AmGeneral Insurance Berhad

197801007153

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statement

31 March 2023

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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Company No: 197801007153

AmGENERAL INSURANCE BERHAD
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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

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

On 28 July 2022, Liberty Global Holdings Sdn Bhd ("LGHSB") (formerly known as Liberty Insurance Berhad) acquired the Company for a purchase consideration of RM2,290 million. Subsequently, on 9 March 2023, the High Court of Malaya granted approval for the transfer of LGHSB's general insurance business to the Company. On 31 March 2023, LGHSB transferred the general insurance business to the Company as a going concern, as detailed in Note 40.2 of the financial statements.

RESULTS

	RM'000
Net profit for the year	208,871

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2022 were as follows:

	RM'000
In respect of financial year ended 31 March 2022:	
Irredeemable non-cumulative convertible preference shares ("INCPS"):	
Dividend of 5.5% per INCPS on 6,100,000 INCPS based on issue price of RM10.00 each declared on 21 April 2022 and paid on 4 October 2022	3,355
Ordinary shares:	
Final single tier dividend of 26.50 sen per ordinary share on 600,000,000 ordinary shares declared on 21 April 2022 and paid on 4 October 2022	159,000
	162,355

ISSUE OF SHARES

During the financial year, the Company increased its share capital from RM1,061,000,000 to RM2,967,070,400 by way of issuance of 794,196,000 new ordinary shares at RM1 per share. These shares were measured at fair value of RM2.40 per share. The issuance of these shares was done as consideration for the transfer of the general insurance business from the Company's immediate holding company, LGHSB, as detailed in Note 40.2 of the financial statements.

SHARE OPTIONS

There were no options granted during the financial year by the Company to any parties to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

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

YBhg. Dato' Haji Kamil Khalid Ariff (Chairman appointed on 22 February 2023)
(Non-independent, non-executive director)
Dato' Sulaiman Bin Mohd Tahir
(Non-independent, non-executive director)
Phoon Soon Keong (Chairman until 21 February 2023)
(Independent, non-executive director)
Elsie Kok Yin Mei (Appointed on 22 February 2023)
(Independent, non-executive director)
Keong Choon Keat (Appointed on 22 February 2023)
(Independent, non-executive director)
Saime Defne Turkes (Appointed on 28 July 2022)
(Non-independent, executive director)
YBhg. Dato' Lim Heen Peok (Appointed on 22 February 2023)
(Independent, non-executive director)
Ramesh Pillai (Resigned on 16 March 2023)
(Independent, non-executive director)
Sathasivan Kunchamboo (Resigned on 10 February 2023)
(Independent, non-executive director)
Wong Teck Kat (Resigned on 10 February 2023)
(Independent, non-executive director)
Daniel Francis Coman (Resigned on 28 July 2022)
(Non-independent, executive director)

CORPORATE GOVERNANCE

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia (“BNM”) Policy Document on Corporate Governance.

Directors' Profiles

The following are the profiles of Directors of the Company:

YBHG. DATO' HAJI KAMIL KHALID ARIFF (Chairman)
Non-Independent Non-Executive Director

YBhg. Dato’ Haji Kamil Khalid Ariff, aged 69, is a Malaysian citizen and was appointed as a Non-Independent Non-Executive Director and Chairman of the Company on 22 February 2023.

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

Dato Khalid is currently Chairman of Putrajaya Holdings Sdn Bhd, Public Islamic Bank Berhad, and FWD Life Berhad. He also sits on the Board of several private companies.

Throughout his renowned career spanning over 44 years, Dato’ Khalid served in numerous Management and Board positions in several large corporate entities which among others include, The New Straits Times, Kumpulan Perangsang Selangor Bhd, Kumpulan Guthrie Bhd, Idris Hydraulic Bhd and Mahkota Technologies Sdn Bhd.

Dato Khalid was also an Independent Director of Liberty Insurance Bhd (now known as Liberty Global Holdings Sdn Bhd), Bank Muamalat, Indah Water Konsortium, & Gibraltar BSN Life Bhd.

CORPORATE GOVERNANCE (CONT'D.)

Directors' Profiles (Cont'd.)

DATO' SULAIMAN BIN MOHD TAHIR
Non-Independent Non-Executive Director

Dato' Sulaiman Bin Mohd Tahir, a Malaysian, aged 60, was appointed as a Director on 1 November 2016. He is a Member of the Nomination and Remuneration Committee of Directors and Investment Committee of Directors of the Company.

Dato' Sulaiman is the Chief Executive Officer of AMMB Holdings Berhad ("AMMB") and Chief Executive Officer of AmBank (M) Berhad ("AmBank"), the commercial banking arm of AmBank Group, positions he has held since November 2015.

He has a wealth of experience backed by more than three decades of managing and spearheading growth in the Malaysian banking industry. Prior to joining AmBank Group, Dato' Sulaiman has held many prominent positions in CIMB Group before his appointment as Chief Executive Officer/Executive Director of CIMB Bank.

He sits on the Board of several other subsidiaries and joint ventures of AMMB, namely AmGeneral Holdings Berhad, AmMetLife Insurance Berhad, AmMetLife Takaful Berhad and AMAB Holdings Sdn Bhd. He is also a Board member of Financial Industry Collective Outreach (FINCO) and Director of Payments Network Malaysia Sdn Bhd (PayNet).

He holds a Bachelor of Business in Accountancy from the Royal Melbourne Institute of Technology (RMIT University) in Australia and also a Chartered Banker, Asian Institute of Chartered Bankers.

CORPORATE GOVERNANCE (CONT'D.)

Directors' Profiles (Cont'd.)

PHOON SOON KEONG
Independent Non-Executive Director

Mr. Phoon Soon Keong, a Malaysian, aged 68, was appointed as a Director on 15 August 2017. He is a Member of the Audit Committee, Risk Management Committee and Nomination Committee.

He is a qualified Certified Public Accountant, Malaysia ("CPA") and is a member of the Malaysian Institute of Accountants. He started his career with Price Waterhouse [currently known as PricewaterhouseCoopers ("PwC")] as an articled student in 1975 and obtained his CPA qualification in 1979. He left PwC to start his own practice in 1980 and was a partner in P.C Chan & Partners from 1981 to 1986. He re-joined PwC Audit Practice as a Senior Manager in December 1986 and was Executive Director in the Firm from 1994 to 2010. During his tenure in PwC, he was the Director-in-charge of the Valuation & Strategy Practice of PricewaterhouseCoopers Consulting Sdn Bhd.

He has extensive experience in audit, business recovery, turnaround management, corporate and debt restructuring, corporate finance, mergers and acquisitions and share valuations.

He was the Acting Chief Executive Officer of PanGlobal Insurance Berhad from January 2007 to April 2009. He was appointed as the Appointed Person of Tahan Insurance (Malaysia) Berhad ("Tahan") by Bank Negara Malaysia ("BNM") under Section 59(4)(a) of the Insurance Act 1996 to assume control of the whole of Tahan's property, business and affairs and to carry on the whole of its business and affairs on behalf of BNM from May 2009 to December 2010.

He was a Director of Assisi Palliative Care Berhad from 2015 until his retirement in January 2022. He also served on the Board of Assunta Hospital from 2005 to 2012, was the Chairman of the Assunta Board from June 2011 to December 2012 and was a member of the Board of Governors of Pusat Kebajikan Good Shepherd from March 2008 to March 2019. He was also a Director of Good Shepherd Services, a charitable organisation, from 2015 to May 2021 and Chairman of AmGeneral Insurance Berhad from August 2017 to February 2023.

He was also an Independent Non-Executive Director of AmMetLife Insurance Berhad and AmMetLife Takaful Berhad.

CORPORATE GOVERNANCE (CONT'D.)

Directors' Profiles (Cont'd.)

ELSIE KOK YIN MEI
Independent Non-Executive Director

Mdm. Elsie Kok Yin Mei, aged 63, is a Malaysian citizen and is an Independent Non-Executive Director of the Company. She was appointed as a Director on 22 February 2023. She is also the Chairman of the Risk Management Committee, and a member of the Remuneration Committee and Nomination Committee.

She obtained her Bachelor of Jurisprudence/LLB from Monash University, Australia.

Mdm. Elsie was a director in Liberty Insurance Berhad (now known as Liberty Global Holdings Sdn Bhd) and currently she holds directorship in Malaysian Bulk Carriers Berhad and Kuchai Development Berhad.

KEONG CHOON KEAT
Independent Non-Executive Director

Mr. Keong Choon Keat, aged 78, is a Malaysian citizen and is an Independent Non-Executive Director of the Company. He was appointed as a Director on 22 February 2023. He is also the Chairman of the Audit Committee.

He obtained his ACA from Institute of Chartered Accountants, England & Wales, United Kingdom, CA from Malaysian Institute of Accountants, Malaysia, MICPA from Malaysian Institute of CPA, Malaysia and FCA from Institute of Chartered Accountants, England & Wales, United Kingdom.

He was also a director of Chin Teck Plantations Berhad and Negri Sembilan Oil Palms Berhad and Liberty Insurance Berhad (now known as Liberty Global Holdings Sdn Bhd).

CORPORATE GOVERNANCE (CONT'D.)

Directors' Profiles (Cont'd.)

SAIME DEFNE TURKES
Non-Independent Executive Director

Ms Saime Defne Turkes, aged 47, a Turkish, was appointed as a director and a member of Investment Committee of Directors of the company on 28 July 2022.

She is a Chartered Accountant and holds a Bachelor of Arts Degree in Management from Bogazici University, Turkey.

She is the President, Global Retail Markets of East Region Liberty Insurance Pte Ltd overseeing Malaysia, China, India and Asia Market countries (comprising Thailand, Singapore, Vietnam and Hong Kong). She has been in this role since September 2022.

She joined Liberty Mutual in 2006 as Chief Financial Officer of Liberty Sigorta (Turkey), then ascended to Turkish Market President. She has also held roles as Malaysia Market President and Asia Market President and Chief Executive Officer of Liberty Singapore. During her tenure as Chief Executive Officer of Liberty Insurance Berhad (now known as Liberty Global Holdings Sdn Bhd), she defined a 5-year strategic roadmap, targets and key initiatives to position Liberty as a top five insurer in the Malaysian insurance market.

She is a director of several other Liberty’s subsidiary companies.

YBHG. DATO' LIM HEEN PEOK
Independent Non-Executive Director

YBhg. Dato' Lim Heen Peok, aged 75, is a Malaysian citizen and is an Independent Non-Executive Director of the Company. He was appointed as a Director on 22 February 2023. He is also the Chairman of the Nomination Committee and the Remuneration Committee, and a member of the Risk Management Committee and Audit Committee.

He obtained his BSc. Mechanical Engineering (First Class Honors) from the University of Strathclyde, United Kingdom.

He was a director in Liberty Insurance Berhad (now known as Liberty Global Holdings Sdn Bhd). Currently he is the Chairman of Furniweb Holdings Limited (Hong Kong) and Unitedstar Corporation Sdn Bhd and a board member of Assunta Hospital. He also sits on the Board of Governors of The Japanese Chamber of Trade & Industry, Malaysia ("JACTIM") Foundation.

CORPORATE GOVERNANCE (CONT'D.)

Directors' Training

The Board recognises the importance of ensuring that Directors are continuously being developed to acquire or enhance their knowledge and skills in discharging their duties effectively.

All new Directors appointed to the Board attended formal induction programme to familiarise themselves with the Company’s strategy and operating structure, financial highlights, product and marketing strategies, risk management strategy, legal and regulatory compliance requirements, people initiatives presented by the Chief Executive Officer with various Head of Departments, and organised by the Human Resource Department. The Company Secretary would also provide the new Directors with an information kit regarding disclosure obligations of a director, the Code of Ethics, Constitution of the Company, Board Charter and Board Committees’ Terms of Reference, amongst others.

Apart from the Financial Institutions Directors’ Education ("FIDE") Programme accredited by Asia School of Business, all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism associated with their duties to the Company. The Directors also attend Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the Company's strategic direction and information relating to the Company’s development, or industry development through discussion at Board meetings with the Senior Management team.

Board Responsibilities

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are observed by the Company. The Board supervises the management of the Company in business policies and affairs with the goal of enhancing shareholder's value and promotes sustainability through appropriate environmental, social and governance considerations in the Company’s business strategies.

Board meetings are scheduled at least six (6) times per year where the Board addresses key matters concerning strategy, finance, organisation structure, business development, human resource, and establishes guidelines for overall business, risk and control policies, capital allocation as well as approves all key business developments.

Board Activities

As at reporting date, the Board comprises seven (7) members with wide-ranging skills and experience. The Board is represented by two (2) non-independent, non-executive director, one (1) non-independent, executive director and four (4) independent, non-executive directors of calibre, and with necessary skills and diverse corporate experience to ensure that strategies proposed by the Management are fully discussed and examined, as well as to take into account the long term interests of various stakeholders. During the financial year, the Board has met twelve (12) times.

CORPORATE GOVERNANCE (CONT'D.)

Board Activities (Cont'd.)

All directors review the Board reports prior to the Board meetings. The reports are issued with sufficient time to enable the directors to obtain further explanations, where necessary, before the meetings.

In addition, the Board decides on matters reserved specifically for its decision, including the approval of corporate and business plans and budgets, acquisitions and disposals of assets that are material to the Company, major investments, changes to the management and control structure of the Company, including key policies, procedures and authority limits.

The Board has also adopted a policy for induction and education of directors. The program is to provide essential and comprehensive information to a new director in order for him to be familiar with relevant insurance industry regulatory requirements and the Company's nature of business. The directors may also request independent professional advice, at the Company's expense. The Company Secretary, to whom the directors have independent access, assists the Board and keeps it abreast of relevant laws and regulations.

Membership and board meetings for the financial year ended 31 March 2023

Members	Number of Meetings (Attended/Held)
YBhg. Dato' Haji Kamil Khalid Ariff (Chairman appointed on 22 February 2023)	2/2[E]
Dato' Sulaiman Bin Mohd Tahir	12/12
Phoon Soon Keong	12/12
Saime Defne Turkes (Appointed on 28 July 2022)	7/7[D]
Elsie Kok Yin Mei (Appointed on 22 February 2023)	2/2[E]
Keong Choon Keat (Appointed on 22 February 2023)	2/2[E]
YBhg. Dato' Lim Heen Peok (Appointed on 22 February 2023)	2/2[E]
Ramesh Pillai (Resigned on 16 March 2023)	10/11[A]
Sathasivan Kunchamboo (Resigned on 10 February 2023)	10/10[C]
Wong Teck Kat (Resigned on 10 February 2023)	10/10[C]
Daniel Francis Coman (Resigned on 28 July 2022)	5/5[B]

Note:
A There were eleven board meetings held from 1 April 2022 to 16 March 2023.
B There were five board meetings held from 1 April 2022 to 28 July 2022.
C There were ten board meetings held from 1 April 2022 to 10 February 2023.
D There were seven board meetings held from 28 July 2022 to 31 March 2023.
E There were two board meetings held from 22 February 2023 to 31 March 2023.

Board Committees

The Board delegates certain responsibilities to the Board Committees which were set up to assist the Board in certain areas of deliberation are as follows:

(1) Nomination and Remuneration Committee of Directors
(2) Risk Management Committee of Directors
(3) Audit Committee of Directors
(4) Investment Committee of Directors

CORPORATE GOVERNANCE (CONT'D.)

Nomination and Remuneration Committee (Dissolved on 22 February 2023)

Up to the date the Committee was dissolved, the Committee comprised two (2) independent, non-executive directors and one (1) non-independent, non-executive director. The Chairman of the Committee was an independent, non-executive director.

The functions of the Committee were:

(a) to review and assess the appointment/re-appointment and remuneration of Directors and Key Management Personnel for recommendation to the Board;

(b) to oversee the establishment of a formal and transparent procedure for the performance evaluation of Directors and Key Management Personnel; and

(c) to advise the Board on the optimal size and mix of skills of the Board and Board Committees.

Membership and meetings of the Nomination and Remuneration Committee up to the dissolution of the Committee on 22 February 2023

Members	Number of Meetings (Attended/Held)
Wong Teck Kat (Chairman resigned on 10 February 2023)	10/10
Sathasivan Kunchamboo (Resigned on 10 February 2023)	10/10
Dato' Sulaiman Bin Mohd Tahir	10/10

To replace the Nomination and Remuneration Committee that was dissolved on 22 February 2023, two new committees were formed i.e. Nomination Committee and Remuneration Committee.

Nomination Committee (Formed on 22 February 2023)

As at reporting date, the Committee comprises three (3) independent, non-executive directors, one (1) non-independent, non-executive director and one (1) executive director. The Chairman of the Committee is an independent, non-executive director.

The Nomination Committee supports the Board in carrying out its functions in the matters involving the appointments and removals, composition, performance evaluation and development and fit and proper assessments of the Board, Chief Executive Officer, Senior Management and Company Secretary.

CORPORATE GOVERNANCE (CONT'D.)

Nomination Management Committee (Cont'd.)

Membership and meetings of the Nomination Committee from 22 February 2023 to 31 March 2023

Members	Number of Meetings (Attended/Held)
YBhg. Dato' Lim Heen Peok (Chairman appointed on 22 February 2023)	2/2
Dato' Sulaiman Bin Mohd Tahir (Appointed on 22 February 2023)	2/2
Saime Defne Turkes (Appointed on 22 February 2023)	2/2
Elsie Kok Yin Mei (Appointed on 22 February 2023)	2/2
Phoon Soon Keong (Appointed on 22 February 2023)	2/2

Remuneration Committee (Formed on 22 February 2023)

As at reporting date, the Committee comprises two (2) independent, non-executive directors and one (1) non-independent, non-executive director. The Chairman of the Committee is an independent, non-executive director.

The Remuneration Committee oversees the design and operation of the Company's remuneration system and periodically reviews the remuneration of the Chief Executive Officer, Senior Management Team of the Company and directors on the Board in order to determine the appropriateness of the remuneration according to each director's contribution, whilst taking into account the directors' level of expertise, commitment and responsibilities.

Membership and meetings of the Remuneration Committee from 22 February 2023 to 31 March 2023

Members	Number of Meetings (Attended/Held)
YBhg. Dato' Lim Heen Peok (Chairman appointed on 22 February 2023)	1/1
Elsie Kok Yin Mei (Appointed on 22 February 2023)	1/1
Dato' Sulaiman Bin Mohd Tahir (Appointed on 22 February 2023)	1/1

Risk Management Committee

As at reporting date, the Committee comprises three (3) independent, non-executive directors. The Chairman of the Committee is an independent, non-executive director. The primary objective of the Risk Management Committee is to oversee Senior Management's activities in managing the key risk areas of the Company and to determine that the risk management process is in place and functioning effectively.

CORPORATE GOVERNANCE (CONT'D.)

Risk Management Committee (Cont'd.)

The functions of the Committee are:

(a) to exercise oversight overall enterprise wide risk and compliance matters;

(b) to ensure that risk management (including technology and cybersecurity) and compliance strategies, frameworks and implementations are appropriate, effective and consistent with applicable statutory and regulatory standards and requirements as well as the requirements of AmBank Group and Liberty Mutual Group; and

(c) to ensure adequate infrastructure and resources are in place to support effective risk management and compliance activities.

Membership and meetings of the Risk Management Committee for the financial year ended 31 March 2023

Members	Number of Meetings (Attended/Held)
Elsie Kok Yin Mei (Chairman appointed on 22 February 2023)	0/0*
Phoon Soon Keong (Appointed on 22 February 2023)	0/0*
YBhg. Dato' Lim Heen Peok (Appointed on 22 February 2023)	0/0*
Sathasivan Kunchamboo (Chairman resigned on 10 February 2023)	8/8
Wong Teck Kat (Resigned on 10 February 2023)	8/8
Ramesh Pillai (Resigned on 16 March 2023)	8/8

* There were no Risk Management Committee meeting held from 22 February 2023 to 31 March 2023.

Risk Management Functions

The Risk Management Department is independent of the various business units within the Company and functions as an enabler for adoption of appropriate risk management strategies, frameworks, policies and procedures in support of the Company's business objectives. The Risk Management Department employs an Enterprise Risk Management approach that holistically identifies, assesses, treats, monitors and reports the various risks, in line with the Board approved Risk Appetite Statement. The Risk Appetite Statement is reviewed annually and defines the risk acceptance thresholds that guide appropriate levels of risk taking throughout the Company. The Risk Management Department provides continued assurance of appropriate levels of risk to Management and to the Board through periodic reporting of risks through Key Risk Indicators, departmental and enterprise-wide risk profiles, risk incident reporting, risk control testing and risk self-assessment regimes. The Risk Management Department works closely with the other independent functions such as the internal audit function, the actuarial function and the compliance function to achieve an effective enterprise-wide risk management outcome for the Company.

CORPORATE GOVERNANCE (CONT'D.)

Actuarial Functions

The Actuarial Department ensures the financial soundness of the Company in line with regulatory guidelines and requirements.

The department performs calculation of technical reserves, stress test of the Company’s capital position, independent reviews on product pricing, and conducts analysis and investigations to monitor the performance of the business and its capital position. The department communicates its findings to Management and to the Board through periodic reporting of the insurance liabilities and capital position. The department works closely with other functions in the Company in order to ensure the financial stability of the Company. The department is led by the Chief Actuary who reports independently to the Board of Directors and operationally to the CEO in his capacity as the Appointed Actuary (“AA”).

Compliance Functions

The Compliance Department of AmGeneral Insurance Berhad ("AmGeneral") works within a defined Compliance Framework. This Framework ensures that the management of compliance risk is done in a structured manner and inculcates a strong compliance culture in the Company. The Framework promotes the safety and soundness of AmGeneral by minimising financial, reputational and operational risks arising from legal and regulatory non-compliance. The Framework defines the roles and responsibilities of various stakeholders in managing compliance risk. The Chief Compliance Officer is the central point of authority for AmGeneral’s compliance matters and is responsible for providing an institution-wide view on the management of compliance risk. The Compliance Department is a dedicated department established to provide necessary focus on the management of compliance risk ranging from dissemination of new regulatory guidelines, compliance advisory and support on business initiatives, assessment, monitoring and reporting of compliance risk company-wide.

Internal Control Framework

The Board-approved Internal Control Framework serves as a foundation to ensure that the internal control system is appropriately designed and is performing effectively to ensure the Company complies with its statutory and regulatory obligations.

The Internal Control Framework comprises Activity and Company Level controls which correspond to the activities of the business units as well as company-wide assurance and oversight functions based on the Three Lines of Defence approach.

The internal controls of the Company are assessed and reviewed periodically based on a predetermined methodology to ensure their effectiveness and to facilitate further improvements. The Company's Internal Control Framework itself is reviewed and updated on an annual basis to ensure its continued relevance.

CORPORATE GOVERNANCE (CONT'D.)

Environmental Sustainability Framework

Sustainability has become a key consideration and approach for AmGeneral to remain competitive, prosper and create value for all stakeholders. AmGeneral is committed to operate today's business by safeguarding tomorrow's business whilst continuously creating sustainable value to all its stakeholders, societies and communities in the areas where it operates. The extension of our commitment for responsible growth is anchored on a strong governance framework, clear strategy, and efficient implementation in the embedded Enterprise Risk Management ("ERM") process.

The journey to integrate the sustainability agenda into the business model continues by extending the Environmental Sustainability Policy and Framework to a full Sustainability Policy and Framework, approved by the Board. AmGeneral is accelerating its sustainability aspirations through a structured extension from the Sustainability Policy and Framework with a revised ESG Blueprint 2.0 that reflects the post-acquisition sustainability agenda of Liberty Mutual.

Additionally, as part of our integration endeavour, the Blueprint 2.0 will also incorporate AmGeneral's commitment to comply with the climate change disclosure standards established by Bank Negara Malaysia ("BNM"). This encompasses the Climate Risk Management and Scenario Analysis ("CRMSA"), the Climate Risk Stress Testing Discussion Papers, and the Application Guide for Task Force on Climate-related Financial Disclosures ("TCFD").

The ESG Blueprint 2.0 aims to integrate ESG considerations into AmGeneral's corporate strategies, initiatives and portfolios while complying to the regulatory requirements, meeting stakeholders' expectations, and driving meaningful values - being a socially responsible organization, aligning to Liberty Mutual's Sustainability Strategic Pillars.

Audit Committee

As at reporting date, the Audit Committee ("AC") comprises three (3) independent, non-executive directors. The Chairman of the Committee is an independent, non-executive director. The Board has appointed the AC to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Company's assets and shareholder's investments.

The primary objective of the Committee is to provide assistance to and review and report to the Board in relation to:

(i) fulfilling the statutory and fiduciary responsibilities of the Board;

(ii) monitoring of the accounting and financial reporting practices of the Company; and

(iii) determining that the Company has adequate policies, procedures and guidelines as well as operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct, including protection of the assets of the Company.

CORPORATE GOVERNANCE (CONT'D.)

Audit Committee (Cont'd.)

Membership and meetings of the Audit Committee for the financial year ended 31 March 2023

Members	Number of Meetings (Attended/Held)
Keong Choon Keat (Chairman appointed on 22 February 2023)	0/0
YBhg. Dato' Lim Heen Peok (Appointed on 22 February 2023)	0/0
Phoon Soon Keong (Appointed on 22 February 2023)	0/0
Ramesh Pillai (Resigned on 16 March 2023)	8/8
Wong Teck Kat (Resigned on 10 February 2023)	8/8
Sathasivan Kunchamboo (Resigned on 10 February 2023)	8/8

* There were no Audit Committee meetings held from 22 February 2023 to 31 March 2023.

Internal Audit Function

The Internal Audit function transitioned from AMMB Group level to the Company effective 1 January 2023.

The Chief Internal Auditor reports to the AC. Internal Audit assists the AC in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The AC approves Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Company. The results of each audit are submitted to the AC and significant findings are discussed during the AC meeting. The minutes of the AC meetings are formally tabled to the Board for notation and action, where necessary. The Chief Internal Auditor attends the AC meeting by invitation. The AC also holds separate meetings with the Chief Internal Auditor and the external auditor whenever necessary.

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

Internal Audit prioritises its efforts on performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of insurance activities. The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

CORPORATE GOVERNANCE (CONT'D.)

Investment Committee

As at reporting date, the Committee comprises one (1) non-independent, non-executive director and one (1) executive director. The Chairman of the Committee is an executive director. The primary objective of the Investment Committee is to oversee Investment Management's activities in managing the investment funds of the Company and that the risk management and compliance processes are effective.

The functions of the Committee are:

(a) to review the investment performances of the investment portfolio by internal investment and the external fund managers;

(b) to review and recommend the investment strategies within approved risk levels for the Board's approval;

(c) to present the market outlook and strategies with regards to asset classes in the investment portfolio; and

(d) to review portfolio exposures to ensure investment under management is in compliance with the approved guidelines and mandates.

Membership and meetings of the Investment Committee for the financial year ended 31 March 2023

Members	Number of Meetings (Attended/Held)
Saime Defne Turkes (Chairman appointed 22 February 2023)	3/3
Dato' Sulaiman Bin Mohd Tahir	5/5
Ramesh Pillai (Resigned on 16 March 2023)	5/5
Daniel Francis Coman (Resigned on 28 July 2022)	2/2

Remuneration Framework

Qualitative Disclosures

The Company Remuneration Objectives

The Company's remuneration practice, which is applicable to all divisions within the Company, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out by the BNM Policy Document on Corporate Governance.

When formulating and periodically reviewing and refining the remuneration strategy, consideration is given to align our remuneration approach with the Company's medium to long-term strategic objectives, culture and values in order to drive desired behaviours and achieve objectives set out in the balanced scorecard.

The following are the main thrusts of the Company's remuneration strategy:

(a) Pay for performance measured against the balanced scorecard

- Instil and drive meritocracy
- Ensure linkages between total compensation and annual, medium and long-term strategic objectives
- Balance employees' actual fixed and variable pay mix to drive sustainable performance and alignment to the Company's culture and value of assessing both behavioural and quantitative Key Performance Indicators ('KPIs') achievements

(b) Provide market competitive pay

- Benchmark total compensation against other peer organisations of similar size and standing in the markets and businesses where the Company operates
- Drive pay-for-performance differentiation with differentiated benchmarking quartile for top performing employees

(c) Guard against excessive risk-taking

- Focus on achieving risk-adjusted returns that are consistent with the Company's prudent risk and capital management, as well as emphasis on long-term sustainable
- Design variable pay payout structure with long-term performance through deferral and allowance for clawback arrangements

CORPORATE GOVERNANCE (CONT'D.)

Remuneration Framework (Cont'd.)

Qualitative Disclosures (Cont'd.)

The Company’s Approach to Remuneration

The Company’s remuneration is made up of two (2) components; fixed pay and variable pay:

Components	Form	Purpose	Application
Fixed Pay	a) Base Salary b) Fixed Allowances	Pay for Position (or market value of the job) to attract and retain by ensuring the fixed pay is competitive vis-à-vis comparable organisations	● Adhering to the market value of the job at the individual’s competency level, skills, experience and responsibilities ● Fixed amount paid monthly ● Typically reviewed and revised annually
Variable Pay	a) Short-Term Incentive (Performance Bonus) b) Long-Term Incentive (AMMB Executives' Share Scheme ("ESS")) (Ceased on 28 July 2022)	Pay for Performance ● Focus employees on the achievement of objectives which are aligned to value creation for the shareholders ● Align payout to time horizon of risk to avoid excessive risk taking and provide for deferral, malus and forfeiture arrangements	● Based on the performance of the Company, line of business and the employee’s individual performance ● Measured against a balanced scorecard with KPIs and targets agreed at the beginning of each financial year ● Awards for individuals in Senior Management positions and/or positions with significant organisational responsibilities that have material impact on the Company’s performance and risk profile is subject to deferral

CORPORATE GOVERNANCE (CONT'D.)

Remuneration Framework (Cont'd.)

Qualitative Disclosures (Cont'd.)

The Company's Approach to Remuneration (Cont'd.)

The Company's remuneration is made up of two (2) components; fixed pay and variable pay (Cont'd.):

Components	Form	Purpose	Application
Variable Pay (Cont'd.)			● Deferral remunerations which are paid in AMMB shares with the objective of: i) Retaining key employees (retention bonus) ii) Drive the long-term performance and sustainability (AMMB ESS) ● Administration of both deferral remunerations provides for malus and forfeiture arrangements

Determination of Short-Term Incentive (Performance Bonus) Pool and Individual Award

The following mechanics are used to derive the Company's short term incentive pools and business units:

Short-Term Incentive Pool Allocation	The pool is allocated to the business units taking into account: ● each unit's actual performance achievement against target ● the relative performance of each unit	Guided by the Company's performance against the balanced scorecard set in the beginning of the financial year ● Comprises financial and non-financial metrics covering employees, customers, shareholders, risks and compliance objectives ● Reviewed and evaluated by the Nomination and Remuneration Committee ("NRC") and subsequently approved by the Board

CORPORATE GOVERNANCE (CONT'D.)

Remuneration Framework (Cont'd.)

Qualitative Disclosures (Cont'd.)

Determination of Short-Term Incentive (Performance Bonus) Pool and Individual Award (Cont'd.)

Individual award is based on the employee’s performance, measured through a balanced scorecard that takes into account qualitative and quantitative objectives as set out in the individual’s KPIs.

Sales employees are incentivised via respective sales incentive plans to promote the development of mutually beneficial long-term relationships with their customers, rather than short-term gains. As such, non-financial metrics such as customer satisfaction and fair dealing principles are incorporated into their KPIs and with compliance as payout triggers.

Long-Term Incentive (AMMB ESS) (Ceased on 28 July 2022)

The AMMB ESS forms the AMMB long-term compensation component that is forward looking with rewards based on AMMB’s future performance. The ESS allows for the following objectives to be met:

- Align long-term interest of Senior Management with those of shareholders;
- Retain key employees of AMMB Group whose contributions are essential to the long-term growth and profitability of AMMB Group;
- Attract potential employees with the relevant skills to contribute and to create value for shareholders; and
- Deliver compensation in a manner that drives the long-term performance of AMMB.

CORPORATE GOVERNANCE (CONT'D.)

Remuneration Framework (Cont'd.)

Qualitative Disclosures (Cont'd.)

Long-Term Incentive (AMMB ESS) (Cont'd.)

The ESS is delivered in the form of performance shares which comprise two (2) elements:

- Main Award, that vests over a period of three (3) years, contingent on AMMB meeting its long-term performance targets.

- Retention Award (deferred component of the Short Term Incentives received), administered through the ESS plan vested in two (2) equal instalments over a period of two (2) years. No further performance condition applies.

Variable Pay Deferrals (Ceased on 28 July 2022)

Variable pay for individuals in Senior Management positions and/or positions with significant organisational responsibilities that have a material impact on AMMB performance and risk profile is subject to deferral.

The deferral award is paid in the form of AMMB performance shares with the objective of:

- Retaining key employees (Retention Award); and

- Driving the AMMB long-term performance and sustainability (Main ESS Award).

Malus of unvested awards will be triggered by material violation, negligent, wilful misconduct and fraud, and breach of compliance, Anti Money Laundering ("AML") and Counter Financing of Terrorism ("CFT") as outlined in the ESS By-Laws.

CORPORATE GOVERNANCE (CONT'D.)

Remuneration Framework (Cont'd.)

Quantitative Disclosure

The breakdown of the total amount of remuneration awards for thirteen (13) Material Risk Takers including CEO and two dual hatting Material Risk Takers for FY2023 are disclosed in the table below:

Total value of remuneration award for the financial year	Unrestricted (RM)	Deferred (RM)
Fixed remuneration		
● Cash-based	6,094,411	-
● Shares and share-linked instruments	-	-
● Other	-	-
Variable remuneration		
● Cash-based	2,079,738	681,838
● Shares and share-linked instruments	657,118	625,663
● Other	1,638,860	-

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the scheme shares and options granted pursuant to the Executives' Share Scheme of AMMB Holdings Berhad.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 27) by reason of a contract made by the Company or a related corporation with any director or with a firm in which he is a member, or with a company in which he has a substantial financial interest, except for the related party transactions as shown in Note 32 to the financial statements.

INDEMNIFICATION OF DIRECTORS

The Company through its immediate holding company, LGHSB has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of USD25 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office in the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

MANAGEMENT INFORMATION

The Directors review Board papers and reports prior to the Board meetings. Information and materials relating to the operations of the Company that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Company, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued timely to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Company policies.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

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

(f) 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 will or may affect the ability of the Company to meet its obligations when they fall due; and

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

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

(g) Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital ("RBC") Framework for Insurers issued by BNM.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events during the financial year are disclosed in Note 40 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate holding company is LGHSB and ultimate holding company is Liberty Mutual Holding Company Inc., a company incorporated in Massachusetts, United States of America.

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 27 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 June 2023.

YBhg. Dato' Haji Kamil Khalid Ariff

Keong Choon Keat

Kuala Lumpur, Malaysia

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

We, YBhg. Dato' Haji Kamil Khalid Ariff and Keong Choon Keat, being two of the directors of AmGeneral Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 148 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 June 2023.

YBhg. Dato' Haji Kamil Khalid Ariff

Keong Choon Keat

Kuala Lumpur, Malaysia

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

I, Puneet Pravinder Pasricha, being the officer primarily responsible for the financial management of AmGeneral Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 148 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Puneet Pravinder Pasricha at Kuala Lumpur in Wilayah Persekutuan on

Puneet Pravinder Pasricha

PESURUHJAYA SUMPAH
07 JUN 2023
W 729
MARDHIYYAH ABDUL WAHAB
1 JAN 2021-31 DIS 2023
MALAYSIA

Before me,

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

Building a better
working world

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

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ey.com

Company No: 197801007153

Independent auditors' report to the member of AmGeneral Insurance Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmGeneral Insurance Berhad, which comprise the statement of financial position as at 31 March 2023, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 148.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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Company No: 197801007153

Independent auditors' report to the member of AmGeneral Insurance Berhad (Cont'd.)
(Incorporated in Malaysia)

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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Company No: 197801007153

Independent auditors' report to the member of
AmGeneral Insurance Berhad (Cont'd.)
(Incorporated in Malaysia)

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

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

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

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

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

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

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

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

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Company No: 197801007153

Independent auditors' report to the member of AmGeneral Insurance Berhad (Cont'd.)
(Incorporated in Malaysia)

Other matters

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

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

Kannan A/L Rajagopal
No. 03490/03/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
7 June 2023

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023 RM'000	2022 RM'000
Assets			
Property and equipment	3	64,954	12,681
Right-of-use assets	4	11,808	13,748
Intangible assets	5	35,634	37,608
Investments	6	5,135,010	3,673,727
Reinsurance assets	7	608,483	518,228
Insurance receivables	8	114,700	62,478
Other receivables	9	147,843	83,890
Deferred tax assets	10	44,228	44,264
Cash and short-term deposits	11	267,592	203,288
Non-current assets held for sale	12	3,612	1,562
Investment properties	13	32,656	-
Total assets		6,466,520	4,651,474
Equity			
Share capital	14	2,967,070	1,061,000
Merger reserves	15	(1,099,025)	-
Retained earnings		598,530	553,155
Total equity		2,466,575	1,614,155
Liabilities			
Insurance contract liabilities	16	3,486,635	2,625,284
Other liabilities	17	32,580	29,593
Lease liabilities	4	12,349	14,489
Insurance payables	18	133,841	62,077
Provision for taxation		19,346	38,592
Other payables	19	296,792	249,889
Provision for retirement benefits	20	18,402	17,395
Total liabilities		3,999,945	3,037,319
Total equity and liabilities		6,466,520	4,651,474

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

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 RM'000	2022 RM'000
Gross earned premiums	21.1	1,575,953	1,506,689
Earned premiums ceded to reinsurers	21.2	(176,429)	(171,842)
Net earned premiums	21.3	1,399,524	1,334,847
Investment income	22	131,888	127,215
Realised losses	23	(2,452)	(1,042)
Fair value losses	24	(4,406)	(42,834)
Fees and commission income		38,125	42,322
Other operating income/(expenses), net	25	8,054	(1,043)
Other revenue		171,209	124,618
Gross benefits and claims paid	26	(921,333)	(742,971)
Claims ceded to reinsurers	26	106,094	72,786
Gross change in contract liabilities	26	65,044	(190,985)
Change in contract liabilities ceded to reinsurers	26	(83,902)	133,910
Net claims	26	(834,097)	(727,260)
Fees and commission expenses		(197,882)	(189,990)
Management expenses	27	(305,857)	(307,763)
Finance costs	4	(532)	(1,060)
Other expenses		(504,271)	(498,813)
Profit before taxation		232,365	233,392
Taxation	28	(23,494)	(33,336)
Net profit for the year		208,871	200,056

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

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 RM'000	2022 RM'000
Net profit for the year		208,871	200,056
Other comprehensive loss:			
Other comprehensive (loss)/gain not to be reclassified to the income statement in subsequent periods:			
Re-measurement losses on defined benefit plans	20.3	(1,501)	(248)
Tax effects thereon	20.3	360	59
Net other comprehensive losses not to be reclassified to the income statement in subsequent periods		(1,141)	(189)
Total other comprehensive losses for the year, net of taxation		(1,141)	(189)
Total comprehensive income for the year		207,730	199,867
Earnings per share (sen)			
Basic	29.1	35	33
Diluted	29.2	34	33

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

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Note	<--------- *Non-distributable*	---------->	*Distributable*	
		Share capital RM'000 (Note 14)	**Merger reserves RM'000 (Note 15)**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2021		1,061,000	-	552,643	1,613,643
Net profit for the year		-	-	200,056	200,056
Other comprehensive losses		-	-	(189)	(189)
Total comprehensive income for the year		-	-	199,867	199,867
Dividends on INCPS	30	-	-	(3,355)	(3,355)
Dividends on ordinary shares	30	-	-	(196,000)	(196,000)
At 31 March 2022		1,061,000	-	553,155	1,614,155
At 1 April 2022		1,061,000	-	553,155	1,614,155
Net profit for the year		-	-	208,871	208,871
Other comprehensive losses		-	-	(1,141)	(1,141)
Total comprehensive income for the year		-	-	207,730	207,730
Dividends on INCPS	30	-	-	(3,355)	(3,355)
Dividends on ordinary shares	30	-	-	(159,000)	(159,000)
Created during the year	40.2	1,906,070	(1,099,025)	-	807,045
At 31 March 2023		2,967,070	(1,099,025)	598,530	2,466,575

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

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 RM'000	2022 RM'000
Operating activities			
Profit before taxation		232,365	233,392
Adjustments for:			
Investment income	22	(131,888)	(127,215)
Realised losses	23	2,452	1,042
Fair value losses	24	4,406	42,834
Depreciation of property and equipment	3,27	3,612	4,079
Property and equipment written-off	27	26	15
Depreciation of right-of-use assets	4,27	11,903	12,448
Amortisation of intangible assets	5,27	14,007	14,921
Reversal of allowance for impairment losses on reinsurance assets	7,27	(517)	(1,149)
Reversal of allowance for impairment losses on insurance receivables	8,27	(1,799)	(425)
Recovery of bad debts written-off	27	(66)	(51)
Retirement benefits expense	20.2, 27.1	726	698
Property and equipment charged to income statement	3	-	72
Covid-19 related rent concessions	4	(2)	(12)
Finance costs on lease liabilities	4	532	1,060
Total adjustments		(96,608)	(51,683)
Changes in working capital:			
Purchase of AC financial assets	6.5	(1,644)	-
Purchase of FVTPL financial investments	6.5	(338,000)	(510,185)
Proceeds from sale of FVTPL financial assets	6.5	215,877	432,428
Proceeds from maturities of AC financial assets	6.5	84	217
Reinsurance assets		74,875	(137,284)
Insurance receivables		(1,384)	(9,110)
Other receivables		(4,576)	(6,823)
Insurance contract liabilities		(42,058)	202,309
Other liabilities		1,843	(643)
Insurance payables		(9,863)	6,044
Other payables		(1,779)	20,457
Net decrease in working capital		(106,625)	(2,590)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D.)

	Note	2023 RM'000	2022 RM'000
Operating activities (Cont'd.)			
Dividend income received		137,901	127,110
Interest income received		4,465	2,758
Retirement benefits paid		(1,220)	(1,901)
Income tax paid		(42,344)	(21,358)
Payment of interest portion of lease liabilities	4	(532)	(1,060)
Net cash generated from operating activities		127,402	284,668
Investing activities			
Proceeds from disposal of property and equipment		28	4
Purchase of property and equipment	3	(1,753)	(3,085)
Purchase of intangible assets	5	(7,875)	(7,027)
Net cash used in investing activities		(9,600)	(10,108)
Financing activities			
Payment of principal portion of lease liabilities		(12,129)	(11,884)
Dividend paid on INCPS	30	(3,355)	(3,355)
Dividend paid on ordinary shares	30	(159,000)	(196,000)
Cash and cash equivalents from immediate holding company	40.2	120,986	-
Net cash used in financing activities		(53,498)	(211,239)
Net increase in cash and cash equivalents		64,304	63,321
Cash and cash equivalents at beginning of year		203,288	139,967
Cash and cash equivalents at end of year		267,592	203,288
Cash and cash equivalents comprise:			
Cash at banks and on hand	11	166,693	197,374
Short-term deposits (with original maturity of less than three months) with:			
Licensed banks	11	100,899	5,914
Cash and cash equivalents		267,592	203,288

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

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2023

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at Level 15, Menara Shell, No. 211 Jalan Tun Sambathan, 50470 Kuala Lumpur.

The immediate holding company is Liberty Global Holdings Sdn Bhd ("LGHSB"), a company incorporated in Malaysia, and ultimate holding company is Liberty Mutual Holding Company Inc., a company incorporated in Massachusetts, United States of America.

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

On 28 July 2022, LGHSB acquired the Company for a purchase consideration of RM2,290 million. Subsequently, on 9 March 2023, the High Court of Malaya granted approval for the transfer of LGHSB's general insurance business to the Company. On 31 March 2023, LGHSB transferred certain assets, liabilities, and its general insurance business to the Company, as detailed in Note 40.2 of the financial statements.

The company has changed its financial year-end from 31 March to 31 December in alignment with the financial year-end of its immediate holding company. This change will be reflected in the next financial period, which will end on 31 December 2023.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 June 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

At the beginning of the current financial year, the Company had fully adopted the Revised Conceptual Framework and amendments to MFRSs as described fully in Note 2.3.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (Cont'd.)

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

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

2.2 Summary of significant accounting policies

(a) Investments in subsidiaries and basis of non-consolidation

Subsidiaries are those entities over which the Company has all the following:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries, which relate to investments in collective investment schemes, are carried at fair value.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statement.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 *Consolidated Financial Statements* ("MFRS 10").

The immediate holding company, LGHSB prepares consolidated financial statements in accordance with MFRS in Malaysia, which are available for inspection at the registered office of the immediate holding company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(b) Property and equipment

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

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Work-in-progress are not depreciated until the development is completed and is available for use.

The policy for recognition and measurement of impairment losses is in accordance with Note 2.2(d).

Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease terms and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation of property and equipment is provided on a straight-line basis, to write-off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	76 years
Buildings	50 years
Office improvements	3 to 10 years
Furniture and fittings	10 years
Office equipment and computers	3 to 10 years
Motor vehicles	5 years

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(c) Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

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

Computer application software work-in-progress is not amortised until the asset is fully completed and brought in use.

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

Intangible assets which comprise computer application software are amortised over their estimated finite useful lives of 5 to 7 years.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(d).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(d) Impairment of non-financial assets

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that is expected to benefit from the synergies of the combination.

An asset’s recoverable amount is the higher of an asset’s or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(e) Investments and other financial assets

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

For debt instruments, the classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company’s business model for managing them. For equity instruments, equity security that is not held for trading may be designated and measured at FVOCI. This election is irrevocable and made on an investment-by-investment basis at inception of the trade. With the exception of insurance receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Insurance receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

For debt instruments, in order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(e) Investments and other financial assets (Cont'd.)

Financial instruments – initial recognition and subsequent measurement (Cont'd.)

Financial assets (Cont'd.)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets at AC (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes insurance receivables and other receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(e) Investments and other financial assets (Cont'd.)

Financial instruments – initial recognition and subsequent measurement (Cont'd.)

Financial assets (Cont'd.)

(ii) Subsequent measurement (Cont'd.)

Financial assets at FVTPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. For debt instruments, financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the income statement when the right of payment has been established.

Financial assets at FVOCI

Financial assets at FVOCI are non-derivative financial assets that are not classified as FVTPL or at amortised cost. Financial assets at FVOCI are initially recognised at fair value. The Company measures debt instruments at FVOCI if both of the following conditions are met:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(e) Investments and other financial assets (Cont'd.)

Financial instruments – initial recognition and subsequent measurement (Cont'd.)

Financial assets (Cont'd.)

(ii) Subsequent measurement (Cont'd.)

Financial assets at FVOCI (Cont'd.)

(a) The financial asset is held within a business model with the objective to achieve both collecting contractual cash flows and selling of the debt instruments; and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as financial assets measured at amortised cost. The remaining fair value changes are recognised in statement of comprehensive income. Upon derecognition, the cumulative fair value change recognises in statements of comprehensive income is recycled to statements of profit or loss.

For equity instruments at FVOCI, upon initial recognition, the Company can elect to classify irrevocably its equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from equity instruments at FVOCI are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in statement of comprehensive income. Equity instruments at FVOCI are not subject to impairment assessment.

The Company have made an irrevocable election under MFRS 9 to classify the unquoted equities as FVOCI, with no recycling allowed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(f) Derecognition of financial assets

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset; or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(g) Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

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

- In the principal market for the asset or liability; or

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which all input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(g) Fair value measurement (Cont'd.)

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

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date.

Fair value of unquoted equity instruments are based on expected recoverable value. These equity instruments represent ordinary shares in companies that are not quoted on any market. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

For investments in unit and property trust funds and collective investment schemes, fair value is determined by reference to published net asset values.

(h) Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(h) Impairment of financial assets (Cont'd.)

For insurance receivables and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account. The gross carrying amount of the financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of the write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

(i) Equity instruments

Share capital and share issuance expenses

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend on ordinary share capital

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Irredeemable Non-cumulative Convertible Preference Shares ("INCPS")

INCPS is classified as equity as they are non-redeemable and are redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. The terms of the INCPS are disclosed in Note 14.

(j) Business combination involving entities under common control

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the subsidiaries so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The consolidated financial statements of the commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(j) Business combination involving entities under common control (Cont'd.)

Business combinations involving businesses or entities under common control are accounted for by applying the pooling-of-interests method which involves the following:

- The carrying amounts of the assets acquired and liabilities assumed are based on the carrying amounts recognised by the transferred business (e.g., those reported in the financial statements of the acquiree). No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination.
- No ‘new’ goodwill is recognised as a result of the combination.
- Any difference between the consideration transferred or paid and the acquired net assets is reflected within equity as merger reserves.

In applying the pooling of interests method, the Company choose to not restate the periods prior to the business combination. The receiving entity accounts for the combination prospectively, beginning with the date it occurred.

(k) Product classification

The Company may issue contracts that transfer insurance risk or financial risk or both.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

The Company currently only issues contracts that transfer insurance risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(l) Reinsurance

The Company cedes insurance risk in the normal course of business for all its business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Company from the obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairments occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliable measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

The Company also assumes reinsurance risk in the normal course of business when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expense in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(m) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account premiums, movements in premium and claim liabilities and commissions.

Gross premiums

Gross premiums are recognised as income in the financial period in respect of risks assumed during that particular financial period.

Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risk assumed during that particular financial period, as in the case of direct policies, following individual risks' inception dates.

Inward treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

Premium liabilities

Premium liabilities represent the Company's future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. In determining premium liabilities at reporting date, the method that most accurately reflects the actual unearned premium is used, as described in Note 2.2(o).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(m) General insurance underwriting results (Cont'd.)

Claim liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of claim liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the reporting date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at reporting date, using a mathematical method of estimation.

Acquisition costs

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(n) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost using the effective yield method.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.2(h).

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.2(f), have been met.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(o) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. The valuation of general insurance contract liabilities is in accordance with the RBC Framework issued by BNM.

These liabilities comprise claim liabilities and premium liabilities.

Claim liabilities

Claim liabilities are recognised in respect of both direct insurance and inward reinsurance. Claim liabilities refer to the obligation by the Company, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date. These include provision for claims reported, claims incurred but not reported (“IBNR”), claims incurred but not enough reserved (“IBNER”) and together with related claims handling costs. Claim liabilities consist of the best estimate value of the claim liabilities and the Provision of Risk Margin for Adverse Deviation (“PRAD”) calculated at the overall level. The liability is discounted at a risk free rate. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the claim is paid and settled, discharged or cancelled.

Premium liabilities

Premium liabilities are the higher of the following:

(a) aggregate of the unearned premium reserves ("UPR"); or

(b) the best estimate value of the Company’s unexpired risk reserves (“URR”) as at the valuation date and the PRAD calculated at the overall level.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(o) General insurance contract liabilities (Cont'd.)

UPR

The UPR represent the portion of the premiums of insurance policies written less deductible acquisition costs that relate to the unexpired period of the policies at the end of the financial period.

In determining UPR at the end of the reporting period, the method that most accurately reflects the actual unearned premium used is as follows:

(a) 25% method for Malaysian marine cargo, aviation cargo and transit business

(b) Daily time apportionment method for all other classes

(c) 1/24th method for inward treaty business

URR

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the Company’s expenses, including overheads and cost of reinsurance, expected to be incurred during administration of these policies and settling the relevant claims, and expected future premium refunds. The URR is discounted at a risk free rate.

Liability adequacy test

At each reporting date, the Company reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs is inadequate, the deficiency is recognised in the income statement by setting up a provision for liability adequacy.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(p) Other revenue recognition

Rental income

Rental income is recognised on a straight line basis over the lease term in accordance with the substance of the relevant agreements.

Interest income

Interest income is recognised in the financial statements on an accrual basis using the effective interest rate method except for interest on loans which are considered non-performing, i.e., where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest income is recognised on the receipt basis until all arrears have been paid.

Dividend income

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the right to receive payment is established.

Realised gains and losses on investments

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying value and are recorded on occurrence of the sale transaction.

Fees and commission income

Reinsurance commission income is recognised in the income statement for policy administration services, in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(q) Taxation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(r) Provisions

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

(s) Employee benefits

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. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(s) Employee benefits (Cont'd.)

Defined benefit plans

The calculation of defined benefit obligations is performed annually by qualified actuaries using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in the statement of comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in the income statement on the earlier of:

- The date of the plan amendment or curtailment; or

- The date that the Company recognises restructuring-related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in the income statement.

Share-based compensation

AMMB, operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors or employees of the AMMB Group of Companies ("AMMB Group") based on the financial and performance criteria and such conditions as it may deem fit.

The cost of this equity–settled share-based compensation for the Company (being the fair value at grant date) is recognised in the income statement as "Employee benefits expenses", together with a corresponding increase in prepayment to the ultimate holding company, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”).

The estimated number of grants to be ultimately vested and its financial impact are reviewed quarterly and adjustments made accordingly to the income statement to reflect changes in the non-market vesting conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(s) Employee benefits (Cont'd.)

Share-based compensation (Cont'd.)

Upon vesting, any losses arising from the differences between the fair value of vested shares or options at vesting date and the fair value of vested shares or options at grant date is payable to AMMB with the corresponding amount recognised directly in retained earnings.

(t) Foreign currencies

(i) Functional and presentation currency

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 financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currencies are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(u) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

All financial liabilities of the Company, comprising insurance payables and other payables, except for those covered under MFRS 4 and MFRS 119, are classified as other financial liabilities.

Insurance payables and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

For other financial liabilities, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

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

(v) Cash and cash equivalents

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

The statement of cash flows is prepared using the indirect method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(w) Leases

The determination of whether an arrangement is, or contains, a lease is based on whether the arrangement conveys a right to control the use the asset, even if that right is not explicitly specified in an arrangement.

(i) The Company as a lessee

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(w) Leases (Cont'd.)

(i) The Company as a lessee (Cont'd.)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Company is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated over the underlying asset’s useful life. Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

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

The Company has applied the Amendments to MFRS 16 *Leases* whereby rent concessions received as a direct consequence of the Covid-19 pandemic are not assessed as lease modifications if all of the following conditions are met:

(i) The change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the considerations for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments due on or before 30 June 2022; and

(iii) there is no substantive change to other terms and conditions of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(w) Leases (Cont'd.)

(i) The Company as a lessee (Cont'd.)

The Company accounts for such Covid-19 related rent concessions as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

For changes that do not meet the above conditions, the requirements under MFRS 16 *Leases* stipulate that a change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease.

If a rent concession results from a lease modification, the Company accounts for the rent concession as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

If a rent concession does not result from a lease modification, the Company accounts for the rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

(ii) The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognised over the term of the lease on a straight-line basis. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(x) Non-current assets held for sale

Non-current assets are classified as asset held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amounts are recovered principally through a sale transaction rather than through continuing use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (Cont'd.)

(y) Investment properties

Investment properties, comprising principally of land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Company.

Investment properties are initially stated at cost including related and incidental expenditure incurred, and are subsequently carried at fair value, representing open-market value determined by independent accredited valuer. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are revalued at regular intervals of at least once in every three years and with additional valuation in the intervening years to ensure that the carrying amount does not differ materially from the fair value of the properties at the financial year end reporting date. Changes in fair values are recorded in the profit or loss in the year in which they arise.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to MFRS:

On 1 April 2022, the Company adopted the following:

- Annual Improvements to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* and MFRS 9 *Financial Instruments* 2018 - 2020 Cycle
- *Reference to the Conceptual Framework* (Amendments to MFRS 3)
- *Property, Plant and Equipment: Proceed before Intended Use* (Amendments to MFRS 116)
- *Onerous Contracts - Cost of Fulfilling a Contract* (Amendments to MFRS 137)

The adoption of the above pronouncements did not have any significant impact on the financial statements of the Company.

2.4 Standards issued but not yet effective

The new Standards and Amendments to Standards that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new Standards and Amendments to Standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- *Initial Application of MFRS 17 and MFRS 9 – Comparative Information* (Amendment to MFRS 17 Insurance Contracts)
- *Classification of Liabilities as Current or Non-Current* (Amendments to MFRS 101)
- *Disclosure of Accounting Policies* (Amendments to MFRS 101)
- *Definition of Accounting Estimates* (Amendments to MFRS 108)
- *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to MFRS 112)
- *Extension of the temporary exemption from applying MFRS 9* (Amendments to MFRS 4)

Effective for financial periods beginning on or after 1 January 2024

- *Lease Liability in a Sale and Leaseback* (Amendments to MFRS 16)
- *Non-current Liabilities with Covenants* (Amendments to MFRS 101)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (Cont'd.)

Deferred

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management expects that the adoption of the above new Standards and Amendments to Standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 17 Insurance Contracts

MFRS 17 “Insurance Contracts” and its Amendments are effective on or after 1 January 2023. The Company will be applying MFRS 17 for the first time in the financial year ending 31 December 2023. Accordingly, comparative information for the financial year ended 31 March 2023 will be restated, including the opening balance as at 1 April 2022, by applying the transition requirements of MFRS 17.

The Company determined the transition approach at groups of insurance contracts level, depending on availability of reasonable and supportable historical information. The Company's transition approach on initial adoption of MFRS 17 is as follows:

Modified retrospective approach (“MRA”) – The Company will apply the transition relief from classifying the contracts acquired in their settlement period under business combinations as contracts existed at the date of initial recognition rather than at the acquisition date of the business combinations. The transition relief allows the Company to classify liabilities for insurance contracts acquired in their settlement period prior to the transition date of 1 April 2023 as liability for incurred claims ("LIC") rather than liability for remaining coverage ("LRC").

The vast majority of the Company’s direct insurance contracts have a duration of one year or less and is automatically eligible for the PAA model as allowed by MFRS 17. For reinsurance contracts and remainder of direct insurance contracts where duration is more than a year, financial modelling is performed to compare the value of the LRC measured under GMM and PAA. Where the LRC does not materially differ between the two measurement models (over the duration of the contract and in a range of reasonably foreseeable scenarios) the contract group is eligible to be measured under PAA.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (Cont'd.)

MFRS 17 Insurance Contracts (Cont'd.)

The expected impacts from adoption of MFRS17 to the Company are as follows:

Presentation and disclosures

MFRS 17 will provide enhanced disclosures to enable the readers to understand insurance contracts issued by the Company, including a clearer delineation of how the Company have performed in both underwriting and investments activities. The definition of revenue and related profit recognition patterns will change significantly, although the overall profitability of insurance contracts should continue to be intact as the fundamentals of the contracts itself have not changed.

MFRS 17 will also significantly change how insurance and reinsurance contracts are presented and disclosed in the Company’s financial statements. Under MFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the Statement of Financial Position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately. Any assets or liabilities from cash flows arising before the recognition of the related groups of contracts will also be presented in the same line item as the related portfolios of contracts.

Under MFRS 17, amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income ("OCI") are disaggregated into insurance service result, comprising of insurance revenue and insurance service expenses; and insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately. There will be clear delineation of investment result in the Statement of Profit or Loss.

MFRS 17 also requires extensive new disclosures on amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and disclosures about significant judgements made when applying MFRS 17. There will also be expanded disclosures about the nature and extent of risk from insurance and reinsurance contracts.

Impacts to business and financials

The Company do not expect any significant changes to business operations and strategies, financial strength, liquidity and capital requirements of the Company.

The Company adopted MFRS 17 on 1 April 2023 and will be fully compliant with the requirements of the standard.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements, estimates and assumptions

(a) Critical judgements made in applying accounting policies

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may cause material adjustments to the carrying amounts of assets and liabilities within the next financial year such as those discussed below:

(i) Deferred tax assets (Note 10)

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

(ii) Income taxes (Note 28)

The Company is subject to income taxes in Malaysia. Significant judgement is required in determining the allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculation for which the ultimate tax determination is uncertain during the ordinary course of business.

(iii) Property and equipment (Note 3)

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

Management estimates that the residual values and remaining useful lives of the Company's assets continue to be applicable for the current financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)

(a) Critical judgements made in applying accounting policies (Cont'd.)

(iv) Impairment of insurance receivables and other receivables (Note 2.2(h), Note 8 and Note 9)

The Company uses a provision matrix to calculate ECLs for insurance receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(v) Leases – renewal option (Note 2.2(w)(i) and Note 4)

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

The Company has the option, under some of its leases, to lease the assets for additional terms of one to three years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Company included the renewal period as part of the lease term for leases of premises due to the significance of these assets to its operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)

(b) Key sources of estimation uncertainty and assumptions

(i) Valuation of general insurance contract liabilities (Note 16)

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (“IBNR”).

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Link Ratios, Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier periods and expected loss ratios. Historical claims development is mainly analysed by accident periods, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. The Company uses discounting and in most cases, explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect once-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The sensitivity of key assumptions applied in deriving the general insurance contract liabilities and the consequential impact to the income statement and equity is disclosed in Note 35.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)

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

(ii) Uncertainty in accounting estimates for general insurance business (Note 16)

The principal uncertainty in the Company's general insurance business arises from the technical provisions which include the premium liabilities and claim liabilities. The premium liabilities comprise unearned premium reserves, unexpired risk reserves and provision for risk margin for adverse deviation while claim liabilities comprise provision for outstanding claims.

Generally, premium and claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claim liabilities will not exactly develop as projected and may vary from the initial projections.

The estimates of premium and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claim liabilities may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)

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

(iii) Fair value of assets determined using valuation techniques (Note 2.2(g) and Note 37)

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

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

The valuation techniques described above are calibrated annually.

(iv) Pipeline premium (Note 8)

The Company has recognised gross pipeline premium for the current financial year. Estimation made by management is based on the actual pipeline trend during the past 2 years. As estimations are inherently uncertain, actual premiums may differ from the estimated premiums.

(v) Amortisation of intangible assets (Note 5)

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)

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

(v) Amortisation of intangible assets (Note 5) (Cont'd.)

The Company estimates the useful lives of these software costs to be between 5 to 7 years.

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

(vi) Defined benefits plans (Note 20)

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rate of returns on investments, future salary increases, mortality rates, resignation rates and future increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds in their respective currencies and extrapolated maturity corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about the assumptions used, including a sensitivity analysis, are given in Note 20.

3. PROPERTY AND EQUIPMENT

	Freehold land RM'000	Freehold building RM'000	*Long term leasehold land RM'000	Long term leasehold Buildings RM'000	Office impro-vements RM'000	Furniture and fittings RM'000	Office equipment and computers RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Cost										
At 1 April 2021	-	240	-	-	15,705	17,429	79,610	1,060	85	114,129
Additions	-	-	-	-	69	411	2,259	346	-	3,085
Disposals	-	-	-	-	-	-	(29)	-	-	(29)
Written-off	-	-	-	-	-	(19)	(13)	-	-	(32)
Reclassification	-	-	-	-	(38)	38	-	-	-	-
Charge to income statement	-	-	-	-	(72)	-	-	-	-	(72)
At 31 March 2022	-	240	-	-	15,664	17,859	81,827	1,406	85	117,081
Additions	-	-	-	-	-	324	861	561	7	1,753
Disposals	-	-	-	-	-	(9)	(93)	(14)	-	(116)
Written-off	-	-	-	-	-	-	(83)	(5)	-	(88)
Transferred from immediate holding company (Note 40.2)	1,216	2,791	19,260	23,099	1,659	532	5,469	121	30	54,177
At 31 March 2023	1,216	3,031	19,260	23,099	17,323	18,706	87,981	2,069	122	172,807
Accumulated depreciation										
At 1 April 2021	-	41	-	-	14,516	9,919	75,022	739	-	100,237
Charge for the year (Note 27)	-	3	-	-	382	1,490	2,074	130	-	4,079
Disposals	-	-	-	-	-	-	(26)	-	-	(26)
Written-off	-	-	-	-	-	(7)	(10)	-	-	(17)
At 31 March 2022	-	44	-	-	14,898	11,402	77,060	869	-	104,273
Charge for the year (Note 27)	-	3	-	-	263	1,497	1,660	189	-	3,612
Disposals	-	-	-	-	-	-	(83)	(14)	-	(97)
Written-off	-	-	-	-	-	-	(57)	(5)	-	(62)
At 31 March 2023	-	47	-	-	15,161	12,899	78,580	1,039	-	107,726
Accumulated impairment										
At 1 April 2022/2021 and 31 March 2023/2022	-	127	-	-	-	-	-	-	-	127
Net carrying amount										
At 31 March 2022	-	69	-	-	766	6,457	4,767	537	85	12,681
At 31 March 2023	1,216	2,857	19,260	23,099	2,162	5,807	9,401	1,030	122	64,954

*Long-term leasehold land is a ROU asset in accordance with MFRS 16 (Note 4)

4. LEASES

The Company as lessee

The Company has entered into lease agreements for rental of office premises. Leases of office premises generally have lease terms between one to four years. The lease agreements include extension and termination options.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Right-of-use assets

	2023 RM'000	2022 RM'000
Cost		
At 1 April 2022/2021	49,581	69,857
Additions	170	403
Remeasurement	(18)	35
Modification to lease term	9,272	(19,923)
Derecognition of expired leases	(20,686)	(791)
Transferred from immediate holding company (Note 40.2)	539	-
At 31 March 2023/2022	38,858	49,581
Accumulated depreciation		
At 1 April 2022/2021	35,833	24,176
Charge for the year (Note 27)	11,903	12,448
Derecognition of expired leases	(20,686)	(791)
At 31 March 2023/2022	27,050	35,833
Carrying amount		
At 31 March 2023/2022	11,808	13,748

This note provides information for leases where the Company is a lessee.

Other assets recognised as ROU assets but not disclosed in this note are as follows:

	2023 RM'000	2022 RM'000
Leasehold land (Note 3)	19,260	-

4. LEASES (CONT'D.)

The Company as lessee (Cont'd.)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Lease liabilities

	2023 RM'000	2022 RM'000
At 1 April 2022/2021	14,489	46,480
Additions	170	303
Remeasurement	-	52
Lease finance costs	532	1,060
Payment	(12,661)	(12,944)
Covid-19 related rent concessions	(2)	(12)
Modification to lease term	9,272	(20,450)
Transferred from immediate holding company (Note 40.2)	549	-
At 31 March 2023/2022	12,349	14,489

The following are income/(expenses) recognised in income statement:

	Note	2023 RM'000	2022 RM'000
Depreciation of right-of-use assets	27	(11,903)	(12,448)
Lease finance costs		(532)	(1,060)
Lease expense of low-value assets	27	(180)	(344)
COVID-19-related rent concessions (included in Note 27)		2	12

The Company had total cash outflows for payment of lease liabilities of RM12,661,000 (2022: RM12,944,000). The Company also had non-cash additions and remeasurements to right-of-use assets of RM152,000 (2022: RM438,000).

5. INTANGIBLE ASSETS

	Computer application software - in use RM'000	Computer application software - work in progress RM'000	Total RM'000
Cost			
At 1 April 2021	129,561	3,484	133,045
Additions	1,994	5,033	7,027
Reclassification	1,156	(1,156)	-
At 31 March 2022	132,711	7,361	140,072
Additions	6,988	887	7,875
Reclassification	7,032	(7,032)	-
Transferred from immediate holding company (Note 40.2)	4,158	-	4,158
At 31 March 2023	150,889	1,216	152,105
Accumulated amortisation			
At 1 April 2021	87,543	-	87,543
Amortisation for the year (Note 27)	14,921	-	14,921
At 31 March 2022	102,464	-	102,464
Amortisation for the year (Note 27)	14,007	-	14,007
At 31 March 2023	116,471	-	116,471
Net carrying amount			
At 31 March 2022	30,247	7,361	37,608
At 31 March 2023	34,418	1,216	35,634

Intangible assets comprise computer application software which were developed or acquired to meet the specific requirements of the Company and computer application software under development which are not yet available for use.

6. INVESTMENTS

	Note	2023 RM'000	2022 RM'000
Malaysian government securities		485,359	-
Corporate bonds		241,779	-
Cagamas bonds		10,215	-
Equity securities		65,526	76,830
Unit and property trust funds		5,082	4,898
Loans		239	323
Fixed and call deposits		255,040	20,096
Collective investment schemes:			
Investments in subsidiaries	6.4	3,560,941	3,412,979
Investments in others		510,829	158,601
		4,071,770	3,571,580
		5,135,010	3,673,727

	Note	2023 RM'000	2022 RM'000
Fair value through profit or loss ("FVTPL")	6.1	4,142,378	3,653,308
Amortised cost ("AC")	6.2	255,279	20,419
Fair value through other comprehensive income ("FVOCI")	6.3	737,353	-
		5,135,010	3,673,727

6.1 FVTPL

	2023 RM'000	2022 RM'000
At fair value:		
Mandatory measured:		
Collective investment schemes quoted in Malaysia		
Investment in subsidiaries (Note 6.4)	3,560,941	3,412,979
Investment in others	510,829	158,601
Quoted equities securities	65,526	76,830
Unit and property trust funds quoted in Malaysia	5,082	4,898
	4,142,378	3,653,308

6. INVESTMENTS (CONT'D.)

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

6.2 AC

	2023 RM'000	2022 RM'000
At amortised cost:		
Fixed and call deposits with licensed banks	255,040	20,096
Mortgage loans	309	393
Less: Provision for expected credit loss ("ECL")	(70)	(70)
	239	323
	255,279	20,419

Movement in the provision for expected credit loss ("ECL")

	2023 RM'000	2022 RM'000
At 1 April 2022/2021 and 31 March 2023/2022	70	70

The carrying values of the fixed and call deposits with licensed banks approximate fair value due to the relatively short term maturities.

The carrying values of the mortgage loans and other loans are reasonable approximates of fair values due to the insignificant impact of discounting.

6.3 FVOCI

	2023 RM'000	2022 RM'000
At fair value:		
Malaysian government securities	485,359	-
Corporate bonds	241,779	-
Cagamas bonds	10,215	-
Unquoted equity securities in Malaysia*	-	-
	737,353	-

The fair value hierarchy of Malaysian government securities, Corporate bonds and Cagamas bonds are level 2. The three-level hierarchy is defined in Note 37.

*This denotes that the fair value of unquoted equities as at 31 March 2023 is RM1. The fair value hierarchy of unquoted equities are level 3.

6. INVESTMENTS (CONT'D.)

6.4 Collective investment schemes - investments in subsidiaries

	2023 RM'000	2022 RM'000
At fair value:		
FVTPL (Note 6.1)	3,560,941	3,412,979

Details of the Company's investments in subsidiaries - collective investment schemes in Malaysia are as follows:

Name of wholesale unit trust fund	Principal activities	% of ownership interest held by the Company 2023	2022
AmIncome Institutional 1	Investment in debt securities and money market	100.00%	99.88%
AmIncome Institutional 3	Investment in debt securities and money market	100.00%	99.94%
AmCash Plus	Investment in government related securities and money market	100.00%	99.45%

6. INVESTMENTS (CONT'D.)

6.5 Carrying values of investments

	AC RM'000	FVTPL RM'000	FVOCI RM'000	Total RM'000
At 1 April 2022	20,419	3,653,308	-	3,673,727
Purchases	1,644	338,000	-	339,644
Maturities	(84)	-	-	(84)
Disposals	-	(215,877)	-	(215,877)
Recorded in income statement:				
Realised losses	-	(2,461)	-	(2,461)
Fair value losses	-	(4,406)	-	(4,406)
Transferred from immediate holding company (Note 40.2)	233,300	373,814	737,353	1,344,467
At 31 March 2023	255,279	4,142,378	737,353	5,135,010
At 1 April 2021	20,636	3,619,428	-	3,640,064
Purchases	-	510,185	-	510,185
Maturities	(217)	-	-	(217)
Disposals	-	(432,428)	-	(432,428)
Recorded in income statement:				
Realised losses	-	(1,043)	-	(1,043)
Fair value losses	-	(42,834)	-	(42,834)
At 31 March 2022	20,419	3,653,308	-	3,673,727

7. REINSURANCE ASSETS

	Note	2023 RM'000	2022 RM'000
Reinsurance assets on:			
Claim liabilities	16.1	514,474	457,845
Premium liabilities	16.2	94,415	61,306
		608,889	519,151
Allowance for impairment losses		(406)	(923)
		608,483	518,228

7. REINSURANCE ASSETS (CONT'D.)

Movement in the provision for impairment losses of reinsurance assets:

	Individually impaired	
	2023	**2022**
	RM'000	**RM'000**
At 1 April 2022/2021	923	2,072
Reversal for the year (Note 27)	(517)	(1,149)
At 31 March 2023/2022	406	923

8. INSURANCE RECEIVABLES

	2023	**2022**
	RM'000	**RM'000**
Due premiums including agents, brokers and co-insurers balances	113,101	71,040
Due from reinsurers and cedants	21,706	9,639
	134,807	80,679
Allowance for impairment losses	(20,107)	(18,201)
	114,700	62,478

Movement in the provision for impairment losses of insurance receivables:

	Individually impaired	**Collectively impaired**	**Total**
	RM'000	**RM'000**	**RM'000**
At 1 April 2021	3,984	14,748	18,732
Transfer between category	12	(12)	-
Reversal for the year (Note 27)	(111)	(314)	(425)
Amounts written-off	(106)	-	(106)
At 31 March 2022	3,779	14,422	18,201

8. INSURANCE RECEIVABLES (CONT'D.)

Movement in the provision for impairment losses of insurance receivables: (Cont'd.)

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
At 1 April 2022	3,779	14,422	18,201
Transfer between category	(1)	1	-
Provision/(Reversal) for the year (Note 27)	239	(2,038)	(1,799)
Amounts written-off	1	-	1
Transferred from immediate holding company	-	3,704	3,704
At 31 March 2023	4,018	16,089	20,107

The carrying amounts disclosed above approximate fair value at the reporting date.

The Company's insurance receivables that have been offset against insurance payable are as follows:

	2023 RM'000	2022 RM'000
Gross amount of recognised insurance receivables	159,117	90,406
Less: Gross amount of recognised insurance payables set-off against the insurance receivables that met the criteria of legally enforceable right to set-off	(24,310)	(9,727)
Net amount of recognised in insurance receivables	134,807	80,679

9. OTHER RECEIVABLES

	2023 RM'000	2022 RM'000
Income due and accrued	10,735	11,093
Share of net assets held under Malaysian Motor Insurance Pool ("MMIP")*	80,969	44,155
Amounts owing by ultimate holding, holding and other related companies**	10,510	1,893
Reinsurance deposits	406	48
Sundry receivables	16,286	9,401
Current account with Custodian	29,203	17,546
	148,109	84,136
Allowance for impairment losses	(266)	(246)
	147,843	83,890

9. OTHER RECEIVABLES (CONT'D.)

Movement in the provision for impairment losses (individually impaired) of other receivables:

	2023 RM'000	2022 RM'000
At 1 April 2022/2021	246	395
Provision/(reversal) for the year (Note 27)	20	(25)
Amounts written-off	-	(124)
At 31 March 2023/2022	266	246

The carrying amounts (other than share of net assets held under MMIP) disclosed in the previous page approximate fair value at the reporting date due to the relatively short-term maturity of these balances.

* As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Company's share of the Pool's net assets, of which Liberty Global Holdings Sdn Bhd's (formerly known as Liberty Insurance Berhad) share of the Pool's net assets is RM40,197,000, before insurance contract liabilities. The Company's share of the Pool's insurance contract liabilities is disclosed in Note 16.

** The amounts owing by ultimate holding, holding and other related companies are unsecured, interest free and repayable on demand.

10. DEFERRED TAXATION

	2023 RM'000	2022 RM'000
At 1 April 2022/2021	44,264	23,005
Recognised in:		
Income statement (Note 28)	(396)	21,200
Other comprehensive income (Note 20.3)	360	59
At 31 March 2023/2022	44,228	44,264

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Net deferred tax assets shown on the statement of financial position have been determined after considering appropriate offsetting on the following page:

10. DEFERRED TAXATION (CONT'D.)

	2023 RM'000	2022 RM'000
Deferred tax assets	51,119	50,004
Deferred tax liabilities	(6,891)	(5,740)
	44,228	44,264

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

Deferred tax assets:

	Others RM'000	Provisions RM'000	Total RM'000
At 1 April 2021	(7,339)	35,929	28,590
Recognised in:			
Income statement	10,255	11,100	21,355
Other comprehensive income	59	-	59
At 31 March 2022	2,975	47,029	50,004
At 1 April 2022	2,975	47,029	50,004
Recognised in:			
Income statement	590	(551)	39
Other comprehensive loss	1,076	-	1,076
At 31 March 2023	4,641	46,478	51,119

Deferred tax liabilities:

	Others RM'000	PPE and intangible assets RM'000	Total RM'000
At 1 April 2021	-	(5,585)	(5,585)
Recognised in:			
Income statement	-	(155)	(155)
At 31 March 2022	-	(5,740)	(5,740)
At 1 April 2022	-	(5,740)	(5,740)
Recognised in:			
Income statement	(157)	(278)	(435)
Other comprehensive income	(716)	-	(716)
At 31 March 2023	(873)	(6,018)	(6,891)

11. CASH AND SHORT-TERM DEPOSITS

	2023 RM'000	2022 RM'000
Cash at banks and on hand	166,693	197,374
Short-term deposits (with original maturity of less than three months) with licensed banks	100,899	5,914
	267,592	203,288

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

12. NON-CURRENT ASSETS HELD FOR SALE

	2023 RM'000	2022 RM'000
At 31 March 2022	1,562	1,562
Transferred from immediate holding company (Note 40.2)	2,050	-
At 31 March 2023	3,612	1,562

The proposed disposal of the self-occupied property, with a net carrying value of RM1,562,000, at a price of RM1,720,000 has not been finalised due to the non-fulfilment of certain conditions precedent. Similarly, the proposed disposal of the freehold land and building, with a net carrying value of RM2,050,000, at a price of RM2,500,000, which was transferred from the immediate holding company, has not been completed as the sale and purchase agreement is currently being signed. Therefore, as of 31 March 2023, both assets are still classified as non-current assets held for sale.

13. INVESTMENT PROPERTIES

	Freehold land and building RM'000	Leasehold land and building RM'000	Total RM'000
Net carrying amount			
At 31 March 2022	-	-	-
Transferred from immediate holding company (Note 40.2)	16,000	16,656	32,656
At 31 March 2023	16,000	16,656	32,656

Recurring fair value measurements

Investment properties of the Company are classified within Level 3 of the fair value hierarchy. The fair values for all the properties have been derived using either the sales comparison approach or the income approach as allowed under MFRS 13 *Fair Value Measurement* . Sales prices of comparable land and buildings, rentals and yields of similar properties in close proximity are adjusted for differences in key attributes such as property size, location and quality of the building. The most significant input used in the sales comparison approach is price per square foot of comparable properties while the most significant inputs used in the income approach are yields and rental rates per square foot of comparable properties.

Fair value hierarchy of Investment Properties

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3 of the fair value hierarchy):

2023 Description	Fair Value RM'000	Valuation technique	Unobservable input	Range of values
Leasehold land and building	16,656	Income approach	Rental p.s.f. per month	RM3.30 - RM9.00
			Discount rate	4.5% - 6.5%
Freehold land	16,000	Comparison approach	Estimated Value p.s.f.	RM105 - RM406

An increase or decrease in the unobservable inputs used in the valuation might result in a correspondingly higher or lower fair value measurement.

14. SHARE CAPITAL

	<------ No. of shares ------> 2023 ('000)	2022 ('000)	<--------- Amount ----------> 2023 RM'000	2022 RM'000
Ordinary shares (a)	1,394,196	600,000	2,906,070	1,000,000
INCPS (b)	6,100	6,100	61,000	61,000
	1,400,296	606,100	2,967,070	1,061,000

(a) Ordinary shares

	<----------- 2023 -----------> No. of shares ('000)	Amount RM'000	<----------- 2022 -----------> No. of shares ('000)	Amount RM'000
Issued and paid up:				
At 1 April 2022/2021	600,000	1,000,000	600,000	1,000,000
Created during the year	794,196	1,906,070	-	-
At 31 March 2023/2022	1,394,196	2,906,070	600,000	1,000,000

During the financial year, the Company increased its share capital from RM1,061,000,000 to RM2,967,070,400 by way of issuance of 794,196,000 new ordinary shares at RM1 per share. These shares were measured at fair value of RM2.40 per share. The issuance of these shares was done as consideration for the transfer of the general insurance business from the Company's immediate holding company, LGHSB, as detailed in Note 40.2 of the financial statements.

(b) INCPS

	<----------- 2023 -----------> No. of shares ('000)	Amount RM'000	<----------- 2022 -----------> No. of shares ('000)	Amount RM'000
Issued and paid up:				
At 1 April 2022/2021 and at 31 March 2023/2022	6,100	61,000	6,100	61,000

14. SHARE CAPITAL (CONT'D.)

(b) INCPS (Cont'd.)

The salient features of the INCPS issued by the Company are as follows:

(i) Subject always to the prior approval of BNM and the discretion of the Board, the INCPS confer on the holders the right to a non-cumulative preferential dividend calculated at 5.5% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the INCPS, in priority to any other classes of shares to the extent that there are profits available for the distribution and compliance with the capital adequacy requirements as stipulated by BNM.

(ii) The INCPS holders are entitled at any time to convert all or any of the INCPS held to ordinary shares in the Company, pari passu as between themselves, on the basis of one (1) INCPS for one (1) new ordinary share.

(iii) The INCPS shall not be transferable (in whole or in part) and shall not be redeemed by the Company.

15. MERGER RESERVES

	2023 RM'000	2022 RM'000
At 31 March 2023	(1,099,025)	-

The merger reserves of RM1,099,025,400 represent the difference between the fair value of the ordinary shares issued, amounting to RM1,906,070,400 (as detailed in Note 14), and the acquired net assets valued at RM807,045,000 (as detailed in Note 40.2), in relation to the transfer of the general insurance business from the Company's immediate holding company, LGHSB.

16. INSURANCE CONTRACT LIABILITIES

		<------------------- 2023 --------------------->			<------------------- 2022 --------------------->		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		1,624,104	(380,379)	1,243,725	1,147,696	(344,647)	803,049
Provision for incurred but not reported claims ("IBNR")		661,492	(95,333)	566,159	610,904	(76,303)	534,601
Provision for fund provision of risk margin for adverse deviation ("FPRAD")		179,478	(38,762)	140,716	146,256	(36,895)	109,361
Claim liabilities	16.1	2,465,074	(514,474)	1,950,600	1,904,856	(457,845)	1,447,011
Less: Impairment loss on reinsurance assets		-	406	406	-	923	923
		2,465,074	(514,068)	1,951,006	1,904,856	(456,922)	1,447,934
Premium liabilities	16.2	1,021,561	(94,415)	927,146	720,428	(61,306)	659,122
		3,486,635	(608,483)	2,878,152	2,625,284	(518,228)	2,107,056

As at 31 March 2023, the insurance contract liabilities above includes the Company’s share of MMIP's claim and premium liabilities amounting to RM25.8 million (2022: RM19.0 million) and RM1.6 million (2022: RM0.8 million) respectively.

16. INSURANCE CONTRACT LIABILITIES (CONT'D.)

16.1 Claim liabilities

		<---- 2023 ---->			<---- 2022 ---->		
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2022/2021		1,904,856	(457,845)	1,447,011	1,713,871	(323,935)	1,389,936
Claims incurred in the current accident year (direct and facultative)		1,116,717	(74,597)	1,042,120	1,237,919	(255,786)	982,133
Adjustment to claims incurred in prior accident year (direct and facultative)		(255,367)	52,405	(202,962)	(300,182)	49,090	(251,092)
Claims incurred during the year (treaty inwards claims)		(5,061)	-	(5,061)	(3,781)	-	(3,781)
Claims paid during the year	26	(921,333)	106,094	(815,239)	(742,971)	72,786	(670,185)
Transferred from immediate holding company		625,262	(140,531)	484,731	-	-	-
At 31 March 2023/2022		2,465,074	(514,474)	1,950,600	1,904,856	(457,845)	1,447,011

16.2 Premium liabilities

		<---- 2023 ---->			<---- 2022 ---->		
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2022/2021		720,428	(61,306)	659,122	709,104	(57,932)	651,172
Premiums written during the year	21	1,598,939	(185,456)	1,413,483	1,518,013	(175,216)	1,342,797
Premiums earned during the year	21	(1,575,953)	176,429	(1,399,524)	(1,506,689)	171,842	(1,334,847)
Transferred from immediate holding company		278,147	(24,082)	254,065	-	-	-
At 31 March 2023/2022		1,021,561	(94,415)	927,146	720,428	(61,306)	659,122

17. OTHER LIABILITIES

	2023 RM'000	2022 RM'000
Treaty deposits from reinsurers	542	762
Performance bond deposits	28,957	25,733
Provision for restoration costs for leased properties	3,081	3,098
	32,580	29,593

The carrying amounts of treaty deposits from reinsurers disclosed above approximate fair value at the reporting date due to the relatively short term maturities.

Performance bond deposits are collateral deposits received from policyholders for guarantees issued on behalf of policyholders. The carrying value of performance bond deposits is a reasonable approximate of fair value due to the discounting impact being immaterial.

18. INSURANCE PAYABLES

	2023 RM'000	2022 RM'000
Due to agents, brokers, co-insurers and insured	63,054	19,136
Due to reinsurers and cedants	70,787	42,941
	133,841	62,077

The carrying amounts disclosed above approximate fair values at the reporting date. All amounts are payable within one year.

The Company's insurance payables that have been offset against insurance receivables are as follows:

	2023 RM'000	2022 RM'000
Gross amount of recognised insurance payables	169,008	67,052
Less: Gross amount of recognised insurance receivables set-off against the insurance payables that met the criteria of legally enforceable right to set-off	(35,167)	(4,975)
Net amount recognised in insurance payables	133,841	62,077

19. OTHER PAYABLES

	2023 RM'000	2022 RM'000
Financial liabilities:		
Amount owing to other related companies *	7,098	9,068
Amount due to MMIP	603	-
Sales and Service Tax ("SST") and stamp duty payable	9,368	14,412
Sundry payables	63,801	26,951
	80,870	50,431
Non-financial liabilities:		
Accrued expenses and deposits	158,695	132,307
Other accruals	49,629	56,688
Commutation accounts	7,598	10,463
	215,922	199,458
	296,792	249,889

The carrying amounts disclosed above approximate fair values at the reporting date.

* The amounts owing to other related companies are unsecured, interest free and repayable on demand.

20. PROVISION FOR RETIREMENT BENEFITS

The Company operates a final salary defined retirement benefit scheme which is wholly unfunded. There is no minimum funding requirement under the current law. The employees are not required to contribute to the scheme.

Under the scheme, eligible employees who have completed a minimum of 10 years of service are entitled to retire at 56 years of age or optional retirement age of 50 years. Employees who leave before the attainment of the normal retirement age or optional retirement age, are not entitled to the benefit.

All new employees who are hired after 18 March 2011 are not entitled to the retirement benefit.

20. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)

20.1 The movements in the present value of the defined benefit obligation recognised in the statement of financial position are as follows:

	Note	2023 RM'000	2022 RM'000
Defined benefit obligation at 1 April 2022/2021		17,395	18,350
Actuarial loss	20.3	1,501	248
Benefits paid		(1,220)	(1,901)
Interest cost	20.2	726	698
Defined benefit obligation at 31 March 2023/2022		18,402	17,395
Present value of unfunded obligation		18,402	17,395
Recognised liability for defined benefit obligation		18,402	17,395

20.2 Expenses recognised in the income statement as retirement benefits cost:

	2023 RM'000	2022 RM'000
Interest cost	726	698

20.3 Actuarial gains and losses recognised directly in other comprehensive income:

	2023 RM'000	2022 RM'000
Amount accumulated in retained earnings at 1 April 2022/2021	3,406	3,595
Actuarial (loss)/gain arising from:		
i) changes in financial and demographic assumptions	(936)	320
ii) experience adjustments	(565)	(568)
	(1,501)	(248)
Tax effects thereon (Note 10)	360	59
Amount accumulated in retained earnings at 31 March 2023/2022	2,265	3,406

20. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)

20.4 Actuarial assumptions

Principal actuarial assumptions used at the end of the reporting year:

	2023	2022
Discount rate at 31 March 2023/2022 (per annum)	4.60%	4.33%
Fixed deposit rate (per annum)	2.60%	1.55%
Withdrawal rates (per annum)	4.70%	5.30%

The discount rate used is based on market yields at the end of the reporting year on high quality corporate bonds. The amount and terms of the corporate bonds are consistent with the current and estimated future post employment benefit obligation.

The assumption regarding future mortality is based on the experience of Malaysian insured lives between 1999 to 2003 with no allowance for improvement in mortality rate. The average expected future working lives has been estimated at 6.68 years (2022: 7.11 years).

Calculation of the unfunded defined retirement benefits involves the projection of the present value for unfunded obligations using certain principal actuarial assumptions such as the rate of interest at which to discount the future retirement benefits payments at the valuation date and the assumed rate of growth of liabilities, namely the rate of salary escalation. There are elements of significant uncertainty on the assumptions used and thus the projected future retirement benefits payable may be different from the actual retirement benefit paid.

The following table demonstrates the sensitivity of provision for retirement benefits to a reasonable change in the defined benefit obligation:

	2023 RM'000	2022 RM'000
Discount rate:		
Increase 100 basis points	(925)	(941)
Decrease 100 basis points	1,008	1,031
Fixed deposit rate:		
Increase 100 basis points	1,207	1,231
Decrease 100 basis points	(1,121)	(1,137)
Withdrawal rate:		
10% increase in the withdrawal rate	(371)	(385)
10% decrease in the withdrawal rate	383	399

21. NET EARNED PREMIUMS

	Note	2023 RM'000	2022 RM'000
21.1 Gross earned premiums			
Premium written during the year	16.2	1,598,939	1,518,013
Change in premium liabilities		(22,986)	(11,324)
	16.2	1,575,953	1,506,689
21.2 Earned premiums ceded to reinsurers			
Premium ceded during the year	16.2	(185,456)	(175,216)
Change in premium liabilities		9,027	3,374
	16.2	(176,429)	(171,842)
21.3 Net earned premiums			
Net premium written during the year	16.2	1,413,483	1,342,797
Change in premium liabilities		(13,959)	(7,950)
	16.2	1,399,524	1,334,847

22. INVESTMENT INCOME

	2023 RM'000	2022 RM'000
Financial assets at FVTPL:		
Dividend/distribution income:		
- Equity securities quoted in Malaysia	3,483	2,962
- Unit and property trust funds quoted in Malaysia	270	215
- Collective investment schemes quoted in Malaysia	123,346	121,281
Financial assets at AC:		
Interest income:		
- Mortgage and other loans	10	16
- Cash and short-term deposits	4,779	2,741
	131,888	127,215

23. REALISED LOSSES

	2023 RM'000	2022 RM'000
Property and equipment:		
Realised gains on disposal of property and equipment	9	1
FVTPL financial assets:		
Mandatorily measured:		
Realised (losses)/gains:		
- Collective investment schemes quoted in Malaysia	(1,426)	2,188
- Equity securities quoted in Malaysia	(1,035)	(3,196)
- Unit and property trust funds quoted in Malaysia	-	(35)
	(2,461)	(1,043)
Total realised losses	(2,452)	(1,042)

24. FAIR VALUE LOSSES

	2023 RM'000	2022 RM'000
FVTPL financial assets:		
Mandatorily measured:		
Unrealised (losses)/gains:		
- Collective investment schemes quoted in Malaysia	330	(43,356)
- Equity securities quoted in Malaysia	(4,920)	823
- Unit and property trust funds quoted in Malaysia	184	(301)
	(4,406)	(42,834)

25. OTHER OPERATING INCOME/(EXPENSES), NET

	2023 RM'000	2022 RM'000
Other operating income/(expenses), net		
Transfer fees and other contract fees	266	134
Other income/(expense)	7,788	(1,177)
	8,054	(1,043)

26. NET CLAIMS

	Note	2023 RM'000	2022 RM'000
Gross benefits and claims paid	16.1	921,333	742,971
Claims ceded to reinsurers	16.1	(106,094)	(72,786)
Net claims paid	16.1	815,239	670,185
Gross change in contract liabilities			
At 31 March 2023/2022		1,839,812	1,904,856
At 1 April 2022/2021	16.1	(1,904,856)	(1,713,871)
		(65,044)	190,985
Change in contract liabilities ceded to reinsurers			
At 31 March 2023/2022		(373,943)	(457,845)
At 1 April 2022/2021	16.1	457,845	323,935
		83,902	(133,910)
		834,097	727,260

27. MANAGEMENT EXPENSES

	Note	2023 RM'000	2022 RM'000
Employee benefits	27.1	170,274	158,241
Chief Executive Officer's remuneration	27.2	1,437	1,260
Executive and non-executive directors' fees and remuneration	27.3	1,327	1,401
Auditors' remuneration:			
- Statutory audits		1,229	542
- Other assurance-related services		523	-
- Regulatory-related services		63	57
COVID-19-related rent concessions		(2)	(12)
Depreciation of property and equipment	3	3,612	4,079
Depreciation of right-of-use assets	4	11,903	12,448
Amortisation of intangible assets	5	14,007	14,921
Property and equipment written-off	3	26	15
Lease expense of low-value assets	4	180	344
Provision/(reversal of) impairment losses on other receivables	9	20	(25)
Reversal of allowance for impairment losses on reinsurance assets	7	(517)	(1,149)
Reversal of allowance for impairment losses on insurance receivables	8	(1,799)	(425)
Recovery of bad debts written-off		(66)	(51)
Advertisement expenses		4,117	2,454
Bank charges		11,314	10,857
Electronic Data Processing expenses		18,883	23,271
Printing expenses		8,051	8,060
Office expenses		8,414	8,862
(Reversal of)/expenses for Professional fees		(310)	1,881
Share of group charges		14,916	14,047
(Reversal of)/expense for COVID-19 related expenses		(632)	3,447
Other expenses		38,887	43,238
		305,857	307,763

27.1 Employee benefits

	Note	2023 RM'000	2022 RM'000
Wages and salaries		132,693	126,342
Social security contributions		1,222	1,141
Contribution to Employees' Provident Fund		20,508	19,731
Contribution to defined benefit plans	20.2	726	698
Other benefits		15,125	10,329
		170,274	158,241

27. MANAGEMENT EXPENSES (CONT'D.)

27.2 Chief Executive Officer's remuneration including benefits-in-kind

The details of remuneration received by the Chief Executive Officer during the year are as follows:

	2023 RM'000	2022 RM'000
Non-deferred:		
Fixed remuneration:		
Salaries	1,089	1,033
Contribution to Employees' Provident Fund	-	166
	1,089	1,199
Variable remuneration:		
Bonus	302	53
Contribution to Employees' Provident Fund	-	8
Other benefits-in-kind	46	-
	348	61
Total monetary benefits	1,437	1,260
Non-monetary benefits	120	37
Total remuneration	1,557	1,297

27.3 Directors' fees and remuneration

The details of remuneration received by the executive and non-executive directors during the year are as follows:

	2023 RM'000	2022 RM'000
Fees	817	900
Allowances and other emoluments	510	501
	1,327	1,401

27. MANAGEMENT EXPENSES (CONT'D.)

27.3 Directors' fees and remuneration (Cont'd.)

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

	<--- Non-deferred --->		
	Fixed remuneration fees RM'000	Variable remuneration others RM'000	Total RM'000
2023			
Executive director:			
Daniel Francis Coman			
(Resigned on 28 July 2022)	49	13	62
Non-executive directors:			
YBhg. Dato' Haji Kamil Khalid Ariff			
(Appointed on 22 February 2023)	16	13	29
Dato' Sulaiman Bin Mohd Tahir	150	69	219
Phoon Soon Keong	150	110	260
Elsie Kok Yin Mei			
(Appointed on 22 February 2023)	16	12	28
Keong Choon Keat			
(Appointed on 22 February 2023)	16	5	21
YBhg. Dato' Lim Heen Peok			
(Appointed on 22 February 2023)	16	15	31
Ramesh Pillai			
(Resigned on 16 March 2023)	144	97	241
Sathasivan Kunchamboo			
(Resigned on 10 February 2023)	130	88	218
Wong Teck Kat			
(Resigned on 10 February 2023)	130	88	218
	768	497	1,265
	817	510	1,327

27. MANAGEMENT EXPENSES (CONT'D.)

27.3 Directors' fees and remuneration (Cont'd.)

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows (cont'd):

	<--------------- Non-deferred ------------->		
	Fixed remuneration fees RM'000	**Variable remuneration others RM'000**	**Total RM'000**
2022			
Executive director:			
Daniel Francis Coman	150	36	186
Non-executive directors:			
Phoon Soon Keong	150	115	265
Ramesh Pillai	150	98	248
Wong Teck Kat	150	96	246
Sathasivan Kunchamboo	150	96	246
Dato' Sulaiman Bin Mohd Tahir	150	60	210
	750	465	1,215
	900	501	1,401

The directors' fees are subject to the recommendation of the Remuneration Committee of the Board of Directors for endorsement and approval by the shareholder at the Annual General Meeting.

28. TAXATION

	Note	2023 RM'000	2022 RM'000
Current tax:			
Malaysia - current		27,904	63,199
Malaysia - over provision in prior year		(4,806)	(8,663)
		23,098	54,536
Deferred tax:	10		
Origination and reversal of temporary differences		(271)	(20,009)
Under/(Over) provision in prior year		667	(1,191)
		396	(21,200)
Total tax expense		23,494	33,336

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2022: 24% and any excess of the first RM100 million will be taxed at a rate of 33% based on a one-off tax (Prosperity Tax) on the estimated assessable profit for the year).

	2023 RM'000	2022 RM'000
Profit before taxation	232,365	233,392
Taxation at Malaysian statutory tax rate of 24%	55,768	56,014
Effect of a one-off tax (Prosperity Tax)	-	9,769
Expenses not deductible for tax purposes	2,339	7,255
Tax exempt income	(30,474)	(29,848)
Over provision of income tax in prior year	(4,806)	(8,663)
Under/(over) provision in prior year	667	(1,191)
	23,494	33,336

29. EARNINGS PER ORDINARY SHARE

29.1 Basic earnings per ordinary share

Basic earnings per ordinary share is calculated based on the net profit for the year ended 31 March 2023 of RM208,871,000 (2022: RM200,056,000) divided by the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2023 RM'000	2022 RM'000
Net profit attributable to equity holder of the Company	208,871	200,056

Weighted average number of ordinary shares:

	2023 '000	2022 '000
Issued ordinary shares	602,176	600,000

	2023 Sen	2022 Sen
Basic earnings per ordinary share	35	33

29.2 Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the year ended 31 March 2023 and 31 March 2022 were based on profit attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares:

	2023 '000	2022 '000
Weighted average number of ordinary shares	602,176	600,000
Effect of assumed conversion of outstanding INCPS	6,100	6,100
Weighted average number of ordinary shares at 31 March	608,276	606,100

	2023 Sen	2022 Sen
Diluted earnings per ordinary share	34	33

30. DIVIDENDS

The amount of dividends paid by the Company since 31 March 2022 were as follows:

	2023 RM'000	2022 RM'000
In respect of financial year ended 31 March 2022/2021:		
INCPS:		
Dividend of 5.5% per INCPS on 6,100,000 INCPS based on issue price of RM10.00 each declared on 21 April 2022/22 April 2021 and paid on 4 October 2022/7 September 2021	3,355	3,355
Ordinary share:		
Final dividend of 26.50/32.67 sen per ordinary share on 600,000,000 ordinary shares declared on 21 April 2022/22 April 2021 and paid on 4 October 2022/7 September 2021	159,000	196,000
	162,355	199,355

31. CAPITAL COMMITMENTS

	2023 RM'000	2022 RM'000
Capital expenditure:		
Approved and contracted for:		
Renovation, furniture and fitting and office equipment	41	35
Computer hardware and software	4,064	9,920
	4,105	9,955
Approved but not contracted for:		
Computer hardware and software	7,105	6,621

32. SIGNIFICANT RELATED PARTIES DISCLOSURES

(a) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Name	**Relationship**
Liberty Mutual Holding Company Inc.	Ultimate holding company
Liberty Mutual Insurance Company, Boston	Penultimate holding company
Liberty Global Holdings Sdn Bhd (formerly known as Liberty Insurance Berhad) ("LGHSB")	Immediate holding company
AmGeneral Holdings Berhad	Corporate shareholder
AMMB Holdings Berhad	Other related company
Insurance Australia Limited[1]	Other related company
IAG Re Singapore Pte Ltd[1]	Other related company
AmBank (M) Berhad	Other related company
AmBank Islamic Berhad	Other related company
AmCard Services Berhad	Other related company
AmCorp Borneo Sdn Bhd	Other related company
AmCorp Energy Services Sdn Bhd	Other related company
AmCorp Perting Hydro Sdn Bhd	Other related company
AmCorp Prima Realty Sdn Bhd	Other related company
AmCorp Properties Berhad	Other related company
AmCorp Realty Sdn Bhd	Other related company
AmCorp Services Sdn Bhd	Other related company

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(a) Related parties (Cont'd.)

Name	Relationship
AmCorp Sibujaya Sdn Bhd	Other related company
AmFunds Management Berhad	Other related company
AmInvestment Bank Berhad	Other related company
AmIslamic Funds Management Sdn Bhd	Other related company
AmMetLife Insurance Berhad	Other related company
AmMetLife Takaful Berhad	Other related company
AmMortgage One Berhad	Other related company
AmProperty Holdings Sdn Bhd	Other related company
AON Insurance Brokers (Malaysia) Sdn Bhd	Other related company
Harpers Travel (M) Sdn. Bhd.	Other related company
Liberty Insurance Pte Ltd, Singapore	Other related company
Liberty International Underwriters Pte Ltd, Labuan	Other related company
Liberty Mutual Insurance Europe Limited (Foreign-Others)	Other related company
Liberty Mutual Insurance Europe Limited- Labuan Branch (Offshore)	Other related company
Liberty Specialty Markets Singapore Pte Limited, Labuan Branch	Other related company
AmCash Plus[2]	Subsidiary

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(a) Related parties (Cont'd.)

Name	**Relationship**
AmIncome Institutional 1[2]	Subsidiary
AmIncome Institutional 3[2]	Subsidiary
IERP Sdn Bhd[3]	Company in which a director, has financial interests

1 With effective from 28 July 2022, Insurance Australia Limited, IAG and its related companies ceased to be related parties of the Company. Transactions with them are up to 28 July 2022.

2 In accordance with MFRS 10, the investments are considered as subsidiaries of the Company.

3 With effective from 16 March 2023, IERP Sdn Bhd ceased to be related parties of the Company. Transactions are up to 16 March 2023, in view of resignation of the director.

In the normal course of business, the Company undertakes various transactions with subsidiaries and associated companies of its ultimate holding company, related companies of its corporate shareholder and other companies deemed related parties by virtue of common director's shareholdings. The Directors are of the opinion that the Company sold insurance policies to the related companies and related parties on terms and conditions no more favourable than those available in similar transactions with other customers or employees. Other related party transactions (other than dividends/distributions received from subsidiaries) were also carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

The Company's balances with related parties are as follows:

	2023 RM'000	**2022 RM'000**
Included in insurance receivables (Note 8):		
Due from agents, brokers and co-insurers:		
AmBank (M) Berhad	12,094	9,425
AmCard Services Berhad	57	-
AON Insurance Brokers (Malaysia) Sdn Bhd	524	71
Liberty Insurance Pte Ltd, Singapore	1,711	-
Liberty Mutual Insurance Company, Boston	5,155	-
Liberty Specialty Markets Singapore Pte Limited, Labuan Branch	559	-
	20,100	9,496

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(a) Related parties (Cont'd.)

The Company's balances with related parties are as follows (Cont'd.):

	2023 RM'000	2022 RM'000
Included in amount owing by ultimate holding, holding and other related companies (Note 9):		
Insurance Australia Limited	-	1,893
Liberty International Underwriters Pte Ltd, Labuan	464	-
Liberty Mutual Insurance Company, Boston	10,046	-
	10,510	1,893
Included in income due and accrued (Note 9):		
AmBank (M) Berhad	1	-
AmIncome Institutional 1	-	3,603
AmIncome Institutional 3	-	6,214
AmCash Plus	-	687
	1	10,504
Included in cash and short-term deposits (Note 11):		
AmBank (M) Berhad	109,541	173,732
Included in insurance payables (Note 18):		
Due to agents, brokers and co-insurers:		
AmBank (M) Berhad	3,058	3,154
AmCard Services Berhad	159	159
AmInvestment Bank Berhad	158	143
AON Insurance Brokers (Malaysia) Sdn Bhd	978	1,327
Liberty Mutual Insurance Europe Limited-Labuan Branch (Offshore)	79	-
Liberty Mutual Insurance Europe Limited (Foreign-Others)	3	-
Liberty Insurance Pte Ltd, Singapore	15,980	-
Liberty Mutual Insurance Company, Boston	781	-
Liberty Specialty Markets Singapore Pte Limited, Labuan Branch	7,171	-
	28,367	4,783

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(a) Related parties (Cont'd.)

The Company's balances with related parties are as follows (Cont'd.):

	2023 RM'000	2022 RM'000
Included in amount owing to other related companies (Note 19):		
AmBank (M) Berhad	5,737	8,699
AMMB Holdings Berhad	1,361	369
	7,098	9,068
Included in accrued expenses and deposits (Note 19):		
AmBank (M) Berhad	3,858	5,256

The Company's significant transactions with related parties during the financial year are as follows :

	2023 RM'000	2022 RM'000
Interest and dividend income from:		
AmBank (M) Berhad	4,188	25
AmIncome Institutional 1	40,258	41,977
AmIncome Institutional 3	72,857	71,397
AmInvestment Bank Berhad	-	1,013
AmCash Plus	6,700	5,536
AmIslamic Funds Management Sdn Bhd	93	411
	124,096	120,359
Gross premium income from:		
AmBank (M) Berhad	5,010	4,231
AMMB Holdings Berhad	5,937	5,599
AmMetLife Insurance Berhad	199	179
AmInvestment Bank Berhad	63	56
AmBank Islamic Berhad	(186)	4,081
AmMetLife Takaful Berhad	2	2
AmCorp Properties Berhad	26	23

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(a) Related parties (Cont'd.)

The Company's significant transactions with related parties during the financial year are as follows (Cont'd.):

	2023 RM'000	2022 RM'000
Gross premium income from (Cont'd.):		
AmCorp Energy Services Sdn Bhd	1	1
AmCorp Perting Hydro Sdn Bhd	7	8
AmCorp Prima Realty Sdn Bhd	1	36
AmCorp Sibujaya Sdn Bhd	46	51
AmCorp Services Sdn Bhd	24	23
AmCorp Realty Sdn Bhd	12	12
AmCorp Borneo Sdn Bhd	1	1
AmFunds Management Bhd	109	21
AmIslamic Funds Management Sdn Bhd	5	2
AmProperty Holdings Sdn Bhd	117	121
AmMortgage One Berhad	1	1
	11,375	14,448
Commission income from:		
IAG Re Singapore Pte Ltd	32	(175)
Insurance Australia Limited	464	1,098
Liberty Mutual Insurance Company, Boston	184	-
Liberty Mutual Insurance Europe Limited-Labuan Branch (Offshore)	41	-
Liberty Mutual Insurance Europe Limited (Foreign-Others)	1	-
	722	923
Commission expenses to:		
AmBank (M) Berhad	(12,001)	(12,416)
AmInvestment Bank Berhad	(4)	(4)
AmCard Services Berhad	-	-
AON Insurance Brokers (Malaysia) Sdn Bhd	(3,348)	(3,311)
	(15,353)	(15,731)
Administration and operating expenses to:		
AmBank (M) Berhad	(22,263)	(18,472)
AmFunds Management Berhad	(253)	(240)
AmMetLife Insurance Berhad	(3,950)	(4,721)
Insurance Australia Limited	186	1,156
Harpers Travel (M) Sdn. Bhd.	(216)	(14)
IERP Sdn Bhd	(64)	(133)
Liberty Global Holdings Sdn Bhd	(992)	-
	(27,552)	(22,424)

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(a) Related parties (Cont'd.)

The Company's significant transactions with related parties during the financial year are as follows (Cont'd.):

	2023 RM'000	2022 RM'000
Reinsurance premiums ceded to:		
IAG Re Singapore Pte Ltd	(91)	(305)
Insurance Australia Limited	(524)	(1,740)
Liberty Mutual Insurance Company, Boston	(1,115)	-
Liberty Mutual Insurance Europe Limited, Labuan Branch (Offshore)	(194)	-
Liberty Mutual Insurance Europe Limited (Foreign-Others)	(11)	-
Liberty Global Holdings Sdn Bhd	15	-
	(1,920)	(2,045)
Claims recovery from:		
IAG Re Singapore Pte Ltd	162	6,140
Insurance Australia Limited	1,285	7,361
Liberty Mutual Insurance Company, Boston	3,835	-
	5,282	13,501
Rental income from:		
Insurance Australia Limited	-	76
Dividends on INCPS and ordinary shares paid to:		
AmGeneral Holdings Berhad	-	(199,355)
Liberty Global Holdings Sdn Bhd	(162,355)	-
	(162,355)	(199,355)

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)

(b) Compensation of Key Management Personnel

The remuneration of directors and other member of key management during the year are as follows:

	2023 RM'000	2022 RM'000
Chief Executive Officer's remuneration:		
Salaries and bonus	1,391	1,086
Contribution to Employees' Provident Fund	-	174
Other benefits-in-kind	166	37
	1,557	1,297
Executive and Non-executive directors' fees and remuneration:		
Fees	817	900
Allowances and other emoluments	510	501
	1,327	1,401
	2,884	2,698

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

The key management personnel of the Company are the directors and the Chief Executive Officer.

33. FINANCIAL INSTRUMENTS BY CATEGORY

2023	Note	AC RM'000	FVTPL RM'000	FVOCI RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
Assets							
Property and equipment	3	-	-	-	-	64,954	64,954
Right-of-use assets	4	-	-	-	-	11,808	11,808
Intangible assets	5	-	-	-	-	35,634	35,634
Investments	6	255,279	4,142,378	737,353	5,135,010	-	5,135,010
Reinsurance assets	7	-	-	-	-	608,483	608,483
Insurance receivables	8	114,700	-	-	114,700	-	114,700
Other receivables	9	66,874	-	-	66,874	80,969	147,843
Deferred tax assets	10	-	-	-	-	44,228	44,228
Cash and short-term deposits	11	267,592	-	-	267,592	-	267,592
Non-current assets held for sale	12	-	-	-	-	3,612	3,612
Investment properties	13	-	-	-	-	32,656	32,656
Total assets		704,445	4,142,378	737,353	5,584,176	882,344	6,466,520

	Note	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
Liabilities					
Insurance contract liabilities	16	-	-	3,486,635	3,486,635
Other liabilities	17	32,580	32,580	-	32,580
Lease liabilities	4	12,349	12,349	-	12,349
Insurance payables	18	133,841	133,841	-	133,841
Provision for taxation		-	-	19,346	19,346
Other payables	19	80,870	80,870	215,922	296,792
Provision for retirement benefits	20	-	-	18,402	18,402
Total liabilities		259,640	259,640	3,740,305	3,999,945

33. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

2022	Note	AC RM'000	FVTPL RM'000	FVOCI RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
Assets							
Property and equipment	3	-	-	-	-	12,681	12,681
Right-of-use assets	4	-	-	-	-	13,748	13,748
Intangible assets	5	-	-	-	-	37,608	37,608
Investments	6	20,419	3,653,308	-	3,673,727	-	3,673,727
Reinsurance assets	7	-	-	-	-	518,228	518,228
Insurance receivables	8	62,478	-	-	62,478	-	62,478
Other receivables	9	39,735	-	-	39,735	44,155	83,890
Deferred tax assets	10	-	-	-	-	44,264	44,264
Cash and short-term deposits	11	203,288	-	-	203,288	-	203,288
Non-current assets held for sale	12	-	-	-	-	1,562	1,562
Total assets		325,920	3,653,308	-	3,979,228	672,246	4,651,474

	Note	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
Liabilities					
Insurance contract liabilities	16	-	-	2,625,284	2,625,284
Other liabilities	17	29,593	29,593	-	29,593
Lease liabilities	4	14,489	14,489	-	14,489
Insurance payables	18	62,077	62,077	-	62,077
Provision for taxation		-	-	38,592	38,592
Other payables	19	50,431	50,431	199,458	249,889
Provision for retirement benefits	20	-	-	17,395	17,395
Total liabilities		156,590	156,590	2,880,729	3,037,319

34. RISK MANAGEMENT FRAMEWORK

34.1 Risk Governance framework

The Company's Enterprise Risk Management ("ERM") Framework is focused on embedding effective risk mitigation mechanisms and risk disciplines within the Company to manage risks within the Board-approved tolerances and risk appetites while protecting it from uncertainties and threats, thus enabling the achievement of its business objectives.

The objectives of managing the risks are to:

- Create and protect values for the Company's shareholders

- Fulfil its obligations to the Company's customers and other stakeholders

- Prepare the Company's resilience to face expected and unexpected events

- Support the Company’s objectives and the achievement of its long term strategic intent

- Instil confidence in customers, shareholders and other stakeholders on the Company's financial strength, capability and reliability

The ERM Framework sets the foundation in managing all relevant sources of risk faced by the Company by defining the standards and expectations consistent with the views of the Board of Directors, regulatory requirements, industry guidelines and risk management best practices.

The ERM Framework enables the Board of Directors and the Management to maintain and manage a comprehensive view of the risk profiles of all facets of the Company through transparency, reporting and escalation of risk matters.

The ERM is implemented through a Risk Governance structure which includes:

- Board of Directors & Board Committees: Responsible for ensuring the continued appropriateness and effectiveness of the ERM Framework, setting the risk appetite and risk tolerance thresholds, endorsing risk profiles and approving risk management policies;

34. RISK MANAGEMENT FRAMEWORK (CONT'D.)

34.1 Risk Governance framework (Cont'd.)

The ERM is implemented through a Risk Governance structure which includes (Cont'd.):

- Risk and Compliance Management Committee: Includes the Chief Executive Officer and senior management; accountable for the implementation of the requirements of the ERM Framework and risk management strategies across the Company, including reporting and escalation of significant risk matters to the Board and Board Committees and the corresponding rectification or mitigation of those matters;

- Risk Management Department: Assists the Board, Risk Management Committee of Directors and the Senior Management in developing and maintaining an effective ERM Framework in consultation with stakeholders, regulators and industry regulating bodies while remaining accountable for the reporting and escalation of significant risk matters to the Management and the Board and their subsequent resolution or rectification; and

- Business Units: Incorporates the requirements of the ERM Framework into the departmental guidelines and procedures and ensures the continued effectiveness of risk management practices across each department while continually escalating and reporting significant risks to the Management and Risk Management Department.

34.2 Capital management objectives, policies and approach

The Company's Capital Management Policy ("CMP") has been noted by the regulators and establishes a detailed capital management and response action plan to be taken by the Board and Management of the Company in the event of extreme events that may lead to the Capital Adequacy Ratio ("CAR") falling below the Management Target Capital Level ("MTCL"), Individual Target Capital Level ("ITCL") and the Supervisory Target Capital Level ("STCL"). MTCL is set at the first and highest CAR threshold which is above ITCL and STCL. The Company has always been operating with CAR above MTCL.

The CMP defines general and probable risk scenarios that could threaten the capital position of the Company and establishes appropriate remedial action plans to respond, taking into consideration the Company’s financial and business position. The CMP allows the Company to utilise capital more efficiently in a controlled and predictable manner to drive its strategic intent while ensuring that the Company operates above the MTCL, ITCL and STCL at all times.

34. RISK MANAGEMENT FRAMEWORK (CONT'D.)

34.2 Capital management objectives, policies and approach (Cont'd.)

The Company has established the following capital management objectives, policies and approach to the risks that affect its capital position.

The capital management objectives are:

- For the Company to remain resilient when faced with extreme or unexpected situations or scenarios, maintaining adequate capital to continue to support the business.

- For the Company to maintain adequate capital to support all risks in the business as well as to develop and use better risk management techniques including scenario modelling and stress testing methods in monitoring and managing risks.

- For the Company's Management and Board to develop and establish an internal capital adequacy assessment process through the use of stress testing and scenario modelling to establish capital targets that commensurate with its risk profiles and control environments.

- Maintenance of the available capital, expressed as a multiple of the statutory CAR within a range that supports the shareholder's objectives whilst suitably protecting the interests of the policyholders.

- For the setting of MTCL and ITCL which accurately reflects the risk profiles of the Company, taking into consideration the quality and effectiveness of the Company's ERM Framework and risk management strategies.

- For treatment of risks not fully captured under the Risk-Based Capital Framework ("RBC") and external risks to be taken up and considered within the Company's internal capital target management.

- For the Company to utilise an effective capital management strategy to create shareholder value whilst maintaining an appropriate level of capital to protect the policyholders' interests and satisfy regulatory requirements.

- For the continued payment of dividends on ordinary shares through the effective management of the Company's CAR positions at the point of payment and the avoidance of significant deterioration to the CAR after payments.

- Dynamic management of the Company's statement of financial position and capital mix.

34. RISK MANAGEMENT FRAMEWORK (CONT'D.)

34.2 Capital management objectives, policies and approach (Cont'd.)

Approach to capital management

With reference to the Bank Negara Malaysia's (BNM) Guidelines of Stress Testing for Insurers, the impact of adverse scenarios on the capital position of the Company is considered and incorporated into the CMP and the management of the Company's CAR positions. This is also consistent with the Company's Individual Capital Adequacy Assessment Process.

The CMP has been implemented for the Company to monitor and manage the CAR should there be adverse conditions developing that may threaten to lower the CAR below the MTCL, ITCL and STCL. The CMP also defines conditions and scenarios which may act as indicators of potential or impending adverse situations, allowing the Management to prepare and respond quickly before those adverse situations become a reality.

34.3 Regulatory framework

Through the RBC Framework, BNM is primarily concerned with protecting the interests of the policyholders and monitors insurers closely to ensure that the management of policyholders' interests remains at a satisfactory level. At the same time, BNM is also interested in ensuring that the Company maintains an appropriate capital position to meet the unforeseen liabilities arising from economic shocks or natural disasters.

34.4 Asset-Liability Management (“ALM”) framework

The Company manages asset and liability positions within the ALM framework that has been developed with the objectives of achieving sustainable and predictable medium to long-term investment returns while prudently preserving capital to meet the financial and contractual obligations of the Company. The ALM framework considers multiple drivers which include interest rate movements, changes in financial obligations, asset and liability classes, etc. to provide the Management and the Board with a transparent, accurate and dynamic ALM monitoring structure for effective oversight and decision making. Scenario modelling and stress testing methodologies are also extensively used to determine possible outcomes and impacts on the Company's ALM management in the event of unpredictable or extreme market and environmental situations. These methods allow for a comprehensive Sensitivity Assessment of the Company's ALM portfolio and removes uncertainties around impacts and outcomes. The Asset and Liability Committee (ALCO) maintains regular oversight, continually assessing the performance and condition of the Company's ALM portfolio while striving to achieve optimised returns on investments within the risk appetites and tolerances stipulated by the Risk Appetite Statements.

35. INSURANCE RISK

35.1 Nature of risk

The Company principally issues the following types of general insurance contracts: Motor, Household and Commercial Fire, Business Interruption, Personal Accident, Extended Warranty and other Miscellaneous commercial contracts. Risks under these contracts usually cover a twelve-month duration other than Contractors' All Risk & Engineering and Extended Warranty which may be extended for more than a year. For general insurance contracts, the most significant risk arises from the frequency and severity of the claims experience. These risks vary significantly in relation to the location of risk, type of risk insured and industry.

The above risks are mitigated by diversification across a large portfolio of insurance contracts. The volatility of risks is mitigated by implementation of underwriting strategies and claims management policies which attempt to minimise risks while at the same time encouraging reduction in the time taken to settle claims.

The Company limits its exposure to risk via various reinsurance arrangements. Also, claims exposure is limited to individual contracts and loss events basis such as floods and fires, as well as accidents involving multiple insureds.

35.2 Concentration of insurance risk by type of contract

The table below sets out the concentration of insurance contract liabilities by types of contracts issued:

	Gross RM'000	Reinsurance RM'000	Net RM'000
2023			
Motor	2,740,543	(148,404)	2,592,139
Fire	366,064	(250,353)	115,711
Personal accident	22,020	(3,460)	18,560
Miscellaneous	358,008	(206,672)	151,336
	3,486,635	(608,889)	2,877,746
Less: Impairment loss on reinsurance assets	-	406	406
	3,486,635	(608,483)	2,878,152

35. INSURANCE RISK (CONT'D.)

35.2 Concentration of insurance risk by type of contract (Cont'd.)

The table below sets out the concentration of insurance contract liabilities by types of contracts issued: (Cont'd.)

	Gross RM'000	Reinsurance RM'000	Net RM'000
2022			
Motor	2,025,030	(106,662)	1,918,368
Fire	308,293	(219,294)	88,999
Personal accident	14,127	(1,387)	12,740
Miscellaneous	277,834	(191,808)	86,026
	2,625,284	(519,151)	2,106,133
Less: Impairment loss on reinsurance assets	-	923	923
	2,625,284	(518,228)	2,107,056

Included in motor insurance contract liabilities is the Company's proportionate share of claim liabilities and premium liabilities in MMIP of RM25.8 million and RM1.6 million, respectively (2022: claim liabilities of RM19.0 million and premium liabilities of RM0.8 million).

35.3 Insurance contract liabilities for general insurance

The insurance contract liabilities comprised of claim and premium liabilities and are computed in accordance with sound actuarial principles and regulatory guidelines.

Claim liabilities

The estimate of (outstanding) claim liabilities is made up of the following components:

- The best estimate value of the outstanding claim payments associated with all claims that have been incurred as at the valuation date;

- An estimate for future claims handling expenses ("CHE") associated with the outstanding claim payments; and

- An estimate of diversified risk margins resulting in the provision of the overall insurance contract liabilities at the company level at 75% level of sufficiency.

35 INSURANCE RISK (CONT'D.)

35.3 Insurance contract liabilities for general insurance (Cont'd.)

Premium liabilities

The estimate of premium liabilities is the higher of:

- The aggregate of the unearned premium reserve calculated as per BNM guidelines; or

- The unexpired risk provision, which is made up of:

  - the best estimate value of future claim liabilities associated with the unexpired portion of the premiums written up to the valuation date;

  - an estimate for the future policy handling expenses ("PHE") and claims handling expenses ("CHE") associated with managing the unexpired policies and the corresponding future claims incurred respectively;

  - an estimate for the future cost of reinsurance for future periods where reinsurance recoveries are expected and reinsurance has not been arranged; and

  - an estimate of diversified risk margins resulting in the provision of the overall insurance contract liabilities at the company level at 75% level of sufficiency.

35.3.1 Valuation methodology

The valuation methods employed are generally accepted actuarial methods. The following methods have been employed to analyse the experience and to derive the estimate of claim liabilities before CHE:

- Paid Chain Ladder ("PCL") or Incurred Chain Ladder ("ICL");
- Bornhuetter-Ferguson ("BF"); and
- Expected Loss Ratio ("ELR").

The method(s) employed for each valuation group take into account factors such as characteristics of the claims, recent trends in claims experience, size and stability of each valuation group.

35. INSURANCE RISK (CONT'D.)

35.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.2 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.

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

35.3.3 Discounting

The insurance liabilities have been discounted using the risk-free discount rate derived from zero-coupon spot yield curve of Malaysian Government Securities ("MGS").

35.3.4 Sensitivities

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

The analysis on the next page is performed for reasonably possible movements in the key assumption with all other assumptions held constant, showing the impact on gross and net liabilities, profit before taxation and equity. The correlation of assumptions will have a significant effect in determining the ultimate claim liabilities, but to demonstrate the impact due to changes in assumption, the assumption had to be changed on an individual basis.

35. INSURANCE RISK (CONT'D.)

35.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.4 Sensitivities (Cont'd.)

		<--------------------Increase/(decrease)---------------------->			
2023	**Change in assumption of attrition ultimate claims ratio**	**Impact on gross liabilities RM'000**	**Impact on net liabilities RM'000**	**Impact on profit before taxation RM'000**	**Impact on equity* RM'000**
Motor Act	+5.0%	31,024	30,240	(30,240)	(22,982)
Motor Others	+7.0%	81,974	79,692	(79,692)	(60,566)
Fire	+4.0%	21,967	5,286	(5,286)	(4,017)
Personal Accident and Medical	+2.0%	1,825	1,543	(1,543)	(1,173)
2022[1]					
Motor Act	+5.0%	23,174	22,600	(22,600)	(17,176)
Motor Others	+7.0%	58,200	56,538	(56,538)	(42,969)
Fire	+4.0%	13,877	4,044	(4,044)	(3,073)
Personal Accident and Medical	+2.0%	1,495	1,287	(1,287)	(978)

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

A reduction in the key assumption at the rates shown above will have an equal but opposite effect on gross and net liabilities, profit before taxation and equity.

[1] Comparative information have been restated to align with change in current financial year stress test assumptions.

35. INSURANCE RISK (CONT'D.)

35.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.5 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 reporting date, together with cumulative payments to date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future claim experience being more adverse than assumed and exercises a degree of caution in setting the 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 to provide necessary confidence in adequacy 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.

While the information in the tables provide a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the Company believes that the estimates of total claims outstanding as of the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Gross general insurance claim liabilities for 2023 - legacy AmGeneral Insurance:

Accident year	**Before 2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**Sub total RM'000**	**Inward treaty and MMIP RM'000**	**Total RM'000**
At end of accident year	1,070,130	1,227,523	1,161,461	1,150,178	1,243,368	1,092,370	1,237,920	1,116,717			
One year later	1,029,824	1,149,853	1,084,565	1,096,000	1,186,034	950,761	1,065,418				
Two years later	1,007,382	1,098,274	1,021,983	1,044,485	1,099,976	885,123					
Three years later	916,885	1,032,314	970,496	988,064	1,120,785						
Four years later	875,653	964,732	961,220	966,505							
Five years later	873,158	960,255	956,520								
Six years later	869,786	960,334									
Seven years later	890,190										
Current estimate of cumulative claims incurred	890,190	960,334	956,520	966,505	1,120,785	885,123	1,065,418	1,116,717			
At end of accident year	(362,327)	(418,997)	(413,497)	(406,583)	(454,994)	(372,078)	(306,934)	(415,578)			
One year later	(631,990)	(728,720)	(697,415)	(689,370)	(714,911)	(579,927)	(560,591)				
Two years later	(743,674)	(841,972)	(812,808)	(796,663)	(818,530)	(674,633)					
Three years later	(809,250)	(891,723)	(867,295)	(854,377)	(890,746)						
Four years later	(825,028)	(916,406)	(901,221)	(895,981)							
Five years later	(835,583)	(925,811)	(918,504)								
Six years later	(840,833)	(933,931)									
Seven years later	(846,423)										
Cumulative payments to-date	(846,423)	(933,931)	(918,504)	(895,981)	(890,746)	(674,633)	(560,591)	(415,578)			
Gross general insurance claim liabilities (direct and facultative)	43,767	26,403	38,016	70,524	230,039	210,490	504,827	701,139	1,825,205	14,607	1,839,812

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35. INSURANCE RISK (CONT'D.)

33.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.5 Claims development table

Gross general insurance claim liabilities for 2023 - legacy Liberty Insurance:

Accident year	Before 2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	97,191	107,772	124,603	114,643	110,404	150,343	85,056	86,164			
One year later	263,275	559,654	466,478	439,137	332,828	484,909	340,589				
Two years later	375,695	517,131	449,864	432,581	322,371	441,190					
Three years later	377,444	499,264	444,275	422,763	310,754						
Four years later	372,134	498,754	445,380	427,775							
Five years later	371,085	498,131	444,735								
Six years later	370,711	495,879									
Seven years later	366,537										
Current estimate of cumulative claims incurred	366,537	495,879	444,735	427,775	310,754	441,190	340,589	86,164			
At end of accident year	(7,217)	(8,594)	(9,340)	(12,168)	(11,716)	(10,525)	(8,077)	(7,780)			
One year later	(52,031)	(199,821)	(224,332)	(209,708)	(156,898)	(161,356)	(167,414)				
Two years later	(272,992)	(401,422)	(338,031)	(296,457)	(210,905)	(251,209)					
Three years later	(330,383)	(457,837)	(379,328)	(346,730)	(252,216)						
Four years later	(346,275)	(470,126)	(402,781)	(374,210)							
Five years later	(352,802)	(474,029)	(413,571)								
Six years later	(355,113)	(478,581)									
Seven years later	(357,013)										
Cumulative payments to-date	(357,013)	(478,581)	(413,571)	(374,210)	(252,216)	(251,209)	(167,414)	(7,780)			
Gross general insurance claim liabilities (direct and facultative)	9,524	17,298	31,164	53,565	58,538	189,981	173,175	78,384	611,629	13,633	625,262

35. INSURANCE RISK (CONT'D.)

33.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.5 Claims development table (Cont'd.)

Net general insurance claim liabilities for 2023 - legacy AmGeneral Insurance:

Accident year	Before 2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	997,614	1,093,342	1,007,302	1,003,559	1,062,879	963,685	982,135	1,042,117			
One year later	959,398	1,058,099	977,750	973,556	1,032,528	847,316	828,494				
Two years later	924,949	1,008,222	931,761	935,655	957,605	789,694					
Three years later	850,963	947,314	875,023	886,583	979,022						
Four years later	809,037	886,015	874,143	878,923							
Five years later	805,537	882,689	869,754								
Six years later	805,472	883,869									
Seven years later	813,777										
Current estimate of cumulative claims incurred	813,777	883,869	869,754	878,923	979,022	789,694	828,494	1,042,117			
At end of accident year	(344,191)	(392,176)	(385,935)	(388,952)	(443,656)	(350,808)	(294,809)	(398,848)			
One year later	(592,213)	(672,310)	(644,402)	(637,658)	(665,818)	(527,676)	(483,905)				
Two years later	(695,841)	(776,164)	(747,218)	(729,367)	(763,630)	(607,911)					
Three years later	(751,734)	(823,773)	(797,115)	(782,500)	(830,522)						
Four years later	(769,553)	(845,560)	(822,107)	(822,265)							
Five years later	(779,160)	(854,303)	(839,523)								
Six years later	(785,321)	(861,642)									
Seven years later	(789,775)										
Cumulative payments to-date	(789,775)	(861,642)	(839,523)	(822,265)	(830,522)	(607,911)	(483,905)	(398,848)			
Net general insurance claim liabilities (direct and facultative), gross of impairment loss on reinsurance assets	24,002	22,227	30,231	56,658	148,500	181,783	344,589	643,269	1,451,259	14,610	1,465,869

33. INSURANCE RISK (CONT'D.)

33.3 Insurance claim liabilities for general insurance (Cont'd.)

33.3.5 Claims development table (Cont'd.)

Net general insurance claim liabilities for 2023 - legacy Liberty Insurance:

Accident year	Before 2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	80,473	87,283	108,826	107,097	101,190	78,174	73,885	81,370			
One year later	218,561	370,002	432,453	403,264	299,434	276,604	309,080				
Two years later	312,508	367,198	416,580	396,838	292,856	257,667					
Three years later	311,772	353,283	410,648	387,709	285,399						
Four years later	305,635	354,160	412,462	392,344							
Five years later	304,844	352,260	411,758								
Six years later	304,773	350,179									
Seven years later	301,902										
Current estimate of cumulative claims incurred	301,902	350,179	411,758	392,344	285,399	257,667	309,080	81,370			
At end of accident year	(6,355)	(7,457)	(8,807)	(11,664)	(11,071)	(9,906)	(7,370)	(6,765)			
One year later	(44,099)	(169,413)	(210,130)	(198,538)	(145,258)	(128,158)	(150,180)				
Two years later	(229,208)	(274,558)	(314,391)	(270,850)	(194,224)	(173,448)					
Three years later	(274,416)	(317,841)	(351,498)	(316,579)	(232,218)						
Four years later	(286,304)	(328,923)	(373,199)	(342,832)							
Five years later	(290,972)	(331,657)	(383,241)								
Six years later	(292,950)	(335,426)									
Seven years later	(294,492)										
Cumulative payments to-date	(294,492)	(335,426)	(383,241)	(342,832)	(232,218)	(173,448)	(150,180)	(6,765)			
Net general insurance claim liabilities (direct and facultative), gross of impairment loss on reinsurance assets	7,410	14,753	28,517	49,512	53,181	84,219	158,900	74,605	471,097	13,634	484,731

35. INSURANCE RISK (CONT'D.)

33.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.5 Claims development table (Cont'd.)

Gross general insurance claim liabilities for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	1,194,736	1,070,130	1,227,523	1,161,461	1,150,178	1,243,368	1,092,370	1,237,919			
One year later	1,044,184	1,029,824	1,149,853	1,084,565	1,096,000	1,186,034	950,761				
Two years later	998,910	1,007,382	1,098,274	1,021,983	1,044,485	1,099,976					
Three years later	933,819	916,885	1,032,314	970,496	988,064						
Four years later	901,251	875,653	964,732	961,220							
Five years later	883,481	873,158	960,255								
Six years later	869,500	869,786									
Seven years later	894,261										
Current estimate of cumulative claims incurred	894,261	869,786	960,255	961,220	988,064	1,099,976	950,761	1,237,919			
At end of accident year	(350,724)	(362,327)	(418,997)	(413,497)	(406,583)	(454,994)	(372,078)	(306,934)			
One year later	(637,079)	(631,990)	(728,720)	(697,415)	(689,370)	(714,911)	(579,927)				
Two years later	(755,021)	(743,674)	(841,972)	(812,808)	(796,663)	(818,530)					
Three years later	(813,229)	(809,250)	(891,723)	(867,295)	(854,377)						
Four years later	(834,470)	(825,028)	(916,406)	(901,221)							
Five years later	(843,008)	(835,583)	(925,811)								
Six years later	(849,203)	(840,833)									
Seven years later	(852,058)										
Cumulative payments to-date	(852,058)	(840,833)	(925,811)	(901,221)	(854,377)	(818,530)	(579,927)	(306,934)			
Gross general insurance claim liabilities (direct and facultative)	42,203	28,953	34,444	59,999	133,687	281,446	370,834	930,985	1,882,551	22,305	1,904,856

35. INSURANCE RISK (CONT'D.)

33.3 Insurance claim liabilities for general insurance (Cont'd.)

35.3.5 Claims development table (Cont'd.)

Net general insurance claim liabilities for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	1,089,590	997,614	1,093,342	1,007,302	1,003,559	1,062,879	963,685	982,133			
One year later	951,089	959,398	1,058,099	977,750	973,556	1,032,528	847,316				
Two years later	907,365	924,949	1,008,222	931,761	935,655	957,605					
Three years later	844,427	850,963	947,314	875,023	886,583						
Four years later	809,285	809,037	886,015	874,143							
Five years later	797,601	805,537	882,689								
Six years later	791,601	805,472									
Seven years later	799,487										
Current estimate of cumulative claims incurred	799,487	805,472	882,689	874,143	886,583	957,605	847,316	982,133			
At end of accident year	(333,248)	(344,191)	(392,176)	(385,935)	(388,952)	(443,656)	(350,808)	(294,809)			
One year later	(593,745)	(592,213)	(672,310)	(644,402)	(637,658)	(665,818)	(527,676)				
Two years later	(694,479)	(695,841)	(776,164)	(747,218)	(729,367)	(763,630)					
Three years later	(746,892)	(751,734)	(823,773)	(797,115)	(782,500)						
Four years later	(765,158)	(769,553)	(845,560)	(822,107)							
Five years later	(773,178)	(779,160)	(854,303)								
Six years later	(778,865)	(785,321)									
Seven years later	(780,376)										
Cumulative payments to-date	(780,376)	(785,321)	(854,303)	(822,107)	(782,500)	(763,630)	(527,676)	(294,809)			
Net general insurance claim liabilities (direct and facultative), gross of impairment loss on reinsurance assets	19,111	20,151	28,386	52,036	104,083	193,975	319,640	687,324	1,424,706	22,305	1,447,011

36. FINANCIAL RISK

36.1 Credit risk

Credit risk is defined as the risk of possible losses resulting from asset defaults; and related losses due to the inability or unwillingness of a counterparty to fully meet its contractual financial obligations.

The Company's significant credit exposures include:

- Investment credit risk – financial loss arising from a change in the value of an investment due to a rating downgrade, default, or widening of credit spreads. Changes in credit spreads are also affected by the liquidity of the stock, but since the liquidity is usually closely related to credit risk, the risk is managed as credit risk.

- Reinsurance counterparty risk – financial loss arising from a reinsurer’s default, or the deterioration of the reinsurer’s financial position.

- Insurance and other receivables credit risk - financial loss arising from default by insured, agents or other counterparties in the normal course of business; and staff loans and other receivables.

Reinsurance counterparty risk

The Company is exposed to three types of reinsurance counterparty risk:

- as a result of debts arising from claims made by the Company but not yet paid by the reinsurer;

- from reinsurance premium payments made to the reinsurer in advance; and

- as a result of reserves held by the reinsurer which would have to be met by the Company in the event of default.

In order to mitigate the reinsurance counterparty risk, the Company will give due consideration to the credit quality of a reinsurer before incepting a reinsurance treaty. To facilitate this process, a list of acceptable reinsurers is maintained within the Company.

36. FINANCIAL RISK (CONT'D.)

36.1 Credit risk (Cont'd.)

Insurance and other receivables credit risk

The Company is exposed to insurance receivables credit risk arising from default by insured, agents or other counterparties. One of the credit events would be non-remittance of premium collected on behalf of insureds by the agents. In order to mitigate the insurance receivables credit risk, the Company will give due consideration to the credit quality of an agent before accepting him as an agent and constantly monitor receivable ageing, including conforming to the Cash Before Cover rule.

Loan credit risk

The Company is exposed to loan credit risk in several different areas, the most material of which is mortgage loans to employees of the Company.

At the reporting date, the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial assets/insurance contracts exposed to credit risk and recognised in the statement of financial position as shown in the table below:

	Note	2023 RM'000	2022 RM'000
AC financial assets:			
Fixed and call deposits	6.2	255,040	20,096
Loans	6.2	239	323
FVOCI financial assets:			
Malaysian government securities	6.3	485,359	-
Corporate bonds	6.3	241,779	-
Cagamas bonds	6.3	10,215	-
Reinsurance assets - claim liabilities	16	514,068	456,922
Insurance receivables	8	114,700	62,478
Other receivables, excluding MMIP assets	9	66,874	39,735
Cash and short-term deposits	11	267,592	203,288
Total credit risk exposure		1,955,866	782,842

36. FINANCIAL RISK (CONT'D.)

36.1 Credit risk (Cont'd.)

36.1.1 Credit exposure by credit rating

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

2023	**Investment grade RM'000**	**Non-investment grade/ unrated RM'000**	**Total RM'000**
AC financial assets:			
Fixed and call deposits	255,040	-	255,040
Loans	-	239	239
FVOCI financial assets:			
Malaysian government securities	485,359	-	485,359
Corporate bonds	241,779	-	241,779
Cagamas bonds	10,215	-	10,215
Reinsurance assets - claim liabilities	403,224	110,844	514,068
Insurance receivables	31,336	83,364	114,700
Other receivables, excluding MMIP assets	10,444	56,430	66,874
Cash and short-term deposits	267,538	54	267,592
Total credit risk exposure	1,704,935	250,931	1,955,866
2022			
AC financial assets:			
Fixed and call deposits	20,096	-	20,096
Loans	-	323	323
Reinsurance assets - claim liabilities	359,859	97,063	456,922
Insurance receivables	626	61,852	62,478
Other receivables, excluding MMIP assets	-	39,735	39,735
Cash and short-term deposits	203,023	265	203,288
Total credit risk exposure	583,604	199,238	782,842

36. FINANCIAL RISK (CONT'D.)

36.1 Credit risk (Cont'd.)

36.1.1 Credit exposure by credit rating (Cont'd.)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM"), S&P Global Rating, AmBest or Malaysian Rating Corporation Berhad ("MARC") credit ratings of counterparties. AAA is the highest possible rating.

	Government Guaranteed RM'000	AAA RM'000	AA RM'000	A RM'000	B RM'000	Non-rated RM'000	Total RM'000
2023							
AC financial assets:							
Fixed and call deposits	-	135,040	120,000	-	-	-	255,040
Loans	-	-	-	-	-	239	239
FVOCI financial assets:							
Malaysian government securities	485,359	-	-	-	-	-	485,359
Corporate bonds	120,237	100,633	20,909	-	-	-	241,779
Cagamas bonds	-	10,215	-	-	-	-	10,215
Reinsurance assets - claim liabilities	-	38	76,009	324,912	2,265	110,844	514,068
Insurance receivables	-	15,248	3,145	12,942	1	83,364	114,700
Other receivables, excluding MMIP assets	5,757	2,912	1,775	-	-	56,430	66,874
Cash and short-term deposits	-	121,939	119,570	26,029	-	54	267,592
Total credit risk exposure	611,353	386,025	341,408	363,883	2,266	250,931	1,955,866

36. FINANCIAL RISK (CONT'D.)

36.1 *Credit risk (Cont'd.)*

36.1.1 *Credit exposure by credit rating (Cont'd.)*

	AAA RM'000	AA RM'000	A RM'000	B RM'000	Non-rated RM'000	Total RM'000
2022						
AC financial assets:						
Fixed and call deposits	20,096	-	-	-	-	20,096
Loans	-	-	-	-	323	323
Reinsurance assets - claim liabilities	-	110,946	246,896	2,017	97,063	456,922
Insurance receivables	-	3	581	42	61,852	62,478
Other receivables, excluding MMIP assets	-	-	-	-	39,735	39,735
Cash and short-term deposits	21,042	181,972	9	-	265	203,288
Total credit risk exposure	41,138	292,921	247,486	2,059	199,238	782,842

36. FINANCIAL RISK (CONT'D.)

36.1 Credit risk (Cont'd.)

36.1.2 Credit exposure on insurance receivables

Set out below is the information about the credit risk exposure on the Company's insurance receivables, using a provision matrix:

	< 2 months RM'000	>2 to 6 months RM'000	> 6 to 12 months RM'000	> 12 months RM'000	Total RM'000
31 March 2023					
Expected credit loss rate	6%	7%	25%	98%	
Gross carrying amount					
- Insurance receivables	61,830	49,701	13,837	9,439	134,807
31 March 2022					
Expected credit loss rate	12%	9%	39%	100%	
Gross carrying amount					
- Insurance receivables	41,462	23,895	7,006	8,316	80,679

36.2 Liquidity risk

Liquidity risk is the risk that an entity will not have available sufficient cash resources to meet its payment obligations without incurring material additional costs.

The Company will meet its liquidity needs arising in a number of key areas:

- the ability to meet the Company’s payment obligations under normal and stressed operating environments without suffering any material loss
- efficient management of additions or withdrawals from the Company’s investment funds

36. FINANCIAL RISK (CONT'D.)

36.2 Liquidity risk (Cont'd.)

Part of the Company's liquidity management strategy is to put in place the necessary framework capable of measuring and reporting on:

- daily cash flows
- minimum liquidity holdings
- cash flow forecasting, for a minimum of 2 months up to a maximum of 1 year
- the composition and market values of the Company’s investment portfolios, including liquid holdings
- insurance contract liabilities

For managing the liquidity of the insurance funds, it is appropriate to maintain a certain proportion of the General Insurance Fund in liquid assets which is derived from the investment mandate of the Company.

36.2.1 Maturity profiles

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

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

Company No: 197801007153

AmGENERAL INSURANCE BERHAD
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36. FINANCIAL RISK (CONT'D.)

36. Liquidity risk (Cont'd.)

36.2.1 Maturity profiles (Cont'd.)

Premium liabilities and the reinsurers' share of premium liabilities have been excluded from the analysis as they are not contractual obligations.

	Carrying value RM'000	Up to a year RM'000	1 - 3 years RM'000	3 - 5 years RM'000	More than 5 years RM'000	No maturity date RM'000	Total RM'000
2023							
Financial investments:							
AC	255,279	255,296	41	32	137	-	255,506
FVTPL	4,142,378	-	-	-	-	4,142,378	4,142,378
FVOCI	737,353	80,084	266,222	358,638	138,661	-	843,605
	5,135,010	335,380	266,263	358,670	138,798	4,142,378	5,241,489
Reinsurance assets - claim liabilities	514,068	305,595	173,941	29,817	16,526	-	525,879
Insurance receivables	114,700	114,700	-	-	-	-	114,700
Other receivables, excluding MMIP assets	66,874	66,874	-	-	-	-	66,874
Cash and short-term deposits	267,592	267,592	-	-	-	-	267,592
Total undiscounted financial assets	6,098,244	1,090,141	440,204	388,487	155,324	4,142,378	6,216,534
Insurance contract liabilities - claim liabilities	2,465,074	1,482,084	845,951	148,828	71,815	-	2,548,678
Other liabilities	32,580	32,182	310	88	-	-	32,580
Lease liabilities	12,349	9,979	2,467	208	-	-	12,654
Insurance payables	133,841	133,841	-	-	-	-	133,841
Other payables - financial liabilities	80,870	80,870	-	-	-	-	80,870
Total undiscounted financial liabilities	2,724,714	1,738,956	848,728	149,124	71,815	-	2,808,623
Total liquidity surplus/(gap)	3,373,530	(648,815)	(408,524)	239,363	83,509	4,142,378	3,407,911

36. FINANCIAL RISK (CONT'D.)

36. Liquidity risk (Cont'd.)

36.2.1 Maturity profiles (Cont'd.)

	Carrying value RM'000	Up to a year RM'000	1 - 3 years RM'000	3 - 5 years RM'000	More than 5 years RM'000	No maturity date RM'000	Total RM'000
2022							
Financial investments:							
AC	20,419	20,246	69	36	153	-	20,504
FVTPL	3,653,308	-	-	-	-	3,653,308	3,653,308
	3,673,727	20,246	69	36	153	3,653,308	3,673,812
Reinsurance assets - claim liabilities	456,922	279,672	144,108	28,751	15,210	-	467,741
Insurance receivables	62,478	62,478	-	-	-	-	62,478
Other receivables, excluding MMIP assets	39,735	39,735	-	-	-	-	39,735
Cash and short-term deposits	203,288	203,288	-	-	-	-	203,288
Total undiscounted financial assets	4,436,150	605,419	144,177	28,787	15,363	3,653,308	4,447,054
Insurance contract liabilities - claim liabilities	1,904,856	1,175,954	605,939	120,893	63,958	-	1,966,744
Other liabilities	29,593	28,915	158	520	-	-	29,593
Lease liabilities	14,489	6,806	6,804	1,679	-	-	15,289
Insurance payables	62,077	62,077	-	-	-	-	62,077
Other payables - financial liabilities	50,431	50,431	-	-	-	-	50,431
Total undiscounted financial liabilities	2,061,446	1,324,183	612,901	123,092	63,958	-	2,124,134
Total liquidity surplus/(gap)	2,374,704	(718,764)	(468,724)	(94,305)	(48,595)	3,653,308	2,322,920

36. FINANCIAL RISK (CONT'D.)

36.2 Liquidity risk (Cont'd.)

36.2.1 Maturity profiles (Cont'd.)

The table below summarises the expected utilisation or settlement of assets and liabilities by classifying them into Current and Non-current categories:

	Current* RM'000	Non-current RM'000	Total RM'000
2023			
Assets			
Property and equipment	-	64,954	64,954
Right-of-use assets	-	11,808	11,808
Intangible assets	-	35,634	35,634
Investments	4,477,504	657,506	5,135,010
Reinsurance assets	374,829	233,654	608,483
Insurance receivables	114,700	-	114,700
Other receivables	66,874	80,969	147,843
Deferred tax assets	44,228	-	44,228
Cash and short-term deposits	267,592	-	267,592
Non-current assets held for sale	3,612	-	3,612
Investments properties	-	32,656	32,656
Total assets	5,349,339	1,117,181	6,466,520
Liabilities			
Insurance contract liabilities	2,318,408	1,168,227	3,486,635
Other liabilities	32,182	398	32,580
Lease liabilities	9,858	2,491	12,349
Insurance payables	133,841	-	133,841
Provision for taxation	19,346	-	19,346
Other payables	296,792	-	296,792
Provision for retirement benefits	2,224	16,178	18,402
Total liabilities	2,812,651	1,187,294	3,999,945

** Expected maturities within 12 months from the reporting date.*

36. FINANCIAL RISK (CONT'D.)

36.2 Liquidity risk (Cont'd.)

36.2.1 Maturity profiles (Cont'd.)

The table below summarises the expected utilisation or settlement of assets and liabilities by classifying them into Current and Non-current categories (Cont'd.):

	Current* RM'000	Non-current RM'000	Total RM'000
2022			
Assets			
Property and equipment	-	12,681	12,681
Right-of-use assets	-	13,748	13,748
Intangible assets	-	37,608	37,608
Investments	3,673,404	323	3,673,727
Reinsurance assets	326,609	191,619	518,228
Insurance receivables	62,478	-	62,478
Other receivables	39,735	44,155	83,890
Deferred tax assets	44,264	-	44,264
Cash and short-term deposits	203,288	-	203,288
Non-current assets held for sale	1,562	-	1,562
Total assets	4,351,340	300,134	4,651,474
Liabilities			
Insurance contract liabilities	1,836,332	788,952	2,625,284
Other liabilities	28,915	678	29,593
Lease liabilities	6,701	7,788	14,489
Insurance payables	62,077	-	62,077
Provision for taxation	38,592	-	38,592
Other payables	249,889	-	249,889
Provision for retirement benefits	1,392	16,003	17,395
Total liabilities	2,223,898	813,421	3,037,319

** Expected maturities within 12 months from the reporting date.*

36. FINANCIAL RISK (CONT'D.)

36.3 Market risk

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets of the Company. A risk of loss also arises from volatility in asset prices, interest rates, or exchange rates. Market risk includes the following three elements:

- Foreign exchange risk

- Interest rate risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in interest rates

- Price risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in equity values

36.3.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the reporting date, the Company has no significant exposure to foreign exchange risk.

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

36.3.2 Interest rate risk

Interest rate risk is the risk of fluctuations in fair value or future cash flows of a financial instrument arising from volatility in interest rates.

Day-to-day investment decisions around the management of interest rate risk and its impact on the value of the Company's investments are largely undertaken on behalf of the Company by approved fund managers, in accordance with the fund information memorandum/prospectus disclosed by the fund management houses. The fund managers will assess the extent of interest rate risk allowed by the fund as set out in the fund objectives and relative to the defined performance benchmarks. The methodology to manage interest rate risk within each specific fund is an integral part of the fund manager's approach adopted.

36. FINANCIAL RISK (CONT'D.)

36.3 Market risk (Cont'd.)

36.3.3 Price risk

The following table demonstrates the sensitivity to a reasonable change in market indices on the equity securities, as well as collective investment schemes and quoted unit and property trust funds:

		2023		2022	
	Change in variables	**Impact on profit before taxation RM'000**	**Impact on equity* RM'000**	**Impact on profit before taxation RM'000**	**Impact on equity* RM'000**
Equity securities:					
Market price	+5%	3,276	2,490	3,842	2,920
Market price	-5%	(3,276)	(2,490)	(3,842)	(2,920)
Unit and property trust funds:					
Market price	+5%	254	193	245	186
Market price	-5%	(254)	(193)	(245)	(186)
Collective investment schemes					
Net asset value	+5%	184,898	140,522	178,579	135,720
Net asset value	-5%	(184,898)	(140,522)	(178,579)	(135,720)

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

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

36.4 Operational risk

Operational risk is the risk of loss from inadequate or failed internal processes, people and systems or from external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss that cannot be estimated in all operational risks. However, by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage these risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, as well as the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

37. FAIR VALUE HIERARCHY

The table below analyses those financial instruments carried at fair value and assets for which fair value is disclosed by their valuation methods.

(a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 - Valuation techniques for which all inputs that are significant to the fair value measurement is directly or indirectly observable

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023					
Assets measured at fair value on a recurring basis:					
FVTPL financial assets:					
Quoted equities securities	6	65,526	-	-	65,526
Unit and property trust funds	6	5,082	-	-	5,082
Collective investment schemes					
Investment in subsidiaries	6.4	3,560,941	-	-	3,560,941
Investment in others		510,829	-	-	510,829
FVOCI financial assets:	6.3				
Malaysian government securities		-	485,359	-	485,359
Corporate bonds		-	241,779	-	241,779
Cagamas bonds		-	10,215	-	10,215
Unquoted equity securities in Malaysia*		-	-	-	-
Investment properties	13	-	-	32,656	32,656
		4,142,378	737,353	32,656	4,912,387

*This denotes that the fair value of unquoted equities as at 31 March 2023 is RM1.

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022					
Assets measured at fair value on a recurring basis:					
FVTPL financial assets:					
Quoted equities securities	6	76,830	-	-	76,830
Unit and property trust funds	6	4,898	-	-	4,898
Collective investment schemes					
Investment in subsidiaries	6.4	3,412,979	-	-	3,412,979
Investment in others		158,601	-	-	158,601
		3,653,308	-	-	3,653,308

38. REGULATORY CAPITAL REQUIREMENTS

The total capital available of the Company as at reporting date, as prescribed under the RBC Framework is provided below:

	2023 RM'000	2022 RM'000
Eligible Tier 1 capital		
Fully paid-up ordinary shares (Note 14)	2,906,070	1,000,000
Paid-up non-cumulative irredeemable preference shares (Note 14)	61,000	61,000
Retained earnings	598,530	553,155
Merger reserves (Note 15)	(1,099,025)	-
	2,466,575	1,614,155
Amounts deducted from capital	(86,753)	(87,612)
Total capital available	2,379,822	1,526,543

39. INSURANCE FUND

The Company's activities are organised by funds and segregated into Insurance and Shareholder's Funds in accordance with the Financial Services Act, 2013.

The Insurance and Shareholder's Funds have been presented together as one fund in the Company's statement of financial position, income statement and statement of comprehensive income.

The general insurance business offers general insurance products which include Motor, Fire, Personal Accident, Health and Surgical, Marine, Aviation and Transit and Miscellaneous products.

40. SIGNIFICANT AND SUBSEQUENT EVENTS

40.1 The Malaysian Competition Commission ("MyCC")'s decision against PIAM and its 22 members

On 22 February 2017, MyCC issued a proposed decision against PIAM and 22 of its members, general insurers, for an alleged infringement of the Competition Act, 2010 ("CA 2010"). The Proposed Decision ("PD") included proposed financial penalties on all 22 general insurers, including AmGeneral Insurance Berhad ("AmGeneral"). AmGeneral's share of the proposed infringement penalties amounted to RM45,156,098.

On 25 September 2020, AmGeneral received the Notice of Finding ("Notice") of an infringement by the Competition Commission under Section 40 of the CA 2010.

Accordingly, the Commission concluded that a financial penalty of RM18,284,759 to be imposed on AmGeneral, down from the originally proposed infringement penalties of RM45,156,098. In view of the Covid-19 pandemic, the Commission also granted a further reduction of 25% of the financial penalty imposed, bringing the penalty amount to RM13,713,569, which was approximately a 70% reduction from the initial proposed amount.

On 17 and 21 March 2022, MyCC appeared before COMPAT for MyCC's submissions in reply whereby MyCC raised some new points but did not address several main points that were brought up by AmGeneral's counsel.

On 21 and 22 April 2022, AmGeneral's counsel addressed the Court and rebutted the points referred to by MyCC. The COMPAT deliberated on the application for further submissions by MyCC and decided not to allow further submissions.

On 2 September 2022, the COMPAT had unanimously allowed the general insurers' appeal and MyCC's decision was being set aside.

MyCC has filed an application for leave to bring judicial review proceedings to challenge the Competition Appeal Tribunal (COMPAT)'s decision in favour of the Insurers. The affidavit for AmGeneral's objections to MyCC's judicial review leave application was filed with the High Court of Kuala Lumpur on 3 January 2023. AmGeneral has also filed an application to bring intervener proceedings against MyCC's judicial review application in the case with Malaysia Airlines ("MAS") and Airasia Berhad. This application is now fixed for hearing on the 27 June 2023 wherein the Court will decide as to whether to allow the AmGeneral's application to intervene in the said case.

In the case management on 16 May 2023, the High Court fixed the 30 November 2023 as the hearing date for the Insurers' Objections.

As at the date of financial statements, there have been no further developments on this matter and no provision is set aside.

40. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

40.2 Assets and liabilities transferred from immediate holding company

Pursuant to the order of High Court of Malaya in Kuala Lumpur dated 9 March 2023 ("the order"), the immediate holding company, LGHSB transferred its general insurance business to the Company on 31 March 2023. The value of net assets transferred in relation to the general insurance business amounted to RM807,045,000.

To fulfill the consideration for the transfer, the Company issued 794,196,000 new ordinary shares at RM1 per share. These shares were measured at fair value of RM2.40 per share, with the total value of RM1,906,070,400.

The following are the details of the assets and liabilities transferred from LGHSB to the Company on 31 March 2023:

	RM'000
Assets	
Properties and equipment	54,177
Right-of-use assets	539
Intangible assets	4,158
Investment	1,344,467
Reinsurance assets	164,613
Insurance receivables	48,973
Other receivables	69,837
Cash and short-term deposits	120,986
Non-current assets held for sale	2,050
Investment properties	32,656
Total assets	1,842,456
Liabilities	
Insurance contract liabilities	903,409
Other liabilities	1,144
Lease liabilities	549
Insurance payables	81,627
Other payables	48,682
Total liabilities	1,035,411
Acquired net assets	807,045

The difference between the fair value of the ordinary shares issued and the acquired net assets is reflected within equity as follows:

Merger reserves:	RM'000
- Fair value of the issuance of 794,196,000 ordinary shares	1,906,070
Less: Carrying value of acquired net assets	(807,045)
	1,099,025

The company has applied the pooling of interests method (as detailed in Note 2.2(j)) to account for the transaction above.