>

The Company adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held 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 held.

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

- the amount of the loss 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 held.

If the reinsurance contract held 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 a portion of losses on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

<u>Reinsurance contracts held measured under PAA</u>

The Company applies the same accounting policies to measure a group of reinsurance contracts held. If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Company adjusts the carrying amount of the asset instead of adjusting the CSM.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.9 Transition approach

The Company adopts the fair value approach when it is impracticable to use a fully retrospective approach in determining transition amounts at the MFRS 17 transition date.

Contracts measured under the fair value approach

For the groups of contracts that measured under the fair value approach, the Company determined the CSM or loss component of the LRC at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of groups of contracts is primarily determined by using present value technique from the perspective of a market participant with considerations of the followings:
- estimate of future cash flows that a market participant would expect to incur or receive in fulfilling the liabilities;
- time value of money, represented by the risk-free interest rate plus a spread based on the characteristic of the liabilities;
- premiums that a market participant would require for bearing uncertainty inherent in the cash flows in relation to non-financial risks and compensation that a market participant would require to assume the obligations;
- the non-performance risk relating to that liabilities;
- other factors that a market participant would take into account in the circumstances.

To the extent possible, the Company maximised the use of relevant market data and information of market transactions. For the unobservable inputs, the Company used the best information available in the circumstances, which might include the entity’s own data.

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; and
- whether a contract meets the definition of a contract.

For contracts acquired in a transfer of contracts before 2022, the Company classified liabilities for settlement of claims as liabilities for incurred claims, even though the claims might have been incurred before the contracts were acquired.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.9 Transition approach (continued)

Contracts measured under the fair value approach (continued)

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

For some groups of reinsurance contracts held 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 held.

For groups of contracts measured under the fair value approach,

- the discount rates at 1 January 2022 was used instead of the discount rates on initial recognition and incurred claims;
- the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero.

Insurance acquisition cash flows – Fair value approach

The Company measured an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2022 for the rights to obtain:

- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2022 but not yet recognised at that date, and future contracts that are renewals of such contracts;
- future contracts that are renewals of contracts recognised at 1 January 2022; and
- other future contracts after 1 January 2022 without paying again insurance acquisition cash flows that the Company has already paid.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 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 the derecognition of a contract in a group of contracts not measured under 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 that relate to future service, 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.

If a contract is derecognised because it is transferred to third party, then the CSM is also adjusted for the premium charged by the third party, unless the contract 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 issuer received the premium that it would have charged less any additional premium charged for the modification.

2.3.11 Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. 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) are included in the carrying amount of the related portfolios of contracts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.11 Presentation (continued)

The Company disaggregates amounts recognised in the income statement and 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 held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as ‘net expenses from reinsurance contracts held’ in the insurance service result.

The Company does not disaggregate 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 non-financial risk are included in the insurance service result.

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

2.3.11.1 Insurance revenue — insurance 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 contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Company expects to receive consideration, excludes expected investment components and mainly comprises the following items.

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services.

For insurance acquisition cash flows recovery, the Company allocates a portion of premiums related to the recovery in a systematic way based on the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.11 Presentation (continued)

2.3.11.2 Release of the CSM — insurance contracts not measured under the PAA

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

2.3.11.3 Insurance revenue — insurance contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Company allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

2.3.11.4 Loss components — insurance contracts not measured under the PAA

For contracts not measured under the PAA, the Company establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Company’s share of the fair value of underlying items 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 or reinstates the CSM for the group of contracts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.11 Presentation (continued)

2.3.11.5 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 mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- 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 amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

2.3.11.6 Net expenses from reinsurance contracts held

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

The Company recognises a portion of ceding premiums as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Company under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocated ceding premiums, being the total of the changes in the asset for remaining coverage, represent the amount of which the Company expects to pay for the coverage or other services received under groups of reinsurance contracts held.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.11 Presentation (continued)

2.3.11.7 Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Company has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined as follows:

- Contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders: for insurance finance income or expenses arising from the estimates of future cash flows, using either a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield) or an allocation that is based on the amounts credited in the period and expected to be credited in future period; and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts. This selection of the rate applied is based on the characteristics of contracts.
- Contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders: the discount rates determined on initial recognition of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Company derecognises a contract as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

The Company presents insurance finance income or expenses for all other contracts in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments

2.4.1 Classification of and designation of financial instruments

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

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified at the beginning of the reporting period during which the business model has changed following the change in business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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.

A debt security is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification of and designation of financial instruments (continued)

On initial recognition of an equity security that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value though other comprehensive income as described above are measured at fair value through profit or loss. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

<u>Financial assets and liabilities at fair value through profit or loss</u>

Financial assets and liabilities at fair value through profit or loss comprise two categories:
- financial assets or liabilities mandatorily classified as at fair value through profit or loss; and
- financial assets or liabilities designated at fair value through profit or loss upon initial recognition.

Management designates financial assets and liabilities at fair value through profit or loss if this eliminates a measurement or recognition inconsistency or if the liabilities are actively managed on a fair value basis.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment revenue in the income statement, generally when the security becomes ex-dividend. Interest revenue is recognised on an accrued basis. For all financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result.

Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification of and designation of financial instruments (continued)

Financial assets at fair value through other comprehensive income

These principally consist of the Company's debt securities. These financial assets are initially recognised at fair value plus attributable transaction costs and are subsequently measured at fair value. The difference between their cost and par value is amortised. Interest revenue is recognised in investment return in the income statement using the effective interest method.

Unrealised gains and losses on securities are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences are calculated as if they were carried at amortised cost and so are recognised in the income statement as other investment return. For impairments, reference is made to the section "Impairment of financial assets".

Changes in the fair value of securities, except for impairment losses and relevant foreign exchange gains and losses, are recognised in other comprehensive income. Impairment losses and relevant foreign exchange gains and losses are recognised in the income statement.

Realised gains and losses on financial assets

Realised gains and losses on financial assets measured at fair value through profit or loss excludes any interest revenue or dividend income.

Realised gains and losses on financial assets measured at fair value through other comprehensive income are determined as the difference between the sale proceeds and its original cost or amortised cost as appropriate. Amortised cost is determined by specific identification.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification of and designation of financial instruments (continued)

Recognition of financial instruments

Purchases and sales of financial instruments are recognised on the trade date, which is the date at which the Company commits to purchase or sell the assets.

Derecognition, contract modification and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Company is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled.

If the terms of a financial instrument are modified, then the Company evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument measured at amortised cost is modified but not substantially, then it is not derecognised.

Financial assets and 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 realise the asset and settle the liability simultaneously.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification of and designation of financial instruments (continued)

Financial assets measured at amortised cost

Other than cash and cash equivalents, financial assets measured at amortised cost primarily include loans and deposits, and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses. Interest revenue from loans and deposits is recognised in investment return in the income statement using the effective interest method.

2.4.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount 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, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Company has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and fair value through other comprehensive income) are based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions at the date of each statement of financial position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in note 11.

2.4.3 Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. Loss allowances are measured at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- financial assets that are determined to have low credit risk at reporting date; and
- financial assets (other than other receivables or lease receivables) for which credit risk has not increased significantly since initial recognition.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.3 Impairment of financial assets (continued)

Loss allowances for other receivables and lease receivables are always measured at an amount equal to lifetime ECL. Lifetime ECL are the ECL that result from possible default events over the expected life of the financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive; and
- other financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Loss allowances for ECL of financial assets measured at amortised cost are deducted from the gross carrying amount the assets, and loss allowance for debt securities measured at fair value through other comprehensive income are recognised in other comprehensive income and do not reduce the carrying amount of the financial assets in the statement of financial position.

The gross carrying amount of financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.4 Derivative financial instruments

Embedded derivatives

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument that is not a financial asset within the scope of MFRS 9, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with MFRS 9.

2.5 Property and equipment and depreciation

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

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

The residual values, useful life and depreciation method are reviewed and adjusted, if applicable, at each date of the statement of financial position. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains and losses on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement and presented within net realised gains/(losses).

Depreciation of other property and equipment is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, as summarised as follows:

Furniture, fixtures and fittings	5 – 10 years
Office equipment	3 – 5 years

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 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. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives 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 with a finite useful life are reviewed at least at each date of the statement of financial position. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement and presented within net realised gains/(losses) when the asset is derecognised.

Software

The cost of acquired computer software licenses 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 life, generally not exceeding a period of 5 years.

The cost of significant development of knowledge-based software and computer application to meet the unique requirements of the insurance business is capitalised and recognised as an intangible asset in accordance with MFRS 138. The Company establishes that these development costs will generate economic benefits beyond one year and are associated with identifiable software applications controlled by the commissioning, on a straight-line basis over its useful economic life. The carrying amount is assessed for impairment when there is an indication of impairment.

2.7 Impairment of non-financial assets

Property and equipment, intangible assets and other non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's or cash generating unit's fair value less costs of disposal and its value in use. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement. Subsequent increase 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. The reversal is recognised in the income statement immediately.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 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 date of the statement of financial position 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.

2.9 Leases

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (continued)

(i) Lease term

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

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

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

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

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

(iii) Lease liabilities

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (continued)

(iii) Lease liabilities (continued)

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

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

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

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

(iv) Reassessment of lease liabilities

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

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

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

2.10 Employee benefits

(i) Short term benefits

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Employee benefits (continued)

(ii) Post retirement benefit obligations

Defined contribution plans

As required by law, the Company makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(iii) Share-based compensation plans

AIA Group Limited ("AIAGL") launched a number of share-based compensation plans, under which the Company receives services from the employees, Directors and Officers as consideration for the shares and/or options of AIAGL. These sharebased compensation plans comprise the Share Option Scheme ("SO Scheme"), the Restricted Share Unit Scheme ("RSU Scheme") and the Employee Share Purchase Plan ("ESPP").

The AIA Group's share compensation plans offered to the Company's employees are equity-settled plans. Under the equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of AIAGL's shares and/or options is recognised as an expense in the income statements over the vesting period with a corresponding amount recorded in equity. Any amounts recharged from AIAGL related to equity-settled share-based payment arrangements are offsetted against the amounts recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and/or options granted. Non-market vesting conditions are included in assumptions for the number of shares and/or options that are expected to be vested. At each period end, the Company revises its estimates of the number of shares and/or options that are expected to be vested. Any impact of the revision to original estimates is recognised in income statements with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and therefore the fair value of each tranche is recognised over the applicable vesting period.

The Company estimates the fair value of options using a binomial lattice model. This model requires inputs such as share price, implied volatility, risk free interest rate, expected dividend rate and the expected life of the option.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the financial statements are presented in thousands of Ringgit Malaysia ("RM"), which is the Company's presentation currency.

(ii) Foreign currency transactions

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

Translation differences on non-monetary items carried at fair value are translated at the rates prevailing on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

2.12 Taxation

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

Deferred tax is provided for, using the liability method, on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of the statement of financial position. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity in which case the deferred tax is also charged or credited in other comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Other revenue recognition

Gains and losses on disposal of investments are determined by comparing the sales proceeds and the carrying amounts of the investments and the resulting difference is credited or charged to the income statement. Cost is determined by specific identification.

2.14 Contingent liabilities and contingent assets

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash in hands, deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purposes. The Company classifies the cash flows for purchase and disposal of investments in financial assets in its operating cash flows as the purchases are funded from the cash flows predominantly associated with the origination of insurance contracts, net of the cash flows for payments of insurance benefits and claims benefits.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities, and revenue and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly.

Items that are considered particularly sensitive to changes in estimates and assumptions, and the relevant accounting policies are those which relate to insurance contracts and impairment of financial assets.

2.16.1 Level of aggregation and recognition of group of insurance contracts

For contracts issued to which the Company does not apply the premium allocation approach, the judgements exercised in determining whether contracts are onerous on initial recognition or those that have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on level of aggregation and recognition of group of insurance contracts is described in note 2.3.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Critical accounting estimates and judgements in applying accounting policies (continued)

2.16.2 Measurement of insurance contracts not measured under the premium allocation approach

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts represent the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustments for non-financial risk are based on actual experience and policy form. The Company exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Company will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage duration. The Company exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts affect the amounts recognised in the financial statements as assets or liabilities of insurance contracts. Further details of the related accounting policies are provided in note 2.3.

2.16.3 Determination of coverage unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage duration and time value of money.

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

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Company applies judgement in these determinations.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Critical accounting estimates and judgements in applying accounting policies (continued)

2.16.3 Determination of coverage unit (continued)

Expected coverage duration is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage duration is judgemental since it involves making an expectation of when claims and lapse will occur.

2.16.4 Measurement of insurance contracts under the premium allocation approach

Other than insurance contracts not measured under the premium allocation approach (PAA), the Company applies the PAA for the other short term insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under MFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

2.16.5 Transition to MFRS 17

The Company applied MFRS 17 for annual reporting period beginning on 1 January 2023. The Company has determined that it was impracticable to apply the full retrospective approach for some groups of contracts because certain historical information was not available or was not available without undue cost and effort that would enable it to be used under this approach. Therefore, the Company applied the fair value approaches for these groups of contracts. The Company exercises judgements in determining the transition approaches, applying the transition methods and measuring the transition impacts on the transition date, which will affect the amounts recognised in the financial statements on the transition date. Further details of the related accounting policies and information on the date of initial application are provided in notes 2.3 and 28.

2.16.6 Impairment of financial assets

The Company recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the methodology for incorporating forward-looking information into the measurement of ECL.

3 INSURANCE REVENUE

	Note	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Contracts not measured under the PAA			
Amounts related to changes in liabilities for remaining coverage			
Contractual service margin recognised for services provided		75,798	94,637
Change in risk adjustment for non-financial risk for risk expired		5,613	4,998
Expected incurred claims and other insurance service expenses		94,819	92,625
Others		205	(5,838)
Recovery of insurance acquisition cash flows	15(i)	74,389	50,527
		250,824	236,949
Contracts measured under the PAA		87,713	70,998
Total insurance revenue		338,537	307,947

4 NET INVESTMENT RESULT

a. Interest revenue on financial assets

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Interest revenue on financial assets		
Financial assets measured at amortised cost	646	448
Financial assets measured at fair value through other comprehensive income	12,876	12,846
Financial assets mandatory at fair value through profit or loss	284	244
Total interest revenue on financial assets	13,806	13,538

4 NET INVESTMENT RESULT (CONTINUED)

b. Other investment return

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Other investment revenue		
Dividend income	6,590	4,353
Others	2,648	(529)
	9,238	3,824
Net gains/(losses) of financial assets not at fair value through profit or loss		
Net realised loss of debt securities measured at FVOCI	(29)	(838)
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains/(losses) of debt investments	26	(113)
Net gains/(losses) of equity investments	8,508	(648)
Net foreign exchange gains/(losses)	(398)	(50)
Net gains/(losses)	8,136	(811)
Total other investment return	17,345	2,175

c. Net finance expenses from insurance contracts

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Net finance expenses from insurance contracts		
Interest accreted	(7,971)	(5,290)
Effect of changes in interest rates and other financial assumptions	(2,845)	2,242
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition	(1)	69
Total net finance expenses from insurance contracts	(10,817)	(2,979)

4 NET INVESTMENT RESULT (CONTINUED)

d. Net finance expenses from reinsurance contracts

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Net finance expenses from reinsurance contracts held		
Interest accreted	258	210
Total net finance income from reinsurance contracts held	258	210
Net investment result is represented by:		
Amount recognised in income statement	23,464	9,408
Amount recognised in other comprehensive income	(2,870)	2,222
Total net investment result	20,594	11,630

5 EXPENSES

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Claims and benefits	152,964	104,954
Commission and other acquisition expenses incurred	88,785	84,043
Losses on onerous insurance contracts	15,155	2,313
Employee benefit expenses	7,444	6,947
Depreciation		
- property and equipment (Note 10)	105	139
- right-of-use assets (Note 10)	232	234
Amortisation of intangible assets (Note 9)	331	304
Investment management expenses and others	621	623
Others	73,041	70,685
Directors' remuneration and other emoluments	720	708
	339,398	270,950
Amortisation of acquisition cash flow	99,774	71,586
Amount attributed to insurance acquisition cash flow	(110,947)	(99,320)
Insurance service and other expenses	328,225	243,216

5 EXPENSES (CONTINUED)

Insurance service and other expenses represented by:

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Insurance service expenses:		
- Contracts not measured under the PAA	195,703	156,422
- Contracts measured under the PAA	98,739	49,890
Other incurred expenses directly attributable to reinsurance contracts held	199	432
Other expenses	33,584	36,472
Total insurance service expenses	328,225	243,216

Auditors' remuneration consists of:

	31.12.2023 RM'000	31.12.2022 RM'000
Fee payable to PricewaterhouseCoopers PLT		
- statutory audit	348	230
- audit related services	-	558
- non-audit services	-	40
Total	348	828

Employee benefit expenses consists of:

	31.12.2023 RM'000	31.12.2022 RM'000
Wages and salaries	6,007	5,607
Share-based compensation	106	88
Pension costs – defined contribution plans	937	783
Other employee benefit expenses	394	469
Total	7,444	6,947

6 TAX EXPENSE

	31.12.2023 RM'000	31.12.2022 RM'000
Tax (credit)/expense:		
- current tax	-	8,037
- over provision in prior financial years	(950)	(472)
	(950)	7,565
<u>Deferred tax</u>		
Origination and reversal of temporary differences	4,566	8,237
	4,566	8,237
Total	3,616	15,802

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

	2023 RM'000	2022 RM'000
Profit before tax	37,264	75,379
Tax at Malaysian statutory tax rate of 24%	8,943	18,091
Income not subject to tax	(6,457)	(3,444)
Expenses not deductible for tax	2,080	1,627
Over provision of tax expense in prior financial years	(950)	(472)
Tax expense	3,616	15,802

7 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the 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.

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Profit after tax attributable to the Company	33,648	59,577
Weighted average number of shares in issue during the financial year	190,000	190,000
Basic earnings per share (sen)	17.71	31.36

8 DIVIDENDS

	31.12.2023 RM'000	31.12.2022 RM'000
Dividends paid:		
In respect of the financial year ended 31 December 2022: Final single tier dividend on 190,000,000 ordinary shares	30,000	-
In respect of the financial year ended 31 December 2021: Final single tier dividend on 190,000,000 ordinary shares		40,000
	30,000	40,000
Dividend per share (sen)	15.79	21.05

9 INTANGIBLE ASSETS

	Software RM'000	Work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2022	4,377	2,820	7,197
Additions	-	759	759
At 31 December 2022/At 1 January 2023	4,377	3,579	7,956
Reclassification	3,203	(3,203)	-
At 31 December 2023	7,580	376	7,956
Accumulated amortisation			
At 1 January 2022	(3,893)	-	(3,893)
Amortisation for the financial year (Note 5)	(304)	-	(304)
At 31 December 2022/At 1 January 2023	(4,197)	-	(4,197)
Amortisation for the financial year (Note 5)	(331)	-	(331)
At 31 December 2023	(4,528)	-	(4,528)
Net Book Value at 31 December 2023	3,052	376	3,428
Net Book Value at 31 December 2022	180	3,579	3,759

10 PROPERTY AND EQUIPMENT

	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost				
At 1 January 2022	363	261	2,066	2,690
Additions	-	29	-	29
Written Off	-	(8)	-	(8)
At 31 December 2022/ At 1 January 2023	363	282	2,066	2,711
Additions	-	80	624	704
At 31 December 2023	363	362	2,690	3,415
Accumulated depreciation				
At 1 January 2022	213	110	1,015	1,338
Depreciation charge for the financial year (Note 5)	49	90	234	373
Written Off	-	(8)	-	(8)
At 31 December 2022/ At 1 January 2023	262	192	1,249	1,703
Depreciation charge for the financial year (Note 5)	48	57	232	337
At 31 December 2023	310	249	1,481	2,040
Net Book Value at 31 December 2023	53	113	1,209	1,375
Net Book Value at 31 December 2022	101	90	817	1,008

11 FINANCIAL INVESTMENTS

Fair value of financial investments

The Company classifies all financial assets as either at fair value through profit or loss, or as at fair value through other comprehensive income, or at amortised cost. Financial liabilities are classified as either at fair value through profit or loss or at amortised cost.

The following tables present the fair values of the Company's financial assets and financial liabilities:

	31.12.2023		31.12.2022 (restated)	
	FVTPL	**FVOCI**	**FVTPL**	**FVOCI**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Government bonds	-	2,145	-	11,428
Corporate bonds	5,023	295,192	5,030	282,132
Equity shares				
- Unquoted	2,335	-	2,334	-
Mutual funds	247,435	-	222,469	-
Total	254,793	297,337	229,833	293,560

Loans and deposits

	31.12.2023	31.12.2022 (restated)
	RM'000	**RM'000**
Amortised cost		
Loans		
Other secured loans	302	394
Expected credit loss of loans	(211)	(239)
Total	91	155

11 FINANCIAL INVESTMENTS (CONTINUED)

Fair value measurements on a recurring basis

A summary of the fair value hierarchy of assets carried at fair value on a recurring basis:

	Fair value hierarchy			
31 December 2023	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	297,337	-	297,337
At fair value through profit or loss				
Debt securities	-	5,023	-	5,023
Equity shares	-	2,335	-	2,335
Mutual funds	-	247,435	-	247,435
Total assets on a recurring fair value measurement basis	-	552,130	-	552,130

	Fair value hierarchy			
31 December 2022 (restated)	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	293,560	-	293,560
At fair value through profit or loss				
Debt securities	-	5,030	-	5,030
Equity shares	-	2,334	-	2,334
Mutual funds	-	222,469	-	222,469
Total assets on a recurring fair value measurement basis	-	523,393	-	523,393

11 FINANCIAL INVESTMENTS (CONTINUED)

Fair value of financial and insurance assets and liabilities for which the fair value is disclosed at reporting date

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 December 2023 and 2022 is given below.

	Fair value hierarchy			
31 December 2023	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	-	91	91
Receivables	-	-	38,779	38,779
Accrued investment income	-	3,004	-	3,004
Cash and cash equivalents	-	-	55,371	55,371
Total assets for which the fair value is disclosed	-	3,004	94,241	97,245
Liabilities for which the fair value is disclosed				
Financial liabilities				
Other liabilities (Note 17)	-	-	9,752	9,752
Total liabilities for which the fair value is disclosed	-	-	9,752	9,752

	Fair value hierarchy			
31 December 2022 (restated)	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	-	155	155
Receivables	-	-	39,521	39,521
Accrued investment income	-	3,073	-	3,073
Cash and cash equivalents	-	-	19,186	19,186
Total assets for which the fair value is disclosed	-	3,073	58,862	61,935
Liabilities for which the fair value is disclosed				
Financial liabilities				
Other liabilities (Note 17)	-	-	10,431	10,431
Total liabilities for which the fair value is disclosed	-	-	10,431	10,431

12 OTHER ASSETS

	2023 RM'000	2022 RM'000
Accrued investment income	3,004	3,073
Agents' balances	13	8
Deposit and prepayments	72	48
Other receivables	38,694	39,465
Total	41,783	42,594

13 CASH AND CASH EQUIVALENTS

	2023 RM'000	2022 RM'000
Cash and bank balances	30,531	19,186
Fixed deposits	24,840	-
Total	55,371	19,186

14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Loss allowance (continued)

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	**Loss allowance**	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loans and deposits measured at amortised cost								
Balance at 1 January 2023	141	(50)	-	-	253	205	394	155
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
New financial assets acquired	-	-	-	-	-	-	-	-
Financial assets derecognised other than write-offs	(70)	-	-	-	63	(64)	(7)	(64)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
Balance at 31 December 2023	**71**	**(50)**	-	-	**316**	**141**	**387**	**91**

14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Loss allowance (continued)

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2022	390	(57)	-	-	-	-	390	(57)
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(253)	(13)	-	-	253	205	-	192
Net remeasurement of loss allowance	4	20	-	-	-	-	4	20
New financial assets acquired	-	-	-	-	-	-	-	-
Financial assets derecognised other than write-offs	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
Balance at 31 December 2022	**141**	**(50)**	**-**	**-**	**253**	**205**	**394**	**155**

14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Loss allowance (continued)

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2023	293,384	1,783	-	-	-	-	293,384	1,783
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(5,244)	(986)	-	-	-	-	(5,244)	(986)
New financial assets acquired	92,556	347	-	-	-	-	92,556	347
Financial assets derecognised other than write-offs	(96,224)	(247)	-	-	-	-	(96,224)	(247)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
Balance at 31 December 2023	**284,472**	**897**	-	-	-	-	**284,472**	**897**

14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Loss allowance (continued)

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2022	310,587	1,089	-	-	-	-	310,587	1,089
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(16,258)	597	-	-	-	-	(16,528)	597
New financial assets acquired	63,684	297	-	-	-	-	63,684	297
Financial assets derecognised other than write-offs	(64,629)	(200)	-	-	-	-	(64,629)	(200)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
Balance at 31 December 2022	**293,384**	**1,783**	**-**	**-**	**-**	**-**	**293,384**	**1,783**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

Insurance contracts and reinsurance contracts held

	Note	31 December 2023 RM'000	31 December 2022 (restated) RM'000
Insurance contract liabilities not measured under the PAA	(i), (ii)	231,167	199,484
Insurance contract liabilities measured under the PAA	(v)	157,207	116,746
Assets for insurance acquisition cash flows not measured under the PAA	(vii)	(145,848)	(135,106)
Insurance contract liabilities		**242,526**	**181,124**
Reinsurance contracts not measured under the PAA	(iii), (iv)	1,859	11,214
Reinsurance contracts measured under the PAA	(vi)	30,453	16,574
Reinsurance contract assets		**32,311**	**27,788**

Movement in carrying amounts

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held in each presentation segment changed during the year as a result of cash flows and amounts recognised in the income statement and statement of comprehensive income. The Company presents a table separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the income statement and statement of comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin.

The estimates of the present value of the future cash flows from insurance and reinsurance contract assets represent the Company's maximum exposure to credit risk from these assets.

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

	31 December 2023				31 December 2022 (restated)			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-	-	-	-
Opening liabilities	47,217	-	152,267	199,484	74,093	-	119,266	193,359
Net opening balance	**47,217**	**-**	**152,267**	**199,484**	**74,093**	**-**	**119,266**	**193,359**
Insurance revenue	**(250,824)**	**-**	**-**	**(250,824)**	**(236,949)**	**-**	**-**	**(236,949)**
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(215)	118,057	117,842	-	-	104,956	104,956
Amortisation of insurance acquisition cash flows	74,389	-	-	74,389	50,527	-	-	50,527
Losses and reversal of losses on onerous contacts	-	203	-	203	-	(5)	-	(5)
Adjustments to liabilities for incurred claims	-	-	3,267	3,267	-	-	944	944
Total insurance service expenses	74,389	(12)	121,324	195,701	50,527	(5)	105,900	156,422

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

	31 December 2023				31 December 2022 (restated)			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance service result	**(176,435)**	**(12)**	**121,324**	**(55,123)**	**(186,422)**	**(5)**	**105,900**	**(80,527)**
Net finance expenses from insurance contracts	2,167	19	8,631	10,817	2,171	5	803	2,979
Total changes in the income statement and statement of comprehensive income	**(174,268)**	**7**	**129,955**	**(44,306)**	**(184,251)**	**-**	**106,703**	**(77,548)**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(i) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

	31 December 2023				31 December 2022 (restated)			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows								
Premium received	254,699	-	-	254,699	225,967	-	-	225,967
Claims and other insurance service expenses paid, including investment components	-	-	(111,064)	(111,064)	-	-	(73,499)	(73,499)
Insurance acquisition cash flows paid	(52,207)	-	(168)	(52,375)	(53,753)	-	(204)	(53,957)
Total cash flows	**202,492**	**-**	**(111,232)**	**91,260**	**172,214**	**-**	**(73,703)**	**98,511**
Adjusted for:								
Allocation from assets for insurance acquisition cash flows	(15,272)	-	-	(15,272)	(14,838)	-	-	(14,838)
Total non-cash items	**(15,272)**	**-**	**-**	**(15,272)**	**(14,838)**	**-**	**-**	**(14,838)**
Net closing balance	**60,169**	**7**	**170,990**	**231,167**	**47,218**	**-**	**152,266**	**199,484**
Closing assets	-	-	-	-	-	-	-	-
Closing liabilities	60,169	7	170,990	231,167	47,218	-	152,266	199,484
Net closing balance	**60,169**	**7**	**170,990**	**231,167**	**47,218**	**-**	**152,266**	**199,484**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach

	31 December 2023						
				CSM			
	Estimates of present value of future cash flows	**Risk adjustment for non-financial risk**	**Total CSM**	**Contracts under modified retrospective approach**	**Contracts under fair value approach**	**Other contracts**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets	-	-	-	-	-	-	-
Opening liabilities	155,647	12,966	30,871	-	-	30,871	199,484
Net opening balance	**155,647**	**12,966**	**30,871**	**-**	**-**	**30,871**	**199,484**
Changes that relate to current services	**14,744**	**2,462**	**(75,798)**	**-**	**(17)**	**(75,781)**	**(58,592)**
CSM recognised for services provided	-	-	(75,798)	-	**(17)**	(75,781)	(75,798)
Change in risk adjustment for non-financial risk	-	2,462	-	-	-	-	2,462
Experience adjustments	14,744	-	-	-	-	-	14,744
Changes that relate to future services	**(80,697)**	**5,303**	**75,597**	**-**	**17**	**75,580**	**203**
Contracts initially recognised in the year	(75,622)	5,879	71,659	-	-	71,659	1,916
Changes in estimates that adjust the CSM	(3,676)	(262)	3,938	-	**17**	3,921	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,399)	(314)	-	-	-	-	(1,713)
Changes that relate to past services	**12,244**	**(8,976)**	**-**	**-**	**-**	**-**	**3,268**
Total insurance service result	(53,709)	(1,211)	(201)	-	-	(201)	(55,121)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

	31 December 2023						
				CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts	9,048	-	1,770	-	-	1,770	10,818
Total changes in the income statement and statement of comprehensive income	(44,662)	(1,211)	1,569	-	-	1,569	(44,303)
Cash flows	91,260	-	-	-	-	-	91,260
Allocation from assets for insurance acquisition cash flows	(15,273)	-	-	-	-	-	(15,273)
Net closing balance	186,974	11,755	32,438	-	-	32,438	231,167
Closing assets	-	-	-	-	-	-	-
Closing liabilities	186,973	11,755	32,438	-	-	32,438	231,167
Net closing balance	186,973	11,755	32,438	-	-	32,438	231,167

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(ii) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

	31 December 2022 (restated)					
				CSM		
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**121,497**	**10,304**	**61,558**	**61,558**	**-**	**193,359**
Changes that relate to current services	**11,481**	**1,690**	**(94,637)**	**(56,696)**	**(37,941)**	**(81,466)**
CSM recognised for services provided	-	-	(94,637)	(56,696)	(37,941)	(94,637)
Change in risk adjustment for non-financial risk	-	1,690	-	-	-	1,690
Experience adjustments	11,481	-	-	-	-	11,481
Changes that relate to future services	**(67,260)**	**5,326**	**61,928**	**(5,640)**	**67,568**	**(5)**
Contracts initially recognised in the year	(111,065)	4,208	107,482	-	107,482	625
Changes in estimates that adjust the CSM	44,263	1,291	(45,554)	(5,640)	(39,914)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(457)	(173)	-	-	-	(630)
Changes that relate to past services	**5,298**	**(4,354)**	**-**	**-**	**-**	**944**
Total insurance service result	**(50,480)**	**2,662**	**(32,709)**	**(62,336)**	**29,627**	**(80,527)**
Net finance expenses from insurance contracts	957	-	2,022	778	1,244	2,979
Total changes in the income statement and statement of comprehensive income	**(49,523)**	**2,662**	**(30,687)**	**(61,558)**	**30,871**	**(77,548)**
Cash flows	98,512	-	-	-	-	98,512
Allocation from assets for insurance acquisition cash flows	(14,839)	-	-	-	-	(14,839)
Net closing liabilities	**155,647**	**12,966**	**30,871**	**-**	**30,871**	**199,484**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(iii) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach

	31 December 2023				31 December 2022			
	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	7,896	-	3,318	11,214	-	-	-	-
Opening liabilities	-	-	-	-	(8,800)	-	4,264	(4,536)
Net opening balance	**7,896**	**-**	**3,318**	**11,214**	**(8,800)**	**-**	**4,264**	**(4,536)**
Changes in the income statement and statement of comprehensive income								
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(908)	-	(1,746)	(2,654)	(1,425)	-	6,125	4,700
Net expenses from reinsurance contracts held	**(908)**	**-**	**(1,746)**	**(2,654)**	**(1,425)**	**-**	**6,125**	**4,700**
Net finance income from reinsurance contracts held	(258)	-	-	(258)	(210)	-	-	(210)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(iii) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach (continued)

	31 December 2023				31 December 2022			
	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	**(1,166)**	**-**	**(1,746)**	**(2,912)**	**(1,635)**	**-**	**6,125**	**4,490**
Cash flows								
Premiums paid	(9,440)	-	-	(9,440)	18,331	-	-	18,331
Amounts received	-	-	2,952	2,952	-	-	(7,093)	(7,093)
Other amounts paid	-	-	44	44	-	-	22	22
Total cash flows	**(9,440)**	**-**	**2,996**	**(6,444)**	**18,331**	**-**	**(7,071)**	**11,260**
Net closing balance	**(2,710)**	**-**	**4,569**	**1,859**	**7,896**	**-**	**3,318**	**11,214**
Closing assets	(2,710)	-	4,569	1,859	7,896	-	3,318	11,214
Closing liabilities	-	-	-	-	-	-	-	-
Net closing balance	**(2,710)**	**-**	**4,569**	**1,859**	**7,896**	**-**	**3,318**	**11,214**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(iv) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach

	31 December 2023						
				CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	11,358	-	(144)	-	(144)	-	11,214
Opening liabilities	-	-	-	-	-	-	-
Net opening balance	**11,358**	**-**	**(144)**	**-**	**(144)**	**-**	**11,214**
Changes that relate to current services	**7,585**	**-**	**(120)**	**-**	**(120)**	**-**	**7,465**
CSM recognised for services received	-	-	(120)	-	(120)	-	(120)
Experience adjustments	7,585	-	-	-	-	-	7,585
Changes that relate to future services	**(2,214)**	**-**	**2,214**	**-**	**2,214**	**-**	**-**
Changes that relate to past services	**(10,119)**	**-**	**-**	**-**	**-**	**-**	**(10,119)**
Total net (expenses) / income from reinsurance contracts held	**(4,748)**	**-**	**2,094**	**-**	**2,094**	**-**	**(2,654)**
Net finance expenses from insurance contracts	(289)	-	31	-	31	-	(258)
Total changes in the income statement and statement of comprehensive income	**(5,037)**	**-**	**2,126**	**-**	**2,126**	**-**	**(2,912)**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(iv) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

	31 December 2023						
				CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows	**(6,444)**	**-**	**-**	**-**	**-**	**-**	**(6,444)**
Premium paid	(9,440)	-	-	-	-	-	(9,440)
Other amount paid	43	-	-	-	-	-	43
Amount received	2,952	-	-	-	-	-	2,952
Net closing balance	**(123)**	**-**	**-**	**-**	**1,982**	**-**	**1,859**
Closing assets	(123)	-	1,982	-	1,982	-	1,859
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	**(123)**	**-**	**1,982**	**-**	**1,982**	**-**	**1,859**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(iv) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

	31 December 2022						
			CSM				
	Estimates of present value of future cash flows	**Risk adjustment for non-financial risk**	**Total CSM**	**Contracts under modified retrospective approach**	**Contracts under fair value approach**	**Other contracts**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets	-	-	-	-	-	-	-
Opening liabilities	(4,373)	-	(163)	-	(163)	-	(4,536)
Net opening balance	**(4,373)**	**-**	**(163)**	**-**	**(163)**	**-**	**(4,536)**
Changes that relate to current services	**8,184**	**-**	**23**	-	**23**	**-**	**8,207**
CSM recognised for services received	-	-	23	-	23	-	23
Experience adjustments	8,184	-	-		-	-	8,184
Changes that relate to future services	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes that relate to past services	**(3,507)**	**-**	**-**		**-**	**-**	**(3,507)**
Total net (expenses) / income from reinsurance contracts held	**4,677**	**-**	**23**	**-**	**23**	**-**	**4,700**
Net finance expenses from insurance contracts	(206)	-	(4)	-	(4)	-	(210)
Total changes in the income statement and statement of comprehensive income	**4,471**	**-**	**19**	-	**19**	**-**	**4,490**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(iv) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

	31 December 2022						
				CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows	**11,260**	**-**	**-**	-	**-**	**-**	**11,260**
Premium paid	18,331	-	-	-	-	-	18,331
Other amount paid	21	-	-	-	-	-	21
Amount received	(7,092)	-	-	-	-	-	(7,092)
Net closing balance	**11,358**	**-**	**(144)**	**-**	**(144)**	**-**	**11,214**
Closing assets	11,358	-	(144)	-	(144)	-	11,214
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	**11,358**	**-**	**(144)**	**-**	**(144)**	**-**	**11,214**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(v) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach

	31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-
Opening liabilities	34,993	4,904	68,356	8,493	116,746
Net opening balance	**34,993**	**4,904**	**68,356**	**8,493**	**116,746**
Insurance revenue	(87,713)	-	-	-	(87,713)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	66,121	6,186	72,307
Amortisation of insurance acquisition cash flows	25,385	-	-	-	25,385
Losses and reversal of losses on onerous contracts	-	15,167	-	-	15,167
Adjustments to liabilities for incurred claims	-	-	(7,932)	(6,189)	(14,121)
Total insurance service expenses	25,385	15,167	58,189	(3)	98,738
Investment components	-	-	-	-	-
Insurance service result	**(62,328)**	**15,167**	**58,189**	**(3)**	**11,025**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(v) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

	31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	**(62,328)**	**15,167**	**58,189**	**(3)**	**11,025**
Cash flows					
Premium received	103,107	-	-	-	103,107
Claims and other insurance service expenses paid, including investment components	-	-	(42,625)	-	(42,625)
Insurance acquisition cash flows paid	(30,911)	-	(134)	-	(31,045)
Total cash flows	**72,196**	**-**	**(42,759)**	**-**	**29,437**
Net closing balance	**44,861**	**20,071**	**83,786**	**8,490**	**157,208**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(v) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

	31 December 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-
Opening liabilities	34,458	2,586	76,079	10,949	124,072
Net opening balance	**34,458**	**2,586**	**76,079**	**10,949**	**124,072**
Insurance revenue	(70,997)	-	-	-	(70,997)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	42,715	5,823	48,538
Amortisation of insurance acquisition cash flows	21,021	-	-	-	21,021
Losses and reversal of losses on onerous contracts	-	2,318	-	-	2,318
Adjustments to liabilities for incurred claims	-	-	(13,746)	(8,279)	(22,025)
Total insurance service expenses	21,021	2,318	28,969	(2,456)	49,852
Investment components	-	-	-	-	-
Insurance service result	**(49,976)**	**2,318**	**28,969**	**(2,456)**	**(21,145)**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(v) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

	31 December 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	**(49,976)**	**2,318**	**28,969**	**(2,456)**	**(21,145)**
Cash flows					
Premium received	75,985	-	-	-	75,985
Claims and other insurance service expenses paid, including investment components	-	-	(36,529)	-	(36,529)
Insurance acquisition cash flows paid	(25,474)	-	(163)	-	(25,637)
Total cash flows	**50,511**	**-**	**(36,692)**	**-**	**13,819**
Net closing balance	**34,993**	**4,904**	**68,356**	**8,493**	**116,746**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach

	31 December 2023				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(10,268)	-	26,842	-	16,574
Opening liabilities	-	-	-	-	-
Net opening balance	**(10,268)**	**-**	**26,842**	**-**	**16,574**
Changes in the income statement and statement of comprehensive income					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(16,414)	-	22,356	-	5,942
Net expenses from reinsurance contracts held	**(16,414)**	**-**	**22,356**	**-**	**5,942**
Net finance income from reinsurance contracts held	-	-	-	-	-
Total changes in the income statement and statement of comprehensive income	**(16,414)**	**-**	**22,356**	**-**	**5,942**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

	31 December 2023				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows					
Premiums paid	30,594	-	-	-	30,594
Amounts received	-	-	(22,995)	-	(22,995)
Other amounts paid	-	-	338	-	338
Total cash flows	**30,594**	**-**	**(22,657)**	**-**	**7,937**
Net closing balance	**3,912**	**-**	**26,540**	**-**	**30,453**
Closing assets	3,912	-	26,540	-	30,453
Closing liabilities	-	-	-	-	-
Net closing balance	**3,912**	**-**	**26,540**	**-**	**30,453**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

	31 December 2022				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**4,097**	-	15,681	1,811	21,589
Opening liabilities	-	-	-	-	-
Net opening balance	**4,097**	**-**	**15,681**	**1,811**	**21,589**
Changes in the income statement and statement of comprehensive income					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(13,544)	-	11,463	(1,811)	(3,892)
Net expenses from reinsurance contracts held	**(13,544)**	**-**	**11,463**	**(1,811)**	**(3,892)**
Net finance income from reinsurance contracts held	-	-	-	-	-
Total changes in the income statement and statement of comprehensive income	**(13,544)**	**-**	**11,463**	**(1,811)**	**(3,892)**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

	31 December 2022				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows					
Premiums paid	(821)	-	-	-	(821)
Amounts received	-	-	(449)	-	(449)
Other amounts paid	-	-	147	-	147
Total cash flows	**(821)**	**-**	**(302)**	**-**	**(1,123)**
Net closing balance	**(10,268)**	**-**	**26,842**	**-**	**16,574**
Closing assets	(10,268)	-	26,842	-	16,574
Closing liabilities	-	-	-	-	-
Net closing balance	**(10,268)**	**-**	**26,842**	**-**	**16,574**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(vii) Analysis by Reconciliation of assets for insurance acquisition cash flows not measured under the premium allocation approach

	31 December 2023 RM'000	31 December 2022 RM'000
Opening balance	**135,106**	**125,976**
Assets recognised for insurance acquisition cash flows paid during the period	26,015	23,968
Allocation to groups of insurance contracts	(15,273)	(14,838)
Net closing balance	**145,848**	**135,106**
Closing assets	-	-
Closing liabilities	145,848	135,106
Net closing balance	**145,848**	**135,106**

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components of insurance contracts and reinsurance contracts held arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognised in the year.

Insurance contracts

	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Year ended 31 December 2023			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	66,800	3,059	69,859
Claims payable and other expenses	95,153	2,860	98,013
Total estimates of present value of future cash outflows	161,953	5,919	167,872
Estimates of present value of future cash inflows	(239,281)	(4,213)	(243,494)
Risk adjustment for non-financial risk	5,669	210	5,879
Contractual service margin	71,659	-	71,659
Losses recognised on initial recognition	-	1,916	1,916

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

The following tables summarise the effect on the measurement components of insurance contracts and reinsurance contracts held arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognised in the year. (continued)

Insurance contracts (continued)

	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Year ended 31 December 2022			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	39,055	1,208	40,263
Claims payable and other expenses	94,755	858	95,613
Total estimates of present value of future cash outflows	133,810	2,066	135,876
Estimates of present value of future cash inflows	(245,428)	(1,512)	(246,940)
Risk adjustment for non-financial risk	4,136	71	4,207
Contractual service margin	107,482	-	107,482
Losses recognised on initial recognition	-	625	625

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Analysis of assets for insurance acquisition cash flows

	31 December 2023 RM'000	31 December 2022 RM'000
Opening balance presented in insurance contract assets	-	-
Opening balance presented in insurance contract liabilities	135,106	125,976
Total opening balance	135,106	125,976
Acquisitions through business combinations	-	-
Assets recognised for insurance acquisition cash flows paid during the period	26,015	23,968
Allocation to groups of insurance contracts	(15,273)	(14,838)
Impairment losses and reversals	-	-
Effect of movements in exchange rates	-	-
Total closing balance	145,848	135,106
Closing balance presented in insurance contract assets	-	-
Closing balance presented in insurance contract liabilities	145,848	135,106
Total closing balance	145,848	135,106

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Analysis of assets for insurance acquisition cash flows (continued)

	Total	Five year or less	After five years through ten years	After ten years
	RM'000	RM'000	RM'000	RM'000
31 December 2023				
Assets for insurance acquisition cash flows	145,848	59,711	35,784	50,353
31 December 2022				
Assets for insurance acquisition cash flows	135,106	56,056	33,192	45,858

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Analysis of contractual service margin

The following table illustrates when the Group expects to recognise the remaining contractual service margin as revenue for contracts not measured under the premium allocation approach.

	Total	Five year or less	After five years through ten years	After ten years
	RM'000	RM'000	RM'000	RM'000
31 December 2023				
Insurance contracts	32,438	32,438	-	-
Reinsurance contracts held	1,982	813	474	694
31 December 2022				
Insurance contracts	30,871	30,871	-	-
Reinsurance contracts held	(144)	(60)	(35)	(49)

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows

Estimates of future cash flows

The Company's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. 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 and 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.

Cash flows are within the boundary of a contract if they arise from substantive right and obligations that existing during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows 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, and recurring commissions payable on instalment premiums receivable within the contract boundary.

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.

Methodology and assumptions

Mortality

Assumptions have been developed by the Company based on recent historical experience, and expectations of current and expected future experience including mortality improvement. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Company.

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Morbidity

Assumptions have been developed by the Company based on recent historical experience, and expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

Persistency

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender) and premium persistency.

Assumptions have been developed by the Company based on recent historical experience, and best estimate expectations of expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions.

Expenses

The expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition, maintenance and other activities that, and then to allocate these acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expenses assumptions have been determined for acquisition and maintenance activities that can be directly attributed to the portfolio of insurance contracts, split by product type, and unit costs expressed as a percentage of premiums, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy administration and claims handling efficiency. Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Reinsurance

Reinsurance assumptions have been developed by the Company based on the reinsurance arrangements in-force as at the reporting date and the recent historical and expected future experience.

An adjustment to reflect the time value of money and the financial risks related to future cash flows

The Company adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The top-down approach has been primarily adopted for the derivation of discount rates. A top-down approach starts with considering a yield curve that reflects the current market rates of return of a reference portfolio of assets that have similar characteristic of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contract (primarily the allowance for credit risk). The assessment of credit risk premium is done on external and internal ratings when the reference portfolio contains assets which are rated. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable and also relevant in reflecting the characteristic of the insurance contracts. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method etc.

15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Contractual service margin

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage duration and time value of money.

For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

16 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets/liabilities shown in the statement of financial position are determined after appropriate offsetting.

	2023 RM'000	2022 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets/(liabilities)	(42,788)	(37,703)

	2023 RM'000	2022 RM'000
At 1 January/1 December	(37,703)	(29,839)
Recognised in:		
Income statement (Note 6)	(4,566)	(8,238)
Other comprehensive (loss)/income	(519)	374
At 31 December	(42,788)	(37,703)

16 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Unutilised tax losses RM'000	Unrealised amortisation RM'000	Total RM'000
At 31 December 2023			
Deferred tax assets at 1 January 2023	197	-	197
Recognised in:			
Income statement	(148)	-	(148)
Deferred tax assets at 31 December 2023 (before offsetting)	49	-	49
Offsetting			(49)
Deferred tax assets at 31 December 2023 (after offsetting)			-

	Accelerated depreciation RM'000	Revaluation of investments RM'000	Insurance contract liability RM'000	Total RM'000
Deferred tax liabilities at 1 January 2023	65	770	(38,735)	(37,900)
Recognised in:				
Income statement	(245)	(23,839)	19,666	(4,418)
Other comprehensive income	-	(1,405)	886	(519)
Deferred tax liabilities at 31 December 2023 (before offsetting)	(180)	(24,474)	(18,183)	(42,837)
Offsetting				49
Deferred tax liabilities at 31 December 2023 (after offsetting)				(42,788)

16 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Unutilised tax losses RM'000	Unrealised amortisation RM'000	Total RM'000
At 31 December 2022			
Deferred tax assets at 1 January 2022	173	-	173
Recognised in:			
Income statement	24	-	24
Deferred tax assets at 31 December 2022 (before offsetting)	197	-	197
Offsetting			(197)
Deferred tax assets at 31 December 2022 (after offsetting)			-

	Accelerated depreciation RM'000	Revaluation of investments RM'000	Insurance contract liability RM'000	Total RM'000
Deferred tax liabilities at 1 January 2022	(7)	(5,891)	(24,114)	(30,012)
Recognised in:				
Income statement	72	5,754	(14,088)	(8,262)
Other comprehensive income	-	907	(533)	374
Deferred tax liabilities at 31 December 2022 (before offsetting)	65	770	(38,735)	(37,900)
Offsetting				197
Deferred tax liabilities at 31 December 2022 (after offsetting)				(37,703)

17 OTHER LIABILITIES

	31.12.2023	31.12.2022 Restated
	RM'000	RM'000
Amount due to ultimate holding company (Note 21b)	48	-
Amount due to penultimate holding company (Note 21b)	-	640
Other payables	8,440	8,914
Lease liabilities	1,264	877
	9,752	10,431

18 SHARE CAPITAL

	Number of shares		Amount	
	2023	2022	2023	2022
	'000	'000	RM'000	RM'000
Issued and paid-up:				
Ordinary shares at the beginning/end of the financial year	190,000	190,000	190,000	190,000

19 RETAINED EARNINGS

Under the single tier system, there are no restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the date of the statement of financial position.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from financial year beginning 1 January 2020. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio ("CAR") position is less than its internal target capital level or if the payment of dividend would impair its CAR position to below its internal target.

20 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) The remuneration of the Chief Executive Officer and Directors of the Company for the financial year are as follows:

	2023 RM'000	2022 RM'000
Chief Executive Officer:		
Salaries, allowances and benefits-in-kind	1,306	1,894
Defined contribution plans	181	229
	1,487	2,123
Non-executive Directors:		
Directors' fee		
- Ching Yew Chye @ Chng Yew Chye	190	160
- Chong Kin Leong	179	152
- Kang Ah Lai @ Kang Hak Koon	168	136
- Tunku Dato' Mohmood Fawzy bin Tunku Muhiyiddin	183	154
	720	602
Allowances		
- Ching Yew Chye @ Chng Yew Chye	29	25
- Chong Kin Leong	27	23
- Kang Ah Lai @ Kang Hak Koon	28	30
- Tunku Dato' Mohmood Fawzy bin Tunku Muhiyiddin	29	28
	113	106
Total	2,320	2,831

The number of directors whose total remuneration received during the financial year that fall within the following bands are as follows:

	Number of Directors	
	2023	2022
Non-executive Directors:		
RM0 – RM50,000	-	-
RM50,001 – RM100,000	-	-
RM100,001 – RM200,000	4	4

21 RELATED PARTY DISCLOSURES

In the normal course of business, the Company undertakes various transactions with its immediate holding company and other related corporations deemed related parties by virtue of them being members of AIA Group Limited and its subsidiaries ("AIA Group"). These transactions were carried out on terms and conditions negotiated between the related parties.

(a) Significant related party transactions

The following are the significant transactions held by the Company with the related parties during the financial year:

	2023 RM'000	2022 RM'000
Penultimate company:		
AIA Company Ltd.		
Hong Kong		
- Employee benefits	(106)	-
- Technical and consultation services	-	(642)
Immediate holding company:		
AIA Bhd.		
Malaysia		
- Rental of office premises	(420)	(462)
- Management fees	(47,617)	(43,493)
- Information technology services	(3,286)	(5,020)
- Group insurance premium and vitality	(4)	(126)
- Group service fee recharge	(1,582)	-
- Technical and consultation services	-	(220)
- Premium income	449	38

21 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Company with the related parties during the financial year: (continued)

	2023 RM'000	2022 RM'000
Fellow related companies:		
AIA Shared Services Sdn. Bhd.		
Malaysia		
- Management fees	(7)	(26)
- Premium income	8	8
AIA Health Services Sdn. Bhd.		
Malaysia		
- Management fees	(458)	(530)

(b) Related party balances

	2023 RM'000	2022 RM'000
Payables		
Other payables - AIA Company Ltd.	-	(640)
Other payables - AIA Bhd.	(8,173)	(8,479)
Other payables - AIA Shared Services Sdn. Bhd.	(1)	(1)
Other payables - AIA Health Services Sdn. Bhd.	(37)	(49)
Other payables - AIA Group Limited	(48)	-
	(8,259)	(9,169)

The amounts due from/(to) related parties are unsecured, interest free and repayable within 30 days.

22 RISK MANAGEMENT

Risk Management Framework

The Company recognises the importance of sound risk management in every aspect of its business and for all stakeholders. The Company's Risk Management Framework ("RMF") does not seek to eliminate all risk but rather to identify, understand and manage them within acceptable limits in order to support the creation of long-term value.

The Company's RMF is built around developing an appropriate and mindful risk culture at every level of the organisation in support of our strategic objectives. The RMF provides the business with appropriate tools, processes and capabilities for the identification, assessment and, where required, upward referral of identified material risks for further evaluation.

Capital Management Framework

The Company actively manages its capital adequacy by taking into account the potential impact of business strategies on the Company's risk profile and overall resilience. This is in line with BNM Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for Insurers and the Risk-Based Capital Framework for Insurers ("RBC Framework").

Under the RBC Framework, the Company has to maintain a capital adequacy level that is commensurate with its risk profiles at all times. The Capital Adequacy Ratio of the Company remained well above the minimum capital requirement of 130% under the RBC Framework, regulated by BNM.

The ICAAP is the overall process (including oversight and operational frameworks and processes) by which the Company ensures adequate capital to meet its capital requirements on an ongoing basis. The key elements of ICAAP includes Board and senior management oversight; comprehensive risk assessment; individual target capital level and stress testing; sound capital management and ongoing monitoring, reporting and review of the ICAAP.

A capital management plan has been established which list the thresholds that act as triggers for actions to ensure maintenance of appropriate capital levels at all times as well as the corresponding corrective actions that are required for different scenarios and at each specified thresholds. Results of stress tests shall be considered when evaluating the appropriateness of capital thresholds and corrective actions with consideration of the particular stage of the business cycle in which the Company is operating, given the potential changes in the external environment that could affect the risk profile.

The Company sets an Individual Target Capital Level ("ITCL") that reflects the overall risk tolerance and risk appetite set by the Board, its own risk profile and risk management practices. The Company shall operate at capital levels above ITCL at all times. The ITCL provides a robust threshold in the management of capital adequacy, where a breach of this level would trigger timely responses by management to restore capital to the ITCL and heighten the Board's scrutiny based on the Capital Management Plan.

The planning and assessment of capital and ITCL will be formally conducted by senior management at least annually or as and when the need arises. The result will be reported to the Board and/or the Board's RMC.

22 RISK MANAGEMENT (CONTINUED)

Governance and Regulatory Framework (continued)

The Company's risk governance framework is built on the "three lines of defence" model. With regards to risk management, the objective is to ensure that an appropriate framework is in place, including an independent system of checks and balances to provide assurance that risks are identified, assessed, managed and governed properly. The framework clearly defines roles and responsibilities for the management of risks between the executive management ("First Line"), Risk and Compliance ("Second Line") and Internal Audit ("Third Line") functions. While each line of defence is independent from the others, they work closely to ensure effective oversight.

The Company is required to comply with the requirements of the Financial Services Act ("FSA") 2013, relevant laws and regulations and guidelines including those from BNM and Persatuan Insurans Am Malaysia ("PIAM").

The Company has complied with the capital requirements prescribed by BNM during the reported financial year.

23 INSURANCE RISK

Insurance risk is the risk arising from changes in claims experience as well as more general exposure relating to the acquisition and persistency of insurance business.

The Company considers insurance risk to be a combination of the following component risks:

(a) Product risk;
(b) Pricing and underwriting risk;
(c) Lapse risk; and
(d) Reserving risk

The Company manages its exposure to insurance risk across a spectrum of components. The Company has adequate underwriting and actuarial resources and has implemented well-defined relevant guidelines and practices. The Company has established relevant expertise for the evaluation, pricing and underwriting of its products. The Company's Management Committee ("MC"), Product Governing Committee ("PGC"), Investment Committee ("IC") and Management Risk Management Committee ("MRMC") play an important oversight role in relation to these insurance related risks, as discussed below.

(a) Product risk

Product development process is overseen by PGC, which governs the products and pricing related guidelines. The Company seeks to manage this risk by carrying out robust pre-launch risk assessment for product related launches, as appropriate. The Company has adequate experience and has established expertise in identifying potential flaws in product development. The Company monitors closely the performance of products and focus on actively managing each part of the actuarial product control cycle, as necessary.

23 INSURANCE RISK (CONTINUED)

(b) Pricing and underwriting risk

The Company seeks to manage pricing and underwriting risk by adhering to its underwriting guidelines.

The Company maintains a team of underwriters who review and select risks consistent with acceptable risk profile and underwriting strategy. A second layer of underwriting review is conducted at the Company level for large risks. In circumstances, such as when the Company enters into new lines of business, products or segments, the Company may leverage the wider Group experience, industry statistics and/or reinsurers to obtain product pricing expertise for informed decision making.

The Company seeks to mitigate pricing risk by conducting regular monitoring and experience studies, reviewing internal and industry data, product design and claims management policies and procedures. The Company engages reinsurance solutions as a mitigation to manage concentration risk, where applicable.

(c) Lapse risk

Lapse risk refers to the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced. It includes the potential financial loss incurred due to early termination of policies or contracts in circumstances where the acquisition costs incurred are no longer recoverable from future revenue. The Company carries out regular reviews of persistency experience and the results are assimilated into new and in-force product management.

(d) Reserving risk

Reserving risk represent the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves. The Company regularly reviews and establish relevant best practices to ensure the reserving risk is mitigated. The technical reserving to establish best estimates reserves is carried out by the valuation team. From time to time, risk assessment is carried out on the overall reserving practices in the Company.

23 INSURANCE RISK (CONTINUED)

The table below shows the concentration of General insurance contract liabilities by type of contract.

	31 December 2023			31 December 2022		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Personal accident	248,373	(28,466)	219,907	216,328	(25,552)	190,776
Motor	120,709	(1,858)	118,851	74,942	(561)	74,381
Fire	13,936	(2,979)	10,957	24,488	(1,242)	23,246
Miscellaneous and liabilities	5,356	992	6,348	472	(433)	39
Total	388,374	(32,311)	356,063	316,230	(27,788)	288,442

23 INSURANCE RISK (CONTINUED)

Key assumptions

The principal assumption underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claims numbers for each accident year and average claims settlement period. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors may affect the estimates.

Sensitivity analysis

The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

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

	Change in assumption %	Impact on gross insurance contract liabilities RM'000	Impact on net insurance contract liabilities RM'000	Impact on profit after tax RM'000
2023				
Claims	+10	20,472	17,913	(13,614)
Attributable expenses	+10	1,207	1,207	(917)
Risk adjustment	+10	1,895	1,636	(1,243)
2022				
Claims	+10	17,539	14,480	(11,005)
Attributable expenses	+10	1,188	1,188	(903)
Risk adjustment	+10	1,494	1,270	(965)

23 INSURANCE RISK (CONTINUED)

Key assumptions (continued)

Claims development table

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

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

23 INSURANCE RISK (CONTINUED)

Claims development table (continued)

Gross Claims Liabilities as at 31.12.2023:

Accident year	Before 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year		107,920	109,160	84,252	68,563	76,214	117,816	135,602	
One year later		103,746	104,021	99,060	82,908	89,636	143,243		
Two years later		111,829	104,586	102,000	78,241	92,403			
Three years later		108,742	104,541	99,589	79,485				
Four years later		109,221	102,596	102,070					
Five years later		105,543	103,647						
Six years later		101,391							
Current estimate of cumulative claims incurred		101,391	103,647	102,070	79,485	92,403	143,243	135,602	
At end of accident year		(46,816)	(38,549)	(41,337)	(30,941)	(31,848)	(38,647)	(56,217)	
One year later		(76,252)	(66,886)	(64,808)	(52,188)	(65,950)	(90,362)		
Two years later		(84,379)	(77,829)	(74,051)	(58,349)	(71,645)			
Three years later		(87,724)	(79,147)	(77,584)	(59,085)				
Four years later		(88,282)	(81,510)	(78,501)					
Five years later		(89,762)	(84,327)						
Six years later		(90,109)							
Cumulative payments to-date		(90,109)	(84,327)	(78,501)	(59,085)	(71,645)	(90,362)	(56,217)	
Gross claims liabilities	10,790	11,282	19,320	23,569	20,400	20,758	52,881	79,385	238,385
Treaty inwards and MMIP									12,123
Claims handling expenses									10,531
Effect of discounting									(16,513)
Effect of risk adjustment									18,739
Gross LIC for contracts originated									263,265

23 INSURANCE RISK (CONTINUED)

Claims development table (continued)

Net Claims Liabilities as at 31.12.2023:

Accident year	Before 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year		102,102	103,708	80,574	66,307	70,438	99,498	120,093	
One year later		96,561	97,610	93,984	79,263	80,531	120,653		
Two years later		103,072	96,832	94,951	75,222	82,797			
Three years later		100,958	94,851	93,867	76,655				
Four years later		100,288	93,139	96,052					
Five years later		97,366	94,264						
Six years later		94,174							
Current estimate of cumulative claims incurred		94,174	94,264	96,052	76,655	82,797	120,653	120,093	
At end of accident year		(44,365)	(35,328)	(38,270)	(30,161)	(30,055)	(37,653)	(49,812)	
One year later		(72,595)	(62,932)	(61,071)	(50,773)	(58,515)	(77,304)		
Two years later		(80,519)	(73,598)	(69,968)	(56,781)	(63,258)			
Three years later		(83,585)	(73,405)	(73,413)	(57,498)				
Four years later		(83,129)	(75,709)	(74,281)					
Five years later		(84,572)	(77,938)						
Six years later		(84,910)							
Cumulative payments to-date		(84,910)	(77,938)	(74,281)	(57,498)	(63,258)	(77,304)	(49,812)	
Net claims liabilities	7,138	9,264	16,326	21,771	19,157	19,539	43,349	70,281	206,825
Treaty inwards and MMIP									12,123
Claims handling expenses									10,531
Effect of discounting									(16,061)
Effect of risk adjustment									18,739
Net LIC for contracts originated									232,157

23 INSURANCE RISK (CONTINUED)

Claims development table (continued)

Gross Claims Liabilities as at 31.12.2022:

Accident year	Before 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		108,657	107,920	109,160	84,252	68,563	76,214	117,816	
One year later		102,693	103,746	104,021	99,060	82,908	89,636		
Two years later		97,380	111,829	104,586	102,000	78,241			
Three years later		94,331	108,742	104,541	99,589				
Four years later		94,374	109,221	102,596					
Five years later		94,903	105,543						
Six years later		90,882							
Current estimate of cumulative claims incurred		90,882	105,543	102,596	99,589	78,241	89,636	117,816	
At end of accident year		(36,488)	(46,816)	(38,549)	(41,337)	(30,941)	(31,848)	(38,647)	
One year later		(75,669)	(76,252)	(66,886)	(64,808)	(52,188)	(65,950)		
Two years later		(84,467)	(84,379)	(77,829)	(74,051)	(58,349)			
Three years later		(87,327)	(87,724)	(79,147)	(77,584)				
Four years later		(87,856)	(88,282)	(81,510)					
Five years later		(87,954)	(89,762)						
Six years later		(88,309)							
Cumulative payments to-date		(88,309)	(89,762)	(81,510)	(77,584)	(58,349)	(65,950)	(38,647)	
Gross claims liabilities	10,516	2,573	15,781	21,086	22,005	19,892	23,686	79,169	194,708
Treaty inwards and MMIP									14,184
Claims handling expenses									16,467
Effect of discounting									(15,879)
Effect of risk adjustment									19,636
Gross LIC for contracts originated									229,116

23 INSURANCE RISK (CONTINUED)

Claims development table (continued)

Net Claims Liabilities as at 31.12.2022:

Accident year	Before 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		103,548	102,102	103,708	80,574	66,307	70,438	99,498	
One year later		97,224	96,561	97,610	93,984	79,263	80,531		
Two years later		92,295	103,072	96,832	94,951	75,222			
Three years later		89,879	100,958	94,851	93,867				
Four years later		89,711	100,288	93,139					
Five years later		89,993	97,366						
Six years later		86,279							
Current estimate of cumulative claims incurred		86,279	97,366	93,139	93,867	75,222	80,531	99,498	
At end of accident year		(35,307)	(44,365)	(35,328)	(38,270)	(30,161)	(30,055)	(37,653)	
One year later		(72,866)	(72,595)	(62,932)	(61,071)	(50,773)	(58,515)		
Two years later		(80,447)	(80,519)	(73,598)	(69,968)	(56,781)			
Three years later		(82,945)	(83,585)	(73,405)	(73,413)				
Four years later		(83,460)	(83,129)	(75,709)					
Five years later		(83,555)	(84,572)						
Six years later		(83,902)							
Cumulative payments to-date		(83,902)	(84,572)	(75,709)	(73,413)	(56,781)	(58,515)	(37,653)	
Net claims liabilities	6,823	2,377	12,794	17,430	20,454	18,441	22,016	61,845	162,180
Treaty inwards and MMIP									14,184
Claims handling expenses									16,467
Effect of discounting									(13,511)
Effect of risk adjustment									19,636
Net LIC for contracts originated									198,956

24 FINANCIAL RISKS

The Company is exposed to a range of financial risks, including credit risk, liquidity risk and market risk. The Company applies a consistent risk management philosophy that is embedded in management's processes and controls such that both existing and emerging risks are considered and addressed.

(a) Credit risk

Credit risk arises from the possibility of financial loss arising from default by borrowers and transactional counterparties and decrease in the value of financial instruments due to deterioration in credit quality.

The Company only takes risks that it understands and can manage effectively. In credit risk management this means combining a detailed, bottom-up approach to market and credit analysis that considers individual counterparties with a portfolio approach focusing on sectors, countries and concentrations, as necessary.

The Company manages credit risk consistent with the overall Company's investment philosophy and credit risk strategy, as approved by the Board of Directors.

With respect to investing activities, investment objectives including asset allocation limits and permitted variances from such limits ("Investment Guidelines") undergo the governance process which includes the Investment Committee ("IC") and Management Risk Management Committee ("MRMC").

The Group Investment (being the investment team in AIA Bhd. and in Group Office) manages the investment assets of the Company within the Investment Guidelines, utilising a discipline consistent with an outsourced service provider.

Within the investment guidelines, credit risk-based risk tolerances are set by the MRMC. Such tolerances are based on the BNM Guidelines on Credit Risk and Company's internal credit ratings framework as approved by the AIA Group's FRC (the "AIA Credit Ratings Framework").

Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

24 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position. The maximum exposure is shown at gross, before the effect of mitigation through the use of master netting or collateral agreements.

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Fair value through other comprehensive income	297,337	293,560
Fair value through profit or loss financial assets	254,793	229,833
Amortised cost	91	155
Reinsurance contract assets	32,311	27,788
Insurance receivables	41,783	42,594
Cash and cash equivalents	55,371	19,186
	681,686	613,116

24 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Financial assets measured at fair value through profit or loss

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Corporate bonds		
AAA	-	-
AA	-	-
A	5,023	5,030
BBB	-	-
Not rated	-	-
Total	5,023	5,030

24 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Financial assets measured at fair value through other comprehensive income

	31.12.2023 RM'000	31.12.2022 (restated) RM'000
Government bonds		
AAA	-	-
AA	-	-
A	-	-
BBB	-	-
Not rated	2,145	11,428
Subtotal	2,145	11,428
Corporate bonds		
AAA	120,886	89,112
AA	65,745	81,976
A	13,023	12,814
BBB	-	-
Not rated	95,538	98,230
Subtotal	295,192	282,132
Total	297,337	293,560

24 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

The financial assets are classified according to the credit rating assessed by rating agencies approved by BNM.

The financial assets comprise Malaysian Government Securities and certain corporate debt securities which are not rated as these investments are issued by the government or guaranteed by government which were exempted from the need of getting rating from rating agencies. Other financial assets which are not rated comprise fixed and call deposits with licensed bank, and loans and receivables as the issuer did not obtain any credit rating from the respective rating agencies. Such financial assets although not rated are issued by companies which have sound financial and high creditworthiness. The creditworthiness of the issuer is monitored on any downgrade news related to any investment in the debt portfolio.

The Company's loans and receivables include staff loans which are secured by collateral. The amount of loan is based on the valuation of collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented on the acceptability of the types of collateral and the valuation parameters.

24 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Impaired financial assets

For assets to be classified as “past-due and impaired”, contractual payments must be in arrears for more than three (3) months. The Company records impairment allowance for loan receivables, other receivables and insurance receivables in separate allowance for impairment accounts.

(b) Liquidity risk

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet the payment obligations to counterparties when they become due. This can arise when internal funds are insufficient to meet cash outflow obligations and where the Company is unable to obtain funding at market rates or liquidate assets at fair value resulting in the forced liquidation of assets at depressed prices. The Company is exposed to liquidity risk in respect of insurance claims.

The Company’s liquidity position is monitored regularly in compliance with regulatory and internal requirements. To manage liquidity risk, the Company has implemented a variety of measures, including monitoring of Daily Liquidity Adequacy Ratio (LAR) and quarterly monitoring of Structural LAR.

The Company continuously seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of insurance policies issued. The Company constantly monitors its liquidity position and has in place several contingency sources of liquidity in order to minimise the impact of any liquidity risk.

24 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities

At 31 December 2023	Total RM'000	Due in one year or less RM'000	Due after one year through two years RM'000	Due after two years through three years RM'000	Due after three years through four years RM'000	Due after four years through five years RM'000	Due after five years RM'000
Insurance contract liabilities	358,975	358,504	260	94	67	50	-
Reinsurance contract liabilities	-	-	-	-	-	-	-
At 31 December 2022 (restated)							
Insurance contract liabilities	317,951	317,951	-	-	-	-	-
Reinsurance contract liabilities	-	-	-	-	-	-	-

24 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles (continued)

	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2023						
Debt securities	302,360	7,545	147,985	72,958	73,873	-
Loans and deposits	91	32	25	7	27	-
Total	302,452	7,577	148,010	72,965	73,900	-
At 31 December 2022 (restated)						
Debt securities	298,590	55,043	243,547	-	-	-
Loans and deposits	155	68	54	4	29	-
Total	298,745	55,111	243,601	4	29	-

24 FINANCIAL RISKS (CONTINUED)

(c) Market risk

Market risk arises from the possibility of financial losses caused by changes in the financial instruments' fair values or future cash flows due to fluctuations in key variables, including interest rates, equity market prices and foreign exchange rates. The Company manages the risk of market-based fluctuations in the value of the Company's investments, as well as liabilities with exposure to market risk.

The Company uses various quantitative measures to assess market risk, including sensitivity analysis. The level of movements in market factors on which the sensitivity analysis is based were determined based on economic forecasts and historical experience of variations in these factors. The Company routinely conducts sensitivity analysis of its fixed income portfolios to estimate its exposure to movements in interest.

Policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Company's risk management policy after taking cognizance of the regulatory requirements in respect of maintenance of assets and solvency.

(i) Interest rate risk

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

The Company manages its interest rate risk by investing in financial instruments with tenors that match the duration of its liabilities as much as practicable and appropriate.

24 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(i) Interest rate risk (continued)

An analysis of the Company's' sensitivity to 50 basis points parallel increase or decrease in yield curves at the reporting date, assuming that all other variables remain constant, is presented below.

At 31 December 2023	**Impact on profit before tax RM'000**	**Impact on total equity (before the effects of taxation) RM'000**	**Impact on CSM RM'000**
+ 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	8	27	2
Financial instruments	(9,488)	(17,081)	(9,488)
- 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	(8)	(27)	(2)
Financial instruments	10,237	18,227	10,237
At 31 December 2022 (restated)			
+ 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	1	25	1
Financial instruments	(7,992)	(15,053)	(7,992)
- 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	(1)	(25)	(1)
Financial instruments	8,612	16,024	8,612

24 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(ii) Equity price risk

Equity price risk arises from changes in the market value of equity securities and equity funds. Investments in equity securities on a long-term basis are expected to provide diversification benefits and enhance returns. The extent of exposure to equities at any time is subject to the terms of the Company's strategic asset allocations ("SAA").

The Company manages equity price risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regard also to such limits stipulated by BNM. The Company has limited exposure to equity risk as guided by the Company's SAA.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after tax (due to changes in fair value of financial assets whose changes in fair values are recorded in income statement). 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, the variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Impact on profit after tax RM'000	Impact on equity RM'000
At 31 December 2023		
+10% shift in equity price	233	233
- 10% shift in equity price	(233)	(233)
At 31 December 2022		
+10% shift in equity price	177	177
- 10% shift in equity price	(177)	(177)

25 NON FINANCIAL RISKS

The Company's non-financial risks comprise operational risk and strategic risk.

(a) Operational risk

Operational risk is the risk arising from business processes including inadequate procedures or policies, employee errors, system failures, fraud, criminal activity or from external events which may result in direct or indirect business impact. This includes potential legal or regulatory sanctions, financial loss, or loss of reputation the Company may suffer as a result of a failure (or perceived failure) to comply with applicable laws, regulations or industry standards.

The Company protects itself against financial losses by establishing controls for day-to-day management of the business' Operational and Compliance Risks as per the Internal Control Framework. Additionally, the Company protects itself against financial losses by purchasing insurance cover against a range of operational loss events including business disruption, property damage and internal fraud, where applicable.

(b) Strategic risk

Strategic risk is the risk of loss, lower than anticipated or forgone business profits arising from greater-than-expected business expenses or a reduced revenue base. This may arise due to internal factors such as the business strategy, or from implications of the wider business environment over the planning horizon.

The Company undertakes an annual 'bottom-up' planning process to develop and set the Company's strategy and corporate objectives. Strategies are reviewed by the senior management and Board to ensure that the Company continues to operate within risk appetite with the selected strategies, from the regulatory capital and liquidity. The expectations for performing risk assessments and other risk considerations as part of the strategic planning process are established through the risk policies and standards. Key business risks inherent in the strategies are identified, with the corresponding risk mitigations.

26 SHARE-BASED PAYMENT

Employee Share Purchase Plan ("ESPP")

Under the plan, eligible employees of the Company can purchase ordinary shares of AIAGL with qualified employee contributions and the AIA Group will award one matching restricted stock purchase unit to them at the end of the vesting period for each two shares purchased through the qualified employee contributions (contribution shares). Contribution shares are purchased from the open market. During the vesting period, the eligible employees must hold the contribution shares purchased during the plan cycle and remain employed by the AIA Group. The level of qualified employee contribution is limited to not more than 10% of the monthly basic salary subject to a maximum.

For the financial year ended 31 December 2023, eligible employees paid RM130,055 (2022: RM228,476) to purchase 1,807 (2022: 5,170) ordinary shares of AIAGL.

Valuation Methodology

The Company utilises a binomial lattice model to calculate the fair value of the share options grants, a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the ESPP taking into account the terms and conditions upon which the awards were granted. The price volatility is estimated on the basis of implied volatility of AIAGL's shares which is based on an analysis of historical data since they are traded in the Stock Exchange of Hong Kong and takes into consideration the historical volatility of peer companies. The expected life of the options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees.

26 SHARE-BASED PAYMENT (CONTINUED)

Assumptions

	2023
Risk free interest rate	4.17%
Volatility	N/A
Dividend yield	1.60%
Weighted average fair value per unit at measurement rate (HK$)	65.26

	2022
Risk free interest rate	3.83%
Volatility	N/A
Dividend yield	1.60%
Weighted average fair value per unit at measurement rate (HK$)	68.04

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to the matching restricted stock purchase unit awards granted under the ESPP by the Company for the financial year ended 31 December 2023 is RM105,580 (2022: RM87,814).

27 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December 2023 and 2022, as prescribed under the RBC Framework, is based on the RBC framework and Insurance Companies Statistical System ("ICSS") guidance notes issued by BNM. The financial information to derive the Total Capital Available as at 31 December 2023 and 2022 is in accordance with the statistical returns, comprising ICSS and RBC reporting forms for the financial year 2023 and 2022 respectively.

	2023 RM'000	2022 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	190,000	190,000
Reserves, including retained earnings*	76,781	84,869
	266,781	274,869
Tier 2 Capital		
Available-for-sale fair value reserves*	6,641	(1,283)
	6,641	(1,283)
Amount deducted from capital	(3,435)	(4,264)
Total capital available	269,987	269,322

These are based on statistical returns for financial year 2023 and 2022, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns.

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS

MFRS 17 Insurance contracts

Recognition, measurement and presentation of insurance contracts

MFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. 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, an explicit risk adjustment for non-financial risk and a CSM.

Under MFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are excluded from insurance revenue and insurance service expenses.

Insurance finance income or expenses, disaggregated between profit or loss and other comprehensive income are presented separately from insurance revenue and insurance service expenses.

The Company applies the premium allocation approach to simplify the measurement of certain contracts. When measuring liabilities for remaining coverage, the premium allocation approach is similar to the Company's previous accounting treatment; however, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk, as appropriate.

Under MFRS 17, insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented as part of the carrying amount of the related portfolio of contracts and are subsequently derecognised when respective groups of contracts are recognised and hence included in the CSM measurement of that group.

Income and expenses from reinsurance contracts held other than insurance finance income or expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

MFRS 17 Insurance contracts (continued)

Transition

Changes in accounting policies resulting from the adoption of MFRS 17 have been applied full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022, the Company:

- identified, recognised and measured each group of insurance contracts and reinsurance contracts held as if MFRS 17 had always applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if MFRS 17 had always been applied, except that the recoverability assessment was not applied before 1 January 2022;
- derecognised previously reported balances that would not have existed if MFRS 17 had always been applied. These included insurance receivables and payables, policy loans and its accrued interest revenue and provisions that are attributable to existing insurance contracts, etc. Under MFRS 17, these are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

Insurance contracts and reinsurance contracts held

For certain groups of contracts, the Company applied the fair value approach in MFRS 17 to identify, recognise and measure certain groups of contracts at 1 January 2022 because it was impracticable to apply the full retrospective approach.

The Company considered the full retrospective approach impracticable for contracts in these segments under any of the following circumstances.

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.
- The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight, the application of full retrospective approach is considered as impracticable if such assumptions and estimates were not determinable.

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

MFRS 17 Insurance contracts (continued)

Assets for insurance acquisition cash flows

The Company also applied the fair value approach to identify, recognise and measure certain assets for insurance acquisition cash flows at 1 January 2022.

It was impracticable to apply the full retrospective approach because:

- data had not been collected with sufficient granularity;
- information required to identify fixed and variable overheads as relating to acquisition activities and to allocate them to groups of contracts was not available; or
- original assumptions about the manner in which the Company would have expected insurance acquisition cash flows to be recovered, which were required to allocate them to renewals, could not be made without the use of hindsight.

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

MFRS 9 Financial Instruments

Classification of financial assets and financial liabilities

MFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 eliminates the previous MFRS 139 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of MFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

MFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

Impairment of financial assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial asses measured at amortised cost, debt securities at fair value through other comprehensive income and lease receivables. Under MFRS 9, credit losses are recognised earlier than under MFRS 139.

Transition

Changes in accounting policies resulting from the adoption of MFRS 9 have been applied prospectively, except as described below.

- The comparative period has been restated. As permitted under MFRS 17, the Company has elected to apply classification overlay in the comparative period presented. The classification overlay has been applied to all financial assets that had been derecognised before 1 January 2023 based on how those assets are expected to be classified on initial application of MFRS 9. In applying the classification overlay to financial assets derecognised during the comparative period, the Company has applied the impairment requirements of MFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.
- If an investment in a debt security had low credit risk at 1 January 2023, then the Company determined that the credit risk on the asset had not increased significantly since initial recognition.

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

MFRS 9 Financial Instruments (continued)

Effect of initial application

The table below shows the original measurement category and carrying amount under MFRS139 and the new measurement category and carrying amount under MFRS 9 for each class of the Company's financial assets and financial liabilities.

	Classification under		Carrying amount under	
	MFRS139	**MFRS 9**	**MFRS139**	**MFRS 9**
			31.12.2022	**01.01.2023**
			RM'000	**RM'000**
Financial Assets				
Mutual Funds	Available-for-sale	FVTPL (mandatory)	222,469	222,469
Debt securities	Available-for-sale	FVTPL (mandatory)	5,030	5,030
Debt securities	Available-for-sale	FVOCI	293,560	293,560
Equity Shares	FVTPL (designated)	FVTPL (mandatory)	2,334	2,334
Cash and cash equivalents	Loans and receivables	Amortised cost	19,186	19,186
Total financial assets			**542,579**	**542,579**

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

MFRS 9 Financial Instruments (continued)

Effect of initial application (continued)

The Company's accounting policies on the classification of financial instruments under MFRS 9 are set out in note 3.3.1. The application of these policies resulted in the reclassifications set out in the table above and explained below.

a. Under MFRS 139, certain debt securities that were classified as available-for-sale financial assets; under MFRS 9, a portion of these assets are mandatorily measured at fair value through profit or loss either because their contractual cash flows are not solely payment of principal and interest on the principal amount outstanding or they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

b. Under MFRS 139, equity shares and interest in investment funds were designated as at fair value through profit or loss because they are managed on a fair value basis. Under MFRS 9, these assets are mandatorily measured at fair value through profit or loss because they do not give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding and the Company has not elected to measure them at fair value through other comprehensive income.

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the condensed statement of financial position at a 1 January 2022.

	As previously reported 31.12.2021	Impact of changes in accounting policies	As restated 1.1.2022
	RM'000	RM'000	RM'000
Property, plant and equipment	301	1,050	1,351
Right of use assets	1,051	(1,051)	-
Intangible asset	3,304	-	3,304
AFS financial assets	501,782	(501,782)	-
FVOCI financial assets	-	298,991	298,991
FVTPL financial assets	2,385	199,487	201,872
Loan and receivables	45,004	(45,004)	-
Reinsurance assets	27,435	(27,435)	-
Reinsurance contract assets	-	21,589	21,589
Amortisation cost	-	203	203
Insurance receivables	37,889	(37,889)	-
Other assets	-	47,388	47,388
Cash and bank balances	32,212	-	32,212
Total assets	**651,363**	**(44,453)**	**606,910**
Share capital	190,000	-	190,000
Retained earnings	89,821	89,749	179,570
Fair value reserve	2,641	3,017	5,658
Total equity	**282,462**	**92,766**	**375,228**
Insurance contract liabilities	331,771	(140,317)	191,454
Deferred tax liabilities	-	4,536	4,536
Insurance payable	11,414	(11,414)	-
Other payables	23,519	(23,519)	-
Other liabilities	-	5,440	5,440
Lease liabilities	1,114	(1,114)	-
Current tax liabilities	415	(2)	413
Deferred tax liabilities	668	29,171	29,839
Total liabilities	**368,901**	**(137,219)**	**231,682**
Total equity and liabilities	**651,363**	**(44,453)**	**606,910**

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the condensed statement of financial position at 31 December 2022.

	As previously reported 31.12.2022	Impact of changes in accounting policies	As restated 1.1.2023
	RM'000	RM'000	RM'000
Property, plant and equipment	191	817	1,008
Right of use assets	817	(817)	-
Intangible asset	3,759	-	3,759
AFS financial assets	524,132	(524,132)	-
FVOCI financial assets		293,560	293,560
FVTPL financial assets	2,334	227,499	229,833
Loan and receivables	40,410	(40,410)	-
Reinsurance assets	40,139	(40,139)	-
Reinsurance contract assets	-	27,788	27,788
Amortisation cost	-	155	155
Insurance receivables	43,577	(43,577)	-
Deferred tax assets	413	(413)	-
Current tax assets	3,320	(30)	3,290
Other assets	-	42,594	42,594
Cash and bank balances	19,186	-	19,186
Total assets	**678,278**	**(57,105)**	**621,173**
Share capital	190,000	-	190,000
Retained earnings	84,869	114,278	199,147
Fair value reserve	(1,283)	2,362	1,079
Insurance finance reserve	-	1,689	1,689
Total equity	**273,586**	**118,329**	**391,915**
Insurance contract liabilities	358,666	(177,542)	181,124
Deferred tax liabilities	-	37,703	37,703
Insurance payable	11,147	(11,147)	-
Other payables	34,002	(34,002)	-
Other liabilities	-	10,431	10,431
Lease liabilities	877	(877)	-
Total liabilities	**404,692**	**(175,434)**	**229,258**
Total equity and liabilities	**678,278**	**(57,105)**	**621,173**

28 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statement of total comprehensive income at 31 December 2022.

Statement of Total Comprehensive Income

	As previously reported 31.12.2022 RM'000	Impact of changes in accounting policies RM'000	As restated 1.1.2023 RM'000
Net profit for the year	35,047	24,530	59,577
Other comprehensive income:			
Fair value reserve, net of tax	(3,924)	1,034	(2,890)
Other comprehensive losses for the year	(3,924)	1,034	(2,890)
Total comprehensive income for the year	31,123	25,564	56,687

29 CONTINGENCIES

Malaysia Competition Commission ("MyCC") had on 25 September 2020 delivered their decision against the General Insurance Association of Malaysia ("PIAM") and its 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to agreement to fix parts trade discount and labour rates for 6 vehicle makes. MyCC found PIAM and its 22 members companies have infringed Section 4 prohibition by participating in an agreement which has, as its object, the prevention, restriction or distortion in relation to the market of parts trade and labour charge for PIAM approved repairers' scheme (PARS) workshop from 1.1.2012 to 17.2.2017.

MyCC imposed a financial penalty of RM1,837,453.12 on the Company. In view of the impact of COVID-19 pandemic, MyCC granted a reduction of 25% of the financial penalty, accordingly the Company financial penalty has been reduced to RM1,378,089.84. MyCC also granted the Company a moratorium period for the payment of the financial penalty up to 6 months and payment of the financial penalty by equal monthly installment for up to 6 months.

The Company had filed a Notice of Appeal and applied for a stay on the financial penalty in October 2020. The Competition Appeal Tribunal (CAT) has completed the hearing for the appeal at the end of April 2023.

On 2 September 2023, the Malaysian Competition Commission (MyCC) 's Competition Appeal Tribunal (CAT) has decided to allow the appeal of General Insurance Association of Malaysia ("PIAM") and its 22 members' company (including AIA) against the decision of MyCC. With the success of this appeal the decision of MyCC is set aside.

MyCC has filed an application to seek leave to commence judicial review proceedings in the High Court to review the recent decision of CAT. PIAM and its members were given leave from the High Court to appear in MyCC's ex parte application for leave to commence judicial review which has been fixed for hearing on 8 May 2023.

On 8 May 2023, the hearing was converted to case management where the Court fixed the hearing date on 30 November 2023.

Upon the conclusion of the hearing on 30 November 2023, the Court on 16 January 2024 dismissed MyCC application and awarded cost of RM10,000 to each insurers' (including AIA) and PIAM.

MyCC has filed its notice of appeal to the Court of Appeal on 15 February 2024. The Court of Appeal has set 15 May 2024 for the case management.

30 SUBSEQUENT EVENT

There were no material events subsequent to or from the reporting date that require disclosures or adjustments to the financial statements.