Registration No.

197801000983 (38000-U)

RHB INSURANCE BERHAD

(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

CONTENTS

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	74,434
Retained earnings brought forward	476,854
Profits available for appropriation	551,288
Dividend paid during the financial year	(100,000)
Retained earnings carried forward	451,288

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2021	
- Single-tier final dividend of 100.00 sen per share paid on 12 May 2022	100,000

The Directors do not propose any dividends for the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

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

INSURANCE LIABILITIES

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC Framework"), issued by Bank Negara Malaysia ("BNM").

IMPAIRED DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Jahanath Muthusamy	
Wong Pek Yee	
Shaifubahrim Mohd Saleh	
Donald Joshua Jaganathan	
Sharifatu Laila Syed Ali	
Oliver Tan Chuan Li	(Appointed on 21 February 2022)
Kong Shu Yin	(Resigned on 21 February 2022)

In accordance with Clause 79 of the Company's Constitution, Mr Jahanath Muthusamy and Ms Wong Pek Yee shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS’ INTERESTS IN SHARES AND DEBENTURES

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

SHARE GRANT SCHEME (“SGS”)

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

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

RHB Bank Berhad has on 4 July 2022, made an offer of 4,685,000 RHB Bank Berhad Shares at RM5.71 per share to the Eligible Employees, of which the vesting period of the shares offered will be 3 years from even date. The SGS related expenses are recognised in the financial statements from the effective offer date in accordance with MFRS 2 ‘Share-based Payment’.

Award date	Fair value RM	Awarded Unit’000	Vesting period/date
4 July 2022	5.71	4,685	3 years from 4 July 2022

The movement of the SGS shares granted during the financial year ended 31 December 2022 is as follows:

	Number of SGS shares (Units’000)			
	As at 1 January 2022 Unit’000	Awarded Unit’000	Forfeited Unit’000	As at 31 December 2022 Unit’000
4 July 2022	-	135	-	135

As at 31 December 2022, SGS shares awarded to Managing Director and key management personnel are as follows:

	Award Date	Number of SGS shares awarded Unit’000
Oliver Tan Chuan Li	4 July 2022	50
Key management personnel	4 July 2022	85

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Total Directors' remuneration for the Company for the financial year ended 31 December 2022 is RM1,182,000 (2021: RM855,000).

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than directors' remuneration and benefits-in-kind as disclosed in Note 27 to the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except that certain Directors received remuneration from the Company's holding company and other related corporations.

During the financial year, Directors of the Company are covered under the RHB Banking Group Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of RHB Banking Group subject to the term of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the RHB Banking Group was RM200 million (2021: RM200 million). The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group was RM848,010 (2021: RM922,422).

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

HOLDING COMPANY

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

STATEMENT ON CORPORATE GOVERNANCE

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

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

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

	2022 RM'000	2021 RM'000
Auditors' remuneration*		
- statutory audit services	207	207
- audit-related services	660	-
- non-audit services	-	30
Total	867	237

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

This report was approved by the Board of Directors on 21 February 2023.

Signed on behalf of the Board of Directors:

TAN CHUAN LI
DIRECTOR

JAHANATH MUTHUSAMY
DIRECTOR

Kuala Lumpur
27 February 2023

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE

Introduction

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

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

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

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

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

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

BOARD OF DIRECTORS

Composition of the Board

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

Name of Directors	
Jahanath Muthusamy (INEC)	
Wong Pek Yee (SINED)	
Shaifubahrim Mohd Saleh (INED)	
Donald Joshua Jaganathan (INED)	
Sharifatu Laila Syed Ali (INED)	
Oliver Tan Chuan Li	(Appointed on 21 February 2022)
Kong Shu Yin	(Resigned on 21 February 2022)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles

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

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles (continued)

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

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles (continued)

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

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

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles (continued)

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

Mr Donald Joshua Jaganathan ("Mr Donald") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 October 2020. He also serves as Chairman of the Board Audit Committee of RHB Insurance Berhad.

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles (continued)

SHARIFATU LAILA SYED ALI
Independent Non-Executive Director
60 / Female / Malaysian

Puan Sharifatu Laila Syed Ali ("Puan Sharifa") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 September 2021. She also serves as a Member of the Board Nominating & Remuneration Committee of RHB Bank Berhad and Member of the Board Audit Committee of RHB Insurance Berhad.

Puan Sharifa graduated with a Bachelor of Science (Honours) from Universiti Kebangsaan Malaysia and holds a Master of Business Administration from University of Malaya. She is also a graduate of Harvard Business School's Advanced Management Programme.

Puan Sharifa has extensive experience in the field of investment management and portfolio investing having served various premier institutions and government linked investment funds over a period of more than 30 years. She had played a key role in the setting up of Valuecap Sdn Bhd ("Valuecap"), a Government led initiative, whose founding shareholders are Khazanah Nasional Berhad, Kumpulan Wang Amanah Pencen and Permodalan Nasional Berhad ("PNB"). Puan Sharifa began her career in PNB and subsequently moved on to hold various senior leadership positions at Employees Provident Fund including Head of Treasury & Equity Markets, gaining broad exposure within the domestic and regional capital markets environment over a period of 15 years. Following a brief period as Head of Investments at the Pilgrims Fund, she was subsequently appointed the Chief Executive Officer of Valuecap in October 2002. She became Group Chief Executive Officer of Valuecap in 2015. Under her stewardship, the Group spearheaded the country's move into new frontiers within the domestic markets, including launching Malaysia's first Exchange Traded Fund (Ringgit & USD) and various Environmental, Social & Governance (ESG) type Funds.

Pursuant to her departure from Valuecap, she served as an Advisor to the Board of Directors of Valuecap for a short period.

Puan Sharifa's other directorships in public companies include Minority Shareholders Watch Group, Bursa Malaysia Berhad and RHB Bank Berhad.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles (continued)

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (continued)

Directors' Profiles (continued)

Duties and Responsibilities of the Board

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Meetings and Access of Information

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

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

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

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Meetings and Access of Information (continued)

The Board convened twelve (12) meetings for the financial year ended 31 December 2022. Details of the attendance of each Director at Board meetings held during the financial year are set out below:-

Name of Directors	Total meetings attended	Percentage of attendance (%)
Jahanath Muthusamy (Chairman)	12/12	100
Wong Pek Yee	12/12	100
Shaifubahrim Mohd Saleh	12/12	100
Donald Joshua Jaganathan	12/12	100
Sharifatu Laila Syed Ali	12/12	100
Oliver Tan Chuan Li*	11/11	100
Kong Shu Yin^	1/1	100

Notes:
* Appointed on 21 February 2022
^ Resigned on 21 February 2022

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

Appointments and Re-election to the Board

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training

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

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

- to ensure consistency throughout the Group in developing an in-house orientation and Continuing Education Programme for its Directors to familiarise themselves with the industry and the Company/Group; and
- to provide Directors with a better understanding of the nature of business, corporate strategy, risks of the business, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate.

During the financial year ended 31 December 2022, the Directors of RHB Insurance Berhad attended the following training programmes, conferences and seminars:

Name of Director	Training Programme Attended	Training Scope & Description
Mr Jahanath Muthusamy	In House Training : Interbank Transactions and Counterparty Limits (11 February 2022)	• Types of FI Relationship • Relationship Management Application • Methodology Framework for Setting of Bank Limit • Risk Mitigation Measures • Nostro & Vostro Accounts
	Institute of Corporate Directors Malaysia ("ICDM") BNRC Dialogue and Networking Session (15 April 2022)	• Board sourcing • Board evaluation & development
Wong Pek Yee	BNM - FIDE FORUM - MyFintech Week Masterclasses (27 January 2022)	• Securing Results from Digital Transformation • Web 3.0 and the future of finance • Deep dive into DeFi
	In House Training : Overview on Corruption Risk Management (CRM) & Organisational Anti-Corruption Plan (OACP) (9 March 2022)	• Corruption Risk Management • Organisational Anti-Corruption Plan

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Bank Negara Malaysia ("BNM") – World Bank Group Report Launch (15 March 2022)	• The World Bank Inclusive Growth and Sustainable Finance Hub in Malaysia with BNM is launching a report on Exploring Nature-Related Financial Risks in Malaysia. Malaysia's experience as a "megadiverse" emerging nation provides an opportunity to see how nature-related risks can be assessed and opportunities considered to improve economic and nature-related outcomes. The event also seeks to inform global dialogue and raise awareness of these risks to financial stability, and highlight potential roles for regulators, policy makers, industry representatives and members of civil society.
	Webinar on Cyber Security - What Directors Need to Know (8 June 2022)	• Cyber security threats to cost Malaysian organisations US$12.2bil in economic losses. • Is your Board of Directors the weak link in your organisation's cyber security? • Organisations still ignoring a large piece of their cyber security defense. • Solution Provider CISO: Security Dialogue With C-Suite Must Focus On Risk, Loss.
	Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework ("TCGF") (13 July 2022)	• Corporate governance developments and the rising importance of tax governance in the boardroom. • Introduction and potential benefit of TCGF. • Key challenges facing by organisation in the adoption of TCGF.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Elective Program Namely Risk Management in Technology ("RMiT") : Sharing of Insights and Discussion on the Strategic Aspects of IT Risks (20 July 2022)	• This session provides an overview of the RMiT Policy and its impact on the role and responsibilities of directors on the boards of financial institutions, particularly in providing oversight of strategic aspects of IT risks. • It discusses the readiness and capacity of Board Members to deal with an expanded list of responsibilities in an industry that is facing both technological and financial disruptions.
	BNM - FIDE FORUM Dialogue: Engagement with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms (11 August 2022)	• As set out in BNM's Financial Sector Blueprint 2022 – 2026, the deployment of end-to-end digital claims solutions will help deliver a seamless experience and address prevailing pain points faced by consumers following an accident. BNM has conveyed the expectations for the insurers and Takaful operators (ITOs) to advance digital transformation efforts across the motor claims process, starting with providing digital roadside assistance to consumers.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Mandatory Accreditation Programme (MAP) (23 – 25 August 2022)	• Identify the knowledge, competencies and attributes that are expected from the directors of today. • Recognise the legal, regulatory & governance issues and challenges that Board Members face in the current business environment / climate. • Describe the role of the board as stewards of the organisation especially in relation to board dynamics, power, influence and conflicts. • Establish what makes exemplary boards including determinants of board effectiveness. • Explore contemporary six (6) yet critical topics including culture, stakeholder and the sustainability agenda. • Outline a director's responsibilities and obligations under Bursa Malaysia's Listing Requirements.
	Organisational Transformation and Change: A Personal Perspective (19 September 2022)	• Thoughts and Viewpoints on Driving Change - Establishing rights values - Focused, detailed, rigorous - Speed & decisiveness - Yet care to not destroy institutional legacy - Empathy

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	**Training Programme Attended**	**Training Scope & Description**
Wong Pek Yee (continued)	Securities Commission Malaysia's (SC) Audit Oversight Board ("AOB") (6 December 2022)	• The Audit Committees ("AC") play an important role in promoting high quality auditing through their oversight of the audit process and the auditor. In this respect, the AOB has been frequently engaging with the ACs and equipping them with information to enable them to carry out their oversight responsibilities more effectively.
	AXA Investment Managers Impact Investing across Listed Market (9 December 2022)	-
Shaifubahrim Mohd Saleh	In House Training : Interbank Transactions and Counterparty Limits (11 February 2022)	• Types of FI Relationship • Relationship Management Application • Methodology Framework for Setting of Bank Limit • Risk Mitigation Measures • Nostro & Vostro Accounts
	In House Training : Overview on Corruption Risk Management (CRM) & Organisational Anti-Corruption Plan (OACP) (9 March 2022)	• Corruption Risk Management • Organisational Anti-Corruption Plan

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan	In House Training : Interbank Transactions and Counterparty Limits (11 February 2022)	• Types of FI Relationship • Relationship Management Application • Methodology Framework for Setting of Bank Limit • Risk Mitigation Measures • Nostro & Vostro Accounts
	In House Training : Overview on Corruption Risk Management (CRM) & Organisational Anti-Corruption Plan (OACP) (9 March 2022)	• Corruption Risk Management • Organisational Anti-Corruption Plan
	TCFD Climate Disclosure Training Programme (Complimentary CPD-certified programme provided by the UN SSE, IFC and CDP in collaboration with Bursa Malaysia) (9 March 2022)	• Provides an in-depth programme during which participants will review sample TCFD reports and wider good practice. The course will also focus on setting up internal processes for reporting and potential first areas to get started on. • Deep dive into the TCFD recommended disclosures including good practice case studies. • Developing internal processes & overcoming challenges. • Disclosure review discussion exercise. • Supporting your TCFD journey: Further resources & TCFD 102E.
	Malaysian Institute of Accountants (MIA) International Accountants Conference 2022 (8 – 9 June 2022)	• Charting the Sustainability Journey • Driving Sustainable Development Through Tax Transparency • Adapt and Thrive – Transform the Profession Globally

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan (continued)	Preparing Banking Leaders for the Post Pandemic Future (4 – 9 September 2022)	This programme aims at developing participants' ability to: • Respond to the main challenges in the post pandemic world that will likely act financial institutions; • Manage changes and organisational resilience strategically in times of uncertainty; • Assess the impact of climate change and associated regulations on financial institutions; • Understand the effects, opportunities and ethical issues related to the use of technology in banking; and • Lead and foster innovation in their organisations.
	Training on Conflict of Interest Management (7 October 2022)	• Primer on conflicts of interest ("COI") • Directors' duties in general and duty to avoid conflict • Types of COI including elements of potential conflict • Applicable legal and regulatory requirements, including - Malaysian Code on Corporate Governance, SC's Guidelines on Conduct of Directors of Listed Issuers and their Subsidiaries, BNM Guidelines on Corporate Governance • Listing Requirements • Key provisions of RHB Conflict Policy • Managing COI • Examples of common COI scenarios • Assessment of risks • Managing COI – record-keeping, implementing policies and escalation procedures

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan (continued)	Securities Commission Malaysia's (SC) Audit Oversight Board ("AOB") (17 November 2022 and 6 December 2022)	• The Audit Committees ("AC") play an important role in promoting high quality auditing through their oversight of the audit process and the auditor. In this respect, the AOB has been frequently engaging with the ACs and equipping them with information to enable them to carry out their oversight responsibilities more effectively.
Sharifatu Laila Syed Ali	FIDE Core Program Module A: Insurance (13 – 14 January 2022)	• To emphasise and reinforce a clear understanding of the role of the board and the fiduciary responsibilities of individual directors to all stakeholders. • To deepen boards' understanding of the principles of sound governance, and to translate these into practice; lessons from within best-in-class organisations, and how they inculcate values throughout the organisation and promote organisational values and effectiveness. • To equip directors with tools and strategies that can be applied to build a dynamic and sustainable management team.
	BNM - FIDE FORUM - MyFintech Week Masterclasses (27 January 2022)	• Securing Results from Digital Transformation • Web 3.0 and the future of finance • Deep dive into DeFi
	In House Training : Interbank Transactions and Counterparty Limits (11 February 2022)	• Types of FI Relationship • Relationship Management Application • Methodology Framework for Setting of Bank Limit • Risk Mitigation Measures • Nostro & Vostro Accounts

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Sharifatu Laila Syed Ali (continued)	BNM - FIDE FORUM Dialogue: Climate Risk Management and Scenario Analysis (8 March 2022)	• The board and senior management shall exercise effective oversight of climate-related risks to safeguard the financial institution's resilience against the adverse impacts of climate change. • Financial institutions shall clearly identify the relevant responsibilities for managing climate-related risks and assign these responsibilities throughout the organisation structure. • Financial institutions shall manage climate-related risks proportionate to the materiality of climate-related risks, taking into consideration the size, nature and complexity of the financial institution's business model.
	In House Training : Overview on Corruption Risk Management (CRM) & Organisational Anti-Corruption Plan (OACP) (9 March 2022)	• Corruption Risk Management • Organisational Anti-Corruption Plan
	Ethical Finance ASEAN 2022 ESG in a Volatile World – Profit, Principles or Politics (29 June 2022)	• How the megatrends of 2022 are affecting ASEAN economies. • Financing nature and biodiversity in ASEAN: sustainable palm oil and deforestion. • The role of the SDGs as a coordinating framework, and progress on financing the 2030 goals. • Core priorities on the S in ESG for ASEAN economies. • Perspectives from local and international finance leaders.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Sharifatu Laila Syed Ali (continued)	FIDE FORUM - CGM Conversations with Chairmen: A Standing Item in Board Agendas (15 August 2022)	• To meet and discuss with Member Directors on pressing issues relating to climate governance; • To update about the latest developments by businesses and industries on climate actions; and • To provide perspectives of institutional investors as they demand better reporting and disclosure.
	Training on Conflict of Interest Management (7 October 2022)	• Primer on conflicts of interest (“COI”) • Directors’ duties in general and duty to avoid conflict • Types of COI including elements of potential conflict • Applicable legal and regulatory requirements, including - Malaysian Code on Corporate Governance, SC's Guidelines on Conduct of Directors of Listed Issuers and their Subsidiaries, BNM Guidelines on Corporate Governance • Listing Requirements • Key provisions of RHB Conflict Policy • Managing COI • Examples of common COI scenarios • Assessment of risks • Managing COI – record-keeping, implementing policies and escalation procedures

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Sharifatu Laila Syed Ali (continued)	Shariah Program: Blue Economy Opportunities, Challenges and Lessons for Islamic Finance (23 November 2022)	• About the Ocean & Blue Economy • Function of Ocean – Environmental & Economic Role • Blue Economy Sectors – Energy, Fishery, Aquaculture, • Coral Reef, Shipping, Plastic • UN Global Compact 10 Ambitions for Ocean Stewardship • Opportunities in the Blue Economy • Challenges in the Blue Economy • Interconnectivity • Awareness & Investor Approach Scale
	The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System (24 November 2022)	• Future trends towards policy development and investment. • Emerging trends in varied disruptions and how advanced risk management is necessary towards price stability, and investment climate. • Polarization of different economic stand from expert opinions, and predictions from the experts on the opportunities from these developments. • Response of nations in coping with economic hegemony. • Policy risk impact of climate change, international trade disruptions.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Oliver Tan Chuan Li	In House Training : Overview on Corruption Risk Management (CRM) & Organisational Anti-Corruption Plan (OACP) (9 March 2022)	• Corruption Risk Management • Organisational Anti-Corruption Plan
	E-Learning : Information Security Awareness (3 June 2022)	-
	E-Learning : Introduction to Data and Information Management (3 June 2022)	-
	E-Learning : RHB Culture Components (3 June 2022)	-
	E-Learning : RHB Risk Culture & Awareness (3 June 2022)	-
	E-Learning : The Catalysts 2.0 - Soaring Greater Heights Together (10 June 2022)	-
	FIDE Core Program Module A: Insurance (14 – 17 June 2022)	• To emphasise and reinforce a clear understanding of the role of the board and the fiduciary responsibilities of individual directors to all stakeholders. • To deepen boards' understanding of the principles of sound governance, and to translate these into practice; lessons from within best-in-class organisations, and how they inculcate values throughout the organisation and promote organisational values and effectiveness. • To equip directors with tools and strategies that can be applied to build a dynamic and sustainable management team.

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Oliver Tan Chuan Li (continued)	E-Learning : RHB AML/CFT (Malaysia) (15 June 2022)	-
	E-Learning : Media Spokespersons Training (20 July 2022)	-
	FIDE Core Program Module B: Insurance (9 – 12 August 2022)	• To deepen boards' understanding of the principles of sound governance, and to translate these into practice; lessons from within best-in-class organisations, and how they inculcate and promote organisational values and effectiveness. • To heighten awareness of the impact of internal conflicts and effects of dominant influences associated with controlled companies. • To equip boards with knowledge on how to set and review strategy to create value for the organisation; avoid common pitfalls in strategy execution; and adapt strategies in response to changing business and market conditions.
	E-Learning : Anti-Bribery and Corruption (15 September 2022)	-
	E-Learning : Secrecy and Information Protection Training (20 September 2022)	-

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Kong Shu Yin	RHB Insurance Sales Kick Off 2022 (14 January 2022)	-
	In House Training : Interbank Transactions and Counterparty Limits (11 February 2022)	• Types of FI Relationship • Relationship Management Application • Methodology Framework for Setting of Bank Limit • Risk Mitigation Measures • Nostro & Vostro Accounts

Board Performance Evaluation

In line with the requirements of the Bank Negara Malaysia's Policy Document on Corporate Governance and the Malaysian Code on Corporate Governance, which call for the Board to undertake a formal and objective annual evaluation to determine the effectiveness of the Board. The Board undertook an internally facilitated self-evaluation exercise reflecting its performance for FY2021-FY2022. Unlike previous years, the assessment was done to cover a period of 18 months, from 1 January 2021 to 30 June 2022. As the BEE is always fluid in its process and timeline, this allows Group to redesign, conduct and generate results for the current financial year of reporting.

The internal assessment covered three main areas:

- **Part A: Board Evaluation**
  Part A evaluated overall behaviours and culture of the Board and Board Committees. The BEE evaluated the Board as a collective unit based on five (5) dimensions, namely:

  - Structure, Strategy & Performance
  - Interaction & Communication
  - Boardroom Culture
  - Environmental, Social & Governance
  - Leadership

- **Part B: Directors Self & Peer Evaluation**
  Part B evaluated individual Board member's contribution to the Board and competencies of each Board member which included:

Balancing Stakeholders	Cultivating Innovation
Broad Perspective	Strategic Vision
Ensuring Accountability	Developing Talent
Managing Conflict	Courage
Managing Ambiguity	Dedication
Situational Adaptability	Independence

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Ethical & Sound Leadership

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

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

Group Board Committees

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

- Board Audit Committee
- Board Nominating and Remuneration Committee
- Board Sustainability Committee

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

RHB Bank Berhad Board Audit Committee

Prior to the establishment of RHB Insurance Berhad's Board Audit Committee on 25 April 2022, audit related matters concerning RHB Insurance Berhad were discussed at the RHB Bank Berhad Board Audit Committee ("RHB Bank BAC").

The RHB Bank BAC comprises three (3) INEDs, of whom one (1) INED is the Chairperson. A total of twelve (12) meetings were held for the RHB Bank BAC during the financial year ended 31 December 2022. Details of the attendance of each member at the RHB Bank BAC's meetings from 1 January 2022 to 24 April 2022 are as follows:-

Members of RHB Bank BAC	Total meetings attended	Percentage of attendance (%)
Ong Ai Lin (Chairperson)	5/5	100
Donald Joshua Jaganathan	5/5	100
Datuk Iain John Lo	5/5	100

The main objectives of the RHB Bank BAC are as follows:-

(i) To provide independent oversight of RHB Banking Group's financial reporting and internal control system, and ensuring checks and balances for entities within the Group;

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

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

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

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

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

Board Nominating and Remuneration Committee ("BNRC")

BNRC comprises three (3) INEDs and one (1) Non INED. A total of thirteen (13) meetings were held for the BNRC during the financial year ended 31 December 2022. Details of the attendance of each member for the BNRC's meetings are as follows:-

Members of BNRC	Total meetings attended	Percentage of attendance (%)
Tan Sri Dr Rebecca Fatima Sta Maria (Chairperson)	13/13	100
Dato' Mohamad Nasir Ab Latif	13/13	100
Datuk Iain John Lo	11/13	85
Sharifatu Laila Syed Ali	13/13	100

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Nominating and Remuneration Committee ("BNRC") (continued)

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

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

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

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

Board Sustainability Committee ("BSC")

BSC comprises three (3) INEDs and one (1) Non INED. A total of two (2) meetings were held for the BSC during the financial year ended 31 December 2022. Details of the attendance of each member for the BSC's meetings are as follows:-

Members of BSC	Total meetings attended	Percentage of attendance (%)
YBhg Datuk Iain John Lo (Chairman)	2/2	100
YBhg Tan Sri Dr Rebecca Fatima Sta Maria	2/2	100
YBhg Dato' Mohamad Nasir Ab Latif	2/2	100
Mr Donald Joshua Jaganathan	2/2	100

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

Board Committees

Board Audit Committee ("BAC")

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

The BAC comprises three (3) INEDs. A total of six (6) meetings were held during the financial year ended 31 December 2022. Details of the attendance of each member for the BAC's meetings from 25 April 2022 to 31 December 2022 are as follows :-

Members of BAC	Total meetings attended	Percentage of attendance (%)
Donald Joshua Jaganathan (Chairman)	6/6	100
Wong Pek Yee	6/6	100
Sharifatu Laila Syed Ali	6/6	100

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Audit Committee ("BAC") (continued)

The key objectives of the BAC are as follows:-

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

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

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

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

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

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

Board Risk Committee ("BRC")

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

The BRC comprises three (3) INEDs. A total of twelve (12) meetings were held during the financial year ended 31 December 2022. Details of the attendance of each member for the BRC's meetings are as follows:-

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

The key objectives of the BRC are as follows:-

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

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

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

Investment Committee ("IC")

IC comprises three (3) INEDs. A total of four (4) meetings were held for the IC during the financial year ended 31 December 2022. Details of the attendance of each member for the IC's meetings are as follows:-

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

The main objectives of the IC are as follows:-

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

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

Remuneration Governance

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

The Managing Director's sustainable remuneration package also includes performance bonus, in line with the Group's retention policy and risk-based approach. His Key Performance Indicators and remuneration are approved by the Board. The details on the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company during the financial year ended 31 December 2022) are, as follows:-

Name of Company's ED	Salary and Bonus (RM'000)	Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Oliver Tan Chuan Li#	1,501	-	6	1,507
Kong Shu Yin^^	174	-	1	175
Name of Company's NEDs	Directors' Fees* (RM'000)	Other Emoluments** (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Jahanath Muthusamy^	232	45	25	302
Wong Pek Yee	152	81	-	233
Shaifubahrim Mohd Saleh	152	68	-	220
Donald Joshua Jaganathan	152	58	-	210
Sharifatu Laila Syed Ali	152	65	-	217
Sub Total (NEDs)	840	317	25	1,182
Grand Total (MD + NEDs)	2,563	317	32	2,913

Notes:
- * Based on new Directors' fees.
- ** Include Board Committees' allowances and meeting allowance.
- ^ Appointed as Chairman on 28 May 2020
- # Appointed as Managing Director/Chief Executive Officer on 21 February 2022
- ^^ Resigned as Managing Director/Chief Executive Officer on 21 February 2022

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

No.	Non-Executive Directors' Remuneration Scheme	Unrestricted/Non-Deferred	Total (RM'000)	Restricted/ Deferred	Total (RM'000)
A. Fixed-Type Remuneration					
i	Cash-based	• Fixed Fees • Directors' Fees[1] • Board Committees' Allowances[2] • Chairmen's premium[3] for various Board & Board Committees • Emoluments[4]	972	-	Nil
ii	Shares & share-linked instruments	-	Nil	-	Nil
iii	Others	Benefits-In-Kind[5]	25	-	Nil
B. Variable-Type Remuneration					
i	Cash-based	Meeting Attendance Allowance[6]	185	-	Nil
ii	Shares & Share-Linked Instruments	-	Nil	-	Nil
iii	Others	Directors' & Officers' Liability Insurance[7]	37	-	Nil

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

1. *Directors' Fees*
   NEDs are entitled to annual Directors' fees, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company. As part of a periodical review to ensure the Company remains competitive against its peers and with the heightened responsibilities and accountabilities under the Companies Act 2016, the Financial Services Act 2013 and the Malaysian Code on Corporate Governance 2017. Total Directors' fees paid/payable to the Directors for financial year 2022 were RM840,657.53.

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

Notes:
The overall remuneration package of the NEDs of the Group/Company comprises the following components (continued):-

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

5. *Benefits-in-kind*
   Benefits are accorded to the Chairmen of the Group, consisting amongst others the provision of a company car, driver and petrol allowance.

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

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

The remuneration structure and package for the (NEDs) are approved by the shareholders at the Company's Annual General Meeting. Further information on the total remuneration of the Directors from the Company is available under Note 27 on pages 55 to 56.

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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

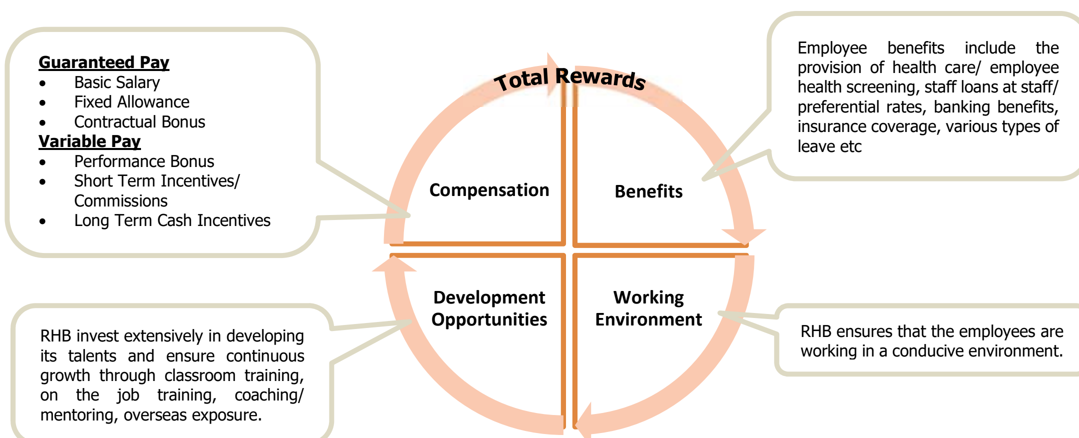
RHB Total Rewards

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

1) To support and promote a high performance culture to deliver the Group's vision.
2) To provide a balanced approach between fixed and variable compensation that reflects individual's seniority and level of accountability.
3) To promote a strong performance and reward linkage while incorporating risk and compliance management (to fulfill risk control objective) as part of the key performance indicators for remuneration decisions.
4) To be competitive with market practice; tailored to specific market i.e. Financial Industry the entity is operating in and aligned to internal philosophy.

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

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



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

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

RHB Total Rewards (continued)

Tabulated below is the remuneration summary for FY2022 for the Senior Management and Other Material Risk Takers.

Total value of remuneration awards for the financial year ended 2022	Senior Management (1 Headcount)		Other Material Risk Takers (9 Headcounts)	
	Unrestricted/ Non-Deferred	**Restricted/ Deferred**	**Unrestricted/ Non-Deferred**	**Restricted/ Deferred**
Fixed remuneration - Cash-based	1,1443,687	-	3,498,049	-
- Shares and share-linked instruments	-	-	-	-
- Others	8,623	-	-	-
Variable remuneration - Cash-based	361,760	168,000	886,476	140,000
- Shares and share-linked instruments	-	N1	-	N1
- Others	-	-	-	-

Notes:
Figures presented in the table are in Ringgit Malaysia.
N1 - In FY2022, a total of 50,000 and 70,000 units of RHB shares under RHB Group Employees' Share Grant Scheme (SGS) were awarded to 1 Senior Officer and 4 OMRTs of RHB Insurance. The number of SGS units to be vested/paid by 2025 is conditional upon the said employees fulfilling the vesting/payment criteria.

RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

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

Pursuant to Guidance 22.2 of Bank Negara Malaysia's Policy Document on Corporate Governance, RHB Insurance Berhad leverages on RHB Banking Group's risk management and internal control framework and policies. As such, details of the Group's risk management and internal control framework and policies can be found within the RHB Bank Berhad's Integrated Report 2022 available at www.rhbgroup.com.

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
Property, plant and equipment	5	20,584	20,760
Right of use assets – property office	6	2,124	4,787
Intangible assets - computer software	7	28,102	25,421
Investments	8	1,037,971	1,027,397
- Fair value through profit or loss		1,027,189	1,009,104
- Loans and receivables		10,782	18,293
Deferred tax assets	18	5,584	3,271
Tax recoverable		5,604	1,030
Reinsurance assets	10	505,600	435,342
Insurance receivables	11	51,601	47,901
Other receivables	12	43,553	48,169
Cash and cash equivalents	13	99,834	130,250
Total assets		1,800,557	1,744,328
LIABILITIES			
Insurance contract liabilities	14	1,171,546	1,068,687
Insurance payables	15	1,562	14,311
Other payables	16	73,685	77,911
Lease liabilities	17	2,348	6,565
Total liabilities		1,249,141	1,167,474
SHAREHOLDERS' FUND			
Share capital	19	100,000	100,000
Share-based payment reserve	20	128	-
Retained earnings	21	451,288	476,854
		551,416	576,854
Total liabilities and shareholders' fund		1,800,557	1,744,328

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Gross earned premiums	22	717,005	704,190
Premiums ceded to reinsurers	22	(233,109)	(225,544)
Net earned premiums	22	483,896	478,646
Investment income	23	31,394	40,968
Fair value losses	25	(10,460)	(57,550)
Reinsurance commission income		43,643	40,167
Other operating income	24	9,980	1,042
Other income		74,557	24,627
Gross claims paid	14(a)	(382,445)	(287,354)
Claims ceded to reinsurers	14(a)	152,173	115,329
Gross change to claims liabilities	14(a)	(81,627)	23,087
Change in claims liabilities ceded to reinsurers	14(a)	46,672	(30,762)
Net claims		(265,227)	(179,700)
Commission expense		(85,871)	(84,116)
Management expenses	26	(117,610)	(116,984)
Other operating expenses		(479)	(1,454)
Other expenses		(203,960)	(202,554)
Profit before taxation		89,266	121,019
Taxation	28	(14,832)	(21,921)
Net profit for the financial year, representing total comprehensive income for the financial year		74,434	99,098
Basic earnings per share (sen)	29	74.43	99.10

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Non-distributable share-based payment reserve RM'000	Total RM'000
2022					
At 1 January 2022		100,000	476,854	-	576,854
Total comprehensive income for the financial year		-	74,434	-	74,434
Dividends paid during the financial year	30	-	(100,000)	-	(100,000)
Share-based payment expense	26	-	-	128	128
At 31 December 2022		100,000	451,288	128	551,416
2021					
At 1 January 2021		100,000	477,756	-	577,756
Total comprehensive income for the financial year		-	99,098	-	99,098
Dividends paid during the financial year	30	-	(100,000)	-	(100,000)
At 31 December 2021		100,000	476,854	-	576,854

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

Registration No.
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	74,434	99,098
Adjustment for:		
Fair value losses on FVTPL investments	10,460	57,550
Write-back on impairment loss on insurance receivables	(1,520)	(3,117)
Bad debts written off and recovered	(121)	239
Depreciation of property, plant and equipment	1,898	2,074
Depreciation of right-of-use assets	2,399	2,616
Amortisation of intangible assets - computer software	4,204	3,704
Share-based payment expense	128	-
Investment income	(31,394)	(40,968)
Unrealised (gains)/losses on foreign exchange	(151)	1,454
Taxation expense	14,832	21,921
	75,169	144,570
Purchase of fair value through profit or loss investments	(69,384)	(98,967)
Proceeds from sale of fair value through profit or loss investments	40,839	55,000
Increase in loans and receivables	7,511	(406)
Interest received	2,213	2,209
Dividend received	29,635	38,880
Decrease/(increase) in insurance receivables	(1,918)	(1,766)
Decrease in other receivables	4,160	4,617
Increase/(decrease) in insurance contract liabilities	102,859	(17,697)
(Increase)/decrease in reinsurance assets	(70,258)	32,162
(Decrease)/increase in insurance payables	(12,749)	5,044
(Decrease)/increase in other payables	(4,040)	14,467
Cash generated from operations	104,037	178,113
Income taxes paid	(21,720)	(33,085)
Net cash generated from operating activities	82,317	145,028

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,566)	(7,672)
Purchase of intangible assets - computer software		(1,070)	(4,350)
Net cash used in investing activities		(8,636)	(12,022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(100,000)	(100,000)
Lease payments		(4,107)	(1,634)
Net cash used in financing activities		(104,107)	(101,634)
Effect on exchange rate changes on cash and cash equivalents		10	(1,820)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(30,416)	29,552
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		130,250	100,698
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13	99,834	130,250

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

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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

	RM'000
Leases	
At 1 January 2021	6,219
Cash changes:	
Repayment	(1,634)
Non-cash changes:	
Additions (Note 6)	1,756
Accrued interest	224
At 31 December 2021	6,565
Cash changes:	
Repayment	(4,107)
Non-cash changes:	
Additions (Note 6)	115
Lease modifications (Note 6)	(379)
Accrued interest	154
At 31 December 2022	2,348

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

1 PRINCIPAL ACTIVITY AND GENERAL INFORMATION

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

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective and applicable for the Company's financial year beginning on or after 1 January 2022 are as follows:

(i) Amendment to MFRS 16 'COVID-19-Related Rent Concessions' beyond 30 June 2021

The 2021 amendment extends the applicable period of the practical expedient by one year to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

(ii) Amendment to MFRS 116 'Proceeds Before Intended Use'

The amendments prohibit an entity from deducting from the cost of a property, plant and equipment ('PPE') the proceeds received from selling items produced by the PPE before it is ready for its intended use. The sales proceeds should instead be recognised in the income statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective and applicable for the Company's financial year beginning on or after 1 January 2021 are as follows (continued):

(iii) Amendments to MFRS 3 'Reference to the Conceptual Framework'

The amendments replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the 2018 Conceptual Framework.

The amendments are not expected to change the current accounting for business combinations on acquisition date. In replacing all references to the Framework with the 2018 Conceptual Framework, the IASB did not intend to make significant changes to the requirements of IFRS Standards containing those references. Hence, the IASB introduced the new exception to the recognition principle for liabilities falling within the scope of IAS 37 and IC 21.

Liabilities and contingent liabilities (whose existence could only be confirmed by an uncertain future event) that are within the scope of MFRS 137 or IC 21 shall be recognised as part of the business combination in accordance with the principles in the respective MFRS/IC. Accordingly, these liabilities and levies would not be recognised on acquisition date even though these would have met the definition of a liability according to the 2018 Conceptual Framework.

(iv) Annual Improvements to Illustrative Example accompanying MFRS 16 'Leases: Lease Incentives'

The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective and applicable for the Company's financial year beginning on or after 1 January 2021 are as follows (continued):

(v) Annual Improvements to MFRS 9 'Fees in the '10 Percent' Test for Derecognition of Financial Liabilities'

When entities restructure their loans with the existing lenders, MFRS 9 requires management to quantitatively assess the significance of the difference between cash flows of the existing and new loans (commonly known as the '10% test').

This amendment to MFRS 9 clarifies that only fees paid or received between the borrower and the lender are included in the 10% test. Any fees paid to third parties should be excluded. This amendment will impact the result of the 10% test and accordingly affect the amount of gain or loss recognised in the income statements.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

(vi) Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'

The amendments clarify that direct cost of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendments shall be applied to contracts for which the entity has yet to fulfil all its obligations at the beginning of annual reporting period in which the amendments are first applied.

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Company.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(i) Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates - effective 1 January 2023

Amendments on disclosure of accounting policies

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates

The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

(ii) Amendments to MFRS 112 on 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' - effective 1 January 2023

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(iii) MFRS 17 'Insurance Contracts' and its amendments - effective 1 January 2023

Expected recovery of insurance acquisition cash flows

An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

Reinsurance contracts held - recovery of losses

When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, it should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on the underlying insurance contracts and the % of claims on the underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

Contractual service margin attributable to investment services

The amendment requires an entity that issues insurance contracts without direct participation features to recognise profit when it provides insurance coverage or any service relating to investment activities.

Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholders.

Other amendments include the following:

- Scope exclusions for some credit card (or similar) contracts, and some loan/financing contracts;
- Presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups (sub-portfolio) level;
- Entities are also allowed to apply the risk migration option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss;
- An accounting policy choice to change the estimate made in previous interim financial statements when applying MFRS 17; and
- Other minor amendments.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(iv) Amendment to MFRS 17 ‘Insurance Contracts’: Initial application of MFRS 17 and MFRS 9 - Comparative information

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

The amendment would be available for:

- any financial assets, including those held in respect of an activity that is unconnected to contracts within the scope of MFRS 17;
- entities that initially apply MFRS 9 at the same time as they apply MFRS 17; and
- entities that had already applied MFRS 9 before the initial application of MFRS 17 where those entities redesignate financial assets applying paragraph C29 of MFRS 17.

.
The transition option would:

- be available, on an instrument-by-instrument basis;
- allow an entity to present comparative information as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of MFRS 9. Any difference in the carrying amount of the financial asset at the transition date resulting from applying the classification overlay would be recognised in opening retained earnings (or other component of equity, as appropriate) at that date; and
- require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying MFRS 9.

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

Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’ clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at reporting date is not affected by expectations of the entity or events after the reporting date.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(v) Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' - effective 1 January 2024 (continued)

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

These amendments should be applied retrospectively.

(vi) Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' - effective 1 January 2024

The amendments clarify how companies should subsequently measure the leaseback liability that arises in a sale and leaseback transition. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date. Therefore, the amendments add subsequent measurement requirements for the lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall subsequently measure the leaseback liability by applying paragraphs 36 to 46 of MFRS 16. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective above are not expected to give rise to any material financial impact to the Company, except for the adoption of MFRS 17, of which the cumulative impact upon adoption will be recognised in the retained earnings as at 1 January 2023, and with enhanced disclosures. The Company have yet to finalise the financial impact of the adoption of MFRS 17 and are now progressing with the implementation of the identified changes. Based on the preliminary assessments undertaken to-date, the Company expect a decrease in the insurance liabilities for remaining coverage which will result in an increase in the opening retained earnings as at 1 January 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Financial assets

(i) Classification

The Company classifies its financial assets into the following measurement categories:

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

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

(a) Business model assessment

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(ii) Recognition and derecognition

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

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

(iii) Measurement

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

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

(a) Debt instruments

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

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

(1) Financial investments at amortised cost

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(iii) Measurement (continued)

(a) Debt instruments (continued)

(2) Financial assets at FVTPL

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

(b) Equity instruments

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(iii) Measurement (continued)

(b) Equity instruments (continued)

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

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

(iv) Reclassification policy

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

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

(v) Impairment

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expense in profit or loss during the financial period in which they are incurred.

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets

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

(a) Computer software licenses

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

(d) Leases - where the Company is the Lessee

From 1 January 2019, leases are recognised as right of use (‘ROU’) asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

(i) Lease term

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Lease term (continued)

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company, and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

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

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

(iii) Lease liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Lease liabilities (continued)

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

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

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

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

(iv) Reassessment of lease liabilities

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

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

Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture. Payments associated with short term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment income

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

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

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

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

(f) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

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

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

(g) Insurance receivables

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) General insurance underwriting results

Product classification

The Company issues contracts that transfer insurance risk.

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

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

Premium income

Premium income is recognised on the date of assumption of risk. Premiums in respect of risks incepted for which policies have not been raised as of the date of statement of financial position, are accrued at the date.

Premiums, claims and other transactions of inward treaty business are accounted for in the income statement as and when the statements of account are received.

Outward reinsurance premiums are recognised in the same accounting period as the original policies to which the reinsurance relates.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) General insurance underwriting results (continued)

Premium liabilities

Premium liabilities refer to the higher of:

(i) the aggregate of the unearned premium reserves,

or

(ii) the best estimate value of the insurer's unexpired risk reserves at the valuation date and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall Company level. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expense including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and shall allow for expected future premium refunds.

Unearned premium reserves ("UPR") represent the portion of premium income not yet earned at the date of statement of financial position. UPR is computed with reference to the month of accounting for the premium on the following bases:

(i) 25% method for marine and aviation cargo, and transit business;

(ii) 1/24th method for all other classes of general business except for non-annual policies in respect of Malaysian policies, reduced by the percentage of accounted gross direct business commission to the corresponding premium, not exceeding limits specified by BNM; and

(iii) time apportionment method for non-annual policies (including long term inwards treaty business) reduced by the percentage of accounted gross direct business commission to the corresponding premium, not exceeding limits specified by BNM.

Claim liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of claims liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the date of statement of financial position. These include provision for claims reported, claims incurred but not reported, claims incurred but not enough reserved and direct and indirect claims-related expenses such as investigation fees, loss adjustment fees, legal fees, sue and labour charges and the expected internal costs that the insurer expects to incur when settling these claims.

Acquisition costs

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) General insurance underwriting results (continued)

<u>Reinsurance</u>

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

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

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

Gains or losses on buying reinsurance are recognised in income statement immediately at the date of purchase and are not amortised.

The Company also assumes reinsurance risk in the normal course of business for general insurance contracts when applicable.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) General insurance underwriting results (continued)

Insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities comprise claims liabilities and premium liabilities.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the date of statement of financial position, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the date of statement of financial position. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled. The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

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

(i) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income taxes

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

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

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

(k) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

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

(iii) Share-based compensation

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits (continued)

(iii) Share-based compensation (continued)

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

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

(l) Contingent liabilities and contingent assets

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

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

(m) Cash and cash equivalents

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

(n) Dividends

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Fair value of financial instruments

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

(i) The fair values of Malaysian Government Securities and BNM Notes are based on the indicative middle prices obtained from BNM.

(ii) The fair values of corporate debt securities are based on quotations from Bondweb.

(iii) The fair value of wholesale unit trust fund is based on the fair value of the underlying assets in the fund.

(iv) The carrying amounts of other financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

(p) Equity instruments

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

The estimation of claims liabilities or equivalently, the ultimate claims liability arising from claims made under an insurance contract, is the Company's most critical accounting estimate.

The value of claim liabilities consists of the best estimate value of the claim liabilities and PRAD calculated at the overall Company level. PRAD is the component of the value of the insurance liabilities that relates to the uncertainty inherent in the best estimate. PRAD is an additional component of the liability value aimed at ensuring that the value of the insurance liabilities is established at a level such that there is a higher level of confidence (or probability) that the provisions will ultimately be sufficient. For the purpose of this valuation basis and in compliance with the RBC Framework, the level of confidence shall be at 75% on an overall Company level.

Due to the fact that the ultimate claims liability is dependent upon the outcome of future events such as the size of court awards, the attitudes of claimants towards settlement of their claims, and social and economic inflation, there is an inherent uncertainty in any estimate of ultimate claims liability. As such, there is a limitation to the accuracy of those estimates. In fact, it is certain that actual future losses and loss adjustment expenses will not develop exactly as projected and may vary significantly from the projections.

(b) Critical judgement in applying the entity's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific accounting policy could materially affect the reported results and financial position of the Company. However, the Directors are of the view that there are currently no accounting policies which require significant judgement to be exercised in their application.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Motor vehicles	Furniture, fixtures and fittings, office equipment	Assets work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022						
Net book value						
At beginning of financial year	524	253	208	3,320	16,455	20,760
Additions at cost	-	-	-	1,783	5,783	7,566
Reclassifications	-	-	-	-	(5,815)	(5,815)
Write-off	-	-	-	(28)	-	(28)
Depreciation charge	(20)	(10)	(57)	(1,811)	-	(1,898)
At end of financial year	504	243	151	3,263	16,423	20,584
2021						
Net book value						
At beginning of financial year	544	264	264	4,275	11,570	16,917
Additions at cost	-	-	-	1,032	4,885	5,917
Depreciation charge	(20)	(11)	(56)	(1,987)	-	(2,074)
At end of financial year	524	253	208	3,320	16,455	20,760
2022						
Cost	729	422	775	33,957	16,422	52,306
Accumulated depreciation	(225)	(179)	(624)	(30,693)	-	(31,722)
Net book value	504	243	151	3,264	16,422	20,584
2021						
Cost	729	422	775	33,444	16,455	51,825
Accumulated depreciation	(205)	(169)	(567)	(30,124)	-	(31,065)
Net book value	524	253	208	3,320	16,455	20,760

As at 31 December 2022, included in the carrying value of leasehold land and buildings of the Company are right of use assets relating to leasehold land and buildings amounting to RM504,000 (2021: RM524,000) and RM243,000 (2021: RM253,000) respectively.

6 RIGHT OF USE ASSETS – PROPERTY OFFICE

	2022 RM'000	2021 RM'000
Cost		
At beginning of financial year	15,106	13,350
Additions	115	1,756
Lease modifications	(379)	-
At end of financial year	14,842	15,106
Accumulated depreciation		
At beginning of financial year	10,319	7,703
Depreciation for the financial year	2,399	2,616
At end of financial year	12,718	10,319
Net book value		
At end of financial year	2,124	4,787

7 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2022 RM'000	2021 RM'000
Cost		
At beginning of financial year	46,622	42,272
Additions	1,070	4,350
Reclassifications	5,815	-
At end of financial year	53,507	46,622
Accumulated amortisation		
At beginning of financial year	21,201	17,497
Amortisation for the financial year	4,204	3,704
At end of financial year	25,405	21,201
Net book value		
At end of financial year	28,102	25,421

8 INVESTMENTS

	2022 RM'000	2021 RM'000
Wholesale unit trust funds	1,027,189	1,009,104
Staff loans	20	23
Fixed and call deposits	10,762	18,270
	1,037,971	1,027,397

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

	2022 RM'000	2021 RM'000
Fair value through profit or loss	1,027,189	1,009,104
Loans and receivables	10,782	18,293
	1,037,971	1,027,397

8 INVESTMENTS (CONTINUED)

		2022 RM'000	2021 RM'000
(a)	Fair value through profit or loss ("FVTPL")		
	At fair value		
	Unquoted in Malaysia:		
	- Wholesale unit trust funds (Note 9)	1,027,189	1,009,104
		1,027,189	1,009,104
(b)	Loans and receivables ("LAR")		
	At amortised cost		
	- Loans	20	23
	- Fixed and call deposits	10,762	18,270
		10,782	18,293

(c)

	Fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
At 1 January 2022	1,009,104	18,293	1,027,397
Purchases	69,384	-	69,384
Maturities	-	(7,511)	(7,511)
Disposals	(40,839)	-	(40,839)
Fair value losses recorded in profit or loss (Note 25)	(10,460)	-	(10,460)
At 31 December 2022	1,027,189	10,782	1,037,971
At 1 January 2021	1,022,686	17,887	1,040,573
Purchases	98,968	406	99,374
Disposals	(55,000)	-	(55,000)
Fair value losses recorded in profit or loss (Note 25)	(57,550)	-	(57,550)
At 31 December 2021	1,009,104	18,293	1,027,397

8 INVESTMENTS (CONTINUED)

(d)

	Fair value through profit or loss RM'000	Total RM'000
2022		
Level 2 - Valuation techniques – market observable inputs	1,027,189	1,027,189
	1,027,189	1,027,189
2021		
Level 2 - Valuation techniques – market observable inputs	1,009,104	1,009,104
	1,009,104	1,009,104

(e) Fair value measurements

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

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

	Level 1 RM'000	Level 2 RM'000	Total RM'000
2022			
Fair value through profit and loss			
Wholesale unit trust funds	-	1,027,189	1,027,189
	-	1,027,189	1,027,189

8 INVESTMENTS (CONTINUED)

(e) Fair value measurements (continued)

	Level 1 RM'000	Level 2 RM'000	Total RM'000
2021			
Fair value through profit and loss			
Wholesale unit trust funds	-	1,009,104	1,009,104
	-	1,009,104	1,009,104

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

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

9 STRUCTURED ENTITIES

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

The Company holds 100% of units in each of its investee fund and has control over these investee funds. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

	2022	2021
Number of wholesale unit trust funds	7	6
Average net asset value per unit of wholesale unit trust funds (RM):		
RHB SRI Income Plus Fund 2	0.9726	0.9851
RHB Cash Management Fund 1	1.0000	1.0000
RHB Sukuk Dana Haneef	1.0050	-
AmIncome Value	0.9874	0.9900
Affin Hwang Income Fund 1	1.0183	1.0281
Affin Hwang Income Extra Fund	1.0303	1.0306
Opus Cash Extra Fund	1.0262	1.0269
Fair value of underlying assets (RM'000):		
Malaysian Government securities	161,472	216,306
Debt securities	748,465	647,323
Call deposits	88,516	137,426
Receivables	7,444	7,907
Cash equivalents	21,292	142
	1,027,189	1,009,104
Total loss	(39,913)	(29,454)

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

10 REINSURANCE ASSETS

	2022 RM'000	2021 RM'000
Claims liabilities (Note 14)	385,872	339,199
Premium liabilities (Note 14)	119,728	96,143
	505,600	435,342

The carrying amounts disclosed above in respect of the reinsurance of insurance contracts approximate fair value at the date of the statement of financial position.

11 INSURANCE RECEIVABLES

	2022 RM'000	2021 RM'000
Due premiums including agents, brokers and co-insurers balances	43,788	47,835
Due from reinsurers and cedants	10,840	4,613
	54,628	52,448
Allowance for impairment	(3,027)	(4,547)
	51,601	47,901

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statement of financial position (Note 15) RM'000	Net amounts of financial assets presented in the statement of financial position RM'000
2022			
Insurance receivables	54,269	(2,668)	51,601
2021			
Insurance receivables	49,934	(2,033)	47,901

There are no financial assets subject to enforceable master netting arrangement or similar agreements and financial instruments received as collateral, nor any cash collateral pledged or received as at 31 December 2022: Nil (2021: Nil).

The carrying amounts disclosed above approximate the fair value as at the date of the statement of financial position.

12 OTHER RECEIVABLES

	2022 RM'000	2021 RM'000
Other receivables, deposits and prepayments	2,815	2,804
Amount due from Malaysian Motor Insurance Pool ("MMIP")		
- Cash call	10,859	12,859
- Assets held in MMIP	29,879	32,045
Dividend income receivable	-	461
	43,553	48,169

The balance with MMIP as at 31 December 2022 is a net receivable of RM24,014,000 (2021:net receivable RM21,903,000) after setting off the amounts receivable from MMIP against the Company's share of MMIP's claims and premium liabilities included in Note 14 to the financial statements.

13 CASH AND CASH EQUIVALENTS

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

14 INSURANCE CONTRACT LIABILITIES

	Gross RM'000	Reinsurance RM'000	Net RM'000
2022			
Claims reported	604,365	(322,405)	281,960
Incurred but not reported claims ("IBNR")	240,845	(63,467)	177,378
Claims liabilities (Note (a))	845,210	(385,872)	459,338
Premium liabilities (Note (b))	326,336	(119,728)	206,608
	1,171,546	(505,600)	665,946
2021			
Claims reported	480,422	(241,559)	238,863
Incurred but not reported claims ("IBNR")	283,161	(97,640)	185,521
Claims liabilities (Note (a))	763,583	(339,199)	424,384
Premium liabilities (Note (b))	305,104	(96,143)	208,961
	1,068,687	(435,342)	633,345

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Claims liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
2022			
At 1 January 2022	763,583	(339,199)	424,384
Claims incurred for current accident year			
- Paid	163,211	(49,696)	113,515
- Case reserves	329,746	(117,099)	212,647
- IBNR	225,373	(48,988)	176,385
Claims incurred for prior accident year			
- Paid	219,234	(102,477)	116,757
- Case reserves	(591,031)	188,425	(402,606)
- IBNR	(264,906)	83,162	(181,744)
At 31 December 2022	845,210	(385,872)	459,338
2021			
At 1 January 2021	786,670	(369,960)	416,710
Claims incurred for current accident year			
- Paid	106,150	(26,012)	80,138
- Case reserves	225,718	(72,483)	153,235
- IBNR	262,189	(85,518)	176,671
Claims incurred for prior accident year			
- Paid	181,204	(89,317)	91,887
- Case reserves	(542,307)	235,481	(306,826)
- IBNR	(256,041)	68,610	(187,431)
At 31 December 2021	763,583	(339,199)	424,384

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) Premium liabilities

	Gross RM'000	Reinsurance RM'000	Net RM'000
2022			
At 1 January 2022	305,104	(96,143)	208,961
Premiums written for the financial year (Note 22)	738,237	(256,694)	481,543
Premiums earned during the financial year (Note 22)	(717,005)	233,109	(483,896)
At 31 December 2022	326,336	(119,728)	206,608
2021			
At 1 January 2021	299,715	(97,544)	202,171
Premiums written for the financial year (Note 22)	709,579	(224,143)	485,436
Premiums earned during the financial year (Note 22)	(704,190)	225,544	(478,646)
At 31 December 2021	305,104	(96,143)	208,961

15 INSURANCE PAYABLES

	2022 RM'000	2021 RM'000
Due to agents and intermediaries	1,484	10,029
Due to reinsurers and cedants	78	4,282
	1,562	14,311

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial liabilities set off in the statement of financial position (Note 11) RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000
2022			
Insurance payables	4,230	(2,668)	1,562
2021			
Insurance payables	16,344	(2,033)	14,311

15 INSURANCE PAYABLES (CONTINUED)

There are no financial liabilities subject to enforceable master netting arrangement or similar agreements and financial instruments received as collateral, nor any cash collateral pledged or received as at 31 December 2022: Nil (2021: Nil).

The carrying amounts disclosed above approximate the fair value as at the date of the statement of financial position.

16 OTHER PAYABLES

	2022 RM'000	2021 RM'000
Other payables	24,042	21,900
Other accrued expenses	23,323	27,689
Provision for staff bonus	7,465	11,773
Provision for advertising and marketing expenses	6,826	4,590
Provision for agents' profit commission	6,091	5,571
Provision for training expenses	5,938	6,388
	73,685	77,911

17 LEASE LIABILITIES

	2022 RM'000	2021 RM'000
Lease liabilities	2,348	6,565
Undiscounted cash flows of lease liabilities		
- Within one year	2,238	4,185
- One year to three years	434	2,577
	2,672	6,762

18 DEFERRED TAX (LIABILITIES)/ASSETS

	2022 RM'000	2021 RM'000
At beginning of financial year	3,271	(11,546)
Transferred to in profit or loss (Note 28)	2,313	14,817
At end of financial year	5,584	3,271

The movements in deferred tax (liabilities)/assets during the financial year comprise the tax effects of the following:

	At beginning of financial year RM'000	(Charged)/ credited to profit or loss RM'000	At end of financial year RM'000
2022			
Excess of capital allowances over depreciation	(4,768)	408	(4,360)
Amortisation of premiums/ (accretion of discounts) – net	1	(1)	-
Impairment loss on insurance receivables	665	(341)	324
Premium liabilities	303	(264)	39
Fair value changes on FVTPL financial assets	7,070	2,511	9,581
Total	3,271	2,313	5,584

18 DEFERRED TAX (LIABILITIES)/ASSETS (CONTINUED)

	At beginning of financial year	(Charged)/ credited to profit or loss	At end of financial year
	RM'000	RM'000	RM'000
2021			
Excess of capital allowances over depreciation	(4,181)	(587)	(4,768)
Amortisation of premiums/ (accretion of discounts) – net	1	-	1
Impairment loss on insurance receivables	(1,075)	1,740	665
Premium liabilities	451	(148)	303
Fair value changes on FVTPL financial assets	(6,742)	13,812	7,070
Total	(11,546)	14,817	3,271

19 SHARE CAPITAL

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
	RM'000		RM'000	
Ordinary shares:				
Issued and fully paid:				
At beginning and end of financial year	100,000	100,000	100,000	100,000

20 SHARE-BASED PAYMENT RESERVE

	2022	2021
	RM'000	RM'000
Share-based payment reserve	128	-

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

21 RETAINED EARNINGS

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 January 2014.

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

22 NET EARNED PREMIUMS

	2022 RM'000	2021 RM'000
(a) Gross earned premiums		
Gross written premiums	738,237	709,579
Change in premium liabilities	(21,232)	(5,389)
Gross earned premiums	717,005	704,190
(b) Premiums ceded		
Reinsurance premiums	(256,694)	(224,143)
Change in premium liabilities	23,585	(1,401)
Premiums ceded to reinsurers	(233,109)	(225,544)
Net earned premiums	483,896	478,646

23 INVESTMENT INCOME

	2022 RM'000	2021 RM'000
Dividend income from FVTPL investments	29,174	38,719
Interest income from loans and receivables	2,220	2,249
	31,394	40,968

24 OTHER OPERATING INCOME

	2022 RM'000	2021 RM'000
Recovery from default bond	9,625	-
Other operating income	355	1,042
	9,980	1,042

25 FAIR VALUE LOSSES

	2022 RM'000	2021 RM'000
Fair value losses from FVTPL investments	(10,460)	(57,550)

26 MANAGEMENT EXPENSES

	2022 RM'000	2021 RM'000
Personnel costs		
Staff salary and bonus	53,483	55,213
Defined contribution plan	8,451	8,912
Share-based payment expense (Note 20)	128	-
Other staff benefits	3,811	1,121
	65,873	65,246

26 MANAGEMENT EXPENSES (CONTINUED)

	2022 RM'000	2021 RM'000
Establishment costs		
Rental of offices	458	274
Depreciation of property, plant and equipment (Note 5)	1,898	2,074
Depreciation of right of use assets (Note 6)	2,399	2,616
Amortisation of intangible assets – computer software (Note 7)	4,204	3,704
Write-off of property, plant and equipment (Note 5)	28	-
Others	1,101	1,226
	10,088	9,894
Marketing costs		
Electronic printing	3,850	4,504
Advertising and marketing expenses	7,138	6,989
Others	8,785	9,685
	19,773	21,178
Administrative and general expenses		
Auditors' remuneration*		
- statutory audit services	207	207
- audit-related services	660	-
- non-audit services	-	30
Write-back of impairment on insurance receivables	(1,641)	(3,355)
Bad debts written off	121	305
Bad debts recovered	-	(66)
Bank charges	3,940	3,743
Management fees	7,361	6,245
Other expenses	11,228	13,491
	21,876	20,666
	117,610	116,984

Included in the personnel costs is the Chief Executive Officer's remuneration as disclosed in Note 27 to the financial statements.

Included in the administration and general expenses are other Directors' remuneration as disclosed in Note 27 to the financial statements.

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

27 DIRECTORS' REMUNERATION

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

	Salary and other remuneration, including meeting allowance RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Bonus RM'000	Total RM'000
2022				
Chief Executive Officer/ Managing Director				
Oliver Tan Chuan Li (appointed on 21 February 2022)	1,140[i & ii]	6	361	1,507
Kong Shu Yin (resigned on 21 February 2022)	174	1	-	175
	1,314	7	361	1,682
2021				
Chief Executive Officer/ Managing Director				
Kong Shu Yin	1,154	7	561	1,722

(i) Inclusive of Cash Deferred Scheme and the related employer's EPF contribution totalling RM150,000 and RM18,000 (2021: Nil and Nil) for the Company respectively. The payout under this Cash Deferred Scheme was based on the achievement of the Company's short and long term business objectives.

(ii) As at 31 December 2022, the total number of shares awarded to the MD/CEO amounted to 8,333 unit (2021: Nil).

27 DIRECTORS' REMUNERATION (CONTINUED)

	Fees	Benefits-in-kind (based on an estimated monetary value)	Others*	Total
	RM'000	RM'000	RM'000	RM'000
2022				
Non-executive Directors				
Jahanath Muthusamy	232	25	45	302
Wong Pek Yee	152	-	81	233
Shaifubahrim Mohd Saleh	152	-	68	220
Donald Joshua Jaganathan	152	-	58	210
Sharifatu Laila Syed Ali	152	-	65	217
	840	25	317	1,182
2021				
Non-executive Directors				
Jahanath Muthusamy	161	25	42	228
Wong Pek Yee	128	-	63	191
Shaifubahrim Mohd Saleh	128	-	63	191
Donald Joshua Jaganathan	128	-	60	188
Sharifatu Laila Syed Ali	43	-	14	57
	588	25	242	855

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

28 TAXATION

	2022 RM'000	2021 RM'000
Malaysian taxation:		
Current taxation	17,145	36,738
Deferred taxation (Note 18)	(2,313)	(14,817)
	14,832	21,921
Current taxation		
Current financial year	17,956	35,601
(Over)/underprovision in respect of prior financial years	(811)	1,137
	17,145	36,738
Deferred taxation		
Origination and reversal of temporary differences	(2,313)	(14,817)
	14,832	21,921

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

	2022 RM'000	2021 RM'000
Profit before taxation	89,266	121,019
Tax calculated at a tax rate of 24%	21,424	29,045
Expenses not deductible for tax purposes	2,845	3,255
Income exempted for tax purposes	(8,626)	(11,516)
(Over)/underprovision in respect of prior financial years	(811)	1,137
Tax expense	14,832	21,921

29 BASIC EARNINGS PER SHARE

The basic earnings per ordinary share has been calculated based on the net profit for the financial year amounting to RM74,434,000 (2021: RM99,097,000) divided by the number of ordinary shares in issue of 100,000,000 (2021: 100,000,000) during the financial year.

30 DIVIDENDS

Dividends paid during the financial year are as follows:

	2022		2021	
	Net dividend per share	Amount of dividend net of tax	Net dividend per share	Amount of dividend net of tax
	Sen	RM'000	Sen	RM'000
In respect of the financial year ended 31 December 2020 – final dividend	-	-	75.00	75,000
In respect of the financial year ended 31 December 2020 – interim dividend	-	-	25.00	25,000
In respect of the financial year ended 31 December 2021 – final dividend	100.00	100,000	-	-
Total dividends paid	100.00	100,000	100.00	100,000

The Directors do not propose any dividends for the financial year ended 31 December 2022.

31 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

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

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

31 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

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

		2022	2021
		RM'000	RM'000
Related party transactions	Nature of transaction		
With subsidiaries of immediate and ultimate holding company	Interest income	1,187	2,202
	Insurance premium earned	16,556	16,301
	Commission paid and payable	(22,866)	(22,152)
	Rental expense	(371)	(369)
	Shared service fees	(7,361)	(6,245)
	Utilities charges	(1)	(2)
	Repairs and maintenance	(7)	(6)
With key management personnel	Insurance premium earned	100	119
	Claims paid	18	7
Related party balances	Types of balances		
With subsidiaries of immediate and ultimate holding company	Bank balances	60,453	1,668
	Fixed and call deposits	47,202	140,271
	Insurance premium receivable	1,748	2,101
	Shared service fees	(1,245)	(6,245)
	Fund management fees	-	(10)

Key management personnel

The remuneration of key management personnel is as follows:

	2022	2021
Short-term employee benefits		
- Salary and other remuneration (i)	1,475	1,546
- Contribution to EPF (i)	201	169
- Share-based payment expense (ii)	-	-
- Benefits in kind	7	7
	1,683	1,722

(i) Inclusive of Cash Deferred Scheme and the related employer's EPF contribution totalling RM150,000 and RM18,000 (2021: Nil and Nil) for the Company respectively. The payout under this Cash Deferred Scheme was based on the achievement of the Company's short and long term business objectives.

(ii) As at 31 December 2022, the total number of shares awarded to the MD/CEO amounted to 8,333 unit (2021: Nil).

32 CAPITAL COMMITMENTS

	2022	2021
	RM'000	RM'000
Authorised and contracted for	908	700

33 RISK MANAGEMENT FRAMEWORK

(a) Risk Management framework

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

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

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

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

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

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

33 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(a) Risk Management Framework (continued)

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

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

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

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

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

2. Clear Understanding of Risk Management Ownership

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

3. Institutionalisation of a Risk-focused Organisation

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

33 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(a) Risk Management Framework (continued)

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

4. Alignment of Risk Management to Business Strategies

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

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

5. Optimisation of Risk-adjusted Return

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

(b) Capital Management Plan

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

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

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

34 INSURANCE RISK

Insurance risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting insurance pricing and conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Company has instituted documented underwriting guidelines, underwriting authorities, risk management engineering and risk accumulation limits. Reinsurance is placed to minimise certain insurance risks within approved limits and security. Claims approval and settlement authorities are clearly defined for prudent control on financial exposure. Annual internal audit reviews are performed to ensure compliance with the Company's guidelines and standards.

(a) Key assumptions

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

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

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

34 INSURANCE RISK (CONTINUED)

(b) Sensitivity analysis

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

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

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
2022					
Average claim cost	+10%	81,085	44,508	(44,508)	(33,826)
Average number of claims	+10%	62,997	37,879	(37,879)	(28,788)
Average claim settlement period	Increased by 6 months	14,479	7,189	(7,189)	(5,464)
2021					
Average claim cost	+10%	74,519	40,629	(40,629)	(30,878)
Average number of claims	+10%	57,452	34,843	(34,843)	(26,481)
Average claim settlement period	Increased by 6 months	10,692	5,829	(5,829)	(4,430)

(c) Claims development table

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

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

34 INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Gross insurance claims liabilities for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		398,549	471,308	532,463	527,252	424,635	407,727	502,960	
One year later		378,131	439,866	462,905	485,228	346,118	402,656		
Two years later		360,880	426,292	440,163	455,363	333,693			
Three years later		343,541	417,873	426,810	448,150				
Four years later		340,806	408,023	432,950					
Five years later		337,208	400,456						
Six years later		330,607							
Seven years later									
Current estimate of cumulative claims incurred		330,607	400,456	432,950	448,150	333,693	402,656	502,960	
At end of accident year		(108,495)	(155,795)	(185,153)	(147,498)	(120,208)	(106,150)	(163,212)	
One year later		(209,175)	(283,938)	(317,115)	(276,206)	(200,896)	(228,992)		
Two years later		(251,432)	(323,412)	(358,800)	(342,289)	(239,698)			
Three years later		(290,675)	(368,529)	(377,202)	(375,793)				
Four years later		(296,912)	(372,189)	(387,971)					
Five years later		(303,010)	(375,795)						
Six years later		(307,576)							
Seven years later									
Cumulative payments to-date		(307,576)	(375,795)	(387,971)	(375,793)	(239,698)	(228,992)	(163,212)	
Gross insurance claims liabilities per Statement of Financial Position (note14(a))	72,775	23,031	24,661	44,979	72,357	93,995	173,664	339,748	845,210

34 INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Net insurance claims liabilities for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		231,669	256,432	329,794	304,953	281,975	270,757	337,084	
One year later		212,650	244,429	301,115	275,600	236,119	228,927		
Two years later		204,236	243,951	288,822	256,414	221,102			
Three years later		202,471	241,046	278,526	253,658				
Four years later		201,607	235,327	276,445					
Five years later		198,950	233,007						
Six years later		194,819							
Seven years later									
Current estimate of cumulative claims incurred		194,819	233,007	276,445	253,658	221,102	228,927	337,084	
At end of accident year		(80,129)	(105,430)	(141,728)	(107,517)	(91,141)	(80,138)	(113,516)	
One year later		(142,961)	(188,866)	(223,323)	(177,151)	(143,324)	(139,008)		
Two years later		(172,886)	(210,206)	(243,648)	(200,211)	(168,025)			
Three years later		(181,960)	(218,039)	(251,354)	(218,266)				
Four years later		(185,287)	(219,977)	(258,151)					
Five years later		(187,305)	(222,702)						
Six years later		(188,388)							
Seven years later									
Cumulative payments to-date		(188,388)	(222,702)	(258,151)	(218,266)	(168,025)	(139,008)	(113,516)	
Net insurance claims liabilities per Statement of Financial Position (note14(a))	22,352	6,431	10,305	18,294	35,392	53,077	89,919	223,568	459,338

34 INSURANCE RISK (CONTINUED)

(d) Claims development table (continued)

Gross insurance claims liabilities for 2021:

Accident year	Before 2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		376,174	398,549	471,308	532,463	527,252	424,635	407,727	
One year later		363,477	378,131	439,866	462,905	485,228	346,118		
Two years later		343,381	360,880	426,292	440,163	455,363			
Three years later		332,779	343,541	417,873	426,810				
Four years later		327,385	340,806	408,023					
Five years later		327,241	337,208						
Six years later		323,284							
Seven years later									
Current estimate of cumulative claims incurred		323,284	337,208	408,023	426,810	455,363	346,118	407,727	
At end of accident year		(98,970)	(108,495)	(155,795)	(185,153)	(147,498)	(120,208)	(106,150)	
One year later		(235,621)	(209,175)	(283,938)	(317,115)	(276,206)	(200,897)		
Two years later		(269,854)	(251,432)	(323,412)	(358,800)	(342,290)			
Three years later		(279,804)	(290,675)	(368,529)	(377,202)				
Four years later		(284,136)	(296,912)	(372,189)					
Five years later		(285,924)	(303,010)						
Six years later		(286,844)							
Seven years later									
Cumulative payments to-date		(286,844)	(303,010)	(372,189)	(377,202)	(342,290)	(200,897)	(106,150)	
Gross insurance claims liabilities per Statement of Financial Position (note14(a))	47,632	36,440	34,198	35,834	49,608	113,073	145,221	301,577	763,583

34 INSURANCE RISK (CONTINUED)

(d) Claims development table (continued)

Net insurance claims liabilities for 2021:

Accident year	Before 2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		212,416	231,669	256,432	329,794	304,953	281,975	270,757	
One year later		196,319	212,650	244,429	301,115	275,600	236,119		
Two years later		187,021	204,236	243,951	288,822	256,414			
Three years later		181,112	202,471	241,046	278,526				
Four years later		180,967	201,607	235,327					
Five years later		180,703	198,950						
Six years later		177,635							
Seven years later									
Current estimate of cumulative claims incurred		177,635	198,950	235,327	278,526	256,414	236,119	270,757	
At end of accident year		(73,052)	(80,129)	(105,430)	(141,728)	(107,517)	(91,141)	(80,138)	
One year later		(139,947)	(142,961)	(188,866)	(223,323)	(177,151)	(143,324)		
Two years later		(160,294)	(172,886)	(210,206)	(243,648)	(200,211)			
Three years later		(167,922)	(181,960)	(218,039)	(251,354)				
Four years later		(170,993)	(185,287)	(219,977)					
Five years later		(172,230)	(187,305)						
Six years later		(172,986)							
Seven years later									
Cumulative payments to-date		(172,986)	(187,305)	(219,977)	(251,354)	(200,211)	(143,324)	(80,138)	
Net insurance claims liabilities per Statement of Financial Position (note14(a))	25,951	4,649	11,645	15,350	27,172	56,203	92,795	190,619	424,384

35 FINANCIAL RISKS

(a) Credit risk

Credit risk is the risk of loss arising from customers' or counterparties' failure to fulfill their financial and contractual obligations in accordance with the agreed terms.

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

A credit control committee has been established to manage the credit risk of receivables.

Credit exposure

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

	2022	2021
	RM'000	RM'000
Loans and receivables		
Staff loans	20	23
Fixed and call deposits	10,762	18,270
Reinsurance assets - claims liabilities	385,872	339,199
Insurance receivables	51,601	47,901
Other receivables*	43,408	48,001
Cash and cash equivalents**	99,833	130,242
	591,496	583,636

* excluding prepayments amounting to RM145,000 (2021: RM168,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2021: RM8,000) which is not subject to credit risk

35 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating

	Neither past-due nor impaired			Not past-due but impaired	Past-due and impaired	Total
	Rated: satisfactory	Rated: unsatisfactory	Not rated			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022						
Loans and receivables						
Staff loans	-	-	20	-	-	20
Fixed and call deposits	10,762	-	-	-	-	10,762
Reinsurance assets						
- claims liabilities	277,419	12,451	96,002	-	-	385,872
Insurance receivables	-	-	5	48,630	5,993	54,628
Allowance for impairment	-	-	-	(395)	(2,632)	(3,027)
Other receivables*	-	-	43,408	-	-	43,408
Cash and cash equivalents**	99,833	-	-	-	-	99,833
	388,014	12,451	139,435	48,235	3,361	591,496
2021						
Loans and receivables						
Staff loans	-	-	23	-	-	23
Fixed and call deposits	18,270	-	-	-	-	18,270
Reinsurance assets						
- claims liabilities	221,892	5,628	111,679	-	-	339,199
Insurance receivables	-	-	5	43,182	9,261	52,448
Allowance for impairment	-	-	-	(980)	(3,567)	(4,547)
Other receivables*	-	-	48,001	-	-	48,001
Cash and cash equivalents**	130,242	-	-	-	-	130,242
	370,404	5,628	159,708	42,202	5,694	583,636

* excluding prepayments amounting to RM145,000 (2021: RM168,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2021: RM8,000) which is not subject to credit risk

35 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

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

	AAA	AA	A	BBB	Not rated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022						
Loans and receivables						
Staff loans	-	-	-	-	20	20
Fixed and call deposits	-	10,762	-	-	-	10,762
Reinsurance assets - claims liabilities	-	-	277,419	12,451	96,002	385,872
Insurance receivables	-	-	-	-	51,601	51,601
Other receivables*	-	-	-	-	43,408	43,408
Cash and cash equivalents**	287	99,546	-	-	-	99,833
	287	110,308	277,419	12,451	191,031	591,496
2021						
Loans and receivables						
Staff loans	-	-	-	-	23	23
Fixed and call deposits	-	18,270	-	-	-	18,270
Reinsurance assets - claims liabilities	-	-	221,892	5,628	111,679	339,199
Insurance receivables	-	-	-	-	47,901	47,901
Other receivables*	-	-	-	-	48,001	48,001
Cash and cash equivalents**	3,976	126,266	-	-	-	130,242
	3,976	144,536	221,892	5,628	207,604	583,636

* excluding prepayments amounting to RM145,000 (2021: RM168,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2021: RM8,000) which is not subject to credit risk

35 FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Age analysis of financial assets impaired

	1 month	1 to 3 months	More than 3 months	Total
	RM'000	RM'000	RM'000	RM'000
2022				
Insurance receivables	30,995	17,239	3,367	51,601
2021				
Insurance receivables	23,674	18,526	5,701	47,901

Impaired financial assets

The approach for impairment model for insurance receivables are more simplified as compared to the impairment model for financial assets. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require entities to track changes in credit risk and the practical expedient to calculate ECLs on insurance receivables using a provision matrix with the usage of forward looking information in determining of ECL, including the use of macroeconomic information.

As at 31 December 2022, the Company has provided an allowance for credit losses on a collective basis of RM3,027,000 (2021: RM4,547,000). No collateral is held as security for impaired assets. The Company records impairment allowance for loans and receivables and insurance receivables in separate “allowance for impairment” accounts. A reconciliation of the allowance for impairment losses for insurance receivables is as follows:

	2022	2021
	RM'000	RM'000
At 1 January	4,547	7,663
Write-back	(1,641)	(3,355)
Recovered (Note 26)	-	(66)
Write off (Note 26)	121	305
At 31 December	3,027	4,547

35 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk

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

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

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

Maturity profiles

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

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

Premium liabilities and the reinsurers’ share of premium liabilities have been excluded from the analysis as they do not contain any contractual obligations.

35 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles (continued)

2022

	Carrying Value RM'000	1 year or less RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Loans and receivables						
- Staff loans	20	20	-	-	-	20
- Fixed and call deposits	10,762	10,762	-	-	-	10,762
Reinsurance assets – claims liabilities	385,872	86,642	209,128	67,742	22,360	385,872
Insurance receivables	51,601	51,601	-	-	-	51,601
Other receivables*	43,408	43,408	-	-	-	43,408
Cash and cash equivalents**	99,833	99,833	-	-	-	99,833
Total financial assets	591,496	292,266	209,128	67,742	22,360	591,496
Insurance contract liabilities						
- claims liabilities	845,210	226,494	420,295	159,560	38,861	845,210
Insurance payables	1,562	1,562	-	-	-	1,562
Other payables	73,685	73,685	-	-	-	73,685
Lease liabilities	2,348	2,238	434	-	-	2,672
Total financial liabilities	922,805	303,979	420,729	159,560	38,861	923,129

* excluding prepayments amounting to RM145,000 (2021: RM168,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2021: RM8,000) which is not subject to credit risk

35 FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles (continued)

2021

	Carrying Value RM'000	1 year or less RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Loans and receivables						
- Staff loans	23	23	-	-	-	23
- Fixed and call deposits	18,270	18,270	-	-	-	18,270
Reinsurance assets – claims liabilities	339,199	53,136	220,098	41,884	24,081	339,199
Insurance receivables	47,901	47,901	-	-	-	47,901
Other receivables*	48,001	48,001	-	-	-	48,001
Cash and cash equivalents**	130,242	130,242	-	-	-	130,242
Total financial assets	583,636	297,573	220,098	41,884	24,081	583,636
Insurance contract liabilities						
- claims liabilities	763,583	176,621	461,110	85,403	40,449	763,583
Insurance payables	14,311	14,311	-	-	-	14,311
Other payables	77,911	77,911	-	-	-	77,911
Lease liabilities	6,565	4,185	2,577	-	-	6,762
Total financial liabilities	862,370	273,028	463,687	85,403	40,449	862,567

* excluding prepayments amounting to RM145,000 (2021: RM168,000) which is not subject to credit risk

** excluding petty cash amounting to RM900 (2021: RM8,000) which is not subject to credit risk

35 FINANCIAL RISKS (CONTINUED)

(c) Market risk

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

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

Foreign exchange risk

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

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

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

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

As the Company's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk.

35 FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk of holding or taking positions in debt securities and other interest rate related instruments. The instruments covered include all fixed-rate and floating-rate debt securities and instruments that behave like them, including non-convertible preference shares.

The Investment Committee has set up a guideline to manage the maturities of interest/profit-bearing financial assets and liabilities. The Company also manages its asset-liability mismatching risks within its appetites through regular monitoring of asset duration and liability duration.

The Company has no significant concentration of interest rate/profit yield risk.

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

	Change in variables	2022 Impact on profit after tax and equity* RM'000	2021 Impact on profit after tax and equity* RM'000
Interest rate	+100 basis points	(29,516)	(30,227)
Interest rate	-100 basis points	31,117	34,168

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

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

35 FINANCIAL RISKS (CONTINUED)

(d) Operational risk

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

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

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

36 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December 2022, as prescribed under the RBC Framework is provided below:

	Note	2022 RM'000	2021 RM'000
Eligible Tier 1 Capital			
Share capital (paid-up)	19	100,000	100,000
Retained earnings	21	451,288	476,854
Eligible Tier 2 Capital			
Share-based payment reserve	20	128	-
		551,416	576,854
Amount deducted from Capital		(5,584)	(3,271)
Total Capital Available		545,832	573,583

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

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

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

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

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

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

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

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

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

On 3 January 2023, the Company filed an affidavit to appear before the Court to submit an objection to MyCC’s application for leave to file the judicial review. The affidavit has been allowed by the Court and the Company shall be appearing at the hearing on 8 May 2023.

The provision made previously in the financial statements remains unchanged as at 31 December 2022.

38 APPROVAL OF FINANCIAL STATEMENTS

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

Registration No.

197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016, we, Tan Chuan Li and Jahanath Muthusamy, two of the Directors of RHB Insurance Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 79 are drawn up so as to show a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

TAN CHUAN LI DIRECTOR	JAHANATH MUTHUSAMY DIRECTOR

Kuala Lumpur
27 February 2023

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016, I, Chong Sook Yin, being the Officer primarily responsible for the financial management of RHB Insurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 79 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared at Kuala Lumpur)
on 27 February 2023)
)
Before me,) CHONG SOOK YIN

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

COMMISSIONER FOR OATHS

Kuala Lumpur

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

pwc

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Insurance Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 79.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD (CONTINUED)

(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

OTHER MATTERS

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

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

CHAN SUET LYE
03603/10/2023 J
Chartered Accountant

Kuala Lumpur
27 February 2023