PROGRESSIVE INSURANCE BHD

197401001891 (19002-P)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2023

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

Tan Sri Sukarti Bin Wakiman (Chairman)	
Datuk Haji Rusdin @ Musidi Bin Riman (Deputy Chairman)	
Paul Chong Thian Soo	
Chong Chung Vui	(Appointed on 15 May 2023)
George Taitim Tulas	(Appointed on 5 July 2024)
Tan See Dip	(Appointed on 5 July 2024)
Tuan Haji Mohamed Rifai Bin Mohd Razi	(Retired on 27 May 2023)
Abdul Aziz Bin Zainal Abidin	(Retired on 14 April 2024)

SECRETARIES

Phuah Lay Chin	(Appointed on 1 July 2024)
K. Jayavathani A/P Kanagaratnam	(Resigned on 1 May 2024*)

*During the interim period from 1 May 2024 to 20 July 2024, Hamizah Binti Zakaria was appointed to attend to secretarial matters of Progressive Insurance Bhd.

REGISTERED OFFICE

7th Floor, Wisma Perkasa, Jalan Gaya,
88845 Kota Kinabalu,
Sabah.

PRINCIPAL PLACE OF BUSINESS

6th, 9th and 10th Floors,
Menara Cosway, Plaza Berjaya,
No. 12, Jalan Imbi,
55100 Kuala Lumpur.

DOMICILE : MALAYSIA

AUDITORS

Messrs Ernst & Young PLT (Chartered Accountants)
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

CONTENTS **PAGE**

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the Company is the underwriting of all classes of general insurance business.

The principal activities of the subsidiaries, which are wholesale unit trust funds, are as disclosed in Note 5(c) to the financial statements.

There has been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the year ended 31 December 2023 are as follows:

	Group RM	Company RM
Net loss for the year	(2,047,675)	(2,349,758)
Attributable to:		
Equity holders of the Company	(2,314,666)	
Non-controlling interest	266,991	
	(2,047,675)	

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

INSURANCE CONTRACT LIABILITIES

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

IMPAIRED DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to their recoverable amount.

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

VALUATION METHODS

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

CONTINGENT LIABILITIES

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

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

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

In the opinion of the Directors, 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 Group and of the Company to meet their obligations as and when they fall due.

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

SIGNIFICANT EVENTS

There were no significant events which have occurred during the financial year.

SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial year that would require adjustment or disclosure in the financial statements.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

In the opinion of the Directors, 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 Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

DIRECTORS AND THEIR INTERESTS IN SHARES

Directors who served since the beginning of the financial year to the date of this report are:

Tan Sri Sukarti Bin Wakiman (Chairman)	
Datuk Haji Rusdin @ Musidi Bin Riman (Deputy Chairman)	
Paul Chong Thian Soo	
Chong Chung Vui	(Appointed on 15 May 2023)
George Taitim Tulas	(Appointed on 5 July 2024)
Tan See Dip	(Appointed on 5 July 2024)
Tuan Haji Mohamed Rifai Bin Mohd Razi	(Retired on 27 May 2023)
Abdul Aziz Bin Zainal Abidin	(Retired on 14 April 2024)

Tan Sri Sukarti Bin Wakiman retires by rotation pursuant to Article 76, while George Taitim Tulas and Tan See Dip retire pursuant to Article 81B of the Constitution of the Company at the next Annual General Meeting of the Company. Being eligible, they offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments and fees received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related company with a Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits are as follows:

	Group/Company RM
Fees	595,296
Other emoluments	464,416
Benefits-in-kind	11,100
	1,070,812

DIRECTORS’ BENEFITS (CONT’D.)

There were no arrangements during and at the end of the year to which the Group and the Company were a party, whereby the Directors of the Company might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

During the financial year, the Company has maintained a Directors and Officers Liability (“D&O”) Insurance for the Directors and the Officers of the Company with premium paid of approximately RM51,000 for an aggregate limit of RM25 million against any legal liability incurred by the Directors and Officers while discharging their duties. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

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’s (“BNM”) Policy Document on Corporate Governance as disclosed from pages 8 to 25.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	809,300	800,500
Other auditors	19,900	-
	829,200	800,500

Signed on behalf of the Board
in accordance with a resolution
of the Directors dated 30 July 2024.

TAN SRI SUKARTI BIN WAKIMAN
Chairman

PAUL CHONG THIAN SOO
Director

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT

BOARD RESPONSIBILITY AND OVERSIGHT

The Board has the full responsibility of leading the Group and the Company and providing strategic direction for the Group and the Company and discharges its responsibility through compliance with the prescriptive requirements of and adopting practice standards advocated in BNM/RH/PD 029-9: Corporate Governance.

Board Meetings

Fifteen (15) Board meetings were held during the year and the number of meetings attended by each Director were as follows:

Director		**No. of Board Meetings Attended**	**Attendance at AGM**
Tan Sri Sukarti Bin Wakiman	Chairman Independent Non-Executive	15/15	Yes
Datuk Haji Rusdin @ Musidi Bin Riman	Deputy Chairman Non-Independent Non-Executive	15/15	Yes
Paul Chong Thian Soo	Independent Non-Executive	15/15	Yes
Chong Chung Vui (Appointed on 15 May 2023)	Independent Non-Executive	9/9	Yes
George Taitim Tulas (Appointed on 5 July 2024)	Non-Independent Non-Executive	0/0	No
Tan See Dip (Appointed on 5 July 2024)	Independent Non-Executive	0/0	No
Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)	Independent Non-Executive	8/8	No
Abdul Aziz Bin Zainal Abidin (Retired on 14 April 2024)	Independent Non-Executive	15/15	Yes

As at the date of this report, the Board comprises six (6) non-executive Directors, of which four (4) are independent. The Board consists of non-executive Directors which have enhanced the Board's objectivity and enabled it to effectively discharge its oversight function.

BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

Board Meetings (Cont'd.)

The Board members are from diverse backgrounds with a mix of financial, technical and business expertise and have the necessary depth of experience to deliberate on issues regarding strategy, monitoring of performance, succession and resources planning, formalisation of policies on issues specifically reserved for its decision and ensuring that the Group's and the Company's internal controls and procedures are adequate. All Directors comply with the prescribed limit of other directorships held.

The position of the Chairman of the Board without executive responsibilities has ensured a balance of power and authority. The non-executive Directors are independent of management and do not participate in the day to day management of the Group and of the Company.

The independent Directors fulfil their roles of corporate accountability and the following Committees were established to assist the Board in the discharge of its duties. The activities and members of the relevant Committees are as follows:

BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

Audit Committee

The activities of the Audit Committee ("AC") are governed by its terms of reference that were approved by the Board. The Committee, comprising non-executive members, meets regularly and a total of eight (8) meetings were held during the year ended 31 December 2023. The Committee reviews the Annual Financial Statements of the Group and of the Company tabled to the Board for approval and the adequacy and effectiveness of internal control systems and performs any other functions as advised by the Board.

The Internal Audit Department ("IAD") assists the AC in the discharge of its duties and responsibilities and, amongst others, reports on the Group's management, records, accounting policies and controls.

Note: The IAD's findings and recommendations are communicated to the Board. During the year, nine (9) audit reports were presented to the AC in 2023.

Members		Meetings Attended
Paul Chong Thian Soo	Chairman Independent Non-Executive	8/8
Datuk Haji Rusdin @ Musidi Bin Riman (Ceased on 4 July 2023 and reappointed on 14 April 2024)	Non-Independent Non-Executive	3/3
Chong Chung Vui (Appointed on 15 May 2023)	Independent Non-Executive	6/6
Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)	Independent Non-Executive	3/3
Abdul Aziz Bin Zainal Abidin (Appointed on 15 May 2023 and retired on 14 April 2024)	Independent Non-Executive	6/6

BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

Risk Management Committee

The Committee assists the Board in the management of major and material risks including addressing new risks that can affect the financial condition and performance of the Group and of the Company. The Committee continues to enhance its enterprise-wide risk management framework to identify, evaluate and manage risks by identifying all major risks in critical areas of operations, assessing the possible impact of significant exposures and the risk mitigation measures taken.

Members		**Meetings Attended**
Paul Chong Thian Soo (Redesignated as Chairman on 14 April 2024)	Chairman Independent Non-Executive	4/4
Datuk Haji Rusdin @ Musidi Bin Riman (Ceased on 4 July 2023 and reappointed on 14 April 2024)	Non-Independent Non-Executive	2/2
Chong Chung Vui (Appointed on 15 May 2023)	Independent Non-Executive	3/3
Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)	Chairman Independent Non-Executive	2/2
Abdul Aziz Bin Zainal Abidin (Redesignated as Chairman on 27 May 2023 and retired on 14 April 2024)	Chairman Independent Non-Executive	4/4

BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

Remuneration Committee

The Committee, comprising non-executive members, reviews the remuneration package and other benefits applicable to the executive Director, management and staff on an annual basis and makes recommendations to the Board. The Committee is working towards achieving a remuneration package linking reward to performance and the level of responsibilities undertaken.

Members		Meetings Attended
Chong Chung Vui (Appointed on 15 May 2023 and redesignated as Chairman on 14 April 2024)	Chairman Independent Non-Executive	0/0
Paul Chong Thian Soo (Ceased on 4 July 2023 and reappointed on 14 April 2024)	Independent Non-Executive	1/1
Datuk Haji Rusdin @ Musidi Bin Riman (Appointed on 15 May 2023)	Non-Independent Non-Executive	1/1
Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)	Independent Non-Executive	1/1
Abdul Aziz Bin Zainal Abidin (Redesignated as Chairman on 14 November 2022 and retired on 14 April 2024)	Chairman Independent Non-Executive	1/1

BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

Nomination Committee

The Committee has responsibilities of assessing and recommending nominees for directorship including re-appointments and establishing a mechanism for formal assessment on the effectiveness and contribution of the Board as a whole, Board Committees, individual Directors and the performance of the Chief Executive Officer. The Committee reviews and recommends these to the Board. The Committee ensures the adequacy of balance between executives and non-executives and overall composition of the Board and Board Committees including appropriate size, required mix of skills, experience and core competencies. The Committee members are from various academic backgrounds and with extensive experience in both the government and private sectors.

Members		Meetings Attended
Chong Chung Vui (Appointed on 15 May 2023 and redesignated as Chairman on 4 July 2023)	Chairman Independent Non-Executive	5/5
Paul Chong Thian Soo (Redesignated as Chairman from 27 May 2023 to 3 July 2023)	Chairman Independent Non-Executive	8/8
Datuk Haji Rusdin @ Musidi Bin Riman	Non-Independent Non-Executive	8/8
Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)	Chairman Independent Non-Executive	4/4
Abdul Aziz Bin Zainal Abidin (Retired on 14 April 2024)	Independent Non-Executive	8/8

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

BOARD RESPONSIBILITY AND OVERSIGHT (CONT'D.)

Investment Committee

The Committee reviewed and recommended investment strategies and policies for the Board's approval and met quarterly and other times as required. The Committee monitored the investment performance of the Group and of the Company against the strategic plan, ensured investments were in accordance with the approved internal policies, investment risk management processes were in place and reported to the Board on any specific transactions requiring the awareness and sanction of the Board.

Members		**Meetings Attended**
Paul Chong Thian Soo	Chairman Independent Non-Executive	6/6
Datuk Haji Rusdin @ Musidi Bin Riman	Non-Independent Non-Executive	6/6
Chong Chung Vui (Appointed on 15 May 2023, ceased on 4 July 2023 and reappointed on 14 April 2024)	Independent Non-Executive	1/1
Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)	Independent Non-Executive	3/3
Abdul Aziz Bin Zainal Abidin (Retired on 14 April 2024)	Independent Non-Executive	6/6

MANAGEMENT ACCOUNTABILITY

The Group and the Company have in place a documented and updated organisation structure with clear reporting lines and job descriptions for management and executive employees. In addition, there are also well documented policies and procedures in the operating manuals for all major functions within the Group and the Company. Monthly executive committee and departmental/branch meetings are held for better communication amongst the senior management team and employees on the affairs and operations of the Group and of the Company.

CORPORATE INDEPENDENCE

Related party transactions, if any, are disclosed to the Board and these transactions are on terms and conditions no more favourable than those available on similar transactions to the Group's and the Company's other customers.

PUBLIC ACCOUNTABILITY

The Group and the Company uphold the principles of good business practices and ensure that dealings with the public are conducted fairly, honestly, and professionally. The Group and the Company has in place a system to handle public complaints and grievances, and the information on the avenue for further recourse against unfair practices is disclosed to the insured.

CORPORATE GOVERNANCE

The Board of Directors fully appreciate the importance of and is committed to the principles of good corporate governance and is responsible to ensure that the highest standards of corporate governance are observed and that the affairs of the Group and of the Company are conducted with professionalism and with the objective of safeguarding policyholders' interests, shareholders' investments and meeting the obligations owed to other stakeholders.

The Company has complied with the prescriptive requirements of BNM/RH/PD 029-9: Corporate Governance issued by Bank Negara Malaysia ("BNM") and adopted management practices that are consistent with the best practise standards advocated in the Policy Document.

CORPORATE GOVERNANCE (CONT'D.)

Board of Directors' Profile

Tan Sri Sukarti Bin Wakiman (Chairman)

- Appointed to the Board of Progressive Insurance Bhd as Chairman and Independent Non-Executive Director on 11 May 2021.
- Holds a Bachelor of Arts Honours Degree in Anthropology and Sociology from the University of Malaya.
- A career in Sabah Civil Service since July 1977 as Manpower Officer with the Ministry of Manpower and Environmental Development, Sabah.
- After 41 years of service with the Sabah Civil Service, he retired as the 8th Secretary of State of Sabah in July 2018. He held the post of Sabah State Secretary for 11 years.
- Prior to the aforesaid position, he held various distinguished positions namely, the Permanent Secretary (Head of Ministry) in three Sabah State Ministries (Ministry of Infrastructure, Ministry of Rural Development and Ministry of Agriculture and Fishery) and the Director of Public Service Department Sabah.

Datuk Haji Rusdin @ Musidi Bin Riman (Deputy Chairman)

- Appointed to the Board of Progressive Insurance Bhd as a Non-Independent Non-Executive Director on 16 March 2022.
- Re-designated as Deputy Chairman of Progressive Insurance Bhd on 1 June 2022.
- Holds a Master Degree in Business Administration from Edith Cowan University, Australia.
- Fellow member of Certified Practising Accountant ("FCPA") Australia, member of Malaysian Institute of Accountants ("MIA"), Chartered Public Finance Accountant member ("CPFA") United Kingdom.
- Held various senior capacities and was the State Treasurer of Sabah Ministry of Finance.
- Retired from civil service on 30 June 2022 as Permanent Secretary of the Sabah Ministry of Finance. Currently sits on the Board of various State Government organisation including Chairman of Saham Sabah Bhd, Director of Sabah Air Aviation Sdn. Bhd., and Desa Lestari Sdn Bhd.

Paul Chong Thian Soo

- Appointed to the Board of Progressive Insurance Bhd as an Independent Non-Executive Director on 13 March 2019.
- Holds a MBA Degree from the Charles Sturt University in Australia.

CORPORATE GOVERNANCE (CONT'D.)

Board of Directors' Profile (Cont'd.)

Paul Chong Thian Soo (Cont'd.)

- Professional member of the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Corporate Governance ("MICG") and The Institute of Internal Auditors Malaysia ("IIAM").
- Fellow member of the Association of Chartered Certified Accountants ("ACCA").
- Served previously with Messrs Ernst & Young for 15 years, 3 years in the investment arm of the Sabah Foundation and more than 8 years as a freelance Corporate Advisor.

Chong Chung Vui (Appointed on 15 May 2023)

- Appointed to the Board of Progressive Insurance Bhd as an Independent Non-Executive Director on 15 May 2023.
- A Fellow Member of The Chartered Association of Certified Accountants ("FCCA"), UK and a Chartered Member of Malaysian Institute of Accountants ("MIA").
- Holds a Masters in Business Administration (UK), worked in Progressive Insurance Bhd from 1989 to 1993 in Kuala Lumpur as the General Manager/Principal Officer. He later joined Permodalan Bumiputra Sabah Bhd in Kola Kinabalu from 1994 to 1999 as the Chief Executive Officer.
- Presently he is the Managing Director of Tokowira Sdn Bhd, Damai Water Sdn Bhd and Leisure Avenue (MM2H) Sdn Bhd.

George Taitim Tulas (Appointed on 5 July 2024)

- Appointed to the Board of Progressive Insurance Bhd as a Non-Independent Non-Executive Director on 5 July 2024.
- Holds a Bachelor of Arts Degree (Joint) in Management Science and Computer Science from University of Keele in United Kingdom, after having attained a Diploma in Computer Science from Mara Institute of Technology, Malaysia in 1983.
- He embarked on his professional journey with Sabah Credit Corporation Berhad as a System Analyst in 1983. Over the course of 40+ years, his career trajectory showcased his expertise in management science, computer science and strategic planning. His skill set encompassed system administration, analytical strategy and sequential query language ("SQL").
- He is currently the Chief Executive Officer of Sabah Credit Corporation, a Sabah State Government statutory body under the purview of the Sabah Ministry of Finance.

CORPORATE GOVERNANCE (CONT'D.)

Board of Directors' Profile (Cont'd.)

Tan See Dip (Appointed on 5 July 2024)

- Appointed to the Board of Progressive Insurance Bhd as an Independent Non-Executive Director on 5 July 2024.
- Holds a Bachelor of Commerce and Administration degree from Victoria University of Wellington, New Zealand.
- He is a qualified Chartered Accountant, Chartered Company Secretary and Certified Insurance Practitioner.
- He was a member of the Chartered Accountants Australia & New Zealand, Institute of Chartered Secretaries & Administrators, Malaysian Institute of Accountants, and a Senior Associate of The Australia and New Zealand Institute of Insurance and Finance until his retirement.
- He retired after 40 years in the finance and insurance industry. He started his career as an auditor, then an accountant and various other roles including as underwriter, broker and advisor and culminating his working career as CEO of two large insurance companies in Malaysia. He has also served as a Management Committee of Persatuan Insurans Am Malaysia, Academic Council member of Malaysia Insurance Institute and Board of Trustees of MySalam.

Tuan Haji Mohamed Rifai Bin Mohd Razi (Retired on 27 May 2023)

- Appointed to the Board of Progressive Insurance Bhd as an Independent Non-Executive Director on 28 May 2014.
- Holds a Bachelor of Science (Physics) Degree from Universiti Kebangsaan Malaysia.
- Holds a MBA from University Tun Abdul Razak, Malaysia.
- An Associate of the Chartered Insurance Institute, UK.
- An Associate of Risk Management from the American Institute of Chartered Property Casualty Underwriter, USA.
- Prior to joining the Company, he was the Managing Director/Chief Executive Officer of IIB Insurance Brokers Sdn Bhd, a State-owned company under the SEDCO Group.

Board of Directors' Profile (Cont'd.)

Abdul Aziz Bin Zainal Abidin (Retired on 14 April 2024)

- Appointed to the Board of Progressive Insurance Bhd as an Independent Non-Executive Director on 15 April 2022.
- Holds a Certificate of Insurance - Graduate MARA Institute of Technology (ITM) (1980).
- Holds a Fellowship of the Malaysian Insurance ("FMII") in the insurance industry.
- He has more than 35 years of work expereince in various Insurance Company and his last post was as former Chief Executive Officer and member of the Board of Director of Sime Darby Lockton Insurance Broker handling non-life and takaful insurance.
- Effective January 2020, he has been appointed as an Independent Director of VSTECS Berhad.

Trainings and Education

The Company ensures that the Directors are equipped with the relevant skills and updated knowledge to exert their roles in Board and Board Committees. Continuous professional development is provided to the Directors time to time by the Committees. The Company sends the Directors to talks, seminars or presentations by external professionals, consultants or Management on topics relevant to the insurance industry.

Trainings attended:

During the year, the following were among the trainings attended by the Directors:

- 2023 International Data Corporation (IDC) Market Update
- Agensi Kerajaan Negeri Sesi 1/2023
- Agensi Kerajaan Negeri Sesi 2/2023
- Asia Anti Fraud Leaders Summit
- Excel The Board Towards Corporate Milestones'
- FIDE Core Program Module B - Insurance
- Kursus Ahli Lembaga Pengarah Sesi 1/2023 (MOF)
- Kursus Ahli Lembaga Pengarah Sesi 2/2023 (MOF)
- Sustainability Governance, Management and Reporting - Implicating of the Economic, Environment, Social and Governance

FINANCIAL REPORTING

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

The Board receives regular financial and management reports and senior management receives monthly management reports to enable them to effectively monitor the performance and goals of the Group and of the Company.

INTERNAL CONTROLS AND OPERATIONAL RISK MANAGEMENT

The Directors acknowledge their responsibility over both the systems of internal controls maintained by the Group and the Company and in reviewing its effectiveness. The scope of internal controls cover not only financial but also operational and compliance controls as well as business risk management.

The business risk management, other than insurance operations, includes treaty reinsurance programmes and half yearly stress tests to detect possible sources of vulnerability.

The Group and the Company continue to enhance their enterprise-wide risk management framework to proactively identify and manage risk effectively in order to achieve the Group's and the Company's business objectives.

There are procedures in place for both internal and external auditors to report their findings and recommendations to the Board, the Audit Committee and Management. All aspects of the systems of internal controls are subject to regular review to ensure their adequacy and effectiveness.

REMUNERATION POLICY

The policy is applicable to all levels of employees in the Company. The Remuneration Policy sets out the policies relating to the remuneration of employees.

The Company's remuneration philosophy is to:

(1) Attract and retain competent employees to contribute to improve the performance and value of the Company.

REMUNERATION POLICY (CONT'D.)

(2) Endeavour to encourage employees to perform their best by creating a good working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the Company.

(3) Provide a competitive total remuneration package for employees by benchmarking to the market and providing incentives which are commensurate with performance.

(4) Align the best interests of the employees with the other stakeholders as the Group and the Company believe that the long term success of the Company is directly linked to the calibre of its employees.

Remuneration Policy for Members of Board of Directors

(1) Fixed Remuneration

With the exception of the Chairman and Deputy Chairman as described below, Board members are currently not paid any fixed remuneration. However, all Board members are paid an attendance allowance per attendance (RM1,500 for Chairman and RM1,000 for Committee member) for each and every Board meeting or committee meeting that they attended.

(a) Chairman of the Board:

(i) The Chairman of the Board is paid a fixed monthly allowance, currently at the rate of RM6,000 per month.

(ii) The Chairman of the Board is also provided a fully-maintained company car with driver.

(b) Deputy Chairman of the Board:

(i) The Deputy Chairman of the Board is paid a fixed monthly allowance, currently at the rate of RM4,000 per month.

(ii) The Deputy Chairman of the Board is also provided a fully-maintained company car with driver.

Remuneration Policy for Members of Board of Directors (Cont'd.)

(2) Reimbursement of expenses

Expenses such as travel and accommodation relating to Board meetings and relevant trainings will be reimbursed in accordance with the Company's current policy.

(3) Annual financial rewards

The shareholders of the Company may, at their total and absolute discretion, give a one-off financial reward to members of the Board of Directors during the Annual General Meeting.

Remuneration Policy For Employees

(1) The basis of employees remuneration

In determining a holistic approach to employee remuneration, the Company takes into consideration the following:

- The strategy and business objectives of the Company;
- Overall business performance and alignment to shareholder interests;
- The need to attract and retain skilled, qualified and competent employees to contribute to improvement of the performance and value of the Company;
- The prevailing job market conditions;
- Ensure that all employees are remunerated fairly;
- Ensuring that employees share in the success of the Company;
- Ensure that the correct governance frameworks are applied to all decisions and practices relating to remuneration throughout the Company; and
- The prevailing rate of the Consumer Price Index ("CPI").

REMUNERATION POLICY (CONT'D.)

Remuneration Policy For Employees (Cont'd.)

(2) Short-term and variable incentives

Short-term incentives comprise the following:

(a) Contractual Bonus

All permanent and confirmed employees are eligible for Contractual Bonus. The Contractual Bonus is payable in December each year. Employees whose employment period is less than 12 months will be paid on a pro-rated basis.

(b) Performance Bonus

All permanent and confirmed employees are eligible to be considered for Performance Bonus. The quantum of Performance Bonus depends on the result of his/her annual appraisal and performance during the financial year.

(c) Annual salary increment

All permanent and confirmed employees are eligible for consideration for annual salary increment. The quantum of salary increment depends on the result of his/her annual appraisal and performance during the financial year.

(d) Promotion and upgrading

All permanent and confirmed employees are eligible for promotion and upgrading, depending on the result of their annual appraisal and also their individual performance during the year. Employees who are promoted or upgraded are normally given additional salary increment on top of their annual salary increment.

There are no other forms of variable remuneration offered other than cash.

REMUNERATION POLICY (CONT'D.)

Remuneration Policy For Employees (Cont'd.)

(3) Long-term incentives ("LTI")

(a) Additional KWSP contribution by the Company

All employees of the Company are required by law to be a member/contributor of Kumpulan Wang Simpanan Pekerja ("KWSP"). Apart from KWSP, the Company does not provide any retirement benefits nor long-term performance remuneration to its employees. However, employees who joined the Company before 10 February 2020, the Company pays an additional amount of contribution ("excess contribution") over and above the statutory rates to the employee's KWSP accounts according to the number of years of service. The excess contribution is designed to keep and retain employees in the Company and ranges from 1% to 6% on top of the statutory rates. Employees who joined the Company after 10 February 2020 are not eligible for the excess contribution. The Company will only pay the prevailing statutory rates.

Governing structure of the remuneration policy

(1) Management level

As part of the business planning and operational budgeting cycle, the annual remuneration increases must be budgeted for. It shall be the responsibility of management to prepare the budget and to prepare the proposal for increase in employees' remuneration and incentives, to be tabled to the Remuneration Committee.

(2) Remuneration Committee

The decision and deliberation of the Remuneration Committee shall be tabled by way of recommendation to the Board for consideration and approval. The Remuneration Committee shall take into account the Remuneration Policy and any other relevant documents such as the Committee's Terms of Reference when considering matters before it.

The Remuneration Committee has full discretion in determining the appropriate remuneration policies and practices for the Company including, but not limited to, annual remuneration increases, performance bonuses and other incentives.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

REMUNERATION POLICY (CONT'D.)

Governing structure of the remuneration policy (Cont'd.)

(3) Board of Directors

The Board of Directors, after taking into consideration proposals and recommendations from the Remuneration Committee, shall have the final decision on matters regarding remuneration policies in the Company.

Variation or Amendment to the Remuneration Policy

The Remuneration Policy is subject to review annually. However, any amendment to the Remuneration Policy must first be approved by the Remuneration Committee before the amendment is effective.

Senior Management

All Executive Committee ("EXCO") members are defined as senior management, of which there are 22 officers in total. Senior Management received contractual bonuses for the financial year ended 31 December 2023 amounting to approximately RM795,398.

Total value of remuneration awards for Senior Management in 2023

	RM
Fixed remuneration	
• Cash-based	4,437,928
Variable remuneration	
• Cash-based	795,398
• Other	210,311
	1,005,709

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PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

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

We, Tan Sri Sukarti Bin Wakiman and Paul Chong Thian Soo, being two of the Directors of PROGRESSIVE INSURANCE BHD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 32 to 194 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 positions of the Group and of the Company as at 31 December 2023 and of their results and their cash flows for the year then ended.

Signed on behalf of the Board
in accordance with a resolution
of the Directors dated 30 July 2024.

TAN SRI SUKARTI BIN WAKIMAN
Chairman

PAUL CHONG THIAN SOO
Director

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PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

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

I, Jaimin Bin Kamin, being the officer primarily responsible for the financial management of PROGRESSIVE INSURANCE BHD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 194 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 abovementioned **JAIMIN BIN KAMIN** at Kuala Lumpur in the Federal Territory on 30 July 2024.

JAIMIN BIN KAMIN

Before me,

PESURUHJAYA SUMPAH
W.490
S.ARULSAMY
1.1.2024 - 31.07.2025
MALAYSIA

16 - Tingkat Bawah Jalan Pudu,
55100 Kuala Lumpur

Building a better working world

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197401001891 (19002-P)

Independent auditors' report to the members of Progressive Insurance Bhd

(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Progressive Insurance Bhd, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 32 to 194.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their 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 Group and 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 Accountant (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

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

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

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

In connection with our audit of the financial statements of the Group and 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 Group and 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 Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

**Independent auditors' report to the members of
Progressive Insurance Bhd (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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 Group's and 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 Group's or 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 Group and 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 Group or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Independent auditors' report to the members of Progressive Insurance Bhd (Cont'd.) (Incorporated in Malaysia)

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

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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, is disclosed in Note 5(c) to the financial statements.

Other matters

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

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

Kuala Lumpur, Malaysia
30 July 2024

Yeo Beng Yean
03013/10/2024 J
Chartered Accountant

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group			Company		
	Note	**31.12.2023**	**31.12.2022**	**01.01.2022**	**31.12.2023**	**31.12.2022**	**01.01.2022**
		RM	**RM**	**RM**	**RM**	**RM**	**RM**
			Restated	**Restated**		**Restated**	**Restated**
ASSETS							
Property and equipment	3	16,521,412	17,648,912	16,997,551	16,521,412	17,648,912	16,997,551
Right-of-use assets	4	2,495,086	2,796,619	3,170,997	2,495,086	2,796,619	3,170,997
Investments	5	291,291,696	256,765,568	282,069,165	303,013,870	267,327,947	287,931,691
Insurance contract assets	6(a)	2,247,230	2,073,360	1,952,096	2,247,230	2,073,360	1,952,096
Reinsurance contract assets	6(b)	80,477,607	92,879,489	105,828,317	80,477,607	92,879,489	105,828,317
Loans and other receivables	7	111,042,429	123,608,494	134,005,973	95,397,285	109,366,686	124,479,928
Deferred tax assets	8	4,894,394	3,651,175	-	4,894,394	3,651,175	-
Tax recoverable		5,297,526	4,017,526	541,605	5,297,526	4,017,526	541,605
Cash and bank balances		8,732,730	6,972,384	9,013,674	7,852,354	6,163,011	8,252,525
TOTAL ASSETS		523,000,110	510,413,527	553,579,378	518,196,764	505,924,725	549,154,710

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D.)

		Group			Company		
	Note	**31.12.2023**	**31.12.2022**	**01.01.2022**	**31.12.2023**	**31.12.2022**	**01.01.2022**
		RM	**RM**	**RM**	**RM**	**RM**	**RM**
			Restated	**Restated**		**Restated**	**Restated**
EQUITY AND LIABILITIES							
Share capital	9	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Reserves	10	161,334,280	163,648,946	187,823,637	161,238,404	163,588,162	187,893,383
		261,334,280	263,648,946	287,823,637	261,238,404	263,588,162	287,893,383
Non-controlling interests		4,636,078	4,368,531	4,416,003	-	-	-
TOTAL EQUITY		265,970,358	268,017,477	292,239,640	261,238,404	263,588,162	287,893,383
Insurance contract liabilities	6(a)	203,892,451	197,388,256	215,799,197	203,892,451	197,388,256	215,799,197
Reinsurance contract liabilities	6(b)	5,776,331	6,767,460	2,542,376	5,776,331	6,767,460	2,542,376
Deferred tax liabilities	8	-	-	266,728	-	-	266,728
Lease liabilities	11	3,001,143	3,296,406	3,650,862	3,001,143	3,296,406	3,650,862
Other financial liabilities	12	25,283,379	26,860,703	28,108,348	25,283,379	26,860,703	28,108,348
Other payables	13	19,076,448	8,083,225	10,972,227	19,005,056	8,023,738	10,893,816
TOTAL LIABILITIES		257,029,752	242,396,050	261,339,738	256,958,360	242,336,563	261,261,327
TOTAL EQUITY AND LIABILITIES		523,000,110	510,413,527	553,579,378	518,196,764	505,924,725	549,154,710

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM Restated	Company 2023 RM	Company 2022 RM Restated
Insurance revenue		119,816,045	120,270,492	119,816,045	120,270,492
Insurance service expenses		(85,678,392)	(95,623,894)	(85,678,392)	(95,623,894)
Insurance service result before reinsurance contracts held		34,137,653	24,646,598	34,137,653	24,646,598
Allocation of reinsurance premiums		(65,244,987)	(56,400,567)	(65,244,987)	(56,400,567)
Amounts recoverable from reinsurers for incurred claims		12,444,835	16,877,451	12,444,835	16,877,451
Net expense from reinsurance contracts held		(52,800,152)	(39,523,116)	(52,800,152)	(39,523,116)
Insurance service result	14	(18,662,499)	(14,876,518)	(18,662,499)	(14,876,518)
Interest revenue calculated using the effective interest method	15(a)	2,209,454	1,342,486	1,630,405	1,211,096
Other investment revenue	15(b)	17,951,329	(3,915,878)	17,713,170	(2,222,198)
Net investment income		20,160,783	(2,573,392)	19,343,575	(1,011,102)
Insurance finance expenses for insurance contracts issued	16(a)	(7,571,990)	(3,222,992)	(7,571,990)	(3,222,992)
Reinsurance finance income for reinsurance contracts held	16(b)	3,391,358	1,709,960	3,391,358	1,709,960
Net insurance financial result		(4,180,632)	(1,513,032)	(4,180,632)	(1,513,032)
Other operating income	17	4,180,224	750,700	4,180,224	734,862
Other operating expenses	18,19	(4,530,043)	(3,066,569)	(4,014,918)	(2,649,528)
Net other operating income/(expenses)		(349,819)	(2,315,869)	165,306	(1,914,666)
Loss before taxation		(3,032,167)	(21,278,811)	(3,334,250)	(19,315,318)
Taxation	20	984,492	4,518,824	984,492	4,518,824
Net loss for the year		(2,047,675)	(16,759,987)	(2,349,758)	(14,796,494)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
			Restated		**Restated**
Net loss for the year		(2,047,675)	(16,759,987)	(2,349,758)	(14,796,494)
Earnings per ordinary share (sen)					
- Basic and diluted	21	(2.0)	(16.8)		
Net loss for the year attributable to:					
Equity holders of the Company		(2,314,666)	(16,838,193)		
Non-controlling interests		266,991	78,206		
		(2,047,675)	(16,759,987)		

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM Restated	Company 2023 RM	Company 2022 RM Restated
Net loss for the year		(2,047,675)	(16,759,987)	(2,349,758)	(14,796,494)
Other comprehensive loss:					
Items that may be reclassified to income statements in subsequent periods:					
Fair value changes on AFS financial assets:		-	(236,497)	-	(2,408,726)
- Losses on fair value changes		-	(362,903)	-	(2,535,132)
- Transferred to profit or loss upon disposal	15	-	126,406	-	126,406
Total comprehensive loss for the year		(2,047,675)	(16,996,484)	(2,349,758)	(17,205,220)
Total comprehensive loss for the year attributable to:					
Equity holders of the Company		(2,314,666)	(17,074,690)	(2,349,758)	(17,205,220)
Non-controlling interests		266,991	78,206	-	-
		(2,047,675)	(16,996,484)	(2,349,758)	(17,205,220)

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Group	← Attributable to owners of the Company				→		
	← Non-distributable		→	Distributable			
	Share capital RM (Note 9)	**Property revaluation reserve RM (Note 10)**	**AFS reserve RM (Note 10)**	**Retained earnings RM (Note 10)**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2022, as previously reported	100,000,000	7,244,308	(1,438,690)	188,722,686	294,528,304	4,416,003	298,944,307
Effect of adopting MFRS 17	-	-	-	(6,704,667)	(6,704,667)	-	(6,704,667)
At 1 January 2022, as restated	100,000,000	7,244,308	(1,438,690)	182,018,019	287,823,637	4,416,003	292,239,640
Total comprehensive income for the year	-	-	(236,497)	(16,838,193)	(17,074,690)	78,206	(16,996,484)
Dividend paid during the year (Note 22)	-	-	-	(7,100,001)	(7,100,001)	-	(7,100,001)
Net cancellation of units in wholesale unit trust funds	-	-	-	-	-	(125,678)	(125,678)
At 31 December 2022, as restated	100,000,000	7,244,308	(1,675,187)	158,079,825	263,648,946	4,368,531	268,017,477
At 1 January 2023, as previously reported	100,000,000	7,244,308	(1,675,187)	172,737,534	278,306,655	4,368,531	282,675,186
Effect of adopting MFRS 17	-	-	-	(14,657,709)	(14,657,709)	-	(14,657,709)
Effect of adopting MFRS 9	-	-	1,675,187	(1,675,187)	-	-	-
At 1 January 2023, as restated	100,000,000	7,244,308	-	156,404,638	263,648,946	4,368,531	268,017,477
Total comprehensive income for the year	-	-	-	(2,314,666)	(2,314,666)	266,991	(2,047,675)
Net creation of units in wholesale unit trust funds	-	-	-	-	-	556	556
At 31 December 2023	100,000,000	7,244,308	-	154,089,972	261,334,280	4,636,078	265,970,358

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

Company	← Attributable to owners of the Company →				
	← Non-distributable		→	Distributable	
	Share capital RM (Note 9)	**Property revaluation reserve RM (Note 10)**	**AFS reserve RM (Note 10)**	**Retained earnings RM (Note 10)**	**Total equity RM**
At 1 January 2022, as previously reported	100,000,000	7,244,308	2,564,473	184,789,269	294,598,050
Effect of adopting MFRS 17	-	-	-	(6,704,667)	(6,704,667)
At 1 January 2022, as restated	100,000,000	7,244,308	2,564,473	178,084,602	287,893,383
Total comprehensive income for the year	-	-	(2,408,726)	(14,796,494)	(17,205,220)
Dividend paid during the year (Note 22)	-	-	-	(7,100,001)	(7,100,001)
At 31 December 2022, as restated	100,000,000	7,244,308	155,747	156,188,107	263,588,162
At 1 January 2023, as previously reported	100,000,000	7,244,308	155,747	170,845,816	278,245,871
Effect of adopting MFRS 17	-	-	-	(14,657,709)	(14,657,709)
Effect of adopting MFRS 9	-	-	(155,747)	155,747	-
At 1 January 2023, as restated	100,000,000	7,244,308	-	156,343,854	263,588,162
Total comprehensive income for the year	-	-	-	(2,349,758)	(2,349,758)
At 31 December 2023	100,000,000	7,244,308	-	153,994,096	261,238,404

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

Group	**Note**	**2023** **RM**	**2022** **RM** **Restated**
Cash flows from operating activities			
Loss before taxation		(3,032,167)	(21,278,811)
Adjustments for:			
Interest income	15	(8,420,032)	(6,774,521)
Dividend income	15(b)	(1,768,938)	(2,890,645)
Realised losses	15(b)	163,648	8,276,531
Fair value (gains)/losses	15(b)	(7,932,765)	4,361,933
Purchase of available-for-sale (“AFS”) financial assets		-	(1,118,674)
Purchase of fair value through profit or loss (“FVTPL”) financial assets		(146,595,694)	(99,950,114)
Proceeds from disposal of AFS financial assets		-	7,500,000
Proceeds from disposal of FVTPL financial assets		120,132,661	105,827,387
Interest received		7,871,412	6,776,153
Dividends received		1,768,938	2,890,645
Interest expense on lease liabilities	19	151,920	167,815
Depreciation of property and equipment	19	2,028,764	1,558,650
Depreciation of right-of-use assets	19	373,307	374,378
Net amortisation of premiums	15(b)	128,447	127,423
Gains on disposal of property and equipment		-	(49,278)
Changes in working capital:			
Increase in insurance contract assets		(173,870)	(121,264)
Decrease in reinsurance contract assets		12,401,882	12,948,828
Decrease in loans and other receivables		5,394,278	(1,868,801)
Decrease in fixed and call deposits		7,297,982	12,307,266
Increase/(decrease) in insurance contract liabilities		6,504,195	(18,410,941)
(Decrease)/increase in reinsurance contract liabilities		(991,129)	4,225,084
Decrease in other financial liabilities		(1,577,324)	(1,247,645)
Increase/(decrease) in other payables		10,993,223	(2,889,002)
Cash generated from operating activities		4,718,738	10,742,397
Income tax paid, net		(1,538,727)	(2,875,000)
Net cash generated from operating activities		3,180,011	7,867,397

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

Group	Note	2023 RM	2022 RM Restated
Cash flows from investing activities			
Proceeds from disposal of property and equipment		-	124,850
Purchase of property and equipment	3	(901,264)	(2,285,583)
Net cash used in investing activities		(901,264)	(2,160,733)
Cash flows from financing activities			
Payment of lease liabilities	11	(518,957)	(522,271)
Dividends paid to shareholders	22	-	(7,100,001)
Proceeds from cancellation of units in wholesale unit trusts to non-controlling interests		556	(125,682)
Net cash used in financing activities		(518,401)	(7,747,954)
Net increase/(decrease) in cash and cash equivalents		1,760,346	(2,041,290)
Cash and cash equivalents at beginning of year		6,972,384	9,013,674
Cash and cash equivalents at end of year		8,732,730	6,972,384

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

Company	**Note**	**2023 RM**	**2022 RM Restated**
Cash flows from operating activities			
Loss before taxation		(3,334,250)	(19,315,318)
Adjustments for:			
Interest income	15(a)	(1,630,405)	(1,224,732)
Dividend income	15(b)	(1,768,938)	(2,890,645)
Realised losses	15(b)	710,017	8,094,731
Fair value (gains)/losses	15(b)	(8,530,151)	1,738,366
Purchase of AFS financial assets		-	(5,297,969)
Purchase of FVTPL financial assets		(92,045,010)	(77,946,911)
Proceeds from disposal of AFS financial assets		-	21,000,000
Proceeds from disposal of FVTPL financial assets		64,179,221	70,606,801
Interest received		1,506,164	1,185,638
Dividends received		1,768,938	2,890,645
Interest expense on lease liabilities	19	151,920	167,815
Depreciation of property and equipment	19	2,028,764	1,558,650
Depreciation of right-of-use assets	19	373,307	374,378
Gains on disposal of property and equipment		-	(49,278)
Changes in working capital:			
Increase in insurance contract assets		(173,870)	(121,264)
Decrease in reinsurance contract assets		12,401,882	12,948,828
Decrease in loans and other receivables		340,148	3,185,329
Decrease in fixed and call deposits		13,753,494	11,967,007
Increase/(decrease) in insurance contract liabilities		6,504,195	(18,410,941)
(Decrease)/increase in reinsurance contract liabilities		(991,129)	4,225,084
Decrease in other financial liabilities		(1,577,324)	(1,247,645)
Increase/(decrease) in other payables		10,981,318	(2,870,078)
Cash generated from operating activities		4,648,291	10,568,491
Income tax paid, net		(1,538,727)	(2,875,000)
Net cash generated from operating activities		3,109,564	7,693,491

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D.)

Company	**Note**	**2023 RM**	**2022 RM Restated**
Cash flows from investing activities			
Proceeds from disposal of property and equipment		-	124,850
Purchase of property and equipment	3	(901,264)	(2,285,583)
Net cash used in investing activities		(901,264)	(2,160,733)
Cash flows from financing activities			
Payment of lease liabilities	11	(518,957)	(522,271)
Dividends paid to shareholders	22	-	(7,100,001)
Net cash used in financing activities		(518,957)	(7,622,272)
Net increase/(decrease) in cash and cash equivalents		1,689,343	(2,089,514)
Cash and cash equivalents at beginning of year		6,163,011	8,252,525
Cash and cash equivalents at end of year		7,852,354	6,163,011

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

1. CORPORATE INFORMATION

The Company is a limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 7th Floor, Wisma Perkasa, Jalan Gaya, 88845 Kota Kinabalu, Sabah and the principal place of business of the Company is located at 6th, 9th and 10th Floors, Menara Cosway, Plaza Berjaya, No. 12, Jalan Imbi, 55100 Kuala Lumpur.

The principal activity of the Group and of the Company is the underwriting of all classes of general insurance business. The principal activities of the subsidiaries, which are wholesale unit trust funds, are as disclosed in Note 5(c). There has been no significant change in the nature of these activities during the financial year.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 July 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance

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

There are some new pronouncements that have been issued by the Malaysian Accounting Standards Board (“MASB”) that have been adopted by the Group and the Company. The effects arising from the adoption of these pronouncements are disclosed in Note 2.4.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except as disclosed in the accounting policies below.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of Preparation (Cont'd.)

(a) Statement of Compliance (Cont'd.)

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Insurers ("RBC Framework") issued by BNM as at the reporting date.

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

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company using consistent accounting policies as described in Note 2.2(v) for transactions and events in similar circumstances.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policies in line with the Group's accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of Preparation (Cont'd.)

(b) Basis of Consolidation (Cont'd.)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in the statement of profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or, where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies

(a) Insurance Revenue

The Group and the Company recognise insurance revenue as it satisfies its performance obligations (i.e., as it provides services under groups of insurance contracts). The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage ("LFRC") that relate to services for which the Group and the Company expect to receive consideration, and comprises the following items:

- A release of the contractual service margin ("CSM"), measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date; and
- Other amounts, including experience adjustments for premium receipts for current or past services.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(a) Insurance Revenue (Cont'd.)

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

(b) Loss Components

The Group and the Company establish a loss component of LFRC for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in the statement of profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and LFRC excluding the loss component on a systematic basis.

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

Changes in fulfillment cash flows relating to future services are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM to the group of contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(c) Loss-Recovery Components

Where the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group and the Company establish a loss-recovery component of the asset for remaining coverage ("AFRC") for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

(d) Net Income or Expense from Reinsurance Contracts Held

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

(e) Insurance Finance Income or Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(f) Other Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Group and the Company expect to be entitled when the performance obligation is satisfied. The following specific recognition criteria must also be met before the revenue is recognised:

(i) Interest Income

Interest income is recognised using the effective interest rate ("EIR") method.

(ii) Dividend Income

Dividend income is recognised when the Group's and/or the Company's right to receive payment is established.

(g) Income Tax

Income tax on profit or loss for the year comprises current and deferred tax.

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the statement of profit or loss except to the extent that the tax relates to items recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(g) Income Tax (Cont'd.)

(ii) Deferred Tax (Cont'd.)

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 profits 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 profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

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

Deferred tax items are recognised in relation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax relating to items recognised outside the statement of profit or loss is similarly recognised outside the statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(h) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised in the statement of profit or loss as incurred. As required by law, the Group and the Company make such contributions to the KWSP.

(i) 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 Group and 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 statement of profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property and equipment, except for freehold and leasehold office lots, are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(j).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(i) Property and Equipment (Cont'd.)

Freehold and leasehold office lots are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined based on the comparison method of valuation that is undertaken by professionally qualified independent valuers. Revaluations are performed with sufficient regularity with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially different from the fair values.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the property revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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 as follows:

Freehold and leasehold office lots	50 years
Office equipment	4 - 7 years
Furniture, fixtures and fittings	10 years
Motor vehicles	5 years
Office renovation	5 years
Soft furnishings	5 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(i) Property and Equipment (Cont'd.)

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. Any gain or loss on derecognition is recognised in the statement of profit or loss in the year the asset is derecognised.

(j) Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")). In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses 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 CGU on a pro-rata basis.

An impairment loss is recognised in the statement of profit or loss in the period in which it arises except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(j) Impairment of Non-Financial Assets (Cont'd.)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(k) Financial Assets

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets and financial liabilities in accordance with the substance of the contractual arrangements. Interests, dividends, gains and losses relating to a financial instrument classified as a financial asset or financial liability are reported as expense or income.

The Group and the Company categorise and measure financial instruments as follows:

- Those to be measured at amortised cost ("AC");
- Those to be measured at fair value through profit or loss ("FVTPL"); and
- Those to be measured at available-for-sale ("AFS") (prior to 1 January 2023).

Financial assets are recognised initially at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(k) Financial Assets (Cont'd.)

(i) Financial Assets at Amortised Cost ("AC")

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at fair value through profit or loss, are measured at amortised cost using the effective interest method. The Group and the Company only measure deposit with financial institutions, premium receivables, other receivables and cash and cash equivalents as described in Note 7 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 SPPI on the principal amount outstanding.

(ii) Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets classified as held for trading are derivatives or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated upon initial recognition as FVTPL are designated at their initial recognition date and only if the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising the gains or losses on different basis; or
- The assets and liabilities are part of the group of financial assets, financial liabilities or both which are managed, and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(k) Financial Assets (Cont'd.)

(ii) Financial Assets at Fair Value through Profit or Loss ("FVTPL") (Cont'd.)

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Fair value changes are recognised in statement of profit or loss and presented net within net unrealised gain or loss on revaluation in the period which it arises. Any gains and losses arising from changes in fair value are recognised in the statements of profit or loss and other comprehensive income. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in the statements of profit or loss and other comprehensive income as part of other expenses or other income and investment income respectively.

FVTPL includes Corporate debt securities, Wholesale unit trust funds, REITs and Equities securities as described in Note 5(b).

(iii) Financial Assets at Available-for-Sale ("AFS")

AFS financial assets are financial assets that are designated as available for sale or are not classified in any of the other financial assets categories.

After initial recognition, AFS financial assets are measured at fair value. Any unrealised gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in the statement of profit or loss when the Group's and the Company's right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(k) Financial Assets (Cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date which is the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the market place.

(l) Impairment of Financial Assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive.

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occuring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit ratings and other supporting information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For impairment assessment, financial assets are grouped on the basis of similar risk characteristics.

These are the main components to measure ECL which are Probability of Default ("PD"), Exposure at Default ("EAD") and the Loss Given Default ("LGD").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(l) Impairment of Financial Assets (Cont'd.)

(i) PD

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

(ii) EAD

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

(iii) LGD

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

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

For premium and other receivables, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments.* MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require the Group and the Company to track changes in credit risk and a practical expedient to calculate ECLs using a provision matrix with the usage of forward-looking information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(l) Impairment of Financial Assets (Cont'd.)

(iii) LGD (Cont'd.)

The carrying amount of a financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

Write-off

The gross carrying amount of a financial asset is written off when the Group and Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group and the Company make an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group and the Company expect no significant recovery from the amount written off.

(m) Cash and Bank Balances

Cash and bank balances comprise of cash at bank and on hand which are subjected to an insignificant risk of changes in value. Cash and bank balances exclude fixed and call deposits which are held for investment purposes. The statement of cash flows are prepared using the indirect method.

(n) Product Classification

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(n) Product Classification (Cont'd.)

An insurance contract is a contract under which the Group and the Company (the insurer) have accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group and the Company determine whether significant insurance risk has been accepted by comparing benefits paid on the occurrence of an insured event with benefits payable if the insured event had not occurred.

Conversely, investment contracts are those contracts that transfer financial risk with no significant insurance risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

(o) Insurance and Reinsurance Contracts

(i) Insurance and Reinsurance Contracts Classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when an insurer agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Group and the Company determine whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group and the Company write inwards and outwards business for all classes of general insurance.

The Group and the Company also issue reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Group and the Company do not issue any contracts with direct participating features.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment

Separating Components from Insurance and Reinsurance Contracts

The Group and the Company assess its general insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another MFRS instead of under MFRS 17. After separating any distinct components, the Group and the Company apply MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's and the Company's products do not include any distinct components that require separation.

Level of Aggregation

Under MFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based on the profitability of contracts:

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

The grouping of contracts under MFRS 17 limits the offsetting of gains on profitable contracts against losses on onerous contracts, which are recognised immediately.

The Group and the Company have identified portfolios of insurance contracts that are subject to similar risks and managed together based on the risks transferred from the policyholder to the Group and the Company under the insurance contracts and how the contracts are managed internally.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Level of Aggregation (Cont'd.)

For each portfolio of contracts, the Group and the Company determine the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and, for the remaining contracts, whether they have no significant possibility of becoming onerous subsequently.

For non-onerous contracts, the Group and the Company assess the likelihood of changes in relevant facts and circumstances in subsequent periods in determining whether contracts have no significant possibility of becoming onerous after initial recognition.

Insurance Acquisition Cash Flows

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

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g., non refundable commissions paid on issuance of a contract), then they are allocated to that group and on the groups that will include renewals of those contracts. The allocation to renewals only applies to contracts that have a one-year coverage perod. The Group and the Company expect to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group and the Company expect to recover those cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Insurance Acquisition Cash Flows (Cont'd.)

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Insurance Acquisition Cash Flows (Cont'd.)

Recoverability Assessment

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

- Recognise an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Contract Boundary

The measurement of a group of insurance contracts includes all the cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company can compel the policyholder to pay premiums or the Group and the Company have a substantive obligation to provide the policyholder with insurance contract services. Cash flows outside of the boundary of the insurance contract are excluded from measurement. These cash flows relate to future insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group and of the Company that exist during the reporting period in which the Group and the Company are compelled to pay amounts to the reinsurer or in which the Group and the Company have a substantive right to receive insurance contract services from the reinsurer.

The Group and the Company have identified certain contract terms or features, for example retroactive coverage, portfolio transfer, cancellation which could impact contract boundary. These may result in the contract boundary to be longer or shorter than the coverage period and therefore affect the measurement of the insurance contracts.

Insurance Contracts - Initial Measurement

On initial recognition, the Group and the Company measure a group of insurance contracts as the total of:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Insurance Contracts - Initial Measurement (Cont'd.)

- The fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- The CSM. The fufilment cash flows of a group of insurance contracts do not reflect the Group's and the Company's non-performance risk.

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

The CSM of a group of insurance contracts represents the unearned profit that the Group and the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of:

- The fulfilment cash flows;
- Any cash flows arising at that date; and
- Any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows is a net inflow), then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premium received at the date of acquistion. In a business combination, the consideration received is the fair value of the contracts at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Insurance Contracts - Initial Measurement (Cont'd.)

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

Insurance Contracts - Subsequent Measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Insurance Contracts - Subsequent Measurement (Cont'd.)

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

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

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

- The CSM of any new contracts that are added to the group in the year;
- Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Changes in fulfilment cash flows that relate to future services, except to the extent that:
  - (i) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  - (ii) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in the statement of profit or loss.
- The effect of any currency exchange differences on the CSM; and
- The amount recognised as insurance revenue because of the services provided in the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Insurance Contracts - Subsequent Measurement (Cont'd.)

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

- Experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- Changes in estimates of the present value of future cash flows in LFRC, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- Differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year; and
- Changes in the risk adjustment for non-fiancial risk that relate to future services.

Changes in discretionary cash flows are recognised as relating to future services and accordingly adjust the CSM.

Reinsurance Contracts

To measure a group of reinsurance contracts, the Group and the Company apply the same accounting policies as are applied to insurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage ("AFRC") and the asset for incurred claims ("AFIC"). AFRC comprises:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Reinsurance Contracts (Cont'd.)

- The fulfilment cash flows that relate to services that will be received under the contracts in future periods; and
- Any remaining CSM at that date.

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

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

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of:

- The fulfilment cash flows;
- Any cash flows arising at that date; and
- Any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group; and
- Any income recognised in the statement of profit or loss because of onerous underlying contracts recognised at that date.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Reinsurance Contracts (Cont'd.)

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

- The CSM of any new contracts that are added to the group in the year;
- Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Income recognised in the statement of profit or loss in the year on initial recognition of onerous underlying contracts;
- Reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- Changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- The effect of any currency exchange differences on the CSM; and
- The amount recognised in the statement of profit or loss because of the services received in the year.

Reinsurance of Onerous Underlying Insurance Contracts

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Reinsurance of Onerous Underlying Insurance Contracts (Cont'd.)

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

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

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

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

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

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in the statement of profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Modification and Derecognition

The Group and the Company derecognise insurance contracts when:

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

When a modification is not treated as a derecognition, the Group and the Company recognise amounts paid or received for the modification with the contract as an adjustment to the relevant LFRC.

Presentation

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

The Group and the Company disaggregate the total amount recognised in the statements of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(o) Insurance and Reinsurance Contracts (Cont'd.)

(ii) Insurance and Reinsurance Contracts Accounting Treatment (Cont'd.)

Presentation (Cont'd.)

The Group and the Company do not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group and the Company separately present income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

(iii) Liability Adequacy Test

At each reporting date, the Group and the Company review all insurance contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group and of the Company, contractual or otherwise, with respect to insurance contracts issued. In performing this review, the Group and the Company discount all contractual cash flows and compare this against the carrying value of insurance contract liabilities. Any deficiency is recognised in the statement of profit or loss.

The estimation of LFRC performed and LFIC performed at reporting date is part of the liability adequacy tests performed by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(p) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) 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 the amount of the obligation can be measured reliably. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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.

(q) Financial Liabilities

Financial liabilities classified as other financial liabilities are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the financial instrument. Other financial liabilities include cash collateral deposits received from policyholders. Insurance and other payables are recognised when due and measured on initial recognition at the fair value of the consideration payable less estimated directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised and through the amortisation process.

(r) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements 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 expenses are not offset in the income statements unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(s) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(t) Leases

At the inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration - i.e. the customer has the right to:

- Obtain substantially all of the economic benefits from using the asset; and
- Direct the use of the asset.

(i) As Lessee

The Group and Company recognise a right-of-use asset and a lease liability in the statements of financial position at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental financing rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(t) Leases (Cont'd.)

(i) As Lessee (Cont'd.)

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment (see Note 2.2(i)). In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

(ii) Short-Term Leases and Leases of Low-Value Assets

The Group and the Company have elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) The Group and the Company do not have any lease arrangements where the Group and the Company act as a Lessor.

(u) Fair Value Measurement

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 by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(u) Fair Value Measurement (Cont'd.)

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.

The Group and the Company use 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.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine 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 financial year end.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(v) Investment in Subsidiaries

The consolidated financial statements are prepared if control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voteholders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses at each reporting date whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed earlier.

In the Company's separate financial statements, investments in subsidiaries are carried at fair value, being the net asset value of the wholesale unit trust funds. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(w) Foreign Currency Transactions

Transactions in foreign currencies are measured in the functional currency of the Group and of the Company and are recorded on initial recognition in the functional currency 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 settlement of monetary items or on translating monetary items at the reporting date are recognised in the statement of profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statement of profit or loss for the period 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.

2.3 Significant Accounting Judgements, Estimates And Assumptions

(a) Critical judgements made in applying accounting policies

There are no significant judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The preparation of financial statements requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

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

Uncertainty in accounting estimates for general insurance business - Insurance and Reinsurance Contracts

The principal uncertainty in the Group's and the Company's general insurance business arises from the technical provisions which include the provisions of liability remaining coverage ("LFRC") and liability incurred claims ("LFIC") as described in Note 2.3(b)(i), 2.3(b)(iii) and 6. LFRC comprise of unearned premium reserves ("UPR"), premium receivables and acquisition costs while LFIC comprise outstanding claims case estimates, claims incurred but not reported ("IBNR"), discounting and risk adjustments.

Generally, 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 all past experiences 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 Group's and the Company's 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, because 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 reported to the Group and 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, the estimates are assessed for adequacy by an Appointed Actuary and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuary is approved by BNM.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

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

Uncertainty in accounting estimates for general insurance business - Insurance and Reinsurance Contracts (Cont'd.)

Note 26 provides sensitivity analysis of the effects of changes in key assumptions on the insurance contract liabilities of the Group and of the Company including the consequential effects on profit or loss and equity.

The Group and the Company apply the General Measurement Model ("GMM") for the measurement of insurance contracts. When measuring LFRC, the Group and the Company now discount cash flows that are expected to occur more than one year after the date on which the policies are issued and includes an explicit risk adjustment for non-financial risk. When measuring LFIC, the Group and the Company now discount cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

(i) Liability for Remaining Coverage ("LFRC")

<u>Insurance Acquisition Cash Flows</u>

Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase LFRC and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to the statement of profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

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

(i) Liability for Remaining Coverage (Cont'd.)

Onerous Groups

For groups of contracts that are onerous, LFRC is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) Claim Liabilities - Case Estimates

For claims, reserve is established upon notification of a new claim where the potential liability will be assessed based on information available at the time. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with RBC Framework issued by BNM. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

(iii) Liability for Incurred Claims ("LFIC")

The ultimate cost of outstanding claims reserve is established upon notification of a new claim where the potential liability will be assessed based on information available at the time. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with RBC Framework issued by BNM. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

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

(iii) Liability for Incurred Claims (Cont'd.)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

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

(iv) Discount Rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

(v) Risk Adjustments for Non-Financial Risk

The risk adjustment for non-financial risk is the compensation that the Group and the Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group and the Company have estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75%. That is, the Group and the Company have assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75% confidence level less the mean of an estimated probability distribution of the future cash flows. The Group and Company have estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

(vi) Assets for Insurance Acquisition Cash Flows

The Group and the Company apply judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures

New and Amended Standards and Interpretations

On 1 January 2023, the Group and the Company adopted the following new and amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2023:

	Effective for annual periods beginning on or after
MFRS 9 *Financial Instruments*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts* - Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* - Comparative Information	1 January 2023
Amendments to MFRS 101 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-Current - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 *Income Taxes* - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - International Tax Reform - Pillar Two Model Rules	1 January 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

The adoption of the above amendments to MFRSs does not have any significant financial impact on the financial statements of the Group and of the Company, except as described in Note 2.4(a) for MFRS 17 *Insurance Contracts*, Note 2.4(b) for MFRS 9 *Financial Instruments*, and Note 2.4(c) for the combined financial impact.

The amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Making Materiality Judgements* provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The significant accounting policy information is disclosed in the Note 2.2.

(a) MFRS 17 *Insurance Contracts*

The Group and the Company initially applied MFRS 17, including any consequential amendments to the other standards, from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group and the Company have restated certain comparative amounts.

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

(i) Changes to Classification and Measurement

MFRS 17 introduces two new measurement models for calculating insurance and reinsurance contract liabilities, reflecting different extents of the overall the Group's and of the Company's performance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(a) MFRS 17 *Insurance Contracts* (Cont'd.)

(i) Changes to Classification and Measurement (Cont'd.)

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

The Premium Allocation Approach ("PAA") is a simplified approach for measuring the LFRC that an entity may choose to use when the PAA provides a measurement that does not materially differ from that under the GMM, or if the coverage period of each contract in the group of insurance contracts is one year or less.

Under MFRS 17, all the Group's and the Company's issued insurance contracts and reinsurance contracts held, are eligible for measurement by applying the GMM. Consequently, the Group and the Company use the GMM for measurement of their insurance and reinsurance contracts.

The measurement principles of the GMM differ from the 'earned premium approach' previously used by the Group and the Company under MFRS 4 *Insurance Contracts* (superseded by MFRS 17) in the following key areas:

- The LFRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the statement of profit or loss for insurance services provided over the coverage period;
- Measurement of the LFRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(a) MFRS 17 *Insurance Contracts* (Cont'd.)

(i) Changes to Classification and Measurement (Cont'd.)

- Measurement of the LFIC (previously claims outstanding and IBNR claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's and the Company's obligation to pay other incurred insurance expenses; and
- Measurement of the asset for remaining coverage ("AFRC") (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Group's and the Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2(o).

(ii) Changes to Presentation and Disclosure

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

For presentation purposes, the Group and the Company aggregate insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are asset; and
- Portfolios of reinsurance contracts held that are liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(a) MFRS 17 *Insurance Contracts* (Cont'd.)

(ii) Changes to Presentation and Disclosure (Cont'd.)

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements. The line-item descriptions in the statements of profit or loss and other comprehensive income has been changed significantly compared with last year. Previously, the Group and the Company reported the following line items:

- Gross earned premiums
- Earned premiums ceded to reinsurers
- Gross claims paid
- Claims ceded to reinsurers
- Gross change in contract liabilities
- Change in contract liabilities ceded to reinsurers

Instead, MFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amount recoverable from reinsurers for incurred claims
- Insurance finance expenses for insurance contracts issued
- Reinsurance finance income for reinsurance contracts held

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

- Amounts recognised in their financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, when applying the standard.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(a) MFRS 17 *Insurance Contracts* (Cont'd.)

(iii) Transition

The Group and the Company adopted MFRS 17 for their financial statements for the year ended 31 December 2023 and applied the requirements retrospectively from the transition date of 1 January 2022 (the 'Transition Date'). The Group and the Company have assessed the practicability of applying the full retrospective approach ("FRA") to all groups of insurance contracts that had unexpired risk prior to the Transition Date.

Based on the assessment, the FRA was applied to insurance contracts in the 2021 and 2020 cohorts. Accordingly, the Group and the Company have recognised and measured each group of insurance contracts in this category as if MFRS 17 had always been applied; derecognised any existing balances that would not exist had MFRS 17 always been in effect; and recognised any resulting net difference in equity.

For cohort 2021 and prior, the application of FRA was impracticable, and the Group and the Company applied the Modified Retrospective Approach ("MRA"). In applying the MRA, the Group and the Company have leveraged certain modifications allowed under the standard to determine the profitability grouping based on reasonable and supportable information at the transition date.

(b) MFRS 9 *Financial Instruments*

MFRS 9 replaced MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. However, the Group and the Company elected, under the amendments to MFRS 4 to apply the temporary exemption from MFRS 9, deferring the initial application date of MFRS 9 to align with the initial application of MFRS 17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(b) MFRS 9 *Financial Instruments* (Cont'd.)

Upon initial adoption of MFRS 9 on 1 January 2023, adjustments were made to the opening retained earnings of the Group and of the Company, respectively. These adjustments resulted in a decrease in the equity and net assets of the Group, and an increase in the equity and net assets of the Company. Differences arising from the adoption of MFRS 9 have been recognised in retained earnings as of 1 January 2023 and are disclosed in Note 2.4(b).

(i) Classification of Financial Assets and Financial Liabilities

The nature of the changes in accounting policies can be summarised, as follows:

MFRS 9 includes three principal classification categories for financial assets measured at Amortised Cost ("AC"), Fair Value Through Other Comprehensive Income ("FVOCI") and Fair Value Through Profit or Loss ("FVTPL").

The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

MFRS 9 eliminates the previous MFRS 139 categories of held-to-maturity ("HTM") investments, loans and receivables ("LAR"), and available-for-sale ("AFS") financial assets.

As at 1 January 2023, there were no changes to the classification and measurement of financial assets and liabilities except for the following:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(b) MFRS 9 *Financial Instruments* (Cont'd.)

(i) Classification of Financial Assets and Financial Liabilities (Cont'd.)

Financial Assets	Original Measurement Category under MFRS 139	New Measurement Category under MFRS 9
Loans and receivables	Loans and receivables	Amortised cost
Fixed and call deposits	Loans and receivables	Amortised cost
Premium receivables	Loans and receivables	Amortised cost
Corporate debt securities	Available-for-sale	FVTPL
Wholesale unit trust funds	Available-for-sale	FVTPL
REITs	FVTPL	FVTPL
Equities securities	FVTPL	FVTPL

The Group's and the Company's classification of its financial assets is explained in Note 2.2(k).

(ii) Impairment of Financial Assets

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model. The key changes in the Group's and the Company's accounting policies are the adoption of a simplified approach to ECL.

The Group and the Company apply the simplified approach prescribed by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade and other receivables, which are financial assets measured at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(b) MFRS 9 *Financial Instruments* (Cont'd.)

(ii) Impairment of Financial Assets (Cont'd.)

For individual impairment assessment, the amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset, discounted at its original effective interest rate. The cash shortfall is the difference between the contractual cash flows due to the Group and the Company, and the cash flows that they expect to receive.

At each reporting date, the Group and the Company assess the allowance for ECL for the amount due from reinsurers and cedants, based on available external credit ratings for the probability of default and external information for loss given default.

For collective impairment assessment, the Group and the Company have established a matrix based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

There is minimal financial impact on ECL of financial assets, hence there is no adjustment was made to the opening retained earnings of the Group and of the Company upon initial adoption of MFRS 9.

(iii) Changes in Disclosures - MFRS 7 *Financial Instruments: Disclosures*

To reflect the differences between MFRS 9 and MFRS 139, MFRS 7 *Financial Instruments: Disclosures* was also amended. The Group and the Company applied the amended disclosure requirements, together with MFRS 9, for the year beginning 1 January 2022. Changes include transition disclosures as shown in Note 2.4(b).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(b) MFRS 9 *Financial Instruments* (Cont'd.)

(iii) Changes in Disclosures - MFRS 7 *Financial Instruments: Disclosures* (Cont'd.)

As permitted by MFRS 7, the Group and the Company have not disclosed information about the line item amounts referred to in MFRS 108.28(b) and (d), which are reported in accordance with the classification and measurement (including impairment) requirements of MFRS 9 for 2022, and those that would have been reported under the classification and measurement requirements of MFRS 139 for 2023.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(b) MFRS 9 *Financial Instruments* (Cont'd.)

(iv) Effect of adoption of MFRS 9

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial assets as at 1 January 2022.

As at 1 January 2022	**Original classification under MFRS 139**			**New classfication and measurement under MFRS 9**	
	AFS	**FVTPL**	**LAR**	**FVTPL**	**Amortised cost**
	RM	**RM**	**RM**	**RM**	**RM**
Group					
AFS financial assets	76,983,687	-	-	-	-
Financial assets at FVTPL	-	205,085,478	-	282,069,165	-
Loans and other receivables, excluding fixed and call deposits	-	-	45,354,387	-	45,354,387
Fixed and call deposits	-	-	88,651,586	-	88,651,586
	76,983,687	205,085,478	134,005,973	282,069,165	134,005,973
Company					
AFS financial assets	205,976,797	-	-	-	-
Financial assets at FVTPL	-	81,954,894	-	287,931,691	-
Loans and other receivables, excluding fixed and call deposits	-	-	45,354,387	-	45,354,387
Fixed and call deposits	-	-	79,125,541	-	79,125,541
	205,976,797	81,954,894	124,479,928	287,931,691	124,479,928

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(b) MFRS 9 *Financial Instruments* (Cont'd.)

(iv) Effect of adoption of MFRS 9 (Cont'd.)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial assets as at 31 December 2022.

As at 31 December 2022	**Original classification under MFRS 139**			**New classfication and measurement under MFRS 9**	
	AFS	**FVTPL**	**LAR**	**FVTPL**	**Amortised cost**
	RM	**RM**	**RM**	**RM**	**RM**
Group					
AFS financial assets	70,113,877	-	-	-	-
Financial assets at FVTPL	-	186,651,691	-	256,765,568	-
Loans and other receivables, excluding fixed and call deposits	-	-	47,264,174	-	47,264,174
Fixed and call deposits	-	-	76,344,320	-	76,344,320
	70,113,877	186,651,691	123,608,494	256,765,568	123,608,494
Company					
AFS financial assets	187,739,631	-	-	-	-
Financial assets at FVTPL	-	79,588,316	-	267,327,947	-
Loans and other receivables, excluding fixed and call deposits	-	-	42,208,152	-	42,208,152
Fixed and call deposits	-	-	67,158,534	-	67,158,534
	187,739,631	79,588,316	109,366,686	267,327,947	109,366,686

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments*

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position

The adoption of MFRS 17 resulted in the following effects to the statements of financial position of the Group and of the Company as at 1 January 2022.

Group	**31.12.2021 As previously stated RM**	**MFRS 17 impact RM**	**01.01.2022 As restated RM**
Assets			
Property and equipment	16,997,551	-	16,997,551
Right-of-use assets	3,170,997	-	3,170,997
Investments	282,069,165	-	282,069,165
Insurance contract assets	-	1,952,096	1,952,096
Reinsurance contract assets	-	105,828,317	105,828,317
Reinsurance assets	143,340,578	(143,340,578)	-
Loans and other receivables	134,079,398	(73,425)	134,005,973
Tax recoverable	541,605	-	541,605
Insurance receivables	21,620,371	(21,620,371)	-
Cash and bank balances	9,013,674	-	9,013,674
TOTAL ASSETS	610,833,339	(57,253,961)	553,579,378

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 resulted in the following effects to the statements of financial position of the Group and of the Company as at 1 January 2022. (Cont'd.)

Group	**31.12.2021 As previously stated RM**	**MFRS 17 impact RM**	**01.01.2022 As restated RM**
Equity			
Share capital	100,000,000	-	100,000,000
Property revaluation reserve	7,244,308	-	7,244,308
AFS reserve	(1,438,690)	-	(1,438,690)
Retained earnings	188,722,686	(6,704,667)	182,018,019
Equity attributable to equity holders of the Company	294,528,304	(6,704,667)	287,823,637
Non-controlling interests	4,416,003	-	4,416,003
TOTAL EQUITY	298,944,307	(6,704,667)	292,239,640

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 resulted in the following effects to the statements of financial position of the Group and of the Company as at 1 January 2022. (Cont'd.)

Group	**31.12.2021 As previously stated RM**	**MFRS 17 impact RM**	**01.01.2022 As restated RM**
Liabilities			
Insurance contract liabilities	246,245,146	(30,445,949)	215,799,197
Reinsurance contract liabilities	-	2,542,376	2,542,376
Deferred tax liabilities	266,728	-	266,728
Lease liabilities	3,650,862	-	3,650,862
Other financial liabilities	28,108,348	-	28,108,348
Insurance payables	22,478,161	(22,478,161)	-
Other payables	11,139,787	(167,560)	10,972,227
TOTAL LIABILITIES	311,889,032	(50,549,294)	261,339,738
TOTAL EQUITY AND LIABILITIES	610,833,339	(57,253,961)	553,579,378

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 resulted in the following effects to the statements of financial position of the Group and of the Company as at 1 January 2022. (Cont'd.)

Company	**31.12.2021 As previously stated RM**	**MFRS 17 impact RM**	**01.01.2022 As restated RM**
Assets			
Property and equipment	16,997,551	-	16,997,551
Right-of-use assets	3,170,997	-	3,170,997
Investments	287,931,691	-	287,931,691
Insurance contract assets	-	1,952,096	1,952,096
Reinsurance contract assets	-	105,828,317	105,828,317
Reinsurance assets	143,340,578	(143,340,578)	-
Loans and other receivables	124,553,353	(73,425)	124,479,928
Tax recoverable	541,605	-	541,605
Insurance receivables	21,620,371	(21,620,371)	-
Cash and bank balances	8,252,525	-	8,252,525
TOTAL ASSETS	606,408,671	(57,253,961)	549,154,710

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 resulted in the following effects to the statements of financial position of the Group and of the Company as at 1 January 2022. (Cont'd.)

Company	**31.12.2021 As previously stated RM**	**MFRS 17 impact RM**	**01.01.2022 As restated RM**
Equity			
Share capital	100,000,000	-	100,000,000
Property revaluation reserve	7,244,308	-	7,244,308
AFS reserve	2,564,473	-	2,564,473
Retained earnings	184,789,269	(6,704,667)	178,084,602
TOTAL EQUITY	294,598,050	(6,704,667)	287,893,383

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 resulted in the following effects to the statements of financial position of the Group and of the Company as at 1 January 2022. (Cont'd.)

Company	**31.12.2021 As previously stated RM**	**MFRS 17 impact RM**	**01.01.2022 As restated RM**
Liabilities			
Insurance contract liabilities	246,245,146	(30,445,949)	215,799,197
Reinsurance contract liabilities	-	2,542,376	2,542,376
Deferred tax liabilities	266,728	-	266,728
Lease liabilities	3,650,862	-	3,650,862
Other financial liabilities	28,108,348	-	28,108,348
Insurance payables	22,478,161	(22,478,161)	-
Other payables	11,061,376	(167,560)	10,893,816
TOTAL LIABILITIES	311,810,621	(50,549,294)	261,261,327
TOTAL EQUITY AND LIABILITIES	606,408,671	(57,253,961)	549,154,710

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of financial position of the Group and of the Company as at 31 December 2022.

Group	**31.12.2022 As previously stated RM**	**MFRS 17 impact RM**	**MFRS 9 impact RM**	**31.12.2022 As restated RM**
Assets				
Property and equipment	17,648,912	-	-	17,648,912
Right-of-use assets	2,796,619	-	-	2,796,619
Investments	256,765,568	-	-	256,765,568
Insurance contract assets	-	2,073,360	-	2,073,360
Reinsurance contract assets	-	92,879,489	-	92,879,489
Reinsurance assets	142,957,527	(142,957,527)	-	-
Loans and other receivables	123,682,213	(73,719)	-	123,608,494
Deferred tax assets	3,651,175	-	-	3,651,175
Tax recoverable	4,017,526	-	-	4,017,526
Insurance receivables	29,613,077	(29,613,077)	-	-
Cash and bank balances	6,972,384	-	-	6,972,384
TOTAL ASSETS	588,105,001	(77,691,474)	-	510,413,527

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of financial position of the Group and of the Company as at 31 December 2022. (Cont'd.)

Group	**31.12.2022 As previously stated RM**	**MFRS 17 impact RM**	**MFRS 9 impact RM**	**31.12.2022 As restated RM**
Equity				
Share capital	100,000,000	-	-	100,000,000
Property revaluation reserve	7,244,308	-	-	7,244,308
AFS reserve	(1,675,187)	-	1,675,187	-
Retained earnings	172,737,534	(14,657,709)	(1,675,187)	156,404,638
Equity attributable to equity holders of the Company	278,306,655	(14,657,709)	-	263,648,946
Non-controlling interests	4,368,531	-	-	4,368,531
TOTAL EQUITY	282,675,186	(14,657,709)	-	268,017,477

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of financial position of the Group and of the Company as at 31 December 2022. (Cont'd.)

Group	**31.12.2022 As previously stated RM**	**MFRS 17 impact RM**	**MFRS 9 impact RM**	**31.12.2022 As restated RM**
Liabilities				
Insurance contract liabilities	238,725,638	(41,337,382)	-	197,388,256
Reinsurance contract liabilities	-	6,767,460	-	6,767,460
Lease liabilities	3,296,406	-	-	3,296,406
Other financial liabilities	26,860,703	-	-	26,860,703
Insurance payables	28,257,447	(28,257,447)	-	-
Other payables	8,289,621	(206,396)	-	8,083,225
TOTAL LIABILITIES	305,429,815	(63,033,765)	-	242,396,050
TOTAL EQUITY AND LIABILITIES	588,105,001	(77,691,474)	-	510,413,527

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of financial position of the Group and of the Company as at 31 December 2022. (Cont'd.)

Company	**31.12.2022 As previously stated RM**	**MFRS 17 impact RM**	**MFRS 9 impact RM**	**31.12.2022 As restated RM**
Assets				
Property and equipment	17,648,912	-	-	17,648,912
Right-of-use assets	2,796,619	-	-	2,796,619
Investments	267,327,947	-	-	267,327,947
Insurance contract assets	-	2,073,360	-	2,073,360
Reinsurance contract assets	-	92,879,489	-	92,879,489
Reinsurance assets	142,957,527	(142,957,527)	-	-
Loans and other receivables	109,440,405	(73,719)	-	109,366,686
Deferred tax assets	3,651,175	-	-	3,651,175
Tax recoverable	4,017,526	-	-	4,017,526
Insurance receivables	29,613,077	(29,613,077)	-	-
Cash and bank balances	6,163,011	-	-	6,163,011
TOTAL ASSETS	583,616,199	(77,691,474)	-	505,924,725

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of financial position of the Group and of the Company as at 31 December 2022. (Cont'd.)

Company	**31.12.2022 As previously stated RM**	**MFRS 17 impact RM**	**MFRS 9 impact RM**	**31.12.2022 As restated RM**
Equity				
Share capital	100,000,000	-	-	100,000,000
Property revaluation reserve	7,244,308	-	-	7,244,308
AFS reserve	155,747	-	(155,747)	-
Retained earnings	170,845,816	(14,657,709)	155,747	156,343,854
TOTAL EQUITY	278,245,871	(14,657,709)	-	263,588,162

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(i) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Financial Position (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of financial position of the Group and of the Company as at 31 December 2022. (Cont'd.)

Company	**31.12.2022 As previously stated RM**	**MFRS 17 impact RM**	**MFRS 9 impact RM**	**31.12.2022 As restated RM**
Liabilities				
Insurance contract liabilities	238,725,638	(41,337,382)	-	197,388,256
Reinsurance contract liabilities	-	6,767,460	-	6,767,460
Lease liabilities	3,296,406	-	-	3,296,406
Other financial liabilities	26,860,703	-	-	26,860,703
Insurance payables	28,257,447	(28,257,447)	-	-
Other payables	8,230,134	(206,396)	-	8,023,738
TOTAL LIABILITIES	305,370,328	(63,033,765)	-	242,336,563
TOTAL EQUITY AND LIABILITIES	583,616,199	(77,691,474)	-	505,924,725

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(ii) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Profit or Loss

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of profit or loss of the Group and of the Company for the year ended 31 December 2022.

Group	MFRS 4 RM	Removal of MFRS 4 RM	Remeasurement effect of MFRS 9 RM	MFRS 17 impact RM	MFRS 17 RM
Gross earned premiums	121,920,673	(121,920,673)	-	-	-
Earned premiums ceded to reinsurers	(74,369,277)	74,369,277	-	-	-
Investment income, net	10,065,072	(10,065,072)	-	-	-
Realised losses	(8,276,531)	8,276,531	-	-	-
Fair value losses	(4,361,933)	4,361,933	-	-	-
Commission income	14,354,843	(14,354,843)	-	-	-
Other operating income	459,215	(459,215)	-	-	-
Gross claims paid	(57,263,917)	57,263,917	-	-	-
Claims ceded to reinsurers	25,009,912	(25,009,912)	-	-	-
Gross change in contract liabilities	10,701,281	(10,701,281)	-	-	-
Change in contract liabilities ceded to reinsurers	(3,895,277)	3,895,277	-	-	-
Commission expenses	(15,794,581)	15,794,581	-	-	-
Management expenses	(31,875,249)	31,875,249	-	-	-

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(ii) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Profit or Loss (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of profit or loss of the Group and of the Company for the year ended 31 December 2022. (Cont'd.)

Group	**MFRS 4 RM**	**Removal of MFRS 4 RM**	**Remeasurement effect of MFRS 9 RM**	**MFRS 17 impact RM**	**MFRS 17 RM**
Insurance revenue	-	-	-	120,270,492	120,270,492
Insurance service expenses	-	-	-	(95,623,894)	(95,623,894)
Allocation of reinsurance premiums	-	-	-	(56,400,567)	(56,400,567)
Amounts recoverable from reinsurers for incurred claims	-	-	-	16,877,451	16,877,451
Interest revenue calculated using the effective interest method	-	-	1,342,486	-	1,342,486
Other investment revenue	-	-	(3,915,878)	-	(3,915,878)
Insurance finance expenses for insurance contracts issued	-	-	-	(3,222,992)	(3,222,992)
Reinsurance finance income for reinsurance contracts held	-	-	-	1,709,960	1,709,960
Other operating income	-	-	-	750,700	750,700
Other operating expenses	-	-	-	(3,066,569)	(3,066,569)
Loss before taxation	(13,325,769)	13,325,769	(2,573,392)	(18,705,419)	(21,278,811)
Taxation	4,518,824	-	-	-	4,518,824
Net loss for the year	(8,806,945)	13,325,769	(2,573,392)	(18,705,419)	(16,759,987)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(ii) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Profit or Loss (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of profit or loss of the Group and of the Company for the year ended 31 December 2022. (Cont'd.)

Company	MFRS 4 RM	Removal of MFRS 4 RM	Remeasurement effect of MFRS 9 RM	MFRS 17 impact RM	MFRS 17 RM
Gross earned premiums	121,920,673	(121,920,673)	-	-	-
Earned premiums ceded to reinsurers	(74,369,277)	74,369,277	-	-	-
Investment income, net	8,821,995	(8,821,995)	-	-	-
Realised losses	(8,094,731)	8,094,731	-	-	-
Fair value losses	(1,738,366)	1,738,366	-	-	-
Commission income	14,354,843	(14,354,843)	-	-	-
Other operating income	459,215	(459,215)	-	-	-
Gross claims paid	(57,263,917)	57,263,917	-	-	-
Claims ceded to reinsurers	25,009,912	(25,009,912)	-	-	-
Gross change in contract liabilities	10,701,281	(10,701,281)	-	-	-
Change in contract liabilities ceded to reinsurers	(3,895,277)	3,895,277	-	-	-
Commission expenses	(15,794,581)	15,794,581	-	-	-
Management expenses	(31,474,046)	31,474,046	-	-	-

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in Accounting Policies and Disclosures (Cont'd.)

(c) MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* (Cont'd.)

(ii) Effect of adoption of MFRS 17 and MFRS 9 to the Statements of Profit or Loss (Cont'd.)

The adoption of MFRS 17 and MFRS 9 resulted in the following effects to the statements of profit or loss of the Group and of the Company for the year ended 31 December 2022. (Cont'd.)

Company	**MFRS 4 RM**	**Removal of MFRS 4 RM**	**Remeasurement effect of MFRS 9 RM**	**MFRS 17 impact RM**	**MFRS 17 RM**
Insurance revenue	-	-	-	120,270,492	120,270,492
Insurance service expenses	-	-	-	(95,623,894)	(95,623,894)
Allocation of reinsurance premiums	-	-	-	(56,400,567)	(56,400,567)
Amounts recoverable from reinsurers for incurred claims	-	-	-	16,877,451	16,877,451
Interest revenue calculated using the effective interest method	-	-	1,211,096	-	1,211,096
Other investment revenue	-	-	(2,222,198)	-	(2,222,198)
Insurance finance expenses for insurance contracts issued	-	-	-	(3,222,992)	(3,222,992)
Reinsurance finance income for reinsurance contracts held	-	-	-	1,709,960	1,709,960
Other operating income	-	-	-	734,862	734,862
Other operating expenses	-	-	-	(2,649,528)	(2,649,528)
Loss before taxation	(11,362,276)	11,362,276	(1,011,102)	(18,304,216)	(19,315,318)
Taxation	4,518,824	-	-	-	4,518,824
Net loss for the year	(6,843,452)	11,362,276	(1,011,102)	(18,304,216)	(14,796,494)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Standards and Amendments to Standards that are Issued but Not Yet Effective

The following are Standards, Amendments to Standards and annual improvements to standards issued by the Malaysian Accounting Standards Board ("MASB"), but which are not yet effective, up to the date of issuance of the Group's and of the Company's financial statements. The Group and the Company intend to adopt these standards and amendment to standards, if applicable, when they become effective:

	Effective for annual periods beginning on or after
Amendments to MFRS 7 *Financial Instruments: Disclosures* - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16 *Leases* - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 *Presentation of Financial Statements* - Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 *Statement of Cash Flows* - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates* - Lack of Exchangeability	1 January 2025

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

3. PROPERTY AND EQUIPMENT

Group/Company	← At Valuation	→	←		At Cost		→	
	Freehold Office Lots RM	Long-term Leasehold Office Lots RM	Office Equipment RM	Furniture, Fixtures & Fittings RM	Motor Vehicles RM	Office Renovation RM	Soft Furnishings RM	Total RM
VALUATION/COST								
At 1 January 2023	7,500,000	5,800,000	12,256,040	659,845	1,509,049	3,063,752	66,301	30,854,987
Additions	-	-	861,658	1,400	-	38,206	-	901,264
At 31 December 2023	7,500,000	5,800,000	13,117,698	661,245	1,509,049	3,101,958	66,301	31,756,251
ACCUMULATED DEPRECIATION								
At 1 January 2023	175,000	135,333	8,197,417	586,799	1,047,297	3,000,926	63,303	13,206,075
Charge for the year (Note 19)	150,000	116,000	1,571,100	30,814	136,921	23,545	384	2,028,764
At 31 December 2023	325,000	251,333	9,768,517	617,613	1,184,218	3,024,471	63,687	15,234,839
NET BOOK VALUE								
At 31 December 2023	7,175,000	5,548,667	3,349,181	43,632	324,831	77,487	2,614	16,521,412

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

3. PROPERTY AND EQUIPMENT (CONT'D.)

Group/Company	← At Valuation	→	←		At Cost		→	
	Freehold Office Lots RM	Long-term Leasehold Office Lots RM	Office Equipment RM	Furniture, Fixtures & Fittings RM	Motor Vehicles RM	Office Renovation RM	Soft Furnishings RM	Total RM
VALUATION/COST								
At 1 January 2022	7,500,000	5,800,000	10,223,282	649,185	1,663,380	3,035,882	66,301	28,938,030
Additions	-	-	2,032,758	10,660	214,295	27,870	-	2,285,583
Disposal	-	-	-	-	(368,626)	-	-	(368,626)
At 31 December 2022	7,500,000	5,800,000	12,256,040	659,845	1,509,049	3,063,752	66,301	30,854,987
ACCUMULATED DEPRECIATION								
At 1 January 2022	25,000	19,333	7,071,688	556,399	1,225,987	2,979,154	62,918	11,940,479
Charge for the year (Note 19)	150,000	116,000	1,125,729	30,400	114,364	21,772	385	1,558,650
Disposal	-	-	-	-	(293,054)	-	-	(293,054)
At 31 December 2022	175,000	135,333	8,197,417	586,799	1,047,297	3,000,926	63,303	13,206,075
NET BOOK VALUE								
At 31 December 2022	7,325,000	5,664,667	4,058,623	73,046	461,752	62,826	2,998	17,648,912

3. PROPERTY AND EQUIPMENT (CONT'D.)

(a) The Group's and the Company's freehold and leasehold office lots are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. The freehold and leasehold office lots were revalued based on the valuation carried out by an accredited independent professional valuer on an open market value basis using the comparison method.

The valuers are independent valuers who are not related to the Group and the Company and they are members of the Royal Institution of Surveyors Malaysia ("RISM") with appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location.

The strata titles to the freehold office lots have yet to be issued by the relevant authorities.

(b) The carrying amounts of the revalued properties had they been stated at cost less accumulated depreciation would be as follows:

	Group/Company	
	2023	**2022**
	RM	**RM**
Freehold office lots	1,502,639	1,652,903
Long-term leasehold office lots	1,399,705	1,465,625
	2,902,344	3,118,528

3. PROPERTY AND EQUIPMENT (CONT'D.)

(c) A description of valuation techniques used and key inputs to valuation of freehold and leasehold office lots of the Group and of the Company are as follows:

	Valuation technique	**Unobservable inputs**	**Range**
Freehold office lots	Comparison method	Estimated value per square foot	RM380 to RM500
Long term leasehold office lots	Comparison method	Estimated value per square foot	RM400 to RM1,507

The fair value of the freehold and leasehold office lots were revalued based on the valuation carried out by accredited independent professional valuers on an open market value basis using the comparison method that reflects recent transaction prices for similar properties. The valuation techniques used by the accredited independent valuers are verified by Management to ensure that they are in accordance with the requirements of MFRS 13 *Fair Value Measurement.* The valuation results are then presented to the Board of Directors.

An increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value. The fair value of the freehold and leasehold office lots of the Group and of the Company are classified under level 3 of the fair value hierarchy as disclosed in Note 27.

4. RIGHT-OF-USE ASSETS

	Note	Group/Company 2023 RM	2022 RM
Cost - Office lots			
At 1 January		4,292,406	4,292,406
Additions		71,774	-
At 31 December		4,364,180	4,292,406
Accumulated depreciation - Office lots			
At 1 January		1,495,787	1,121,409
Charge for the year	19	373,307	374,378
At 31 December		1,869,094	1,495,787
Net book value - Office lots			
At 31 December		2,495,086	2,796,619

The total leased assets held by the Group and the Company amount to RM8,043,753 (2022: RM8,461,286) which comprise of the right-of-use assets amounting to RM2,495,086 (2022: RM2,796,619) and leasehold office lots with net book value of RM5,548,667 (2022: RM5,664,667) as disclosed in Note 3.

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

The Group and the Company have entered into lease agreements for office rental and other office equipment. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. There are also several lease contracts that include extension and termination options.

The Group and the Company have leases for office rental with lease terms of 12 months or less and leases of low value. The Group and the Company apply the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

4. RIGHT-OF-USE ASSETS (CONT'D.)

The following are the amounts recognised in the statement of profit or loss:

	Note	Group/Company 2023 RM	Group/Company 2022 RM
Depreciation expense of right-of-use assets		373,307	374,378
Interest expense on lease liabilities		151,920	167,815
Expense related to short-term leases		14,376	11,385
Expense related to leases of low-value assets		52,805	54,399
Total amount recognised in the statement of profit or loss	19	592,408	607,977

5. INVESTMENTS

(a) AFS Financial Assets

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Wholesale unit trust funds	-	70,113,877	-	187,739,631
Total (a)	-	70,113,877	-	187,739,631

(b) Financial Assets at FVTPL

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Corporate debt securities	153,252,320	107,063,375	-	-
Wholesale unit trust funds	78,700,061	-	243,674,555	-
Real estate investment trusts (“REITs”)	3,700,467	1,928,599	3,700,467	1,928,599
Equity securities quoted in Malaysia	55,638,848	77,659,717	55,638,848	77,659,717
Total (b)	291,291,696	186,651,691	303,013,870	79,588,316
Total investments (a) + (b)	291,291,696	256,765,568	303,013,870	267,327,947

5. INVESTMENTS (CONT'D.)

(c) Investments in subsidiaries - Wholesale unit trust funds

Included in the Company's AFS financial assets are the Company's investments in subsidiaries amounting to RM164,974,494 (2022: RM117,625,754) which comprise two wholesale unit trust funds in Malaysia as follows:

Established in Malaysia	**Effective Direct Interests**	
	2023	**2022**
AHAM Institutional Bond Fund *(Formerly known as Affin Hwang Institutional Bond Fund)*	96.88%	96.03%
United ESG Series - Institutional Income Fund *(Formerly known as United Institutional Income Fund)*	97.70%	96.86%

Note: AHAM Institutional Bond Fund is audited by a firm other than Ernst & Young PLT.

The Company considers that the non-controlling interests in the above subsidiaries are not significant and accordingly no disclosures are provided in respect of the summarised income statements, summarised statements of comprehensive income, summarised statements of financial position and summarised statements of cash flows.

The principal activities of the subsidiaries are as follows:

Subsidiary	Principal activity
AHAM Institutional Bond Fund	Unit trust fund holding investments in fixed income securities
United ESG Series - Institutional Income Fund	Unit trust fund holding investments in fixed income securities

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS

(a) Movements in insurance contract

(i) Analysis by remaining coverage and incurred claims

Group/Company	2023			
	Liabilities for remaining coverage		Liabilities	
	Excluding loss component RM	Loss component RM	Liabilities for incurred claims RM	Total RM
Insurance contract assets	(2,073,360)	-	-	(2,073,360)
Insurance contract liabilities	24,493,822	5,780,382	167,114,052	197,388,256
At 1 January 2023	22,420,462	5,780,382	167,114,052	195,314,896
Insurance revenue	(119,816,045)	-	-	(119,816,045)
Insurance service expenses	20,853,299	2,896,434	61,928,659	85,678,392
Incurred claims and other insurance service expenses	-	(15,011,107)	80,977,381	65,966,274
Amortisation of insurance acquisition cash flows	20,853,299	-	-	20,853,299
Losses on onerous contracts	-	17,907,541	-	17,907,541
Adjustments to liabilities for incurred claims	-	-	(19,048,722)	(19,048,722)
Insurance service result	(98,962,746)	2,896,434	61,928,659	(34,137,653)
Finance expenses from insurance contracts issued	1,220,554	658,499	5,692,937	7,571,990
Total changes in the statement of profit or loss	(97,742,192)	3,554,933	67,621,596	(26,565,663)
Cash flows				
Premiums received	128,568,967	-	-	128,568,967
Claims and other insurance service expenses paid, including investment components	-	-	(65,719,680)	(65,719,680)
Insurance acquisition cash flows	(29,953,299)	-	-	(29,953,299)
Total cash flows	98,615,668	-	(65,719,680)	32,895,988
At 31 December 2023	23,293,938	9,335,315	169,015,968	201,645,221
Insurance contract assets	(2,247,230)	-	-	(2,247,230)
Insurance contract liabilities	25,541,168	9,335,315	169,015,968	203,892,451
At 31 December 2023	23,293,938	9,335,315	169,015,968	201,645,221

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(a) Movements in insurance contract (Cont'd.)

(i) Analysis by remaining coverage and incurred claims (Cont'd.)

Group/Company	**2022 (Restated)**			
	Liabilities for remaining coverage		**Liabilities for incurred claims**	
	Excluding loss component	**Loss component**		**Total**
	RM	**RM**	**RM**	**RM**
Insurance contract assets	(1,952,096)	-	-	(1,952,096)
Insurance contract liabilities	29,589,360	4,810,015	181,399,822	215,799,197
At 1 January 2022	27,637,264	4,810,015	181,399,822	213,847,101
Insurance revenue	(120,270,492)	-	-	(120,270,492)
Insurance service expenses	25,339,967	637,555	69,646,372	95,623,894
Incurred claims and other insurance service expenses	-	(9,049,496)	70,497,125	61,447,629
Amortisation of insurance acquisition cash flows	25,339,967	-	-	25,339,967
Losses on onerous contracts	-	9,687,051	-	9,687,051
Adjustments to liabilities for incurred claims	-	-	(850,753)	(850,753)
Insurance service result	(94,930,525)	637,555	69,646,372	(24,646,598)
Finance expenses from insurance contracts issued	252,320	332,812	2,637,860	3,222,992
Total changes in the statement of profit or loss	(94,678,205)	970,367	72,284,232	(21,423,606)
Cash flows				
Premiums received	115,558,012	-	-	115,558,012
Claims and other insurance service expenses paid, including investment components	-	-	(86,570,002)	(86,570,002)
Insurance acquisition cash flows	(26,096,609)	-	-	(26,096,609)
Total cash flows	89,461,403	-	(86,570,002)	2,891,401
At 31 December 2022	22,420,462	5,780,382	167,114,052	195,314,896
Insurance contract assets	(2,073,360)	-	-	(2,073,360)
Insurance contract liabilities	24,493,822	5,780,382	167,114,052	197,388,256
At 31 December 2022	22,420,462	5,780,382	167,114,052	195,314,896

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(a) Movements in insurance contract (Cont'd.)

(ii) Analysis by measurement component

Group/Company	2023			
	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Contractual service margin RM	Total RM
Insurance contract assets	(2,073,360)	-	-	(2,073,360)
Insurance contract liabilities	147,984,998	23,234,148	26,169,110	197,388,256
1 January 2023	145,911,638	23,234,148	26,169,110	195,314,896
Changes that relate to current services				
CSM recognised for services provided	-	-	(35,943,257)	(35,943,257)
Change in risk adjustment for non-financial risk for risk expired	-	(7,543,893)	-	(7,543,893)
Experience adjustments	12,269,454	-	-	12,269,454
Changes that relate to future services				
Contracts initially recognised in the year	(38,743,903)	13,715,308	40,087,518	15,058,923
Changes in estimates that adjust the CSM	7,028,957	866,229	(7,895,186)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	2,443,166	405,452	-	2,848,618
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(15,896,181)	(4,931,317)	-	(20,827,498)
Insurance service result	(32,898,507)	2,511,779	(3,750,925)	(34,137,653)
Finance expenses from insurance contracts issued	5,281,949	-	2,290,041	7,571,990
Total changes in the statement of profit or loss	(27,616,558)	2,511,779	(1,460,884)	(26,565,663)
Cash flows*	32,895,988	-	-	32,895,988
At 31 December 2023	151,191,068	25,745,927	24,708,226	201,645,221
Insurance contract assets	(2,247,230)	-	-	(2,247,230)
Insurance contract liabilities	153,438,298	25,745,927	24,708,226	203,892,451
At 31 December 2023	151,191,068	25,745,927	24,708,226	201,645,221

* Cash flows are analysed in the analysis by remaining coverage and incurred claims

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(a) Movements in insurance contract (Cont'd.)

(ii) Analysis by measurement component (Cont'd.)

Group/Company	2022 (Restated)			
	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Contractual service margin RM	Total RM
Insurance contract assets	(1,952,096)	-	-	(1,952,096)
Insurance contract liabilities	168,018,708	22,027,214	25,753,275	215,799,197
1 January 2022	166,066,612	22,027,214	25,753,275	213,847,101
Changes that relate to current services				
CSM recognised for services provided	-	-	(36,469,260)	(36,469,260)
Change in risk adjustment for non-financial risk for risk expired	-	(6,895,537)	-	(6,895,537)
Experience adjustments	15,944,341	-	-	15,944,341
Changes that relate to future services				
Contracts initially recognised in the year	(34,467,812)	11,616,277	33,348,696	10,497,161
Changes in estimates that adjust the CSM	(2,122,151)	217,700	1,904,451	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,008,823)	198,712	-	(810,111)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(2,982,974)	(3,930,218)	-	(6,913,192)
Insurance service result	(24,637,419)	1,206,934	(1,216,113)	(24,646,598)
Finance expenses from insurance contracts issued	1,591,044	-	1,631,948	3,222,992
Total changes in the statement of profit or loss	(23,046,375)	1,206,934	415,835	(21,423,606)
Cash flows*	2,891,401	-	-	2,891,401
At 31 December 2022	145,911,638	23,234,148	26,169,110	195,314,896
Insurance contract assets	(2,073,360)	-	-	(2,073,360)
Insurance contract liabilities	147,984,998	23,234,148	26,169,110	197,388,256
At 31 December 2022	145,911,638	23,234,148	26,169,110	195,314,896

* Cash flows are analysed in the analysis by remaining coverage and incurred claims

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(b) Movements in reinsurance contract

(i) Analysis by remaining coverage and incurred claims

Group/Company	**2023**			
	Assets for remaining coverage			
	Excluding loss-recovery component RM	**Loss-recovery component RM**	**Assets for incurred claims RM**	**Total RM**
Reinsurance contract liabilities	14,382,241	-	(7,614,781)	6,767,460
Reinsurance contract assets	714,227	(622,719)	(92,970,997)	(92,879,489)
At 1 January 2023	15,096,468	(622,719)	(100,585,778)	(86,112,029)
Allocation of reinsurance premiums paid	65,244,987	-	-	65,244,987
Amounts recoverable from reinsurers	-	(395,754)	(12,049,081)	(12,444,835)
Recoveries of incurred claims and other insurance service expenses	-	-	(29,113,571)	(29,113,571)
Recoveries of losses on onerous underlying contracts	-	(395,754)	-	(395,754)
Adjustments to assets for incurred claims	-	-	17,064,490	17,064,490
Net expense from reinsurance contracts held	65,244,987	(395,754)	(12,049,081)	52,800,152
Finance income from reinsurance contracts held	245,011	-	(3,636,369)	(3,391,358)
Total changes in the statement of profit or loss	65,489,998	(395,754)	(15,685,450)	49,408,794
Cash flows				
Premiums paid	(77,747,035)	-	-	(77,747,035)
Amounts received	12,393,350	-	27,355,644	39,748,994
Total cash flows	(65,353,685)	-	27,355,644	(37,998,041)
At 31 December 2023	15,232,781	(1,018,473)	(88,915,584)	(74,701,276)
Reinsurance contract liabilities	6,457,353	-	(681,022)	5,776,331
Reinsurance contract assets	8,775,428	(1,018,473)	(88,234,562)	(80,477,607)
At 31 December 2023	15,232,781	(1,018,473)	(88,915,584)	(74,701,276)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(b) Movements in reinsurance contract (Cont'd.)

(i) Analysis by remaining coverage and incurred claims (Cont'd.)

Group/Company	**2022 (Restated)**			
	Assets for remaining coverage			
	Excluding loss-recovery component RM	**Loss-recovery component RM**	**Assets for incurred claims RM**	**Total RM**
Reinsurance contract liabilities	4,434,531	-	(1,892,155)	2,542,376
Reinsurance contract assets	(889,015)	(563,817)	(104,375,485)	(105,828,317)
At 1 January 2022	3,545,516	(563,817)	(106,267,640)	(103,285,941)
Allocation of reinsurance premiums paid	56,400,567	-	-	56,400,567
Amounts recoverable from reinsurers	-	(58,902)	(16,818,549)	(16,877,451)
Recoveries of incurred claims and other insurance service expenses	-	-	(27,373,760)	(27,373,760)
Recoveries of losses on onerous underlying contracts	-	(58,902)	-	(58,902)
Adjustments to assets for incurred claims	-	-	10,555,211	10,555,211
Net expense from reinsurance contracts held	56,400,567	(58,902)	(16,818,549)	39,523,116
Finance income from reinsurance contracts held	65,992	-	(1,775,952)	(1,709,960)
Total changes in the statement of profit or loss	56,466,559	(58,902)	(18,594,501)	37,813,156
Cash flows				
Premiums paid	(55,945,267)	-	-	(55,945,267)
Amounts received	11,029,660	-	24,276,363	35,306,023
Total cash flows	(44,915,607)	-	24,276,363	(20,639,244)
At 31 December 2022	15,096,468	(622,719)	(100,585,778)	(86,112,029)
Reinsurance contract liabilities	14,382,241	-	(7,614,781)	6,767,460
Reinsurance contract assets	714,227	(622,719)	(92,970,997)	(92,879,489)
At 31 December 2022	15,096,468	(622,719)	(100,585,778)	(86,112,029)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(b) Movements in reinsurance contract (Cont'd.)

(ii) Analysis by measurement component

Group/Company	2023			
	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Contractual service margin RM	Total RM
Reinsurance contract liabilities	7,598,022	(36,578)	(793,984)	6,767,460
Reinsurance contract assets	(51,793,465)	(13,580,838)	(27,505,186)	(92,879,489)
1 January 2023	(44,195,443)	(13,617,416)	(28,299,170)	(86,112,029)
Changes that relate to current services				
CSM recognised for services received	-	-	38,673,867	38,673,867
Change in risk adjustment for non-financial risk for risk expired	-	2,499,635	-	2,499,635
Experience adjustments	(5,042,085)	-	-	(5,042,085)
Changes that relate to future services				
Contracts initially recognised in the year	43,496,574	(5,591,945)	(37,904,629)	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(939,400)	(939,400)
Changes in estimates that adjust the CSM	1,488,944	(741,926)	(747,018)	-
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	(29,609)	(284,332)	857,587	543,646
Changes that relate to past services				
Adjustments to liabilities for incurred claims	12,972,063	4,092,426	-	17,064,489
Net expense from reinsurance contracts held	52,885,887	(26,142)	(59,593)	52,800,152
Finance income from reinsurance contracts held	(1,023,057)	-	(2,368,301)	(3,391,358)
Total changes in the statement of profit or loss	51,862,830	(26,142)	(2,427,894)	49,408,794
Cash flows*	(37,998,041)	-	-	(37,998,041)
At 31 December 2023	(30,330,654)	(13,643,558)	(30,727,064)	(74,701,276)
Reinsurance contract liabilities	7,025,999	(103,979)	(1,145,689)	5,776,331
Reinsurance contract assets	(37,356,653)	(13,539,579)	(29,581,375)	(80,477,607)
At 31 December 2023	(30,330,654)	(13,643,558)	(30,727,064)	(74,701,276)

* Cash flows are analysed in the analysis by remaining coverage and incurred claims

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(b) Movements in reinsurance contract (Cont'd.)

(ii) Analysis by measurement component (Cont'd.)

Group/Company	2022 (Restated)			
	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Contractual service margin RM	Total RM
Reinsurance contract liabilities	3,315,715	(63,416)	(709,923)	2,542,376
Reinsurance contract assets	(65,749,191)	(12,021,011)	(28,058,115)	(105,828,317)
1 January 2022	(62,433,476)	(12,084,427)	(28,768,038)	(103,285,941)
Changes that relate to current services				
CSM recognised for services received	-	-	36,709,951	36,709,951
Change in risk adjustment for non-financial risk for risk expired	-	1,251,248	-	1,251,248
Experience adjustments	(8,934,392)	-	-	(8,934,392)
Changes that relate to future services				
Contracts initially recognised in the year	39,628,561	(3,866,759)	(35,761,802)	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	33,864	33,864
Changes in estimates that adjust the CSM	(1,044,112)	(308,905)	1,353,017	-
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	(102,588)	9,822	-	(92,766)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	9,173,606	1,381,605	-	10,555,211
Net expense from reinsurance contracts held	38,721,075	(1,532,989)	2,335,030	39,523,116
Finance income from reinsurance contracts held	156,202	-	(1,866,162)	(1,709,960)
Total changes in the statement of profit or loss	38,877,277	(1,532,989)	468,868	37,813,156
Cash flows*	(20,639,244)	-	-	(20,639,244)
At 31 December 2022	(44,195,443)	(13,617,416)	(28,299,170)	(86,112,029)
Reinsurance contract liabilities	7,598,022	(36,578)	(793,984)	6,767,460
Reinsurance contract assets	(51,793,465)	(13,580,838)	(27,505,186)	(92,879,489)
At 31 December 2022	(44,195,443)	(13,617,416)	(28,299,170)	(86,112,029)

* Cash flows are analysed in the analysis by remaining coverage and incurred claims

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(c) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts held measured under the GMM in the year.

(i) Insurance contracts

Group/Company	Note	Profitable contracts issued RM	Onerous contracts issued RM	Total RM
31 December 2023				
Claims and other insurance service expenses payable		41,740,739	35,187,921	76,928,660
Insurance acquisition cash flows		18,593,182	9,077,104	27,670,286
Estimates of present value of cash outflows		60,333,921	44,265,025	104,598,946
Estimates of present value of cash inflows		(108,885,255)	(34,457,594)	(143,342,849)
Risk adjustment for non-financial risk		8,463,816	5,251,492	13,715,308
CSM		40,087,518	-	40,087,518
Losses recognised on initial recognition	6(a)(ii)	-	15,058,923	15,058,923
31 December 2022 (Restated)				
Claims and other insurance service expenses payable		41,482,129	7,021,167	48,503,296
Insurance acquisition cash flows		15,589,735	24,892,177	40,481,912
Estimates of present value of cash outflows		57,071,864	31,913,344	88,985,208
Estimates of present value of cash inflows		(97,740,197)	(25,712,823)	(123,453,020)
Risk adjustment for non-financial risk		7,319,637	4,296,640	11,616,277
CSM		33,348,696	-	33,348,696
Losses recognised on initial recognition	6(a)(ii)	-	10,497,161	10,497,161

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(c) Effect of contracts initially recognised in the year (Cont'd.)

(ii) Reinsurance contracts held

Group/Company	Note	Contracts initatiated without loss-recovery component RM	Contracts initatiated with loss-recovery component RM	Total RM
31 December 2023				
Estimates of present value of cash inflows		(24,626,359)	(3,099,550)	(27,725,909)
Estimates of present value of cash outflows		66,461,510	4,760,973	71,222,483
Risk adjustment for non-financial risk		(4,936,424)	(655,521)	(5,591,945)
CSM	6(b)(ii)	36,898,727	1,005,902	37,904,629
31 December 2022 (Restated)				
Estimates of present value of cash inflows		(19,373,679)	(1,792,390)	(21,166,069)
Estimates of present value of cash outflows		58,450,443	2,344,187	60,794,630
Risk adjustment for non-financial risk		(3,427,954)	(438,805)	(3,866,759)
CSM	6(b)(ii)	35,648,810	112,992	35,761,802

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(d) Expected recognition of contractual service margin

The following table sets out when the Group and the Company expect to recognise the remaining CSM in the statement of profit or loss after the reporting date for contracts measured under GMM.

(i) Insurance contracts

	Note	Group/Company 2023 RM	Group/Company 2022 RM Restated
Less than one year		17,087,655	18,523,467
One to two years		2,982,097	4,379,820
Two to three years		1,599,862	1,934,924
Three to four years		3,038,612	726,168
Four to five years		-	411,443
More than five years		-	193,288
Total	6(a)(ii)	24,708,226	26,169,110

(ii) Reinsurance contracts held

	Note	Group/Company 2023 RM	Group/Company 2022 RM Restated
Less than one year		20,284,064	19,055,072
One to two years		3,556,807	5,514,044
Two to three years		1,943,968	2,154,772
Three to four years		4,942,225	750,563
Four to five years		-	824,719
More than five years		-	-
Total	6(b)(ii)	30,727,064	28,299,170

7. LOANS AND OTHER RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Other receivables				
Share of net assets held by Malaysian Motor Insurance Pool ("MMIP")*	38,483,308	41,201,022	38,483,308	41,201,022
Income due and accrued	394,141	267,946	390,295	266,054
Other receivables and deposits	3,536,238	6,427,159	3,536,238	1,373,029
Prepayments	182,300	205,300	182,300	205,300
Amounts receivable from sale of shares	386,567	149,210	386,567	149,210
	42,982,554	48,250,637	42,978,708	43,194,615
Less: Allowance for impairment	(986,463)	(986,463)	(986,463)	(986,463)
	41,996,091	47,264,174	41,992,245	42,208,152
Fixed and call deposits				
Licensed banks in Malaysia	34,046,338	42,344,320	18,405,040	33,158,534
Borneo Housing Mortgage Finance Berhad	35,000,000	34,000,000	35,000,000	34,000,000
	69,046,338	76,344,320	53,405,040	67,158,534
Total loans and other receivables	111,042,429	123,608,494	95,397,285	109,366,686

The carrying amounts of financial assets disclosed above are reasonable approximations of fair values at reporting date due to their short-term maturity.

* The share of net assets in MMIP includes the Group's and the Company's net cash contributions of RM5,859,477 (2022: RM10,859,477) made to MMIP.

7. LOANS AND OTHER RECEIVABLES (CONT'D.)

Included in the fixed and call deposits are cash collaterals received from policyholders of RM23,605,334 (2022: RM25,189,099) for guarantees issued on behalf of policyholders (Note 12).

The weighted average effective interest rates of the fixed and call deposits as at 31 December 2023 were 3.15% (2022: 2.67%) per annum.

8. DEFERRED TAXATION

		Group/Company	
	Note	**2023**	**2022**
		RM	**RM**
At 1 January		3,651,175	(266,728)
Recognised in profit or loss	20	1,243,219	3,917,903
At 31 December		4,894,394	3,651,175

Presented after appropriate offsetting are as follows:

	Group/Company	
	2023	**2022**
	RM	**RM**
Deferred tax assets	8,389,642	6,692,175
Deferred tax liabilities	(3,495,248)	(3,041,000)
	4,894,394	3,651,175

8. DEFERRED TAXATION (CONT'D.)

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

Group/Company Deferred tax assets	**Accelerated capital allowances RM**	**Impaired AFS financial assets RM**	**Fair value gains on financial assets at FVTPL RM**	**Premium liabilities RM**	**Lease liabilities RM**	**Provisions RM**	**Unutilised Tax Losses RM**	**Total RM**
At 1 January 2023	-	1,200,000	117,278	-	791,757	1,080,124	3,503,016	6,692,175
Recognised in profit or loss	284,377	-	(117,278)	14,419	(71,483)	108,334	1,479,098	1,697,467
At 31 December 2023	284,377	1,200,000	-	14,419	720,274	1,188,458	4,982,114	8,389,642
At 1 January 2022	-	1,200,000	-	530	123,805	1,376,046	-	2,700,381
Recognised in profit or loss	-	-	117,278	(530)	667,952	(295,922)	3,503,016	3,991,794
At 31 December 2022	-	1,200,000	117,278	-	791,757	1,080,124	3,503,016	6,692,175

8. DEFERRED TAXATION (CONT'D.)

Group/Company
Deferred tax liabilities

	Property revaluation reserve RM	Accelerated capital allowances RM	Right-of-use assets RM	Fair value gains on financial assets at FVTPL RM	Premium liabilities RM	Total RM
At 1 January 2023	(2,324,988)	(32,458)	(671,188)	-	(12,366)	(3,041,000)
Recognised in profit or loss	63,840	32,458	72,367	(635,279)	12,366	(454,248)
At 31 December 2023	(2,261,148)	-	(598,821)	(635,279)	-	(3,495,248)
At 1 January 2022	(2,381,028)	(286,149)	-	(299,932)	-	(2,967,109)
Recognised in profit or loss	56,040	253,691	(671,188)	299,932	(12,366)	(73,891)
At 31 December 2022	(2,324,988)	(32,458)	(671,188)	-	(12,366)	(3,041,000)

At the reporting date, the Group and the Company has deferred tax assets amounting to approximately RM1,460,000 arising from various temporary differences which have not been recognised due to uncertainty of its recoverability.

9. SHARE CAPITAL

	Group/Company			
	2023		2022	
	No. of shares	RM	No. of shares	RM
At beginning/end of year				
Issued and fully paid up	100,000,000	100,000,000	100,000,000	100,000,000

10. RESERVES

Reserves of the Group and of the Company comprise of the following:

		Group		Company	
	Note	2023 RM	2022 RM Restated	2023 RM	2022 RM Restated
Non-distributable:					
Property revaluation reserve	(a)	7,244,308	7,244,308	7,244,308	7,244,308
AFS reserve	(b)	-	(1,675,187)	-	155,747
Distributable:					
Retained earnings	(c)	154,089,972	158,079,825	153,994,096	156,188,107
Total reserves		161,334,280	163,648,946	161,238,404	163,588,162

(a) Property revaluation reserve

The property revaluation reserve represents the surplus on revaluation of properties and is not distributable as cash dividends until its realisation.

(b) AFS reserve

The AFS reserve is in respect of unrealised gains on AFS financial assets net of deferred taxation.

(c) Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single tier system.

11. LEASE LIABILITIES

	Note	Group/Company 2023 RM	Group/Company 2022 RM
Office lots			
At 1 January		3,296,406	3,650,862
Additions		71,774	-
Payment of lease liabilities		(518,957)	(522,271)
Interest expense on lease liabilities	19	151,920	167,815
At 31 December		3,001,143	3,296,406

12. OTHER FINANCIAL LIABILITIES

	Note	Group/Company 2023 RM	Group/Company 2022 RM
Cash collateral deposits received from policyholders	7	23,605,334	25,189,099
Interest on cash collateral deposits received from policyholders		1,678,045	1,671,604
		25,283,379	26,860,703

13. OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Provision for bonus	2,791,950	2,178,826	2,791,950	2,178,826
Accrued expenses	1,640,258	2,006,606	1,628,211	1,993,955
Salaries and wages control	1,341,887	1,246,044	1,341,887	1,246,044
Amounts payable for purchase of shares	399,483	56,075	399,483	56,075
Other payables	12,902,870	2,595,674	12,843,525	2,548,838
	19,076,448	8,083,225	19,005,056	8,023,738

14. INSURANCE SERVICE RESULT

	Note	Group/Company 2023 RM	Group/Company 2022 RM Restated
Insurance revenue	6(a)(i)	119,816,045	120,270,492
Amounts related to changes in liabilities for remaining coverage			
- Contractual service margin recognised for services provided	6(a)(ii)	35,943,257	36,469,260
- Change in risk adjustments for non-financial risk for risk expired		11,507,131	10,083,290
- Expected incurred claims and other insurance service expenses		61,858,122	60,559,533
- Experience adjustments related to current services		(10,214,229)	(12,309,047)
Recovery of insurance acquisition cash flows		20,721,764	25,467,456
Insurance service expenses	6(a)(i)	(85,678,392)	(95,623,894)
Incurred claims and other insurance service expenses		(65,966,274)	(61,447,629)
Amortisation of insurance acquisition cash flows		(20,853,299)	(25,339,967)
Losses on onerous contracts		(17,907,541)	(9,687,051)
Adjustments to liabilities for incurred claims		19,048,722	850,753
Allocation of reinsurance premiums	6(b)(i)	(65,244,987)	(56,400,567)
Amounts recoverable from reinsurers for incurred claims	6(b)(i)	12,444,835	16,877,451
Recoveries of incurred claims and other insurance service expenses		29,113,571	27,373,760
Recoveries losses on onerous underlying contracts		395,754	58,902
Adjustments to assets for incurred claims		(17,064,490)	(10,555,211)
Insurance service result		(18,662,499)	(14,876,518)

15. INVESTMENT INCOME

(a) Interest revenue calculated using the effective interest method

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Financial assets measured at amortised cost:				
Fixed and call deposits	2,209,454	1,342,486	1,630,405	1,211,096
	2,209,454	1,342,486	1,630,405	1,211,096

(b) Other investment revenue

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
Investment income, net	(i)	10,182,212	8,722,586	9,893,036	7,610,899
Realised losses	(ii)	(163,648)	(8,276,531)	(710,017)	(8,094,731)
Fair value gains/(losses)	(iii)	7,932,765	(4,361,933)	8,530,151	(1,738,366)
		17,951,329	(3,915,878)	17,713,170	(2,222,198)

15. INVESTMENT INCOME (CONT'D.)

(b) Other investment revenue (Cont'd.)

(i) Investment income, net

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
AFS financial assets:				
Interest income from corporate debt securities	-	13,636	-	13,636
Distribution income from wholesale unit trust funds	-	1,118,679	-	5,297,968
Financial assets at FVTPL:				
Interest income from corporate debt securities	6,210,578	5,418,399	-	-
Amortisation of premiums	(128,447)	(127,423)	-	-
Distribution income from wholesale unit trust funds	2,747,470	-	8,540,425	-
Dividend income from REITs	96,821	80,875	96,821	80,875
Dividend income from equity securities quoted in Malaysia	1,672,117	2,809,770	1,672,117	2,809,770
Investment income before investment expenses	10,598,539	9,313,936	10,309,363	8,202,249
Less: Investment expenses	(416,327)	(591,350)	(416,327)	(591,350)
	10,182,212	8,722,586	9,893,036	7,610,899

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

15. INVESTMENT INCOME (CONT'D.)

(b) Other investment revenue (Cont'd.)

(ii) Realised losses

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
AFS financial assets:				
Wholesale unit trust funds	-	(126,406)	-	(126,406)
Financial assets at FVTPL:				
Corporate debt securities	546,369	(181,800)	-	-
REITs	(1,656)	(208,117)	(1,656)	(208,117)
Equity securities quoted in Malaysia	(708,361)	(7,760,208)	(708,361)	(7,760,208)
	(163,648)	(8,276,531)	(710,017)	(8,094,731)

15. INVESTMENT INCOME (CONT'D.)

(b) Other investment revenue (Cont'd.)

(iii) Fair value gains/(losses)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets at FVTPL:				
Corporate debt securities	2,958,398	(2,623,567)	-	-
Wholesale unit trust funds	1,838,715	-	5,394,499	-
REITs	81,882	162,705	81,882	162,705
Equity securities quoted in Malaysia	3,053,770	(1,901,071)	3,053,770	(1,901,071)
	7,932,765	(4,361,933)	8,530,151	(1,738,366)

16. NET INSURANCE FINANCIAL RESULT

(a) Insurance finance expenses for insurance contracts issued

	Group/Company	
	2023	2022
	RM	RM
		Restated
Interest accreted to insurance contracts using current financial assumptions	(4,117,489)	(1,693,256)
Interest accreted to insurance contracts using locked-in rate	(2,290,040)	(1,631,949)
Effect of changes in interest rates and other financial assumptions	(1,164,461)	102,213
	(7,571,990)	(3,222,992)

(b) Reinsurance finance income for reinsurance contracts held

	Group/Company	
	2023	2022
	RM	RM
		Restated
Interest accreted to reinsurance contracts using current financial assumptions	625,777	121,671
Interest accreted to reinsurance contracts using locked-in rate	2,368,301	1,866,162
Effect of changes in interest rates and other financial assumptions	397,280	(277,873)
	3,391,358	1,709,960

17. OTHER OPERATING INCOME

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Net income arising from MMIP accounts	3,773,098	290,014	3,773,098	290,014
Gains on disposal of property and equipment	-	49,278	-	49,278
Other operating income	407,126	411,408	407,126	395,570
	4,180,224	750,700	4,180,224	734,862

18. OTHER OPERATING EXPENSES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Non-attributable expenses	4,006,188	2,649,511	4,006,188	2,649,511
Other operating expenses	523,855	417,058	8,730	17
	4,530,043	3,066,569	4,014,918	2,649,528

19. EXPENSES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Commissions	1,380,263	1,439,738	1,380,263	1,439,738
Employee benefits expenses (a)	21,471,388	20,494,721	21,471,388	20,494,721
Non-executive directors' remuneration excluding benefits-in-kind (b):				
- Fees	595,296	618,941	595,296	618,941
- Other emoluments	464,416	456,084	464,416	456,084
Auditors' remuneration:				
- Statutory audit	588,100	274,450	579,300	265,650
- Other auditors' fees	183,200	12,500	170,700	-
- Regulatory related fees	30,000	28,350	30,000	28,350
- Non-audit fees	27,900	7,296	20,500	18,500
Legal and professional fees	2,149,997	1,970,818	2,149,997	1,970,818
Management fees	201,612	337,774	201,612	337,774
Depreciation:				
- Property and equipment (Note 3)	2,028,764	1,558,650	2,028,764	1,558,650
- Right-of-use assets (Note 4)	373,307	374,378	373,307	374,378
Interest on lease liabilities (Note 11)	151,920	167,815	151,920	167,815
Operating leases:				
- Office rental	14,376	11,385	14,376	11,385
- Office equipment rental	52,805	54,399	52,805	54,399
Computer maintenance charges	2,190,019	3,101,924	2,190,019	3,101,924
Computer lease line	599,024	777,774	599,024	777,774
Printing and stationery	389,176	422,896	389,176	422,896
Other expenses	4,768,000	2,850,372	4,281,575	2,443,427
Total expenses	37,659,563	34,960,265	37,144,438	34,543,224

19. EXPENSES (CONT'D.)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Total expenses	37,659,563	34,960,265	37,144,438	34,543,224
Amounts attributed to insurance acquisition cash flows	(14,134,442)	(12,067,256)	(14,134,442)	(12,067,256)
Amortisation of insurance acquisition cash flows	20,853,299	25,339,967	20,853,299	25,339,967
	44,378,420	48,232,976	43,863,295	47,815,935
Represented by:				
Insurance service expenses	39,848,377	45,166,407	39,848,377	45,166,407
Other operating expenses	4,530,043	3,066,569	4,014,918	2,649,528
	44,378,420	48,232,976	43,863,295	47,815,935

(a) Employee benefits expenses

	Group/Company	
	2023	**2022**
	RM	**RM**
Wages, salaries and bonuses	17,554,623	16,750,272
Social security contributions	167,192	147,721
Contribution to Employees Provident Fund	2,767,256	2,468,089
Other benefits	982,317	1,128,639
	21,471,388	20,494,721

19. EXPENSES (CONT'D.)

(a) Employee benefits expenses (Cont'd.)

Included in employee benefits expenses is the Chief Executive Officer's remuneration as follows:

	Group/Company	
	2023	**2022**
	RM	**RM**
Chief Executive Officer - Jaimin Bin Kamin		
- Salary	630,000	300,000
- Allowance	47,950	12,000
- Defined contribution plan	151,892	65,645
- Bonus	184,315	50,000
Total salary costs (Note 19(a))	1,014,157	427,645
Benefits-in-kind	10,120	13,656
	1,024,277	441,301
Chief Executive Officer - Leong Pang Cheung		
- Salary	-	874,726
- Allowance	-	15,613
- Defined contribution plan	-	68,651
- Bonus	-	360,935
Total salary costs (Note 19(a))	-	1,319,925
Benefits-in-kind	-	13,448
	-	1,333,373

(b) Non-Executive Directors' remuneration

	Group/Company	
	2023	**2022**
	RM	**RM**
Fees	595,296	618,941
Other emoluments	464,416	456,084
Benefits-in-kind	11,100	5,808
	1,070,812	1,080,833

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

19. EXPENSES (CONT'D.)

(b) Non-Executive Directors' remuneration (Cont'd.)

Non-Executive Directors' remuneration by Director:

	Group/Company	
	2023	**2022**
	RM	**RM**
Tan Sri Sukarti Bin Wakiman	244,921	216,785
Datuk Haji Rusdin @ Musidi Bin Riman	243,279	218,819
Paul Chong Thian Soo	218,387	157,966
Chong Chung Vui	115,904	-
Tuan Haji Mohamed Rifai Bin Mohd Razi	84,288	150,534
Abdul Aziz Bin Zainal Abidin	164,033	173,027
Datuk Wong Poh Loon	-	58,580
Chee Shok Ting	-	105,122
	1,070,812	1,080,833

20. TAXATION

	Group/Company	
	2023	**2022**
	RM	**RM**
Income tax:		
Under/(over) provision of income tax in prior years	258,727	(600,921)
	258,727	(600,921)
Deferred tax (Note 8):		
Relating to origination and reversal of temporary differences	(760,428)	(3,765,482)
Over provision of deferred tax in prior years	(482,791)	(152,421)
	(1,243,219)	(3,917,903)
	(984,492)	(4,518,824)

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

	Group	
	2023	**2022**
	RM	**RM**
		Restated
Loss before taxation	(3,032,167)	(21,278,811)
Taxation at Malaysian statutory tax rate of 24%	(727,720)	(5,106,915)
Income not subject to tax	(2,647,938)	(1,567,024)
Expenses not deductible for tax purposes	938,352	1,317,786
Deferred tax assets recognised on unabsorbed CA	213,719	(318,059)
Under/(over) provision of income tax in prior years	258,727	(600,921)
Over provision of deferred tax in prior years	(482,791)	(152,421)
Deferred tax assets not recognised	1,463,159	1,908,730
Taxation for the year	(984,492)	(4,518,824)

20. TAXATION (CONT'D)

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

	Company	
	2023	**2022**
	RM	**RM**
		Restated
Loss before taxation	(3,334,250)	(19,315,318)
Taxation at Malaysian statutory tax rate of 24%	(800,220)	(4,635,676)
Income not subject to tax	(2,451,809)	(1,941,974)
Expenses not deductible for tax purposes	814,723	1,221,497
Deferred tax assets recognised on unabsorbed CA	213,719	(318,059)
Under/(over) provision of income tax in prior years	258,727	(600,921)
Over provision of deferred tax in prior years	(482,791)	(152,421)
Deferred tax assets not recognised	1,463,159	1,908,730
Taxation for the year	(984,492)	(4,518,824)

21. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	2023	**2022**
	RM	**RM**
		Restated
Profit attributable to ordinary equity holders	(2,047,675)	(16,759,987)

	2023	**2022**
	Units	**Units**
Weighted average number of ordinary shares in issue at 31 December	100,000,000	100,000,000

21. EARNINGS PER ORDINARY SHARE (CONT'D.)

	2023 sen	2022 sen Restated
Basic and diluted earnings per share	(2.0)	(16.8)

There have been no other transaction involving ordinary shares between the reporting date and the authorisation date of the financial statements.

22. DIVIDENDS

	Recognised in Year	
	2023 RM	2022 RM
In respect of financial year:		
2021: Final single-tier dividend of 7.1% on 100,000,000 ordinary shares (7.10 sen net per ordinary share)	-	7,100,001

No dividends have been declared or paid by the Company in the current financial year.

23. OPERATING LEASE ARRANGEMENTS

The Group and the Company as lessee

The Group and the Company have entered into non-cancellable operating lease arrangements for the use of certain office premises. Certain contracts in these leases carry renewal options in the contracts. These contracts include fixed rentals over the tenure of the lease period.

The Group and the Company also lease office equipment under non-cancellable operating lease agreements with an automatic yearly renewal option unless a written termination notice is served by either party.

23. OPERATING LEASE ARRANGEMENTS (CONT'D.)

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at reporting date but not recognised as liabilities are as follows:

	Company	
	2023	**2022**
	RM	**RM**
Not later than 1 year	72,536	75,392
Later than 1 year and not later than 5 years	59,233	14,013
	131,769	89,405

From 1 January 2019, given the adoption of MFRS 16 *Leases* , the Group and the Company have recognised right-of-use assets for office rental, except for short term and low-value leases which remains as operating lease.

Expenses incurred in relation to operating leases are disclosed in Note 19.

24. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, related parties are considered to be related to the Group and the Company if the Group and the Company have 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 Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Name	Relationship
State Government of Sabah	Shareholder
Sabah Development Bank Berhad	Other related company
Sabah State Government-Linked Companies	Other related companies

The transactions between the Group and the Company and its related parties were based on normal commercial terms and conditions and made on terms equivalent to those that prevail in arm's length transactions.

24. RELATED PARTY DISCLOSURES (CONT'D.)

(a) The Group and the Company had the following significant transactions with related parties during the year:

	Company	
	2023	**2022**
	RM	**RM**
Distribution income from wholesale unit trust funds	5,792,955	4,179,289
Gross premiums	12,504,884	11,189,023
Gross claims paid	(1,748,783)	(1,262,842)
Commission expenses	(588,002)	(573,761)

(b) Included in the statements of financial position of the Group and of the Company are outstanding balances with related parties as at 31 December:

Outstanding premiums	857,785	978,197

(c) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The key management of the Group and of the Company includes the Directors and Chief Executive Officer of the Company. The remuneration of key management is disclosed in Note 19(a) and Note 19(b).

25. CAPITAL COMMITMENTS

	Group/Company	
	2023	**2022**
	RM	**RM**
Authorised but not contracted for - property and equipment	8,321,880	6,084,500

26. RISK MANAGEMENT FRAMEWORK

Risk management forms an integral part of the Group's and of the Company' score business processes and the Board, with the assistance of the management, had implemented risk management processes within the Group and the Company that set out the overall business strategies and the general risk management philosophy. The Group and the Company are exposed to operational, financial and general risks.

Investments in subsidiaries (wholesale unit trust funds) are exposed to a variety of risks which include market risk, credit risk, liquidity risk and capital risk.

Financial risk management relating to wholesale unit trust funds is carried out through internal control processes adopted by the fund manager and adherence to the investment restrictions as stipulated by the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the Trust Deeds.

The risk management infrastructure of the Group and of the Company set out clear accountability and responsibility for the risk management processes which underlines the oversight, principal risk management and control responsibilities:

Processes	Parties Responsible
Approval of risk management policies, risk appetite and risk tolerance	**Board of Directors** - Risk Management Committee ("RMC")
Formulate and implement risk methodology structure, policies, risk appetite and risk tolerance	**Dedicated Committee** - Risk Management Work Group ("RMWG")
Independent monitoring and review	**Independent Risk Management** - Risk Management Department - Compliance Department - Information Security Department - Internal Audit Department
Implementation and compliance with risk management policies and procedures	**Business Units** - Chief Operating Officer Department - Business Development Department and Branches - Technical Department - Claims Department - Management Information Systems Department - Actuarial Department - Finance Department - Human Resource and Administration Department - Policy Processing Unit

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

The formalised risk management framework of the Group and of the Company are as follows:

The Board of Directors are responsible for the Group's and the Company's risk appetite/risk tolerance, capital management framework and risk management policies.

The RMC was established to provide oversight on the risk management initiatives and drive the risk management processes in identifying principal business risks and the implementation of appropriate systems to manage these risks. The RMC is supported by the RMWG.

The RMWG, chaired by the Chief Risk Officer, is responsible to drive key risk management activities undertaken by the senior management team and communicate to the RMC on material risks (present and emerging) in terms of likelihood of exposures, the impact on the Group's and the Company's business and the management action plans to manage and mitigate these risks on a continuing basis.

The risk management policies are subject to review to ensure that they remain relevant and effective in managing the associated risks due to changes in the market and regulatory environments.

The independent risk management review under the Internal Audit Department ("IAD") provides support to the dedicated Audit Committee ("AC") and is responsible to ascertain that the risk policies are implemented and complied with.

The role of the AC, supported by the IAD, is to provide an independent assessment of the adequacy, effectiveness and reliability of the risk management processes and system of internal controls and compliance with risk processes, laws, internal policies and regulatory guidelines.

The Business Units are responsible for identifying, mitigating and managing risks within their respective lines of business and ensuring that their day-to-day business activities are carried out in accordance with the established risk management policies, procedures and limits.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Capital Management Plan

The Group's and the Company's Capital Management Plan ("CMP") is in compliance with the Guidelines on Internal Capital Adequacy Assessment Processes ("ICAAP") issued by BNM for Insurers.

Under the ICAAP Guidelines, there are six (6) key elements as tabulated below:

- Board and Senior Management Oversight
- Comprehensive Risk Assessment
- Individual Target Capital Level ("ITCL")
- Stress Testing
- Sound Capital Management
- Monitoring, Reporting and Review of ICAAP

The objective of the CMP is to optimise the efficiency and effective use of resources in order to maximise the returns and provide an appropriate level of capital protection to policyholders. The possible sources of vulnerabilities that can impact directly or indirectly on the operations and financial resilience of the Group and of the Company whilst complying with rules and regulations issued by the relevant authorities are taken into account.

The management of capital is guided by the CMP which is driven by the Group's and the Company's business strategies and plans and organisational requisites which take into account the business and regulatory environment in which the Group and the Company operate.

The CMP takes into account how adverse scenarios are likely to affect the Group's and the Company's risk management activities and sets out thresholds that act as triggers for corrective actions. The intensity of corrective actions increases depending on which threshold level is breached. The CMP ensures that an appropriate level of capital is maintained at all times.

Disclosure of the Company's compliance with the RBC Framework and the regulatory capital requirements are disclosed in Note 2.1 and Note 29 respectively.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Stress Testing

The Board and Management recognise stress testing as an effective risk management tool to identify potential threats due to exceptional but adverse plausible events.

The stress testing process has been designed to suit the Group's and the Company's business environment and risk profile and is commensurate with the nature, complexity and sophistication of its business activities. Assumptions underlying the stress tests are consistent with the results of the comprehensive risk assessment to ensure that they are realistic. Challenging scenarios are incorporated into the stress testing exercise and will be continuously reviewed with the changing business environment. The stress testing process helps determine the extent by which capital may be eroded from exceptional but adverse plausible events.

The Board and Management participate actively in providing feedback and participating in the discussions on the methodology, assumptions and results of each stress testing exercise.

The Group's and the Company's stress testing process complies with the Guidelines of Stress Testing for Insurers issued by BNM. The results of the stress tests are submitted to BNM on a half yearly basis.

The stress test results together with the counter measures taken are tabled for the Board's deliberation and recommendation prior to submission to BNM.

Insurance risk

The Group and the Company underwrite various classes of general insurance contracts. The major classes of insurance business written are Fire, Motor, Marine, Bond and Engineering, Workmen's Compensation and Liabilities, Personal Accident and other Miscellaneous classes.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Insurance risk (Cont'd.)

Insurance risk comprises both actuarial and underwriting risks resulting from pricing and acceptance processes and the inherent uncertainty regarding the occurrence, amount and timing of insurance liabilities. Insurance contracts transfer risks of the policyholders by indemnifying them against adverse effects arising from the occurrence of specified uncertain future events. The principal risk of the Group and of the Company under insurance contracts is that the actual claims and benefits payment differ from expectations and assumptions used in product pricing, risks that arise from fluctuations in timing, frequency and severity of claims as well as the adequacy of insurance liability reserves.

The Group and the Company are also exposed to risks arising from climate changes, natural disasters and terrorism activities. There is also inflation risk for longer tailed exposures that take some years to settle. The Group and the Company work closely with reinsurance brokers and reinsurers and have in place a prudent underwriting process. In addition, the Group's and the Company's reinsurance structure, strategies and policies are reviewed annually by management and approved by the Board. Reinsurance structures are designed based on the type of risks and catastrophe cover is obtained to mitigate catastrophic exposures.

Only reinsurers with a minimum rating of A are considered and the Group and the Company limit risks to any one reinsurer by ceding different products to different parties on the approved panel of reinsurers. In those exceptional cases where reinsurers with ratings lower than A are considered, a simultaneous payment clause is introduced in the policy to mitigate the risk of default and concentration of exposure.

Risks under general insurance policies usually cover a twelve-month duration with the exception of marine cargo which covers the duration of the voyage and some non-annual policies such as bond and engineering, workmen's compensation, etc., with a cover period of more than one year. The risk inherent in general insurance contracts is reflected in the insurance and reinsurance contract liabilities. The accounting policy for insurance and reinsurance contract liabilities are as disclosed in Note 2.4(a).

The Group's and the Company's objectives of managing insurance risk are to improve the long-term financial performance of the business and to achieve sustainable growth in profitability, strong asset quality and to continually optimise shareholders' value.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Insurance risk (Cont'd.)

The Group's and the Company's underwriting strategy is to ensure that the risks underwritten are well diversified across the classes of insurance business and geographical areas. The variability of risks is managed by the selection and implementation of underwriting guidelines, which are designed to ensure that risks are diversified in terms of type of risks and level of insured benefits.

The Group and the Company adopt the following measures to manage its insurance risks:

(i) The Group and the Company adopt an underwriting policy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with set limits on the type of risks underwritten, underwriting capacity and authority of individuals to underwrite risks based on their specific expertise.

(ii) The Group and the Company have in place a claims management and control system to pay claims and to detect claims overpayment or fraud. The Group and the Company have claims review policies to assess new and ongoing claims. Review of claims handling procedures and investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Group and of the Company. The Group and the Company further enforce a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that may negatively impact the business. Inflation risk is mitigated by taking anticipated inflation into account when estimating insurance contract liabilities.

(iii) The Group and the Company purchase reinsurance protection as part of its risks mitigation programme. The objective of purchasing reinsurance is to provide capacity for the Group and the Company while protecting their financial position and optimising the Group's and the Company's capital efficiency. Reinsurance is ceded on a facultative, quota share, surplus share and non-proportional basis. The Group's and the Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group and of the Company substantially dependent upon any single reinsurance contract.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Insurance risk (Cont'd.)

The table below shows the concentration of risks in the Group's and the Company's insurance revenue by class of business.

	Group/Company			
	2023		2022	
	RM'000	%	RM'000 Restated	%
Fire	24,705	20.6%	23,209	19.3%
MAT (Aviation, Cargo and Hull)	14,756	12.3%	19,484	16.2%
Motor	19,804	16.5%	19,037	15.8%
Engineering	26,757	22.3%	31,033	25.8%
Others	33,794	28.3%	27,507	22.9%
	119,816	100.0%	120,270	100.0%

Key assumptions

The principal assumption underlying the estimation of insurance contract liabilities is that the Group's and the Company's future claims development will follow a similar pattern to past claims experience. This includes assumptions in respect of average claims costs, claims handling costs and historical claims development trend. Qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, one-off occurrence as well as internal factors such as portfolio mix, policy conditions and claims handling procedures, legislative changes, judicial decisions and economic conditions. The actual claim and premium liabilities are unlikely to develop exactly as projected and may vary from initial estimates.

Sensitivities

The Group and the Company engaged an independent actuarial firm to run a sensitivity analysis of the liabilities and comparison of past valuation results. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's and of the Company's estimation process in respect of its insurance contract liabilities. The table presented below demonstrates the sensitivity of the insurance contract liabilities to a change in the assumptions used in the estimation process.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Sensitivities (Cont'd.)

The analysis below is performed for a change in one variable with all other variables remaining constant and ignores the values of the related assets, showing the impact on gross and net liabilities, profit before tax and equity. The variables include Resultant Ultimate Loss Ratio ("ULR"), risk adjustment and expense ratio. The impact on the Group's and the Company's claim liabilities arising from changes in key variables as well as the corresponding impact on profit before tax and equity are shown in the table below.

Group/Company	**Change in assumptions**	**Impact on gross liabilities RM'000**	**Impact on net liabilities RM'000**	**Impact on profit before tax RM'000**	**Impact on equity* RM'000**
		← **Increase / (Decrease)** →			
31 December 2023					
ULR	+10%	57,254	31,714	(31,714)	(24,103)
Risk adjustment	+10%	2,243	1,079	(1,079)	(820)
Expense ratio	+10%	1,299	1,277	(1,277)	(971)
31 December 2023					
ULR	-10%	(17,390)	(11,283)	11,283	8,575
Risk adjustment	-10%	(2,243)	(1,079)	1,079	820
Expense ratio	-10%	(1,299)	(1,277)	1,277	971
31 December 2022 (Restated)					
ULR	+10%	59,560	32,939	(32,939)	(25,034)
Risk adjustment	+10%	2,046	837	(837)	(636)
Expense ratio	+10%	995	981	(981)	(746)
31 December 2022 (Restated)					
ULR	-10%	(15,571)	(10,874)	10,874	8,264
Risk adjustment	-10%	(2,046)	(837)	837	636
Expense ratio	-10%	(995)	(981)	981	746

*The effect on equity is shown net of tax.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and reserving for each successive accident period at reporting date, together with cumulative payments to-date.

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

The Group and the Company believe that the estimated claim liabilities as at reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be fully assured that such balances will ultimately prove to be adequate.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

2023 Claims development table - Group and Company

Analysis of Claims Development - Gross of Reinsurance (RM'000)
Total Gross Business Within Malaysia

	Accident Year								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Ultimate Claims Incurred									
At end of accident year						76,188	55,427	61,304	
One year later					71,960	79,361	54,008		
Two years later				59,134	64,335	68,078			
Three years later			57,846	56,664	65,682				
Four years later		64,274	58,498	59,279					
Five years later	58,686	63,920	58,861						
Six years later	58,417	60,448							
Seven years later	59,665								
Current estimate of cumulative claims incurred	59,665	60,448	58,861	59,279	65,682	68,078	54,008	61,304	**487,325**
Cumulative Claims Paid									
At end of accident year	24,463	23,905	23,017	16,140	13,609	11,225	14,421	10,670	
One year later	46,515	49,082	39,600	31,596	29,780	33,021	29,447		
Two years later	52,243	54,132	44,611	41,615	37,975	40,772			
Three years later	54,518	56,596	46,960	45,796	47,793				
Four years later	55,522	56,611	51,822	49,244					
Five years later	55,827	57,332	52,164						
Six years later	56,145	57,919							
Seven years later	56,409								
Cumulative payments to date	56,409	57,919	52,164	49,244	47,793	40,772	29,447	10,670	**344,418**
Direct, Facultative Inwards & Treaty Inwards	3,256	2,529	6,697	10,035	17,889	27,306	24,561	50,634	**142,907**
						Claim handling expenses			**2,758**
						Effect of discounting			**(5,650)**
						Risk adjustment			**16,648**
						Gross liabilities			**156,663**
						MMIP			**12,353**
						Gross liabilities for incurred claims			**169,016**

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

2023 Claims development table - Group and Company (Cont'd.)

Analysis of Claims Development - Net of Reinsurance (RM'000)
Total Net Business Within Malaysia

	Accident Year								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Ultimate Claims Incurred									
At end of accident year						27,573	29,687	33,670	
One year later					27,272	27,401	30,698		
Two years later				33,931	27,865	25,445			
Three years later			38,978	33,293	28,710				
Four years later		37,891	39,125	33,235					
Five years later	42,160	37,527	39,055						
Six years later	41,556	37,119							
Seven years later	42,043								
Current estimate of cumulative claims incurred	42,043	37,119	39,055	33,235	28,710	25,445	30,698	33,670	**269,975**
Cumulative Claims Paid									
At end of accident year	17,972	15,092	15,717	11,864	9,944	7,338	10,691	8,843	
One year later	33,940	29,274	28,141	21,924	17,409	16,685	17,479		
Two years later	37,097	32,707	31,743	26,571	21,769	19,246			
Three years later	39,049	34,745	33,464	28,963	22,468				
Four years later	39,920	34,851	35,454	29,339					
Five years later	40,210	35,311	35,599						
Six years later	40,525	35,782							
Seven years later	40,653								
Cumulative payments to date	40,653	35,782	35,599	29,339	22,468	19,246	17,479	8,843	**209,409**
Direct, Facultative Inwards & Treaty Inwards	1,390	1,337	3,456	3,896	6,242	6,199	13,219	24,827	**60,566**
						Claim handling expenses			**2,758**
						Effect of discounting			**(2,647)**
						Risk adjustment			**7,070**
						Net liabilities			**67,747**
						MMIP			**12,353**
						Net liabilities for incurred claims			**80,100**

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

2022 Claims development table - Group and Company

Analysis of Claims Development - Gross of Reinsurance (RM'000)
Total Gross Business Within Malaysia

	Accident Year								
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Ultimate Claims Incurred									
At end of accident year							76,188	55,427	
One year later						71,960	92,744		
Two years later					59,134	64,360			
Three years later				57,846	56,663				
Four years later			64,274	58,498					
Five years later		58,686	63,920						
Six years later	79,038	58,417							
Seven years later	79,277								
Current estimate of cumulative claims incurred	79,277	58,417	63,920	58,498	56,663	64,360	92,744	55,427	**529,306**
Cumulative Claims Paid									
At end of accident year	27,203	24,463	23,905	23,017	16,140	13,609	11,225	14,421	
One year later	48,528	46,515	49,082	39,600	31,596	29,780	46,404		
Two years later	63,946	52,243	54,132	44,611	41,615	38,000			
Three years later	72,680	54,518	56,596	46,960	45,795				
Four years later	74,816	55,522	56,611	51,822					
Five years later	76,560	55,827	57,332						
Six years later	77,049	56,145							
Seven years later	77,587								
Cumulative payments to date	77,587	56,145	57,332	51,822	45,795	38,000	46,404	14,421	**387,506**
Direct, Facultative Inwards & Treaty Inwards	1,690	2,272	6,588	6,676	10,868	26,360	46,340	41,006	**141,800**
						Claim handling expenses			**2,011**
						Effect of discounting			**(6,505)**
						Risk adjustment			**15,677**
						Gross liabilities			**152,983**
						MMIP			**14,131**
						Gross liabilities for incurred claims			**167,114**

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

2022 Claims development table - Group and Company (Cont'd.)

Analysis of Claims Development - Net of Reinsurance (RM'000)
Total Net Business Within Malaysia

	Accident Year								
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Ultimate Claims Incurred									
At end of accident year							27,573	29,687	
One year later						27,272	40,784		
Two years later					33,181	27,890			
Three years later				39,083	33,292				
Four years later			40,684	39,230					
Five years later		42,160	40,303						
Six years later	44,227	41,556							
Seven years later	44,808								
Current estimate of cumulative claims incurred	44,808	41,556	40,303	39,230	33,292	27,890	40,784	29,687	**297,550**
Cumulative Claims Paid									
At end of accident year	18,159	17,972	15,092	15,717	11,864	9,944	7,338	10,691	
One year later	34,404	33,940	31,879	28,246	21,924	17,409	30,068		
Two years later	39,253	37,097	35,499	31,848	25,821	21,794			
Three years later	40,927	39,049	37,538	33,569	28,962				
Four years later	41,905	39,920	37,643	35,560					
Five years later	43,038	40,210	38,088						
Six years later	43,478	40,525							
Seven years later	43,937								
Cumulative payments to date	43,937	40,525	38,088	35,560	28,962	21,794	30,068	10,691	**249,625**
Direct, Facultative Inwards & Treaty Inwards	871	1,031	2,215	3,670	4,330	6,096	10,716	18,996	**47,925**
						Claim handling expenses			**2,011**
						Effect of discounting			**(2,605)**
						Risk adjustment			**5,066**
						Net liabilities			**52,397**
						MMIP			**14,131**
						Net liabilities for incurred claims			**66,528**

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks

The Group and the Company are exposed to a variety of financial risks that includes credit risk, liquidity risk, market risk and operational risk that arise in the normal course of business. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for its shareholders whilst minimising potential exposures to adverse effects on their financial performance and positions.

The Group and the Company are guided by financial risk management policies and guidelines which set out the overall business strategies and the general risk management philosophy and processes. The Group and the Company have established internal processes to monitor the risks on an ongoing basis and support the development of the Group's and of the Company's business.

(i) Credit risk

Credit risk is the potential financial loss resulting from the failure of counterparties such as customers, intermediaries or counterparties to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

The Group's and the Company's primary exposure to credit risk arises through its investment in fixed income securities, receivables arising from sales of insurance policies and obligations of reinsurers through reinsurance contracts. The Group and the Company have put in place investment guidelines and credit policies as part of its overall credit risk management framework. The Group and the Company manage individual exposures as well as concentration of credit risks. At the end of the reporting period, there were no significant concentration of credit risks.

Evaluation of an issuer's credit risk is undertaken by the Finance Department. The Group and the Company use the ratings assigned by external rating agencies to assess an issuer's credit risk. Monitoring of credit and concentration risk is carried out by the Finance Department which reports to the Investment Management Committee and the Board of Directors.

Cash and deposits are generally placed with financial institutions, licensed under the Financial Services Act 2013, which are regulated by BNM.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

Receivables arising from insurance and reinsurance contracts are monitored by the Credit Control Unit within the Finance Department to ensure adherence to the Group's and the Company's credit policy. As part of the overall risk management strategy, the Group and the Company cede insurance risk through facultative, quota share, surplus share and non-proportional treaty reinsurance arrangements to mitigate concentration and overexposure of risks. The Group and the Company introduced the simultaneous payment clause in the policy when the proportion of any one or more foreign reinsurers' share of participation is deemed significant.

The Group and the Company monitor the credit quality and financial conditions of their reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. When selecting its reinsurers, the Group and the Company consider their relative financial security and rating and mitigates concentration of risk by having a panel of reinsurers. The security of the reinsurer is assessed based on public rating information and annual reports.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

The following table shows the financial and insurance assets of the Group and of the Company by their credit rating:

Group	AAA RM	AA RM	A RM	Malaysian Licensed Financial Institutions/ Insurers RM	Not-rated RM	Not Subject to Credit risk RM	Total RM
31 December 2023							
Financial assets at FVTPL	55,676,825	90,795,882	1,004,755	-	5,774,858	138,039,376	291,291,696
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	-	-	-	3,330,483	-	3,330,483
Fixed and call deposits	-	-	-	34,046,338	35,000,000	-	69,046,338
Cash and bank balances, excluding petty cash	-	-	-	8,732,730	-	-	8,732,730
	55,676,825	90,795,882	1,004,755	42,779,068	44,105,341	138,039,376	372,401,247

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

The following table shows the financial and insurance assets of the Group and of the Company by their credit rating: (Cont'd.)

Group	**AAA RM**	**AA RM**	**A RM**	**Malaysian Licensed Financial Institutions/ Insurers RM**	**Not-rated RM**	**Not Subject to Credit risk RM**	**Total RM**
31 December 2022 (Restated)							
AFS financial assets	-	-	-	-	-	70,113,877	70,113,877
Financial assets at FVTPL	32,113,145	60,105,580	5,091,636	-	5,591,175	83,750,155	186,651,691
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	-	-	-	5,857,852	-	5,857,852
Fixed and call deposits	-	-	-	42,344,320	34,000,000	-	76,344,320
Cash and bank balances, excluding petty cash	-	-	-	6,972,384	-	-	6,972,384
	32,113,145	60,105,580	5,091,636	49,316,704	45,449,027	153,864,032	345,940,124

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

The following table shows the financial and insurance assets of the Group and of the Company by their credit rating: (Cont'd.)

Company	**AAA RM**	**AA RM**	**A RM**	**Malaysian Licensed Financial Institutions/ Insurers RM**	**Not-rated RM**	**Not Subject to Credit risk RM**	**Total RM**
31 December 2023							
Financial assets at FVTPL	-	-	-	-	-	303,013,870	303,013,870
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	-	-	-	3,326,637	-	3,326,637
Fixed and call deposits	-	-	-	18,405,040	35,000,000	-	53,405,040
Cash and bank balances, excluding petty cash	-	-	-	7,852,354	-	-	7,852,354
	-	-	-	26,257,394	38,326,637	303,013,870	367,597,901

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

The following table shows the financial and insurance assets of the Group and of the Company by their credit rating: (Cont'd.)

Company	AAA RM	AA RM	A RM	Malaysian Licensed Financial Institutions/ Insurers RM	Not-rated RM	Not Subject to Credit risk RM	Total RM
31 December 2022 (Restated)							
AFS financial assets	-	-	-	-	-	187,739,631	187,739,631
Financial assets at FVTPL	-	-	-	-	-	79,588,316	79,588,316
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	-	-	-	801,830	-	801,830
Fixed and call deposits	-	-	-	33,158,534	34,000,000	-	67,158,534
Cash and bank balances, excluding petty cash	-	-	-	6,163,011	-	-	6,163,011
	-	-	-	39,321,545	34,801,830	267,327,947	341,451,322

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

Credit exposure by credit quality

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying financial and insurance assets according to the credit ratings of counterparties.

Group	**Investment grade RM**	**Not-rated RM**	**Not Subject to Credit risk RM**	**Total RM**
31 December 2023				
Financial assets at FVTPL	147,477,462	5,774,858	138,039,376	291,291,696
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	3,330,483	-	3,330,483
Fixed and call deposits	34,046,338	35,000,000	-	69,046,338
Cash and bank balances, excluding petty cash	8,732,730	-	-	8,732,730
	190,256,530	44,105,341	138,039,376	372,401,247
31 December 2022 (Restated)				
AFS financial assets	-	-	70,113,877	70,113,877
Financial assets at FVTPL	97,310,361	5,591,175	83,750,155	186,651,691
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	5,857,852	-	5,857,852
Fixed and call deposits	42,344,320	34,000,000	-	76,344,320
Cash and bank balances, excluding petty cash	6,972,384	-	-	6,972,384
	146,627,065	45,449,027	153,864,032	345,940,124

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(i) Credit risk (Cont'd.)

Credit exposure by credit quality (Cont'd.)

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying financial and insurance assets according to the credit ratings of counterparties. (Cont'd.)

Company	**Investment grade RM**	**Not-rated RM**	**Not Subject to Credit risk RM**	**Total RM**
31 December 2023				
Financial assets at FVTPL	-	-	303,013,870	303,013,870
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	3,326,637	-	3,326,637
Fixed and call deposits	18,405,040	35,000,000	-	53,405,040
Cash and bank balances, excluding petty cash	7,852,354	-	-	7,852,354
	26,257,394	38,326,637	303,013,870	367,597,901
31 December 2022 (Restated)				
AFS financial assets	-	-	187,739,631	187,739,631
Financial assets at FVTPL	-	-	79,588,316	79,588,316
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	-	801,830	-	801,830
Fixed and call deposits	33,158,534	34,000,000	-	67,158,534
Cash and bank balances, excluding petty cash	6,163,011	-	-	6,163,011
	39,321,545	34,801,830	267,327,947	341,451,322

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company may not have sufficient liquid financial resources to meet their obligations when they fall due or any sudden or unplanned increases in demand for payment. In respect of catastrophic events, there is also a liquidity risk associated with the timing of recoveries between gross cash outflows and expected reinsurance recoveries. As part of the Group's and of the Company's policy on liquidity management, sufficient levels of financial resources are maintained to meet expected liquidity needs under normal and stressed conditions.

The following policies and procedures are in place to mitigate the Group's and the Company's exposure to liquidity risk:

The Group and the Company have established a Group and a Company-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk. Compliance with the policy is monitored and reported monthly and exposures and breaches are reported to the Management as soon as possible. The Investment Committee, assisted by Management, are responsible for liquidity management based on guidelines approved by the Board.

There are guidelines on asset allocations, portfolio limit structures and maturity profiles of assets in order to ensure sufficient funding is available to meet insurance and investment contract obligations. As part of its liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet expected and unexpected payments and funding needs. In the event that there are unexpected outflows beyond the normal and stressed conditions, the Group and Company can still uplift the cash and fixed deposits to meet the funding needs.

The Group's and the Company's treaty reinsurance contracts contain a "cash call" clause permitting the Group and the Company to make cash calls on claims and receive immediate payment for large losses without waiting for the usual periodic payment procedures that will mitigate and ease the funding needs for payment of large claims.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(ii) Liquidity risk (Cont'd.)

Maturity profiles

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

The maturity groupings for HTM and FVTPL financial assets which are debt instruments follow the maturity date of the instruments.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(ii) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

The following table presents the maturity profiles of insurance and reinsurance contract liabilities, reflecting estimates of the present value of future cash flows expected to be paid out in the periods presented. Additionally, it outlines the maturity profiles of financial assets and liabilities of the Group and of the Company, based on remaining undiscounted contractual obligations, including interest payable and receivable.

Group		←		**Maturity Period**		→		
	Carrying value RM	**Up to a year RM**	**1 - 3 years RM**	**3 - 5 years RM**	**5 - 15 years RM**	**Over 15 years RM**	**No maturity RM**	**Total RM**
31 December 2023								
Financial assets at FVTPL	291,291,696	-	27,876,563	39,624,276	111,166,283	23,047,598	138,039,376	339,754,096
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	3,330,483	3,330,483	-	-	-	-	-	3,330,483
Fixed and call deposits	69,046,338	69,821,205	-	-	-	-	-	69,821,205
Cash and bank balances, excluding petty cash	8,732,730	8,732,730	-	-	-	-	-	8,732,730
Total assets	372,401,247	81,884,418	27,876,563	39,624,276	111,166,283	23,047,598	138,039,376	421,638,514
Insurance contract liabilities	203,892,451	57,800,470	69,110,143	26,527,685	-	-	-	153,438,298
Reinsurance contract liabilities	5,776,331	3,837,085	-	-	-	-	-	3,837,085
Other financial liabilities	25,283,379	22,448,422	2,832,358	-	-	-	-	25,280,780
Other payables	19,076,448	19,076,448	-	-	-	-	-	19,076,448
Total liabilities	254,028,609	103,162,425	71,942,501	26,527,685	-	-	-	201,632,611

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(ii) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

The following table presents the maturity profiles of insurance and reinsurance contract liabilities, reflecting estimates of the present value of future cash flows expected to be paid out in the periods presented. Additionally, it outlines the maturity profiles of financial assets and liabilities of the Group and of the Company, based on remaining undiscounted contractual obligations, including interest payable and receivable. (Cont'd.)

Group		←		**Maturity Period**		→		
	Carrying value RM	**Up to a year RM**	**1 - 3 years RM**	**3 - 5 years RM**	**5 - 15 years RM**	**Over 15 years RM**	**No maturity RM**	**Total RM**
31 December 2022 (Restated)								
AFS financial assets	70,113,877	-	-	-	-	-	70,113,877	70,113,877
Financial assets at FVTPL	186,651,691	4,875,802	10,392,540	27,905,715	39,410,411	55,090,950	79,588,316	217,263,734
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	5,857,852	5,857,852	-	-	-	-	-	5,857,852
Fixed and call deposits	76,344,320	77,052,170	-	-	-	-	-	77,052,170
Cash and bank balances, excluding petty cash	6,972,384	6,972,384	-	-	-	-	-	6,972,384
Total assets	345,940,124	94,758,208	10,392,540	27,905,715	39,410,411	55,090,950	149,702,193	377,260,017
Insurance contract liabilities	197,388,256	92,392,460	42,848,322	12,744,216	-	-	-	147,984,998
Reinsurance contract liabilities	6,767,460	7,598,021	-	-	-	-	-	7,598,021
Other financial liabilities	26,860,703	19,448,641	7,219,878	219,668	-	-	-	26,888,187
Other payables	8,083,225	8,083,225	-	-	-	-	-	8,083,225
Total liabilities	239,099,644	127,522,347	50,068,200	12,963,884	-	-	-	190,554,431

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(ii) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

The following table presents the maturity profiles of insurance and reinsurance contract liabilities, reflecting estimates of the present value of future cash flows expected to be paid out in the periods presented. Additionally, it outlines the maturity profiles of financial assets and liabilities of the Group and of the Company, based on remaining undiscounted contractual obligations, including interest payable and receivable. (Cont'd.)

Company		Maturity Period						
	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	Over 15 years RM	No maturity RM	Total RM
31 December 2023								
Financial assets at FVTPL	303,013,870	-	-	-	-	-	303,013,870	303,013,870
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	3,326,637	3,326,637	-	-	-	-	-	3,326,637
Fixed and call deposits	53,405,040	54,176,876	-	-	-	-	-	54,176,876
Cash and bank balances, excluding petty cash	7,852,354	7,852,354	-	-	-	-	-	7,852,354
Total assets	367,597,901	65,355,867	-	-	-	-	303,013,870	368,369,737
Insurance contract liabilities	203,892,451	57,800,470	69,110,143	26,527,685	-	-	-	153,438,298
Reinsurance contract liabilities	5,776,331	3,837,085	-	-	-	-	-	3,837,085
Other financial liabilities	25,283,379	22,448,422	2,832,358	-	-	-	-	25,280,780
Other payables	19,005,056	19,005,056	-	-	-	-	-	19,005,056
Total liabilities	253,957,217	103,091,033	71,942,501	26,527,685	-	-	-	201,561,219

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(ii) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

The following table presents the maturity profiles of insurance and reinsurance contract liabilities, reflecting estimates of the present value of future cash flows expected to be paid out in the periods presented. Additionally, it outlines the maturity profiles of financial assets and liabilities of the Group and of the Company, based on remaining undiscounted contractual obligations, including interest payable and receivable. (Cont'd.)

Company		**Maturity Period**						
	Carrying value RM	**Up to a year RM**	**1 - 3 years RM**	**3 - 5 years RM**	**5 - 15 years RM**	**Over 15 years RM**	**No maturity RM**	**Total RM**
31 December 2022 (Restated)								
AFS financial assets	187,739,631	-	-	-	-	-	187,739,631	187,739,631
Financial assets at FVTPL	79,588,316	-	-	-	-	-	79,588,316	79,588,316
Loans and other receivables, excluding non-financial assets such as prepayments, deposits, net share of MMIP assets	801,830	801,830	-	-	-	-	-	801,830
Fixed and call deposits	67,158,534	67,751,009	-	-	-	-	-	67,751,009
Cash and bank balances, excluding petty cash	6,163,011	6,163,011	-	-	-	-	-	6,163,011
Total assets	341,451,322	74,715,850	-	-	-	-	267,327,947	342,043,797
Insurance contract liabilities	197,388,256	92,392,460	42,848,322	12,744,216	-	-	-	147,984,998
Reinsurance contract liabilities	6,767,460	7,598,021	-	-	-	-	-	7,598,021
Other financial liabilities	26,860,703	19,448,641	7,219,878	219,668	-	-	-	26,888,187
Other payables	8,023,738	8,023,738	-	-	-	-	-	8,023,738
Total liabilities	239,040,157	127,462,860	50,068,200	12,963,884	-	-	-	190,494,944

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rates/profit yield risk) and market prices (price risk).

The Group and the Company have policies and limits to manage market risk through portfolio diversification and asset allocation. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmarks have been set in line with the Group's and the Company's investment policy after taking into consideration the requirements of maintenance of liquidity, assets and solvency for RBC purposes. Compliance with the policy is monitored and reported periodically to the Board.

(a) Currency risk

Currency 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.

The Group and the Company do not have exposure to foreign currency risk via direct investments. However, foreign currency risk exists in some reinsurance premiums that are paid in foreign currencies. The payment of reinsurance premium in foreign currencies are not hedged as these are paid in USD equivalent based on the prevailing exchange rates at the time of payment.

Due to insignificant exposure to foreign currencies, these currency risk have no significant impact on the statement of financial position and/or the statement of profit or loss of the Group and of the Company.

(b) Interest rate/profit yield risk

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

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(iii) Market risk (Cont'd.)

(b) Interest rate/profit yield risk (Cont'd.)

The Group and the Company are exposed to interest rate risk primarily through investments in fixed income securities. As the wholesale unit trust funds invest mainly in Corporate Debt Securities and Malaysian Government Securities, the net asset value ("NAV") of the funds reported by the Fund Managers would also be sensitive to interest rate movements. The impact of changes in interest rates to the fair value of investments held by the Group and the Company are as shown in the table below.

	Group				
	1.00%	**1.25%**	**1.50%**	**1.75%**	**2.00%**
Increase in interest rates	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2023					
Decrease in profit and loss after taxation/equity	5,618	6,938	8,227	9,491	10,725
2022					
Decrease in profit and loss after taxation/equity	3,882	4,802	5,703	6,586	7,453

An equivalent decrease in interest rates shown above would result in an equivalent, but opposite impact.

(c) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), regardless of whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(iii) Market risk (Cont'd.)

(c) Price risk (Cont'd.)

The Group's and the Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Group and the Company are exposed to price risk arising from investments in quoted equities and wholesale unit trust funds held by the Group and the Company and in the statements of financial position which are classified as either FVTPL or HTM financial assets.

The analysis below is performed for reasonably possible movements in equity prices and the NAV of unit trust fund prices with all other variables held constant, showing the impact on the profit and loss and to equity.

		Group/Company			
		2023		2022	
	Changes in variables	Impact on profit or loss RM'000	Impact on equity* RM'000	Impact on profit or loss RM'000	Impact on equity* RM'000
Equity prices	+25%	13,910	10,572	19,415	14,755
Equity prices	-25%	(13,910)	(10,572)	(19,415)	(14,755)
NAV of funds ^	+2%	74	56	39	29
NAV of funds ^	-2%	(74)	(56)	(39)	(29)

*Impact on equity is shown net of tax.

^Does not include impact on wholesale unit trust funds as the key risk affecting the value of such funds is interest rate/profit yield risk.

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

26. RISK MANAGEMENT FRAMEWORK (CONT'D.)

Financial risks (Cont'd.)

(iv) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can potentially impact partly or fully the achievement of the Group's and of the Company's objectives and cause damage to reputation, have legal or regulatory implications or lead to financial losses.

The Group and the Company cannot expect to eliminate all operational risks but mitigates them by maintaining a comprehensive internal control framework and by monitoring and promptly responding to potential risks. Controls include segregation of duties, access controls, multi-level and combination of authorisation, reconciliation procedures, staff training, effective communication and evaluation procedures, including the use of internal audit, compliance and risk management processes. Business risk, such as changes in environment, technology and the industry are monitored through the Group's and the Company's strategic planning and budgeting process.

The Group's and the Company's operational and business units are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. These units are responsible and have in place policies and operational manuals in place to ensure that activities undertaken comply with the Group's and the Company's operational risk management framework and oversight by the RMWG, RMC, AC and the Board.

The internal audit team reviews the effectiveness of the internal control system and their continued relevance and reports to the AC and its recommendations are tabled for the Board's deliberation.

27. FAIR VALUE ESTIMATION

As at 31 December 2023, the fair value of the Group's and of the Company's financial assets at FVTPL and property and equipment are as follows:

Group	Carrying Value RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Property and equipment:					
Freehold office lots	7,175,000	-	-	7,175,000	7,175,000
Long-term leasehold office lots	5,548,667	-	-	5,548,667	5,548,667
	12,723,667	-	-	12,723,667	12,723,667
Financial assets at FVTPL:					
Corporate debt securities	153,252,320	-	153,252,320	-	153,252,320
Wholesale unit trust funds	78,700,061	78,700,061	-	-	78,700,061
REITs	3,700,467	3,700,467	-	-	3,700,467
Equity securities quoted in Malaysia	55,638,848	55,638,848	-	-	55,638,848
	291,291,696	138,039,376	153,252,320	-	291,291,696

27. FAIR VALUE ESTIMATION (CONT'D.)

As at 31 December 2023, the fair value of the Group's and of the Company's financial assets at FVTPL and property and equipment are as follows: (Cont'd.)

Company	**Carrying Value RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Property and equipment:					
Freehold office lots	7,175,000	-	-	7,175,000	7,175,000
Long-term leasehold office lots	5,548,667	-	-	5,548,667	5,548,667
	12,723,667	-	-	12,723,667	12,723,667
Financial assets at FVTPL:					
Wholesale unit trust funds	243,674,555	243,674,555	-	-	243,674,555
REITs	3,700,467	3,700,467	-	-	3,700,467
Equity securities quoted in Malaysia	55,638,848	55,638,848	-	-	55,638,848
	303,013,870	303,013,870	-	-	303,013,870

27. FAIR VALUE ESTIMATION (CONT'D.)

As at 31 December 2022, the fair value of the Group's and of the Company's financial assets at FVTPL and property and equipment are as follows:

Group	**Carrying Value RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Property and equipment:					
Freehold office lots	7,325,000	-	-	7,325,000	7,325,000
Long-term leasehold office lots	5,664,667	-	-	5,664,667	5,664,667
	12,989,667	-	-	12,989,667	12,989,667
AFS financial assets:					
Wholesale unit trust funds	70,113,877	70,113,877	-	-	70,113,877
	70,113,877	70,113,877	-	-	70,113,877
Financial assets at FVTPL:					
Corporate debt securities	107,063,375	-	107,063,375	-	107,063,375
REITs	1,928,599	1,928,599	-	-	1,928,599
Equity securities quoted in Malaysia	77,659,717	77,659,717	-	-	77,659,717
	186,651,691	79,588,316	107,063,375	-	186,651,691

27. FAIR VALUE ESTIMATION (CONT'D.)

As at 31 December 2022, the fair value of the Group's and of the Company's financial assets at FVTPL and property and equipment are as follows: (Cont'd.)

Company	**Carrying Value RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Property and equipment:					
Freehold office lots	7,325,000	-	-	7,325,000	7,325,000
Long-term leasehold office lots	5,664,667	-	-	5,664,667	5,664,667
	12,989,667	-	-	12,989,667	12,989,667
AFS financial assets:					
Wholesale unit trust funds	187,739,631	187,739,631	-	-	187,739,631
	187,739,631	187,739,631	-	-	187,739,631
Financial assets at FVTPL:					
REITs	1,928,599	1,928,599	-	-	1,928,599
Equity securities quoted in Malaysia	77,659,717	77,659,717	-	-	77,659,717
	79,588,316	79,588,316	-	-	79,588,316

27. FAIR VALUE ESTIMATION (CONT'D.)

For investments in unit trust funds consisting of Real Estate Investment Trust ("REIT"), fair value is determined by reference to published net asset values, while the fair values of equity securities are obtained from Bursa Malaysia. The fair value of wholesale unit trust funds, REIT and equity securities are regarded as Level 1 as the fair values are derived from prices quoted in an active market.

The fair values of Malaysian Government Securities and corporate debt securities are obtained from Bond Pricing Agency Malaysia ("BPAM"). These financial instruments are regarded as Level 2 as the significant inputs are observable.

For property and equipment, the fair value is obtained from valuations performed by external valuers using the comparison method and are regarded as Level 3 as the significant inputs are not observable.

There were no changes in classification of assets under Level 1 and Level 2 of the fair value hierarchy.

The following financial assets and liabilities are not carried at fair values, but their carrying values approximate fair values as they are short term in nature or the impact of discounting is not material:

- Loans and receivables (that are classified as financial instruments)
- Premium receivables
- Cash and bank balances
- Other financial liabilities
- Premium payables
- Other payables (that are classified as financial instruments)

28. UPDATE ON THE MALAYSIAN COMPETITION COMMISSION'S ("MYCC") CASE AGAINST 21 GENERAL INSURERS AND PIAM

On 22 February 2017, the Malaysia Competition Commission ("MyCC") issued a Proposed Decision against the General Insurance Association of Malaysia ("PIAM") and its 21 general insurers, including Progressive Insurance Bhd ("the Company") or an alleged infringement of the Competition Act 2010 ("CA 2010"). The MyCC alleged that PIAM and all 21 general insurers were parties to an anti-competitive agreement to fix the parts trade discount for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops.

PIAM and all the 21 general insurers have filed their respective written representations with the MyCC. The Company, represented by its legal counsel, has filed its written representations with the MyCC on 25 April 2017 and further made oral representations on 14 December 2017 and 17 June 2019 to defend its position, in line with PIAM and other general insurers.

The MyCC has on 25 September 2020 issued their final decision under Section 40 of the CA 2010 ("Final Decision") and the financial penalty for the Company has been determined. The Company has since filed an appeal against the Final Decision with the Competition Appeal Tribunal ("CAT") on 14 October 2020 and a stay of the financial penalty was imposed. The Final Decision also sets out a financial penalty levied against the Company in the sum of RM975,829.14.

The CAT on 2 September 2022 unanimously allowed the appeals filed by PIAM and the insurers. The MyCC's final decision dated 14 September 2020 is thus set aside.

On 6 December 2022, the Company has been informed that MyCC has applied to the High Court to obtain leave (permission) to commence judicial review proceedings against the CAT's decision.

The Company will pursue an objection at the ex parte leave stage in the High Court to appear and be heard as putative respondents whose Hearing date has been fixed on 8 May 2023.

On 16 January 2024, the High Court dismissed MyCC's application for leave to commence judicial review against the CAT's decision. On 15 February 2024, MyCC filed a Notice of Appeal to the Court of Appeal against the High Court's decision.

The Court of Appeal has a case management session for this matter on 15 May 2024 over e-review. The hearing of the Appeal is fixed on 22 May 2025.

29. REGULATORY CAPITAL REQUIREMENTS

The Company is required to comply with the mandatory capital requirements prescribed in the RBC Framework issued by BNM. Under the RBC Framework, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at 31 December 2023 and 31 December 2022, the Company has a capital adequacy ratio in excess of the minimum requirement.

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with Malaysian Financial Reporting Standards.

The capital structure of the Company as prescribed under the RBC Framework is provided below:

	2023 RM	2022 RM
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000,000	100,000,000
Retained earnings*	164,748,309	163,345,824
	264,748,309	263,345,824
Tier 2 Capital		
Eligible reserves*	17,244,308	14,900,055
	17,244,308	14,900,055
Deduction		
Amount deducted from capital	(9,810,476)	(10,784,884)
	(9,810,476)	(10,784,884)
Total capital available	272,182,141	267,460,995

*RM10 million of asset replacement reserve was reclassified from retained earnings to eligible reserves which is in-line with Insurance Companies Statistical System (“ICSS”) Guidance Notes Part IV, Section 64, definition of general reserves.