Enabling a more resilient future

QBE

2023 Annual Report

QBE Insurance (Malaysia) Berhad
Registration No.: 198701002415 (161086-D)

Table of contents

QBE Insurance (Malaysia) Berhad
Reg. No.: 198701002415 (161086-D)

Corporate information

Board of directors

Arunothayam Rajaratnam
LL.B Honours 1974 (Singapore University)
Admitted as an Advocate & Solicitor of Singapore Bar, 1975
Chartered Insurance Practitioner, 1995
(Chartered Insurance Institute of United Kingdom)

Dato' Tan Ang Meng
Certified Public Accountant (CPA), Malaysia

Jason Andrew Hammond
Bachelor of Business (Accounting)
Master of Business Administration
Member of Certified Public Accountant (CPA), Australia

Saw Teow Yam
Bachelor of Economics (Honours)

Company secretary

Janet Tang Yii Chi
SSM LICENSE NO. LS0010611
SSM PC NO. 202208000401

Registered office

No.638, Level 6, Block B1,
Pusat Dagang Setia Jaya
(Leisure Commerce Square),
No. 9, Jalan PJS 8/9,
46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Auditors

PricewaterhouseCoopers PLT

Solicitors

Skrine

Main banker

Citibank Berhad

Our purpose, vision and strategic priorities

Our QBE **purpose**, **vision** and set of **strategic priorities** will help us to deliver on our vision and be our guiding light. These six strategic priorities are to help guide us for the medium to long term. Our purpose and vision form part of our 'Why' and our strategic priorities are part of our 'What'. Our QBE DNA, Code of Ethics and Conduct and Leadership Attributes set out the expectations of how we work, complimenting each other they are our 'How'.

Our goal is to unlock a future full of opportunities, ensure we remain relevant to our customers and keep pace with the changing world around us.

QBE DNA

Everything we do at QBE is underpinned by our DNA – because we know it's not just what we do that matters, it's how we do it that makes the difference.

At QBE, when we show-up for our people, customers, communities or shareholders across the globe:

- We are customer-focused **#OutsideIn**
- We are technical experts **#KnowYourStuff**
- We are inclusive **#ValueAllViews**
- We are fast-paced **#RampItUp**
- We are courageous **#DoTheRightThing**
- We are accountable **#OwnItNow**
- We are a team **#Together**

Board of **Directors**

Arunothayam Rajaratnam
Independent Non-Executive Director

Ms. Arunothayam Rajaratnam (Aruno), was appointed as the Chairperson of QBE Malaysia on 18 November 2020.

She is a former Lawyer and a Chartered Insurance Practitioner has held diverse roles in the industry including being a Principle Officer, Underwriter, Broker, Reinsurer, Legal Counsel, Claims Manager and Loss Adjuster. She was awarded the "Personality Of The Year" at the 19th Asia Insurance Industry Awards (2015) in recognition of her 40 years of experience in the Asian insurance industry. In 2014, Aruno was the 1st Asian and only the 2nd woman to be awarded the prestigious PLUS 1 Award at the PLUS International Conference in Las Vegas, USA. She placed the 1st Directors & Officers Policy in Asia in 1986 and co-authored the mandatory textbook for the Certificate of General Insurance in Singapore in 1990. Aruno was the pioneer who developed and managed the First Compulsory Professional Indemnity Insurance Scheme for Lawyers in Singapore. She continues to conduct lectures for the Insurance industry and organises several workshops in Asia for PLUS and for Bima Gyaan platform in India.

Dato' Tan Ang Meng
Independent Non-Executive Director

Dato' Tan was appointed as an Independent Non-Executive Director of QBE Malaysia on 13 April 2016. He is the Chairman of the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee and Risk & Capital Committee.

He is a Certified Public Accountant and was admitted to the Malaysia Institute of Certified Public Accountants in 1980. Dato' Tan started his career in 1975 with PriceWaterhouseCoopers, Kuala Lumpur in the audit division. He left the firm in 1981 to join UMW. In 1983, he joined Guinness Malaysia Berhad. Following the merger between Guinness Malaysia Berhad and Malayan Breweries (M) Sdn. Bhd., he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and served within the Group until January 2001. During that period, he held various senior management positions with his last position as Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar. In March 2001, he joined as Chief Executive Officer of Fraser & Neave Holdings Bhd, a position he held until his retirement in November 2010. Dato' Tan is also a Director of Tower Real Estate Investment Trust, Southern Steel Berhad and Red Sena Berhad (under members' voluntary liquidation), which all are listed on Bursa Malaysia.

Jason Andrew Hammond
Executive Director

Jason Andrew Hammond was appointed as a Director of QBE Malaysia on 15 May 2019. He holds a Bachelor of Business (Accounting), a Masters of Business Administration and is a member of Certified Practicing Accountant (CPA), Australia.

Jason joined QBE in 2004 as the State Manager for NSW and subsequently spent the next 10 years as General Manager for Workers Compensation in Australia where he was responsible for the management of QBE's Australian Workers Compensation Division. More recently, he was the General Manager of QBE's Australia Broker Distribution business. Prior to his appointment as the CEO for QBE Asia, Jason was the interim CEO for QBE North Asia seconded from QBE Australia.

Saw Teow Yam
Independent Non-Executive Director

Ms Saw Teow Yam (Yen), was appointed as an Independent Non-Executive Director of QBE Malaysia on 5 November 2020. She is the Chairman of the Risk and Capital Committee and Remuneration Committee. She is also a member of the Audit Committee and Nomination Committee. She holds a Bachelor of Economics (Honours).

Yen brings 30 years' experience in insurance and reinsurance in the Asia Pacific region across business development, marketing and distribution, operations, and client servicing. She was the Chief Executive Officer of Tokio Marine Insurance (Malaysia) Berhad, from which she retired in 2016. Prior to that she led Aviva's Indonesian franchise and ran CIMB's Assurance business. Yen is an innovative thinker with a passion for technology and currently runs her own consultancy connecting reinsurance companies with investors and tech businesses.

Central office **managers**

Sunther Kuppan FMII, ACII, B. Law & Econs.

Chief Executive Officer

Sunther Kuppan is the present Chief Executive Officer of QBE Insurance (Malaysia) Berhad [QBEM] appointed officially to this position in March 2021.

Sunther joined QBEM in 2014 and has since held positions in managing claims, general operations and advising on legal matters locally and regionally within the Asia operations.

Sunther has more than two decades of experience in general insurance operations and is a member of the Asia Executive Committee. Takes the leading role in transforming QBEM in terms of performance and driving change management in line with QBE Asia 's growth strategy.

He holds degrees in Economics, Law and is a qualified chartered Insurer (ACII- UK). Recently he has completed the fellowship programme with the Malaysian Insurance Institute and conferred the title of FMII.

Shirley Ho ACCA (UK), MIA, B. (Hons) Accounting and Financial Management, Six Sigma Green Belt

Head of Finance

Shirley Ho joined QBE in September 2015 and held various positions in Finance Planning and Analysis, Financial Accounting and Reporting, Finance Operation and Tax, supporting not only Malaysia but also Asia. She was then appointed as Head of Finance, QBE Insurance (Malaysia) Berhad in April 2024.

Shirley has over 15 years of experience in accounting, finance and audit, including 8 years of experience in the general insurance industry.

Shirley holds a Degree in Finance and Accounting from Sheffield Hallam University, United Kingdom and is a Fellow of the Association of Chartered Certified Accountant (ACCA).

Kaneetha Rajan

Head of People

Kaneetha Rajan joined QBE Insurance (Malaysia) Berhad in November 2021 as the People Business Partner for Malaysia and Vietnam. She was then appointed as the Head of People, Malaysia and Vietnam in April 2024 to drive organisational success through strategic people initiatives.

Kaneetha has over 17 years of experience spanning across the banking and insurance industry, which includes knowledge and skills in operations, transformation and a wide spectrum of the human resource function.

Kaneetha holds a Master of Applied Statistics from University of Malaya and a Certificate of Malaysian Insurance Institute (CMII). Kaneetha is also the Education and Human Resource Development Committee member of the General Insurance Association of Malaysia (PIAM).

Shahsi Selvaraju

Head of Claims

Shahsi joined QBE Insurance (Malaysia) Berhad in July 2023 as the Head of Claims. He has over 14 years of experience spanning across the insurance and technology industry. Shahsi has relevant experience particularly in driving customer advocacy and efficiency solutioning through digital assets, claims process improvements and performance management.

Shahsi holds a Master's in Business Administration (MBA).

Jeyasakthi Ratnasingam AICA, Bachelor of Business Administration (Actuarial Science)

Head of Compliance

Jeya joined QBE in June 2022 as the Head of Compliance. She has more than 15 years' experience in the insurance industry spanning a variety of roles including insurance operations, vendor management, risk management and compliance.

Jeya holds a Degree in Business Administration, majoring in Actuarial Science from University of Wisconsin, USA. She also has an International Diploma in Governance, Risk & Compliance and Regulatory & Finance Crime Compliance certificate from the International Compliance Association.

Jeya is a member of the International Compliance Association.

Central office managers continued

Mohd Farid Bin Othman CA (M), B. Accounting (Hons), MSc. Risk Management

Head of Risk

Mohd Farid joined QBE in December 2018 as Head of Risk of QBE Insurance (Malaysia) Berhad.

Farid has over 20 years of internal auditing and risk management experiences in local and multi-national companies for financial services.

Farid holds a Bachelor of Accounting from Science University of Malaysia and a Master of Science in Risk Management from Northern University of Malaysia. He is also a member of Malaysian Institute of Accountants.

Stuart Chua B. Business in Finance and Marketing

Head of Distribution

Stuart heads the distribution team and drives QBE Malaysia's profitable growth in line with the local business plans and the divisional strategies. He has more than 25 years of experience in general insurance including risk engineering, business development and strategic planning.

Prior to joining QBE, he led the nationwide sales distribution channels of Berjaya Sompo Insurance, encompassing the Agency, Franchise, Bancassurance, Broking, Direct Corporate and Japanese Global channels. Previously, he has held key senior management positions in Top 5 reputable insurers including AmGeneral Insurance Bhd and MSIG Insurance Malaysia.

Cheow Tjern Yipp (TJ) Fellow of the Society of Actuaries (FSA) & Chartered Enterprise Risk Analyst (CERA)

Head of Actuarial

TJ joined QBE in March 2022 as the Head of Actuarial. He has more than 10 years of experience in consulting and general insurance, spanning a variety of roles including actuarial, risk, underwriting, product development, strategic planning, project management and change management.

TJ holds a bachelor's degree in Actuarial Science, Finance, and Economics from Drake University, USA. He is a qualified Fellow of the Society of Actuaries ("FSA") and Chartered Enterprise Risk Analyst ("CERA").

Vijay Anand A/L Jeevaratnam Bachelor of Arts, International Business Administration

Head of Underwriting

Vijay was appointed as the Head of Underwriting of QBE Insurance (Malaysia) Berhad in November 2021 and is accountable for all underwriting objectives of the Company.

He first joined QBE in 2015 spearheading the Engineering Underwriting Department and then went on to take on additional portfolios including Property and Risk Engineering in 2019, eventually being appointed as the Head of Underwriting in November 2021.

Vijay has over 20 years' of experience in the insurance and reinsurance industries including claims management. He has built strong relationships with many of our brokers and agents in Malaysia, and this will continue to be a key focus as he drives engagement and awareness with key stakeholders including customers, industry bodies, business partners, reinsurers and QBE colleagues.

Vijay is Bachelor of Arts graduate majoring in the area of International Business Administration from the University of Lincolnshire & Humberside, United Kingdom and has also completed (2018) the prestigious "IMIA Engineering Insurance Underwriting Training Course" in Singapore.

Chairperson's statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of QBE Insurance (Malaysia) Berhad ("QBE Malaysia") for the financial year ended 31 December 2023.

Economic Environment

In 2023, Malaysia achieved a 3.7% GDP growth, with an inflation rate of 2.5%, as compared to 3.3% in 2022. In respect of gross written premium (GWP), the conventional general insurance industry increased by 10.3%, amounting to RM21.4 billion.

2023 Performance

QBE Malaysia reported an underwriting profit before tax (PBT) of RM37.0 million in 2023, which represents an improvement from RM14.3 million in 2022, restated to MFRS17 basis. This achievement can be attributed to stronger risk selection and pricing governance, resulting in an improved claims experience and a better overall underwriting profit for the year. Additionally, the increase in interest rates environment also contributed to favourable investment return.

Supporting our customers and communities

As we face an increase in the frequency and severity of extreme weather events globally, QBE remains committed to supporting affected families, businesses and communities by these events.

Over the past year, the QBE Foundation collaborated with local organizations such as the Malaysian Red Cross and VFK4-U, focusing on climate resilience and disaster preparedness, offering support to communities in Malaysia to enhance their capacity to respond to and recover from disasters. Through initiatives like funding a green program to promote the Reduce, Reuse, Recycle mantra in Perak schools and organising beach clean-ups for staff volunteers, QBE Foundation demonstrates its dedication to environmental conservation and awareness. These efforts align with its commitment to creating positive social impact and contributing to sustainable development goals.

2024 Outlook

The global economic landscape remains uncertain in 2024 due to geopolitical and financial instability. With the ongoing war between Ukraine-Russia and Israel-Palestine, and the expectation of a gradual reversal in monetary policy across regions, global economy growth is expected to be moderate in 2024. Despite these global challenges, the growth of the Malaysian economy is expected to be mainly driven by resilient domestic expenditure and recovery in exports, particularly in the electrical and electronic sectors. The Malaysian Rating Corporation (MARC) expects Malaysia's GDP to grow between 4% and 4.5% in 2024.

With our strong business fundamentals and focused approach to our objectives and go-to-market strategies, we have a positive outlook for 2024 and the future of our business.

I am very proud of our people's passion and integrity, which drive exceptional outcomes for our customers, supported by our strong balance sheet and initiative benefiting our customers, shareholders, and communities.

Acknowledgements

On behalf of the Board of Directors, I would like to extend my sincere appreciation and gratitude to all our valued business partners for their unwavering support over the years, as well as to our senior management team and all employees for their leadership and dedication in the past year.

In closing, I would like to thank my fellow Board Members for their invaluable support and commitment throughout the year.

Arunothayam Rajaratnam
Chairperson
QBE Insurance (Malaysia) Berhad

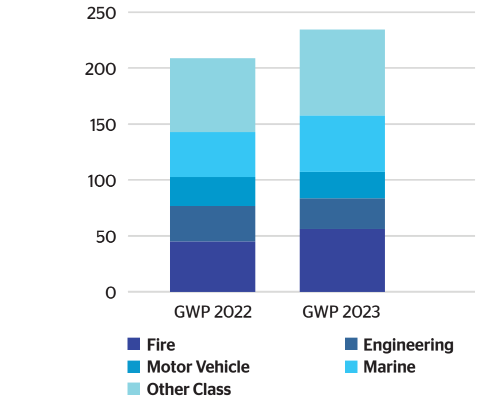
2023 snapshot

Gross written premium

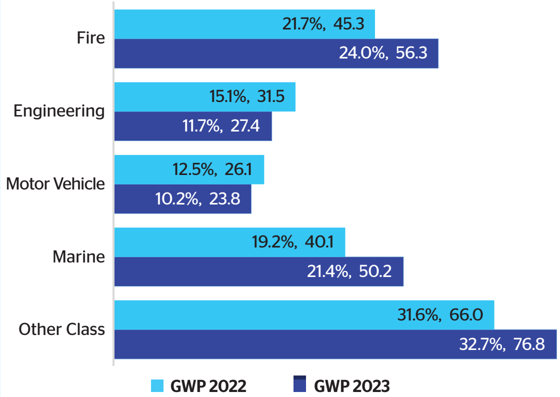
MYR234.6Mil

12.2% from 2022

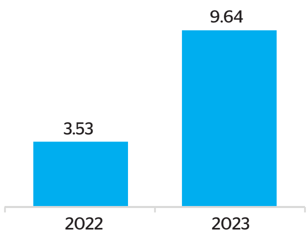
Gross written premium (RM' mil) by class of business



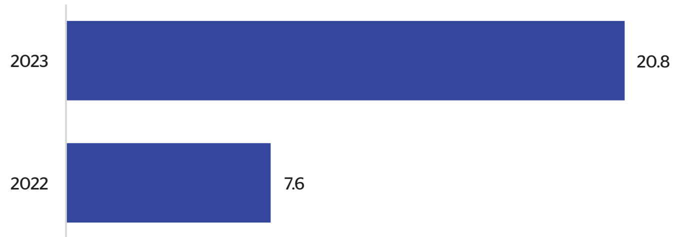
Business portfolio 2023 (RM' mil)



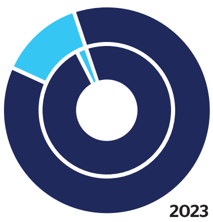
Earnings per share (cents)



Net profit after income tax (RM' mil)

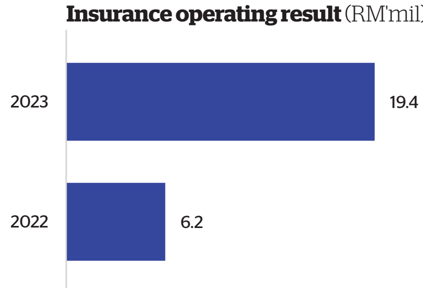


Investment portfolio 2023

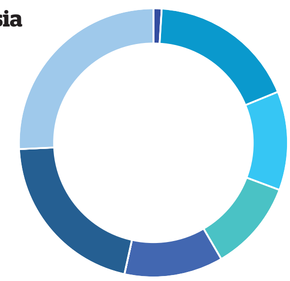


	2023	2022
Money Market Placement	87%	98%
Government Securities	13%	2%

Insurance operating result (RM'mil)



Business Across Malaysia



	2023	2022
MMIP	1%	1%
Southern Agency	18%	11%
Northern Agency	12%	18%
East M'sia Agency	11%	10%
Central Agency	12%	12%
Bancassurance	0%	0%
Brokers	21%	23%
Major Trading Partners	26%	24%

Chief Executive Officer's statement

In 2023, QBE Malaysia performed above expectations recording an excellent financial performance that met both top and bottom-line profitability. This achievement was due to our continuous effort to grow the business in line with QBE Asia's growth strategy.

Earlier this year, we released a refined sustainability strategy following extensive consultation with QBE Group and a thorough review of the external landscape. This was meant to foster an orderly and inclusive transition to a net-zero economy, enable a sustainable and resilient workforce, and encourage partnerships for growth.

The fundamental work we've done in 2023 will allow us to move forward with meeting our plan for 2024. We aim to do this while maintaining our underwriting discipline, pricing risks adequately, and achieving sustainable growth. Given our multinational status, technical expertise and revised business model, I see great opportunity to grow the business in the right direction, leveraging expertise across our markets and unlocking the value of our global organisation.

External Environment

In 2023, Malaysia's economy was muted;- with growth slowing and exports contracting sharply as the country grappled with a tough global economic environment and weak commodity prices. Overall, the growth of the economy normalised to 3.7% in 2023, compared to 8.7% in 2022.

2023 Performance

We recorded an Insurance revenue of RM215.7 million in FY2023 reflecting 8.5% growth from RM198.8 million recorded the year before restated to MFRS 17 basis. The company's Profit Before Tax rose by 259 percent to RM36.9 million in FY2023 (from RM14.3 million in FY2022) mainly due to higher underwriting profit and investment income.

The company maintained a sound Capital Adequacy Ratio ("CAR") in 2023, exceeding both the Supervisory CAR and our own internal capital target as per our Capital Management Plan.

Strategic priorities

Our new direction defines our priorities for the medium to long-term and integrates into our sustainable strategy. I am committed to delivering on our vision of being the most consistent and innovative risk partner by being transparent about our progress and focusing on each of our six strategic priorities namely: Portfolio optimisation, Sustainable growth, Bring the enterprise together, Modernise our business, Our people and Our culture. Through it all, we remain fundamentally guided by our purpose of enabling a more resilient future.

Chief Executive Officer's statement continued

For instance, we have incorporated our portfolio optimisation initiatives into our 2024 business plan. This is on top of building our enterprise focus, improving and simplifying how we operate to ensure we achieve greater consistency and innovation across our global organisation.

To support our ambitions, we have initiated steps to transform our business to meet the current demands of our customer and market requirements. We have invested in the state-of-the-art digital capabilities internally to create efficiencies and externally to modernise our business propositions using digital platforms. This means continued focus on our core platforms and simplifying our IT estate to make QBE an easier partner to deal with and work for.

I am pleased with the progress we have made against our strategic objectives for 2023. Today, QBE Malaysia is strategically, operationally, and financially stronger. I am optimistic of what the future holds for QBE Malaysia in 2024 and beyond.

Sunther Kuppan
Chief Executive Officer
QBE Insurance (Malaysia) Berhad

Financial report & statements contents

Directors' report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

Principal Activity

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

Financial Results

Net profit for the financial year	RM 20,825,803

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

Dividends

No dividend was paid or declared by the Company since the end of the last financial year. The Directors have not recommended any final dividend to be paid for the financial year under review.

Reserves and Provisions

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

Provision for Outstanding Claims

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 Malaysian Financial Reporting Standard ("MFRS") 17 'Insurance Contracts'.

Share Capital

There was no issuance of shares by the Company during the financial year.

Other Statutory Information

(a) Before the financial statements of the Company were made out, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

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

(g) Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with MFRS 17 'Insurance Contracts'.

Corporate Governance

The Company has complied with all the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under Financial Services Act 2013 ("FSA") and Bank Negara Malaysia ("BNM") Guidelines in particular BNM/RH/PD_029-9 on Corporate Governance.

The Company and its Directors are committed to ensuring that the highest standards of corporate governance are practised. Integrity is a fundamental value to our business that is applied to all our activities.

(a) Board Responsibility and Oversight

The Board comprises four Directors, represented by three independent non-executive directors (including the Chairman) and an executive director. Five meetings were held during the financial year ended 31 December 2023 and four meetings have been scheduled for the year 2024, with additional meetings to be convened as necessary.

The Board is responsible for the overall governance of the Company and is committed to ensuring that the highest standards are being maintained and compliance with relevant Acts, Regulations and Guidelines are being observed. The Directors bring to the Board a wide range of business and financial experience and participate fully in decisions on the key issues of the Company.

(b) Committees

The Board is supported by several committees which comprise certain members of the Board. The main committees of the Board are the Audit, Nomination, Remuneration and Risk & Capital Committees.

Committee membership is reviewed at least annually and the Committees meet regularly as required, to deal with matters that are referred by the Board or management from time to time. Details of Directors' and Committee members' attendance at Board and Committee meetings are outlined in the table of meeting attendance set out on page 6 of this report.

(i) Audit Committee

The membership of the Audit Committee comprises three independent non-executive directors. The current members of the Audit Committee are Dato' Tan Ang Meng (Chairman), Arunothayam Rajaratnam and Saw Teow Yam.

Corporate Governance (continued)

(b) Committees (continued)

(i) Audit Committee (continued)

The Audit Committee operates under written terms of reference determined by the Board and the role of the Committee is to oversee and enhance credibility of the Company's financial reporting process, and to ensure all policies, procedures and all statutory and non-statutory guidelines are adhered to.

There are formal procedures in place for both internal and external auditors to report conclusions and recommendations to management and to the Audit Committee. All aspects of the system of internal controls are subjected to regular review to ensure their adequacy and effectiveness.

(ii) Nomination Committee
The membership of the Nomination Committee comprises three independent non-executive directors and an executive director. The current members of the Committee are Dato' Tan Ang Meng (Chairman), Arunothayam Rajaratnam, Jason Andrew Hammond and Saw Teow Yam. The Nomination Committee operates under written terms of reference determined by the Board, taking into consideration all relevant Bank Negara Malaysia's guidelines. The role of the Committee is to establish the minimum requirements for the appointment of Board members, the Chief Executive Officer and key senior officers, including overseeing the composition, size and skills of the Board members and its effectiveness.

The Committee believes the skills, experience and qualities of Directors are conducive to the efficient running of the business.

(iii) Remuneration Committee
The membership of the Remuneration Committee comprises three independent non-executive directors. The current members of the Remuneration Committee are Saw Teow Yam (Chairman), Arunothayam Rajaratnam, Dato' Tan Ang Meng.

The Remuneration Committee operates under written terms of reference determined by the Board and is responsible for the development of the Company's remuneration policy for its Directors, Chief Executive Officer and key senior officers. The Committee considers recommendations from management and provides specific recommendations on the remuneration packages and other terms of employment for executive and non-executive directors, senior management as well as staff development to ensure that high quality people are retained.

(iv) Risk & Capital Committee
The Risk & Capital Committee comprises three independent non-executive directors. The current members of the Risk & Capital Committee are Saw Teow Yam (Chairman), Arunothayam Rajaratnam, Dato' Tan Ang Meng.

The Risk & Capital Committee operates under written terms of reference determined by the Board and is responsible for overseeing the senior management's activities in managing the key risk areas of the Company.

The Company has established internal controls to manage risk in the key areas of exposure relevant to its business and the Committee has a risk management framework to identify significant areas of business risk and to effectively and expeditiously manage those risks. Systems are designed to provide reasonable assurance that the assets of the Company are safeguarded, insurance risk exposure is within desired limits, reinsurance protections are adequate and counterparties are subject to security assessment.

The scope of internal controls covers not only financial controls but also operational and compliance controls as well as risk management. The system is intended to provide reasonable assurance, but not an absolute guarantee, against material financial misstatement or loss.

The Committee recommends and the Board approves a comprehensive Risk Management Strategy and Reinsurance Management Strategy on an annual basis and is responsible to the shareholders for the performance of the Company and as such, fulfils a critical role in establishing and maintaining an effective risk management strategy.

(c) Management Accountability
The Company has well documented and updated organisational structures showing all reporting lines as well as clearly documented job descriptions for management and executive employees.

A formal process of developing and monitoring individual goals on a consultative basis is adopted for staff performance appraisals to ensure that the goals are in line with the Company's corporate objectives and responsibilities.

(d) Public Accountability
The Company has always ensured that its business is conducted fairly, honestly and professionally.

(e) Corporate Independence
All material related party transactions have been disclosed in the notes to the financial statements.

(f) Financial Reporting
The Directors are responsible for ensuring that the accounting records are properly kept and that the Company's financial statements are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Board and senior management receive regular financial and management reports to enable them to effectively monitor the financial performance and condition of the Company in relation to the corporate objectives and responsibilities.

Meetings of Directors

		Meetings of Committees			
	Full meeting of directors	Audit	Nomination	Remuneration	Risk & Capital
Number of meetings held during the year	5	4	3	2	4
	Number Attended	Number Attended	Number Attended	Number Attended	Number Attended
Arunothayam Rajaratnam	5	4	3	2	4
Dato' Tan Ang Meng	5	4	3	2	4
Jason Andrew Hammond	5	4	3	2	4
Saw Teow Yam	5	4	3	2	4

Directors and their Interests in Shares

(a) The Directors who have held office since the date of the last report are as follows:
Arunothayam Rajaratnam
Dato' Tan Ang Meng
Jason Andrew Hammond
Saw Teow Yam

(b) In accordance with Regulation 63 of the Company's Constitution, Saw Teow Yam retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

(c) According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interest of the Directors in office at the end of the financial year in shares in the Company or its holding company or subsidiaries of the holding company during the financial year were as follows:

<u>Rights over shares in QBE Insurance Group Limited granted to the Directors</u>

Shares in QBE Insurance Group Limited (Ultimate holding company)	At 1.1.2023	Granted	Extinguished	At 31.12.2023
Jason Andrew Hammond	96,880	23,084	-	119,964

(d) Other than the above, none of the other Directors in office at the end of the financial year held any interest in the shares in or debentures of the Company or its related corporations during the financial year.

Directors' Remuneration

Details of Directors' remuneration are set out in Note 16 to the financial statements.

Indemnity to Directors and Officers

During the financial year, no indemnity insurance premium was paid for the Directors and officers of the Company.

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party 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, other than the options and rights granted over the shares of the ultimate holding corporation as disclosed in this report.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of fees and other emoluments received or due and receivable by directors shown in Note 16 to the financial statements) by reason of a contract made by the Company or a related corporation 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 ultimate holding corporation and other related corporations.

Share Option Scheme

No Share Option Scheme was offered during the financial year.

Ultimate Holding Corporation

The Directors regard QBE Insurance Group Limited, a corporation incorporated in Australia, as the ultimate holding corporation.

Registered Office and Principal Place of Business

The registered office and principal place of business of the Company are located at No. 638, Level 6, Block B1, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor.

Auditors' Remuneration

Detail of auditors' remuneration are set out in Note 12 to the financial statements.

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

Auditors

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

This report was approved by the Board of Directors on 27 March 2024. Signed on behalf of the Board of Directors:

Arunothayam Rajaratnam Director	Jason Andrew Hammond Director

Petaling Jaya

Statement by directors

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

We, Arunothayam Rajaratnam and Jason Andrew Hammond, two of the Directors of QBE Insurance (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 20 to 73 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023, financial performance and cash flows of the Company for the financial year ended 31 December 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 March 2024.

Arunothayam Rajaratnam
Director

Jason Andrew Hammond
Director

Petaling Jaya

Statutory declaration

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

I, Sunther Kuppan, the officer primarily responsible for the financial management of QBE Insurance (Malaysia) Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 20 to 73 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Sunther Kuppan

Subscribed and solemnly declared by the above named Sunther Kuppan at Petaling Jaya in the State of Selangor Darul Ehsan on 27 March 2024.

Before me,

PESURUHJAYA SUMPAH
B 703
DESMOND
LAU JENG SIENG
BC/D/192
1.2.2022 - 31.12.2024
MALAYSIA
No. 26-1, Jalan PJS 8/18,
Dataran Mentari, 46150
Petaling Jaya, Selangor

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

QBE Insurance (Malaysia) Berhad

(Incorporated in Malaysia)
Registration No. 198701002415 (161086-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

What we have audited
We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 20 to 73.

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, which we obtained prior to the date of this auditors' report, and Chairperson's Statement and Chief Executive Officer's Statement, which is expected to be made available to us after that date. Other information does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not and will 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 on the other information that we obtained prior to the date of this auditors' report, 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.

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.

OTHER MATTERS

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

PricewaterhouseCoopers PLT

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Chan Suet Lye
03603/10/2025 J
Chartered Accountant

Kuala Lumpur
27 March 2024

Statement of financial position

AS AT 31 DECEMBER 2023

		As at 31 December		As at 1 January
		2023	2022 Restated	2022 Restated
	NOTE	RM	RM	RM
Assets				
Property, plant and equipment	3	2,119,879	2,204,118	3,242,709
Intangible assets	4	2,816,864	392,685	733,834
Right-of-use assets	5	6,027,705	5,451,175	5,909,188
Investments		564,517,608	504,088,116	488,199,944
Fair value through profit or loss	6	71,556,976	10,174,467	-
Term deposits	6	492,960,632	493,913,649	488,199,944
Reinsurance contract assets	7	87,501,540	88,667,930	61,319,039
Other receivables	8	38,856,109	41,318,811	45,584,365
Deferred tax asset	11	-	1,259,291	35,262
Tax recoverable		1,181,704	1,181,704	1,181,704
Cash and bank balances		26,256,316	43,807,836	19,449,327
Total assets		729,277,725	688,371,666	625,655,372
Liabilities				
Insurance contract liabilities	7	449,183,209	437,080,083	383,966,278
Lease liabilities	5	946,567	272,134	664,313
Deferred tax liabilities	11	1,001,099	-	-
Curent tax liabilities		10,074,074	3,771,977	1,393,789
Other payables	14	49,743	50,243	51,481
Total liabilities		461,254,693	441,174,437	386,075,861
Shareholders' equity				
Share capital	9	108,000,000	108,000,000	108,000,000
Retained earnings	10	160,023,032	139,197,229	131,579,511
		268,023,032	247,197,229	239,579,511
Total liabilities and shareholders' equity		729,277,725	688,371,666	625,655,372

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

Statement of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 RM	2022 Restated RM
Insurance revenue		215,736,757	198,834,674
Insurance service expenses	12	(160,128,787)	(198,463,458)
Reinsurance expenses		(39,846,030)	(32,413,328)
Reinsurance income		4,792,205	36,459,630
Insurance service result		20,554,145	4,417,518
Other income		-	3,136,929
Other expenses	12	(1,191,797)	(1,356,977)
Insurance operating result		19,362,348	6,197,470
Insurance finance income	13	(3,814,415)	(2,605,059)
Reinsurance finance expenses	13	1,156,567	238,871
Insurance profit		16,704,500	3,831,282
Investment income	14	20,583,582	10,779,619
Gain/(loss) on disposal of property, plant and equipment		(9,190)	578
Gain/(loss) on disposal of investment property		-	-
Gain/(loss) on disposal of investment		(55,000)	-
Fair value loss on investments	15	(147,000)	(22,000)
Other operating expense		(82,680)	(310,759)
Profit before taxation		36,994,212	14,278,720
Taxation	17	(16,168,409)	(6,661,002)
Net profit and total comprehensive income for the year		20,825,803	7,617,718
Earnings per share (sen)	18	9.64	3.53

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

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	SHARE CAPITAL RM	DISTRIBUTABLE RETAINED EARNINGS RM	TOTAL RM
At 1 January 2022, as previously reported		108,000,000	119,989,139	227,989,139
Impact of initial application of MFRS 17	2.1(a)	-	11,590,372	11,590,372
Restated at 1 January 2022		108,000,000	131,579,511	239,579,511
Total comprehensive income for the financial year		-	7,617,718	7,617,718
Restated at 31 December 2022		108,000,000	139,197,229	247,197,229
At 1 January 2023		108,000,000	139,197,229	247,197,229
Total comprehensive income for the financial year		-	20,825,803	20,825,803
At 31 December 2023		108,000,000	160,023,032	268,023,032

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

Statement of cash flows

For the financial year ended 31 December 2023

	2023 RM	2022 Restated RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	20,825,803	7,617,718
Adjustments for :		
Depreciation on property, plant and equipment	1,171,936	1,215,754
Amortisation of intangible assets	743,841	500,558
Depreciation of right-of-use assets	623,498	591,053
Loss/(gain) on disposal of property, plant and equipment	9,190	(578)
Loss on disposal of investments	55,000	-
Fair value loss on investments	147,000	22,000
Allowance of impairment on other receivables	-	1,095,283
Investment income	(20,583,582)	(10,779,619)
Interest expense for lease liabilities	29,426	14,408
Taxation	16,168,409	6,661,002
	19,190,522	6,937,579
Proceeds from maturity of FVTPL investments	(55,000)	-
Purchase of FVTPL investments	(71,725,976)	(10,196,467)
Disposal of FVTPL investments	10,196,467	-
(Decrease)/increase in investments at amortised cost	3,000,000	(5,700,055)
(Decrease)/increase in reinsurance contract assets	1,166,390	(27,348,891)
Increase in other receivables	2,462,702	3,170,271
Increase in insurance contract liabilities	12,103,126	53,113,805
Decrease in other payables	(500)	(1,238)
Income tax paid	(7,605,921)	(5,506,844)
Interest income received	20,583,582	10,483,035
Interest charge on lease liabilities	(29,426)	(14,408)
Net cash (used in)/ generated from operating activities	(12,761,019)	25,219,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	1,364,200
Purchase of property, plant and equipment	(1,096,887)	(1,540,785)
Purchase of intangible assets	(3,168,020)	(159,409)
Net cash used in investing activities	(4,264,907)	(335,994)
CASH FLOW FROM FINANCING ACTIVITY		
Lease payment	(525,594)	(525,219)
Net cash used in financing activity	(525,594)	(525,219)
Net movement in cash and cash equivalents	(17,551,520)	24,358,508
Cash and cash equivalents at 1 January	43,807,836	19,449,327
Cash and cash equivalents at 31 December	26,256,316	43,807,836
Cash and cash equivalents comprise:		
Cash and bank balances	26,256,316	43,807,836

Reconciliation of liabiities arising from financing activity

	2023 RM	2022 Restated RM
Lease liabilities		
At 1 January	272,134	664,313
Cash flows	(555,020)	(539,627)
Interest charge	29,426	14,408
Lease addition	1,200,028	133,038
At 31 December	946,567	272,134

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

Notes to the financial statements

1. Principal activity

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 these activities during the financial year.

2. Material accounting policies

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

2.1 Basis of Preparation

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

The financial statements of the Company have also been prepared on a historical cost basis, except for those financial instruments that have been measured at their fair values.

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

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 are based on the Directors' best knowledge of current events and actions, actual results may differ from estimates.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3 to the financial statements.

(a) Standards, amendments to published standards and interpretations that are effective

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

- MFRS 17 'Insurance Contracts'
- Amendments to MFRS 17 'Insurance Contracts'
- Amendment to MFRS 17 'Insurance Contracts' and MFRS 9 'Financial Instruments': Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendment to MFRS 101 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 'Presentation of Financial Statements': Disclosure of Accounting Policies
- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors': Definition of Accounting Estimates
- Amendments to MFRS 112 'Income Taxes': Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 'Income Taxes': International Tax Reform - Pillar Two Model Rules

MFRS 17 'Insurance Contracts'

MFRS 17 replaces *MFRS 4 Insurance Contracts* for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to MFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

(i) Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Company's insurance contracts.

The Company was previously permitted under MFRS 4 to continue accounting using its previous accounting policies. However, MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under MFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in MFRS 17. The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under MFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company capitalises insurance acquisition cash flows for all product lines and allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.

Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another MFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2.2.

(ii) Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

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

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

- Gross earned premiums
- Premium ceded to reinsurers
- Gross claims paid
- Claims recoveries from or (to) reinsurers
- Gross charge to claims liabilities
- Change in claims liabilities ceded to reinsurers

Instead, MFRS 17 requires separate presentation of:
- Insurance revenue
- Insurance service expenses
- Reinsurance expenses
- Reinsurance income
- Insurance finance income or expenses
- Reinsurance finance income or expenses

The Company provides disaggregated qualitative and quantitative information about:
- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

(iii) Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if MFRS 17 had always applied
- Derecognised any existing balances that would not exist had MFRS 17 always applied
- Recognised any resulting net difference in equity

MFRS 9 'Financial Instruments'

The Company has applied MFRS 9 for the first time for its annual reporting period commencing 1 January 2023 after elected to apply the temporary exemption in the prior reporting periods.

This note explains the impact of the adoption of MFRS 9 'Financial Instruments' on the Company's financial statements. The adoption of MFRS 9 'Financial Instruments' from 1 January 2023 resulted in changes in accounting policies. The new accounting policies are set out in Note 2.2.

2. Material accounting policies (continued)

2.1 Basis of Preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

MFRS 9 'Financial Instruments' (continued)

Apart from this note, there is no significant changes to the disclosure in the notes to financial statements. Other than as described above, the changes to the Company's accounting policies resulting from MFRS 9 did not result in any material impact to the Company's statement of comprehensive income, statement of financial position, statement of changes in equity or statement of cash flows.

MFRS 9 'Financial Instruments' replaces the provisions of MFRS 139 'Financial Instruments: Recognition and Measurement' that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

(i) Changes to classification and measurement

On 1 January 2023 (the date of initial application of MFRS 9), the Company has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate MFRS 9 categories.

On the date of initial application, 1 January 2023, the financial instruments of the Company were as follows:

	Measurement category		Carrying amount		
	Under MFRS 139	Under MFRS 9	Under MFRS 139 RM	Under MFRS 9 RM	Difference RM
Assets					
Financial assets					
- Debt securities at fair value through profit or loss ("FVTPL")	FVTPL	FVTPL	10,174,467	10,174,467	-
- Term deposits	Amortised cost ("AC")	AC	493,913,649	493,913,649	-
Receivables excluding insurance and reinsurance receivables	AC	AC	41,318,811	41,318,811	-
Cash and cash equivalents	AC	AC	43,807,836	43,807,836	-
Total assets			589,214,763	589,214,763	-

Insurance receivables and reinsurance assets have been excluded from the above assessment as they will be under the scope of MFRS 17 'Insurance Contracts'.

Other than the financial assets included in the table above and assets that are within the scope of MFRS 17 'Insurance Contracts', all other assets in the statement of financial position are non-financial asset.

As no reclassification of the financial instruments is required, the adoption of MFRS 9 did not result in any changes to measurement and carrying amounts.

(ii) Impairment of financial assets

The Company's term deposits are subject to MFRS 9's new expected credit loss model.

Term deposits are measured at amortised cost and are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model resulted in the recognition of a loss allowance is insignificant on 1 January 2023 (previous loss allowance was nil) for term deposits at amortised cost.

There is no restatement of the loss allowance for term deposits on transition to MFRS 9 as a result of applying the expected credit risk model was insignificant.

Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on 'Disclosure of Accounting Policies' and 'Definition of Accounting Estimates'

MFRS 101 and MFRS Practice Statement require the Company to disclose material accounting policies rather than significant accounting policies. The disclosures are expected to be specific to the Company and not generic disclosures on MFRS applications.

The amendment explains that an accounting policy is material if, when considered together with other information included in the Company's financial statements, it can be reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

MFRS 108 provides clarify on how to distinguish changes in accounting policies from change in accounting estimates. 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.

There is no financial impact to the Company.

(b) Standards and amendments that have been issued but not yet effective

Effective for financial periods beginning on or after 1 January 2024

- Amendments to MFRS 16, 'Leases': Sale and Leaseback Transactions
- Amendments to MFRS 101 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 'Presentation of Financial Statements': Non-current Liabilities with Covenants
- Amendments to MFRS 107 'Statement of Cash Flows' and MFRS 7 'Financial Instruments: Disclosures': Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates': Lack of Exchangeability

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.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

There is no financial impact to the Company.

2.2 Summary of Material Accounting Policies

(a) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Work-in-progress is not depreciated until the asset is ready for its intended use. Depreciation on plant and equipment is calculated using the straight-line basis to allocate their cost to their residual values over the expected useful lives of the assets. The expected useful lives of the assets are as follows:

Motor Vehicles	5 years
EDP Equipment	3 - 5 years
Office Equipment	3 - 10 years
Furniture & Fittings	2 - 10 years
Renovations	2 - 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each date of the statement of financial position.

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See Note 2.2 (d) to the financial statements on impairment of non-financial assets.

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

Notes to the financial statements continued

2. Material accounting policies (continued)

2.2 Summary of Material Accounting Policies (continued)

(b) Intangible Assets

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software. Capitalisation of these costs ceases no later than the point at which the project is substantially completed and ready for its intended purpose. These costs are amortised over their expected useful life of 4 to 5 years on a straight-line basis, with the useful lives being reviewed annually.

(c) Leases

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. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

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).

ROU assets

ROU assets are initially measured at cost comprising the following:
(i) The amount of the initial measurement of lease liability;
(ii) Any lease payments made at or before the commencement date less any lease incentive received;
(iii) Any initial direct costs; and
(iv) 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. Leasehold building is amortised in equal instalments over the period of lease of 69 years.

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

Lease payments are discounted using the interest rate implicit in the lease when that rate can be readily determined. If that rate cannot be readily determined, the lessee uses its incremental borrowing rate. Given QBE's practice of borrowing centrally, the 'incremental borrowing rate (IBR)' will be derived by Group on behalf of the subsidiaries. The IBR will be determined by reference to observable market data, including the following:
(i) QBE Group 'credit default swap' rate (CDS); and
(ii) risk free rate for the currency and tenor of the lease liability.

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

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the management expenses in profit or loss in Note 17 to the financial statements.

Short term leases and leases of low value assets

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

(d) Impairment of Non-Financial Assets

The carrying values of non-financial assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit. Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to profit or loss immediately.

A subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss.

(e) Financial Assets

(i) Classification

The Company classifies its financial assets into the two categories:

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

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date being the date on which the Company commits to purchase or sell the asset. 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 risk and rewards of ownership.

(1) Debt instruments

Debt instruments are those instruments that meet the definition of financial liabilities from the issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depends on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset (represented by Solely Payments of Principal and Interest ("SPPI")).

Based on these factors, the Company classifies its debt instruments into one of the following two measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at Fair value through Profit or loss ("FVTPL"), are measured at amortised costs. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate method.

FVTPL: Assets that do not meet the criteria for amortised cost or Fair value through other comprehensive income ("FVOCI") are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the statement of profit or loss and other comprehensive income within net gains on FVTPL investments in the period in which it arises.

2. Material accounting policies (continued)

2.2 Summary of Material Accounting Policies (continued)

(e) Financial Assets (continued)

(ii) Recognition and derecognition (continued)

(2) Business model

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Company's business model for the investments underlying direct participating contracts is to hold to collect and sell contractual cash flows. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the other business model and measured at FVTPL.

(3) Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the 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 FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

(iii) Measurement

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

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

(1) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within net fair value gain on financial assets at fair value through profit or loss in the period in which it arises. The Company classifies debt securities, term deposits, and Receivables excluding insurance and reinsurance receivables at fair value through profit or loss. Though the debt securities in the Company are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, FVTPL is adopted for this class of assets.

(2) Financial assets carried at amortised costs

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in investment income under the statement of profit or loss and other comprehensive income using effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and other comprehensive income together with foreign exchange gain and losses.

(f) Impairment of Financial Instruments

The Company assesses at each date of the statement of financial position whether a financial assets or group of financial assets is impaired.

Financial Assets Carried at Amortised Cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate/yield. The carrying amount of the asset is reduced and the loss is recorded in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each date of the statement of financial position.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(g) Derecognition of Financial Assets

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

(h) Insurance Contracts

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event. The Company derives all gross premiums from general insurance contracts.

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

The Company does not issue any contracts with direct participating features.

(i) Separating components from insurance and reinsurance contracts

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

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

2. Material accounting policies (continued)

2.2 Summary of Material Accounting Policies (continued)

(h) Insurance Contracts (continued)

(ii) Level of aggregation

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. The Company has defined portfolios of insurance and reinsurance contracts issued based on its product lines, namely property damage, liability and others contracts due to the fact that the products are subject to similar risks and managed together. Portfolios are further divided based on expected profitability at inception into three groups:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e. the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e. legal or management). MFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The profitability of portfolios of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Management information for business planning and performance management
- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g. a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Reinsurance contracts held would generally not be disaggregated unless facts and circumstances demonstrate that:

- They are managed on a disaggregated basis, and
- The economic substance is an aggregation of multiple different underlying individual contracts.

(iii) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

(iv) Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

(v) Measurement - Premium Allocation Approach

	MFRS 17 Options	Adopted approach
PAA	Subject to specified criteria, the PAA can be adopted as a simplified approach to the MFRS 17 general model	Coverage period for majority of the insurance and reinsurance contracts is one year or less and so qualifies automatically for PAA. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.

2. Material accounting policies (continued)

2.2 Summary of Material Accounting Policies (continued)

(h) Insurance Contracts (continued)

(v) Measurement - Premium Allocation Approach (continued)

	MFRS 17 Options	Adopted approach
Liability for Remaining Coverage ("LFRC"), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	The LFRC is not discounted where the time between providing each part of the services and the related premium due date is no more than a year.
Liability for Incurred Claims, ("LFIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all business, the LFIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	For all business, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

(1) Insurance contracts – initial measurement

The Company applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary "Note 2.2(h)(iv)"; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all insurance, the liability for remaining coverage is not discounted to reflect the time value of money and the effect of financial risk for premiums received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 2.2(h)(vi)(2).

(2) Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

(3) Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 2.2(h)(vi)(2).

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

(4) Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2. Material accounting policies (continued)

2.2 Summary of Material Accounting Policies (continued)

(h) Insurance Contracts (continued)

(v) Measurement - Premium Allocation Approach (continued)

(5) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
  - To that group; and
  - To groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

(6) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

(vi) Presentation

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

The Company disaggregates the total amount recognised in the statement of other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

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

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

(1) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

(2) Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 2.2(h)(ii) indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 2.2(h)(v)(3). Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

(3) Loss-recovery components

As described in Note 2.2(h)(v)(2) above, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

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

(4) Insurance finance income and expenses

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

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

For all business, the Company does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVTPL.

(5) Reinsurance expenses and income

The Company presents separately on the face of the statement of other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of other comprehensive income.

(i) Other receivables from Malaysia Motor Insurance Pool ("MMIP")

Short term advances to MMIP are measured at amortised cost using the effective interest method less impairment. The Company's share of investment return of MMIP is recognised as receivable when the right to receive is established. The advances to and receivables from MMIP are classified as part of other receivables.

(j) Other Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Interest and Profit Income

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

Dividend Income

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

Notes to the financial statements continued

2. Material accounting policies (continued)

2.2 Summary of Material Accounting Policies (continued)

(j) Other Revenue Recognition (continued)

Realised Gains and Losses on Investments

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

(k) Income Tax

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

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

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

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

(l) Provisions

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

(m) Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Post-employment Benefits

The Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate to. Once the contributions have been paid, the Company has no further payment obligations.

(iii) Cash-Settled Share-Based Plan

The Company participates in a cash-settled, share-based plan for the employees of the Company. The fair value of the employee services received in exchange for the grant of the share appreciation rights is recognised in profit or loss over the vesting periods of the grant with a corresponding increase in liabilities.

The total amount to be expensed off on the vesting period is determined by reference to the fair value of the share appreciation rights. At each date of the statement of financial position, the Company reviews its estimates of the number of employees expected to meet service vesting conditions and the fair value of the liability incurred. The impact of the revision of the original estimate, if any, is recognised in profit or loss.

The cumulative liability incurred will be reversed as cash is paid, net of any directly attributable transaction costs, at the end of vesting period.

(n) Foreign Currencies

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

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities at the date of the statement of financial position are translated to Ringgit Malaysia at exchange rates prevailing at the date of the statement of financial position. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss.

(o) Cash and Cash Equivalents

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

(p) 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 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 circumstance 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 uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(q) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares and options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Dividends

Dividends are recognised as liabilities when the obligation to pay is established in which the dividends are declared and approved by BNM and the Company's shareholders. No provision is made for a proposed dividend.

2.3 Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

The areas involving significant estimates or judgements are:

- Insurance and reinsurance contracts (See Note 2.3a)
- Risk adjustment for non-financial risk (See Note 2.3b)
- Discount rates (See Note 2.3c)

2. Material accounting policies (continued)

2.3 Critical Accounting Judgements, Estimates and Assumptions (continued)

(a) Insurance and reinsurance contracts

(i) Liability for remaining coverage

Onerous contracts

Insurance contracts are onerous when the liability for remaining coverage is insufficient to pay future claims and other insurance service expenses attributable to the contracts.

Contracts that are measured using the premium allocation approach are assumed not to be onerous unless facts and circumstances indicate otherwise. In identifying facts and circumstances that may be indicators of onerous contracts, the Company has considered management information for Company planning and performance management, in combination with other indicators where relevant. If there are facts and circumstances that may indicate the existence of possible onerous contracts, the onerous contract losses are measured based on the extent to which the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) attributable to the group of contracts exceed the liability for remaining coverage for that group.

Onerous contract losses are measured on a gross basis (excluding the effect of reinsurance contracts held) and are immediately recognised in profit or loss. A loss component of the liability for remaining coverage is established (or increased) to depict the onerous contract losses recognised. Where the onerous contracts are covered by reinsurance contracts held, reinsurance income is recognised in profit or loss and a corresponding loss-recovery component of the reinsurance asset for remaining coverage is established to depict expected recoveries attributable to the onerous contract losses.

The consideration of facts and circumstances as well as the measurement of any onerous contract losses are determined separately for each underwriting year within a portfolio of contracts that are of similar risks and managed together. Where a subset of contracts within a portfolio would be identified as a separate group from other contracts within the portfolio only because of the existence of specific legal or regulatory constraints to the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics, such contracts are included in the same group for the purposes of identifying and measuring onerous contracts.

The carrying values of the loss and corresponding reinsurance loss-recovery components as at 31 December 2023 are disclosed in Note 7.1 and 7.2.

(ii) Liability for incurred claims

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

Valuation of General Insurance Contract Liabilities

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

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. Historical claims development data is adjusted for the impact of inflation, and explicit assumptions are made for the rate of future claims inflation applied to the projected losses. Additional qualitative judgement is used to assess the extent to which the past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Refer to Note 22 to the financial statements for the disclosures on insurance risk.

(b) Risk adjustment for non-financial risk

The risk adjustment is first determined by the QBE Group Board and represents the compensation QBE Group requires for bearing the uncertainty in the net discounted estimate of future cash flows within the insurance liabilities. The determination of the appropriate level of risk adjustment takes into account:

- The level of economic capital that QBE Group allocates to support the net discounted cash flows and the weighted average cost of servicing;
- The run-off profile and term to settlement of the net discounted cash flows;
- Mix of business, in particular the mix of short-tail and long-tail business;
- The benefit of diversification between classes of business and geographic locations; and
- The level of uncertainty in the cash flow estimates due to estimation error, data quality, variability of key inflation assumptions, and possible economic and legislative changes.

The uncertainty by class of business is measured using techniques that determine a range of possible outcomes of ultimate payments and assign a likelihood to outcomes at different levels. These techniques generally use standard statistical distributions, and the measure of variability is referred to as the coefficient of variation.

The allocation of risk adjustment to the Company is based on the standard deviation relative to the mean (central estimate) where the mean represents the expected future cashflows for both the liability for remaining coverage and incurred claims. The standard deviation is used a measure of uncertainty to allocate the total risk adjustment to classes of business across the Group.

The risk adjustment included in the liability for incurred claims (net of reinsurance held) corresponds to a confidence level of 78.0%.

(c) Discount rates

A bottom-up approach is applied to determine the discount rates used to discount insurance and reinsurance contract cash flows, which uses risk-free rates adjusted to reflect the liquidity characteristics of the contracts. The illiquidity premium within discount rates is derived based on the long-term weighted average credit spread of a reference portfolio of assets with a similar currency mix and weighted average duration as the related insurance liabilities over the longer term. The effect of credit risk and other factors that are not relevant to the illiquidity characteristics of insurance contracts is eliminated to estimate the portion of the spread that reflects the illiquidity premium.

The following yield curve was used to discount the estimates of future cash flows:

	2023	2022
1 year	3.52%	3.57%
5 years	3.94%	4.16%
10 years	4.06%	4.40%

Notes to the financial statements continued

3. Plant and equipment

	MOTOR VEHICLES RM	EDP EQUIPMENT RM	OFFICE EQUIPMENT RM	FURNITURE & FITTINGS RM	RENOVATIONS RM	WORK-IN-PROGRESS RM	TOTAL RM
Net book value							
At 1 January 2023	47,569	1,318,283	213,178	201,858	423,230	-	2,204,118
Additions	-	937,920	31,050	4,190	123,727	-	1,096,887
Written off	-	-	(7,875)	(1,315)	-	-	(9,190)
Depreciation	(47,569)	(877,247)	(69,560)	(54,764)	(122,797)	-	(1,171,936)
At 31 December 2023	-	1,378,956	166,793	149,969	424,160	-	2,119,879
At 31 December 2023							
Cost	362,339	7,517,436	971,428	816,096	1,388,941	-	11,056,241
Accumulated depreciation	(362,339)	(6,138,480)	(804,635)	(666,127)	(964,781)	-	(8,936,362)
Net Book Value	-	1,378,956	166,793	149,969	424,160	-	2,119,879

	MOTOR VEHICLES RM	EDP EQUIPMENT RM	OFFICE EQUIPMENT RM	FURNITURE & FITTINGS RM	RENOVATIONS RM	WORK-IN-PROGRESS RM	TOTAL RM
Net book value							
At 1 January 2022	118,920	1,245,373	203,321	261,110	52,987	1,360,998	3,242,709
Additions	-	965,707	77,366	610	497,102	-	1,540,785
Disposals	-	-	-	-	-	-	-
Written off	-	-	-	(2,624)	-	(1,360,998)	(1,363,622)
Depreciation	(71,351)	(892,797)	(67,509)	(57,238)	(126,859)	-	(1,215,754)
At 31 December 2022	47,569	1,318,283	213,178	201,858	423,230	-	2,204,118
At 31 December 2022							
Cost	362,340	6,602,396	1,047,394	849,734	1,305,771	-	10,167,635
Accumulated depreciation	(314,771)	(5,284,113)	(834,216)	(647,876)	(882,541)	-	(7,963,517)
Net Book Value	47,569	1,318,283	213,178	201,858	423,230	-	2,204,118

4. Intangible Assets

	2023 RM	2022 RM
Cost		
At 1 January	11,166,656	11,007,247
Additions	3,168,020	159,409
At 31 December	14,334,676	11,166,656
Accumulated amortisation		
At 1 January	10,773,971	10,273,413
Amortisation during the financial year	743,841	500,558
At 31 December	11,517,812	10,773,971
Net book value		
At 31 December	2,816,864	392,685

5. Right-of-use assets

The Company leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Information about ROU assets, expenses and cash flows related to leases:

	2023 RM	2022 RM
Carrying amounts of ROU asset by class of underlying assets:		
Properties	5,950,261	5,324,091
Equipment	77,444	127,084
	6,027,705	5,451,175
Additions to the ROU assets during the financial year	1,182,373	118,636
Depreciation charge of ROU assets by class of underlying assets:		
Properties	(573,858)	(535,688)
Equipment	(49,640)	(55,365)
	(623,498)	(591,053)
Lease Liabilities		
Amount due for settlement within 12 months	352,936	207,799
Amount due for settlement after 12 months	593,631	64,335
	946,567	272,134

6. Investments

	2023 RM	2022 RM
The Company's investments are summarised as follows:		
Debt securities at fair value through profit or loss ("FVTPL")	71,556,976	10,174,467
Term deposits	492,960,632	493,913,649
Total investments	564,517,608	504,088,116
The following investments mature after 12 months	-	-
The following investments mature within 12 months	564,517,608	504,088,116

(a) Carrying Value of Financial Instruments

	FVTPL RM	TERM DEPOSITS RM	TOTAL RM
At 1 January 2022	-	488,199,944	488,199,944
Additions (purchases/deposits)	10,196,467	842,013,650	852,210,117
Disposals (sale and maturity)	-	(836,299,945)	(836,299,945)
Fair value losses recorded in profit or loss	(22,000)	-	(22,000)
At 31 December 2022	10,174,467	493,913,649	504,088,116
Additions (purchases/deposits)	71,725,976	865,046,984	936,772,960
Disposals (sale and maturity)	(10,196,467)	(866,000,000)	(876,196,467)
Fair value losses recorded in profit or loss	(147,000)	-	(147,000)
At 31 December 2023	71,556,976	492,960,633	564,517,609

7. Insurance and reinsurance contract assets and liabilities

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2023			2022		
	Assets RM	Liabilities RM	Net RM	Assets RM	Liabilities RM	Net RM
Fire	-	213,617,719	213,617,719	-	210,064,762	210,064,762
Motor	-	52,827,529	52,827,529	-	56,620,867	56,620,867
Marine	-	48,430,992	48,430,992	-	45,817,365	45,817,365
Miscellaneous	-	134,306,969	134,306,969	-	124,577,089	124,577,089
Total insurance contracts issued	-	449,183,209	449,183,209	-	437,080,083	437,080,083
Reinsurance contracts held	87,501,540	-	87,501,540	88,667,930	-	88,667,930
Total reinsurance contracts held	87,501,540	-	87,501,540	88,667,930	-	88,667,930

7.1 Insurance contract liabilities

(a) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The table below analyses the movement in the net insurance contract liabilities, showing separately the liabilities remaining coverage and liabilities for incurred claim by line of business with material net liabilities:

<u>**Fire**</u>	**2023**				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Insurance contract assets at 1 January 2023	-	-	-	-	-
Insurance contract liabilities at 1 January 2023	4,774,442	2,948,594	188,549,622	13,792,104	210,064,762
Net insurance contract liabilities at 1 January 2023	4,774,442	2,948,594	188,549,622	13,792,104	210,064,762
Insurance revenue	(77,211,923)	-	-	-	(77,211,923)
Insurance service expenses (Note 12)	12,167,322	(2,537,358)	58,957,168	(2,103,113)	66,484,019
Incurred claims and other expenses	-	(1,390,510)	61,264,072	3,424,127	63,297,689
Amortisation of insurance acquisition cash flows (i)	12,167,322	-	-	-	12,167,322
Changes that relate to past service	-	-	(2,306,904)	(5,527,240)	(7,834,144)
Losses on onerous contracts and reversals of those losses	-	(1,146,848)	-	-	(1,146,848)
Insurance service result	(65,044,601)	(2,537,358)	58,957,168	(2,103,113)	(10,727,904)
Insurance finance expenses (ii)	-	-	(182,273)	(13,950)	(196,223)
Total changes in the statement of comprehensive income	(65,044,601)	(2,537,358)	58,774,895	(2,117,063)	(10,924,127)
Cash flows					
Premium received (iii)	80,764,631	-	-	-	80,764,631
Claims and expenses paid	-	-	(52,928,723)	-	(52,928,723)
Acquisition costs paid	(13,358,824)	-	-	-	(13,358,824)
Total cash flows	67,405,807	-	(52,928,723)	-	14,477,084
Net insurance contract liabilities at 31 December 2023	7,135,648	411,236	194,395,794	11,675,041	213,617,719
Insurance contract assets at 31 December 2023	-	-	-	-	-
Insurance contract liabilities at 31 December 2023	7,135,648	411,236	194,395,794	11,675,041	213,617,719
Net insurance contract liabilities at 31 December 2023	7,135,648	411,236	194,395,794	11,675,041	213,617,719

Notes to the financial statements continued

7. Insurance and reinsurance contract assets and liabilities (continued)

7.1 Insurance contract liabilities (continued)

(a) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Fire	2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets at 1 January 2022	-	-	-	-	-
Insurance contract liabilities at 1 January 2022	6,442,999	2,413,248	165,383,567	11,341,287	185,581,101
Net insurance contract liabilities at 1 January 2022	6,442,999	2,413,248	165,383,567	11,341,287	185,581,101
Insurance revenue	(73,569,197)	-	-	-	(73,569,197)
Insurance service expenses (Note 12)	14,190,281	535,346	77,683,200	2,388,510	94,797,337
Incurred claims and other expenses	-	(1,435,034)	60,588,020	3,748,409	62,901,395
Amortisation of insurance acquisition cash flows (i)	14,190,281	-	-	-	14,190,281
Changes that relate to past service	-	-	17,095,180	(1,359,899)	15,735,281
Losses on onerous contracts and reversals of those losses	-	1,970,380	-	-	1,970,380
Insurance service result	(59,378,916)	535,346	77,683,200	2,388,510	21,228,140
Insurance finance expenses (ii)	-	-	741,722	62,307	804,029
Total changes in the statement of comprehensive income	(59,378,916)	535,346	78,424,922	2,450,817	22,032,169
Cash flows					
Premium received (iii)	69,456,223	-	-	-	69,456,223
Claims and expenses paid	-	-	(55,258,867)	-	(55,258,867)
Acquisition costs paid	(11,745,864)	-	-	-	(11,745,864)
Total cash flows	57,710,359	-	(55,258,867)	-	2,451,492
Net insurance contract liabilities at 31 December 2022	4,774,442	2,948,594	188,549,622	13,792,104	210,064,762
Insurance contract assets at 31 December 2022	-	-	-	-	-
Insurance contract liabilities at 31 December 2022	4,774,442	2,948,594	188,549,622	13,792,104	210,064,762
Net insurance contract liabilities at 31 December 2022	4,774,442	2,948,594	188,549,622	13,792,104	210,064,762

Motor

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets at 1 January 2023	-	-	-	-	-
Insurance contract liabilities at 1 January 2023	7,509,790	-	43,057,216	6,053,861	56,620,867
Net insurance contract liabilities at 1 January 2023	7,509,790	-	43,057,216	6,053,861	56,620,867
Insurance revenue	(24,650,050)	-	-	-	(24,650,050)
Insurance service expenses (Note 12)	4,904,634	120,534	15,480,007	(1,434,498)	19,070,677
Incurred claims and other expenses	-	(91)	21,240,269	990,641	22,230,819
Amortisation of insurance acquisition cash flows	4,904,634	-	-	-	4,904,634
Changes that relate to past service	-	-	(5,760,262)	(2,425,139)	(8,185,401)
Losses on onerous contracts and reversals of those losses	-	120,625	-	-	120,625
Insurance service result	(19,745,416)	120,534	15,480,007	(1,434,498)	(5,579,373)
Insurance finance expenses	-	-	344,859	28,339	373,198
Total changes in the statement of comprehensive income	(19,745,416)	120,534	15,824,866	(1,406,159)	(5,206,175)
Cash flows					
Premium received	23,848,521	-	-	-	23,848,521
Claims and expenses paid	-	-	(17,866,700)	-	(17,866,700)
Acquisition costs paid	(4,568,984)	-	-	-	(4,568,984)
Total cash flows	19,279,537	-	(17,866,700)	-	1,412,837
Net insurance contract liabilities at 31 December 2023	7,043,911	120,534	41,015,382	4,647,702	52,827,529
Insurance contract assets at 31 December 2023	-	-	-	-	-
Insurance contract liabilities at 31 December 2023	7,043,911	120,534	41,015,382	4,647,702	52,827,529
Net insurance contract liabilities at 31 December 2023	7,043,911	120,534	41,015,382	4,647,702	52,827,529

7. Insurance and reinsurance contract assets and liabilities (continued)

7.1 Insurance contract liabilities (continued)

(a) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Motor	**2022**				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Insurance contract assets at 1 January 2022	-	-	-	-	-
Insurance contract liabilities at 1 January 2022	5,307,293	-	42,662,735	6,531,982	54,502,010
Net insurance contract liabilities at 1 January 2022	5,307,293	-	42,662,735	6,531,982	54,502,010
Insurance revenue	(25,948,345)	-	-	-	(25,948,345)
Insurance service expenses (Note 12)	5,550,271	-	17,452,423	(488,502)	22,514,192
Incurred claims and other expenses	-	-	21,887,964	1,349,684	23,237,648
Amortisation of insurance acquisition cash flows (i)	5,550,271	-	-	-	5,550,271
Changes that relate to past service	-	-	(4,435,541)	(1,838,186)	(6,273,727)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Insurance service result	(20,398,074)	-	17,452,423	(488,502)	(3,434,153)
Insurance finance expenses (ii)	-	-	100,219	10,381	110,600
Total changes in the statement of comprehensive income	(20,398,074)	-	17,552,642	(478,121)	(3,323,553)
Cash flows					
Premium received (iii)	27,951,210	-	-	-	27,951,210
Claims and expenses paid	-	-	(17,158,161)	-	(17,158,161)
Acquisition costs paid	(5,350,639)	-	-	-	(5,350,639)
Total cash flows	22,600,571	-	(17,158,161)	-	5,442,410
Net insurance contract liabilities at 31 December 2022	7,509,790	-	43,057,216	6,053,861	56,620,867
Insurance contract assets at 31 December 2022	-	-	-	-	-
Insurance contract liabilities at 31 December 2022	7,509,790	-	43,057,216	6,053,861	56,620,867
Net insurance contract liabilities at 31 December 2022	7,509,790	-	43,057,216	6,053,861	56,620,867

Marine

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets at 1 January 2023	-	-	-	-	-
Insurance contract liabilities at 1 January 2023	4,063,091	88,798	38,392,048	3,273,428	45,817,365
Net insurance contract liabilities at 1 January 2023	4,063,091	88,798	38,392,048	3,273,428	45,817,365
Insurance revenue	(47,692,877)	-	-	-	(47,692,877)
Insurance service expenses (Note 12)	11,655,903	(80,610)	20,918,165	(70,869)	32,422,589
Incurred claims and other expenses	-	(1,324)	27,223,642	1,469,427	28,691,745
Amortisation of insurance acquisition cash flows (i)	11,655,903	-	-	-	11,655,903
Changes that relate to past service	-	-	(6,305,477)	(1,540,296)	(7,845,773)
Losses on onerous contracts and reversals of those losses	-	(79,286)	-	-	(79,286)
Insurance service result	(36,036,974)	(80,610)	20,918,165	(70,869)	(15,270,288)
Insurance finance expenses	-	-	444,567	39,168	483,735
Total changes in the statement of comprehensive income	(36,036,974)	(80,610)	21,362,732	(31,701)	(14,786,553)
Cash flows					
Premium received (iii)	46,667,604	-	-	-	46,667,604
Claims and expenses paid	-	-	(17,322,302)	-	(17,322,302)
Acquisition costs paid	(11,945,122)	-	-	-	(11,945,122)
Total cash flows	34,722,482	-	(17,322,302)	-	17,400,180
Net insurance contract liabilities at 31 December 2023	2,748,599	8,188	42,432,478	3,241,727	48,430,992
Insurance contract assets at 31 December 2023	-	-	-	-	-
Insurance contract liabilities at 31 December 2023	2,748,599	8,188	42,432,478	3,241,727	48,430,992
Net insurance contract liabilities at 31 December 2023	2,748,599	8,188	42,432,478	3,241,727	48,430,992

7. Insurance and reinsurance contract assets and liabilities (continued)

7.1 Insurance contract liabilities (continued)

(a) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

<u>Marine</u>	2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets at 1 January 2022	-	-	-	-	-
Insurance contract liabilities at 1 January 2022	469,278	1,377,163	33,736,713	2,893,298	38,476,452
Net insurance contract liabilities at 1 January 2022	469,278	1,377,163	33,736,713	2,893,298	38,476,452
Insurance revenue	(38,901,607)	-	-	-	(38,901,607)
Insurance service expenses (Note 12)	9,815,947	(1,288,365)	19,813,192	346,407	28,687,181
Incurred claims and other expenses	-	(1,358,518)	22,088,299	1,210,237	21,940,018
Amortisation of insurance acquisition cash flows (i)	9,815,947	-	-	-	9,815,947
Changes that relate to past service	-	-	(2,275,107)	(863,830)	(3,138,937)
Losses on onerous contracts and reversals of those losses	-	70,153	-	-	70,153
Insurance service result	(29,085,660)	(1,288,365)	19,813,192	346,407	(10,214,426)
Insurance finance expenses (ii)	-	-	381,470	33,723	415,193
Total changes in the statement of comprehensive income	(29,085,660)	(1,288,365)	20,194,662	380,130	(9,799,233)
Cash flows					
Premium received (iii)	42,512,292	-	-	-	42,512,292
Claims and expenses paid	-	-	(15,539,327)	-	(15,539,327)
Acquisition costs paid	(9,832,819)	-	-	-	(9,832,819)
Total cash flows	32,679,473	-	(15,539,327)	-	17,140,146
Net insurance contract liabilities at 31 December 2022	4,063,091	88,798	38,392,048	3,273,428	45,817,365
Insurance contract assets at 31 December 2022	-	-	-	-	-
Insurance contract liabilities at 31 December 2022	4,063,091	88,798	38,392,048	3,273,428	45,817,365
Net insurance contract liabilities at 31 December 2022	4,063,091	88,798	38,392,048	3,273,428	45,817,365

Miscellaneous	**2023**				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Insurance contract assets at 1 January 2023	-	-	-	-	-
Insurance contract liabilities at 1 January 2023	6,154,385	-	104,477,070	13,945,634	124,577,089
Net insurance contract liabilities at 1 January 2023	6,154,385	-	104,477,070	13,945,634	124,577,089
Insurance revenue	(66,181,907)	-	-	-	(66,181,907)
Insurance service expenses (Note 12)	16,457,672	-	27,368,502	(1,674,672)	42,151,502
Incurred claims and other expenses	-	-	38,463,140	2,614,778	41,077,918
Amortisation of insurance acquisition cash flows (i)	16,457,672	-	-	-	16,457,672
Changes that relate to past service	-	-	(11,094,638)	(4,289,450)	(15,384,088)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Insurance service result	(49,724,235)	-	27,368,502	(1,674,672)	(24,030,405)
Insurance finance expenses	-	-	2,854,385	299,320	3,153,705
Total changes in the statement of comprehensive income	(49,724,235)	-	30,222,887	(1,375,352)	(20,876,700)
Cash flows					
Premium received (iii)	66,720,027	-	-	-	66,720,027
Claims and expenses paid	-	-	(19,194,137)	-	(19,194,137)
Acquisition costs paid	(16,919,310)	-	-	-	(16,919,310)
Total cash flows	49,800,717	-	(19,194,137)	-	30,606,580
Net insurance contract liabilities at 31 December 2023	6,230,867	-	115,505,820	12,570,282	134,306,969
Insurance contract assets at 31 December 2023	-	-	-	-	-
Insurance contract liabilities at 31 December 2023	6,230,867	-	115,505,820	12,570,282	134,306,969
Net insurance contract liabilities at 31 December 2023	6,230,867	-	115,505,820	12,570,282	134,306,969

7. Insurance and reinsurance contract assets and liabilities (continued)

7.1 Insurance contract liabilities (continued)

(a) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Miscellaneous	2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets at 1 January 2022	-	-	-	-	-
Insurance contract liabilities at 1 January 2022	5,283,072	-	88,716,215	11,407,428	105,406,715
Net insurance contract liabilities at 1 January 2022	5,283,072	-	88,716,215	11,407,428	105,406,715
Insurance revenue	(60,415,525)	-	-	-	(60,415,525)
Insurance service expenses (Note 12)	16,926,723	-	33,143,124	2,394,901	52,464,748
Incurred claims and other expenses	-	-	38,385,154	3,754,621	42,139,775
Amortisation of insurance acquisition cash flows (i)	16,926,723	-	-	-	16,926,723
Changes that relate to past service	-	-	(5,242,030)	(1,359,720)	(6,601,750)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Insurance service result	(43,488,802)	-	33,143,124	2,394,901	(7,950,777)
Insurance finance expenses (ii)	-	-	1,131,932	143,305	1,275,237
Total changes in the statement of comprehensive income	(43,488,802)	-	34,275,056	2,538,206	(6,675,540)
Cash flows					
Premium received (iii)	59,730,043	-	-	-	59,730,043
Claims and expenses paid	-	-	(18,514,201)	-	(18,514,201)
Acquisition costs paid	(15,369,928)	-	-	-	(15,369,928)
Total cash flows	44,360,115	-	(18,514,201)	-	25,845,914
Net insurance contract liabilities at 31 December 2022	6,154,385	-	104,477,070	13,945,634	124,577,089
Insurance contract assets at 31 December 2022	-	-	-	-	-
Insurance contract liabilities at 31 December 2022	6,154,385	-	104,477,070	13,945,634	124,577,089
Net insurance contract liabilities at 31 December 2022	6,154,385	-	104,477,070	13,945,634	124,577,089

(i) Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of contracts. Please refer to the accounting policy for details on Note 2.2(h)(v)(5).

(ii) The Company has made an accounting policy choice for the product line to not disaggregate insurance finance expense between profit or loss and other comprehensive income. Please refer to Note 2.2(h)(vi)(4) for details.

(iii) Any refunds of premiums have been included in this line.

Insurance contract liabilities	2023 RM	2022 RM
Current	284,515,187	291,356,766
Non-Current	164,668,022	145,723,317
Total	449,183,209	437,080,083

7.2 Reinsurance contract assets

(a) Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

	2023				
	Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets at 1 January 2023	(2,411,441)	557,071	83,920,468	6,601,832	88,667,930
Reinsurance contract liabilities at 1 January 2023	-	-	-	-	-
Net reinsurance contract assets at 1 January 2023	(2,411,441)	557,071	83,920,468	6,601,832	88,667,930
Reinsurance expense	(39,846,030)	-	-	-	(39,846,030)
Reinsurance income	-	(449,695)	6,823,882	(1,581,982)	4,792,205
Recovery of Incurred claims and other expenses	-	(245,553)	22,248,096	1,676,691	23,679,234
Changes that relate to past service	-	-	(15,424,214)	(3,258,673)	(18,682,887)
Recovery of losses on onerous underlying contracts and reversals of those recoveries (i)	-	(204,142)	-	-	(204,142)
Insurance service result	(39,846,030)	(449,695)	6,823,882	(1,581,982)	(35,053,825)
Reinsurance finance income (ii)	-	-	1,061,721	94,846	1,156,567
Total changes in the statement of comprehensive income	(39,846,030)	(449,695)	7,885,603	(1,487,136)	(33,897,258)
Cash flows					
Premium paid (iii)	38,181,239	-	-	-	38,181,239
Recoveries from reinsurance	-	-	(5,450,371)	-	(5,450,371)
Total cash flows	38,181,239	-	(5,450,371)	-	32,730,868
Net reinsurance contract assets at 31 December 2023	(4,076,232)	107,376	86,355,700	5,114,696	87,501,540
Reinsurance contract assets at 31 December 2023	(4,076,232)	107,376	86,355,700	5,114,696	87,501,540
Reinsurance contract liabilities at 31 December 2023	-	-	-	-	-
Net reinsurance contract assets at 31 December 2023	(4,076,232)	107,376	86,355,700	5,114,696	87,501,540

7. Insurance and reinsurance contract assets and liabilities (continued)

7.2 Reinsurance contract assets (continued)

(a) Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

	2022				
	Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets at 1 January 2022	(236,166)	508,300	55,691,224	5,355,681	61,319,039
Reinsurance contract liabilities at 1 January 2022	-	-	-	-	-
Net reinsurance contract assets at 1 January 2022	(236,166)	508,300	55,691,224	5,355,681	61,319,039
Reinsurance expense	(32,413,328)	-	-	-	(32,413,328)
Reinsurance income	-	48,771	35,162,384	1,248,475	36,459,630
Recovery of Incurred claims and other expenses	-	(352,500)	22,577,878	1,899,866	24,125,244
Changes that relate to past service	-	-	12,584,506	(651,391)	11,933,115
Recovery of losses on onerous underlying contracts and reversals of those recoveries (i)	-	401,271	-	-	401,271
Insurance service result	(32,413,328)	48,771	35,162,384	1,248,475	4,046,302
Reinsurance finance income (ii)	-	-	241,195	(2,324)	238,871
Total changes in the statement of comprehensive income	(32,413,328)	48,771	35,403,579	1,246,151	4,285,173
Cash flows					
Premium paid (iii)	30,238,053	-	-	-	30,238,053
Amounts received	-	-	(7,174,335)	-	(7,174,335)
Total cash flows	30,238,053	-	(7,174,335)	-	23,063,718
Net reinsurance contract assets at 31 December 2022	(2,411,441)	557,071	83,920,468	6,601,832	88,667,930
Reinsurance contract assets at 31 December 2022	(2,411,441)	557,071	83,920,468	6,601,832	88,667,930
Reinsurance contract liabilities at 31 December 2022	-	-	-	-	-
Net reinsurance contract assets at 31 December 2022	(2,411,441)	557,071	83,920,468	6,601,832	88,667,930

(i) A loss-recovery component was set up upon the initial recognition of an onerous group of underlying insurance contracts. Please refer to Note 2.2(h)(vi)(3) for details.
(ii) The Company applies a consistent accounting policy to reinsurance contracts held and recognises net insurance finance expense in profit or loss only. Please refer to Note 2.2(h)(vi)(5) for details.
(iii) Balance includes net amounts due from fellow subsidiaries of RM20,567,000 (2022: RM33,466,000), which are unsecured, interest free and have no fixed terms of repayment.

Reinsurance contract assets	**2023 RM**	**2022 RM**
Current	64,535,545	63,222,806
Non-Current	22,965,995	25,445,124
Total	87,501,540	88,667,930

8. Other receivables

	2023 RM	**2022 Restated RM**	**2021 Restated RM**
Malaysian Motor Insurance Pool ("MMIP") (i)			
- Cash calls made	5,859,477	10,859,477	12,859,477
- Other assets held in MMIP	32,179,862	29,767,604	31,914,326
	38,039,339	40,627,081	44,773,803
Amount due from related companies (ii)	130,704	27,074	-
Other receivables	686,066	664,656	810,562
Total	38,856,109	41,318,811	45,584,365
Current	38,602,095	41,064,797	45,330,351
Non-Current	254,014	254,014	254,014
Total	38,856,109	41,318,811	45,584,365

The carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

(i) MMIP as at 31 December 2023 is a net receivable of RM23,118,662 (2022: net receivable of RM23,292,114) after setting off the amount receivable from MMIP against the Company's share of MMIP's claims, premium liabilities and other assets amounting RM15,020,699 (2022: RM17,459,279) included in Insurance Liabilities (Note 7) to the financial statements.

(ii) Balance includes net amounts due from fellow subsidiaries, which are unsecured, interest free and have no fixed terms of repayment.

9. Share capital

	2023		2022	
	NO OF SHARES	RM	NO OF SHARES	RM
Issued and fully paid share capital				
At 1 January/31 December -				
Ordinary shares	216,000,000	108,000,000	216,000,000	108,000,000

10. Retained earnings

The Company may distribute single tier exempt dividend to its shareholder out of its retained earnings. Pursuant to Section 51 (1) of the Financial Services Act 2013, the Company is required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

11. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2023 RM	2022 RM
As at 1 January	1,259,291	35,262
Recognised in statement of comprehensive income (Note 17)	(2,260,390)	1,224,029
As at 31 December	(1,001,099)	1,259,291

The movements in deferred tax asset and liabilities during the financial year comprise the tax effects of the following:

	AT 1 JANUARY RM	(CHARGED)/ CREDITED RM	AT 31 DECEMBER RM
2023			
Recognised in income statement:			
Excess of capital allowance over depreciation	(168,276)	(102,373)	(270,649)
Employee benefit accrued	1,293,315	(592,508)	700,807
Other provision	1,705,377	199,089	1,904,466
Insurance contract liabilities/ reinsurance contract assets	(1,576,404)	(1,799,878)	(3,376,282)
Fair value changes of FVTPL investments	5,280	35,280	40,560
	1,259,292	(2,260,390)	(1,001,098)
2022, restated			
Recognised in income statement:			
Excess of capitall allowances over depreciation	(142,565)	(25,712)	(168,277)
Employee benefit accrued	802,898	490,417	1,293,315
Other provision	1,082,184	623,193	1,705,377
Insurance contract liabilities/ reinsurance contract assets	(1,707,255)	130,851	(1,576,404)
Fair value changes of FVTPL investments	-	5,280	5,280
	35,262	1,224,029	1,259,291

12. Insurance service expenses and other expenses

	2023 RM	2022 RM
Incurred claims, excluding claims settlement expenses for staff costs and legal and professional fee	131,104,266	124,729,328
Changes to liabilities for incurred claims	(39,249,406)	(279,133)
Commission incurred	24,993,557	24,557,028
Losses on onerous contracts and reversals of those losses	(1,105,509)	2,040,533
Staff costs, excluding directors' emoluments (i)	22,356,425	23,585,002
Directors' remuneration (Note 16)	277,264	277,264
Depreciation and amortisation (Note 3,4,5)	2,539,275	2,307,365
Auditor's remuneration (ii)	427,829	304,772
Office rental	35,496	19,701
EDP expenses	3,869,546	2,504,029
Communication expenses	134,710	174,159
Travelling expenses	930,236	775,928
Bad debts and doubtful debts	(1,016,348)	137,051
Head office expenses	9,991,920	9,500,520
Interest expense for lease liabilities	29,426	14,408
Other	6,270,232	7,201,042
	161,588,920	197,848,997
Amounts attributed to insurance acquisition cash flows	(45,453,867)	(44,511,784)
Amortisation of insurance acquisition cash flows	45,185,531	46,483,222
Total	161,320,584	199,820,435
Insurance service and other expenses represented by:		
Insurance service expenses	160,128,787	198,463,458
Other expenses	1,191,797	1,356,977
	161,320,584	199,820,435
(i) Staff costs, excluding directors' remuneration		
Staff salaries and bonus	18,587,518	19,686,428
Defined contribution plans	2,320,736	2,701,964
Other employee benefits	1,448,171	1,196,610
Total	22,356,425	23,585,002

Included in staff costs are benefits-in-kind attributable to the Company's Chief Executive Officer amounting to RM1,123,281 (2022: RM794,307).

	2023 RM	2022 RM
(ii) Auditor's remuneration		
Statutory audit	426,769	303,772
Non-statutory audit	1,060	1,000
Total	427,829	304,772

Notes to the financial statements continued

13. Insurance and reinsurance finance income (expenses)

	2023 RM	2022 RM
Insurance finance income/(expenses) from insurance contracts issued		
Interest accreted	(2,915,195)	(3,616,080)
Effect of changes in interest rates and other financial assumptions	(899,220)	1,011,021
Insurance finance income	(3,814,415)	(2,605,059)

	2023 RM	2022 RM
Reinsurance finance income/(expenses) from reinsurance contracts held		
Interest accreted	542,371	1,037,849
Effect of changes in interest rates and other financial assumptions	614,196	(798,978)
Reinsurance finance expenses	1,156,567	238,871

14. Investment income

	2023 RM	2022 RM
Interest income from debt securities at FVTPL	1,086,016	52,663
Interest income from term deposits	17,500,920	11,403,425
Investment income - MMIP	1,996,646	(676,469)
	20,583,582	10,779,619

15. Fair value losses

	2023 RM	2022 RM
Financial assets at FVTPL designated upon initial recognition (note 6)	(147,000)	(22,000)
	(147,000)	(22,000)

16. Key management personnel

Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, including any director (executive or non-executive).

The total remuneration of the Directors is disclosed in Note 12 to the financial statements.

The compensation of the Chief Executive Officer and Non-Executive Directors are as follows:

	FEE RM	SALARY RM	BONUS RM	OTHERS RM	BENEFIT-IN-KIND RM	TOTAL RM
2023						
Chief Executive Officer						
Sunther Kuppan	-	666,825	258,498	143,331	54,627	1,123,281
Non-Executive Directors						
Arunothayam Rajaratnam	129,264	-	-	-	-	129,264
Dato' Tan Ang Meng	72,000	-	-	4,000	-	76,000
Saw Teow Yam	72,000	-	-	-	-	72,000
	273,264	666,825	258,498	147,331	54,627	1,400,545

	FEE RM	SALARY RM	BONUS RM	OTHERS RM	BENEFIT-IN-KIND RM	TOTAL RM
2022						
Chief Executive Officer						
Sunther Kuppan	-	633,360	15,242	110,506	35,199	794,307
Non-Executive Directors						
Arunothayam Rajaratnam	129,264	-	-	-	-	129,264
Dato' Tan Ang Meng	72,000	-	-	4,000	-	76,000
Saw Teow Yam	72,000	-	-	-	-	72,000
	273,264	633,360	15,242	114,506	35,199	1,071,571

There is no compensation paid to Executive Directors during the financial year.

The compensation of the other key management personnel is as follows:

	2023 RM	2022 RM
Salary and other remuneration	3,871,011	3,013,995
Benefits-in-kind	71,028	51,502
Share-based payment	29,164	17,599
	3,971,203	3,083,096

	Number of officers	
	2023	2022
Salary and other remuneration	9	7
Benefits-in-kind	9	7
Share-based payment	5	3

17. Income tax expense

	2023 RM	2022 RM
Current tax	13,908,019	7,885,034
Deferred tax (Note 11)	2,260,390	(1,224,032)
Tax expense	16,168,409	6,661,002
Current tax		
Current year	7,066,046	5,295,380
Under provision in prior years (*)	6,841,973	2,589,654
	13,908,019	7,885,034
Deferred tax		
Origination and reversal of temporary differences	2,365,111	(748,498)
Over provision in prior years	(104,721)	(475,534)
	2,260,390	(1,224,032)
	16,168,409	6,661,002
Reconciliation of income tax expense applicable to profit before tax at statutory income tax rate to income tax expense at the effective income tax rate is as follow:		
Profit before tax	36,994,212	14,278,720
Tax calculated at the Malaysian Tax rate of 24%	8,878,613	3,426,892
Tax effect of:		
Non-deductible expenses	509,646	745,993
Income not subject to tax	(492,432)	-
Non-deductible foreign reinsurance expenses	535,330	374,000
Under provision in prior years (*)	6,737,252	2,114,120
Income tax expense	16,168,409	6,661,005

(*) The under provision of income tax relates to the tax audit findings for the year of assessment ("YA") 2015 to YA 2018 amounting RM4.6 million which the Company had made a provision of RM2.2 million in the financial year ended 31 December 2022. Applying the same basis of tax findings, an additional tax amount of RM4.3 million for YA 2019 to YA 2021 has been provided for in the financial statements as at 31 December 2023 as the Company has decided to settle the tax liability through the Special Voluntary Disclosure Programme 2.0.

18. Earnings per share

The earnings per ordinary share has been calculated based on the net profit for the financial year of RM 20,825,803 (2022: RM7,617,718) and on the weighted average number of ordinary shares in issue during the financial year of 216,000,000 (2022: 216,000,000).

19. Dividend

No dividend was paid during the financial year (2022: Nil) and the Directors have not recommended any final dividend to be paid for the financial year under review.

20. Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

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

Related Companies	Relationship
QBE Insurance Group Limited (Incorporated in Australia)	Ultimate holding company
QBE Insurance Holdings Pty Limited (Incorporated in Australia)	Penultimate holding company
QBE Asia Pacific Holdings Limited (Incorporated in Hongkong)	Immediate holding company
QBE Insurance (Australia) Limited (Incorporated in Australia)	Subsidiary of ultimate holding company
Equator Reinsurances Limited (Incorporated in Bermuda)	Subsidiary of penultimate holding company
QBE UK Limited (Incorporated in United Kingdom)	Subsidiary of penultimate holding company
QBE Insurance (International) Pty Ltd (Incorporated in Australia)	Subsidiary of penultimate holding company
QBE European Services Limited (Incorporated in United Kingdom)	Subsidiary of penultimate holding company
QBE European Underwriting Services (Australia) Pty Limited (Incorporated in Australia)	Subsidiary of penultimate holding company
Raheja QBE General Insurance Company Limited (Incorporated in India)	Associate of penultimate holding company
QBE Insurance (Vietnam) Company Limited (Incorporated in Vietnam)	Subsidiary of penultimate holding company
QBE General Insurance (Hongkong) Ltd (Incorporated in Hongkong)	Subsidiary of immediate holding company
QBE Insurance (Singapore) Pte Ltd (Incorporated in Singapore)	Subsidiary of immediate holding company
QBE Hongkong & Shanghai Insurance Limited (Incorporated in Hongkong)	Subsidiary of immediate holding company

In the normal course of business, the Company undertakes various transactions with other companies deemed related on terms agreed between the Company and related parties.

The significant related party transactions during the financial year and balances at the financial year end between the Company and these related parties are set out as follows:

	2023 RM	2022 RM
Ultimate holding company		
Head office charges*	(9,991,920)	(9,500,520)
Business transactions with subsidiaries of ultimate holding:		
Reinsurance claims recoveries	-	-
Reinsurance premium ceded	(4,117)	(618,199)
Reinsurance commission earned	7,683	183,296
Business transactions with subsidiaries of penultimate holding:		
Reinsurance claims recoveries	10,455,205	(12,039,642)
Reinsurance premium ceded	(26,077,833)	(20,703,139)
Reinsurance commission earned	1,048,111	1,172,599
Business transactions with subsidiaries of immediate holding:		
Reinsurance claims recoveries	726,859	(46,636)
Reinsurance premium ceded	(11,485,996)	(8,556,849)
Reinsurance commission earned	3,274,657	2,402,670

20. Significant related party disclosures (continued)

Amounts due from / (due to) related entities as at the date of the statement of financial position are set out below:

	2023 RM	2022 RM
Amount due from related companies:		
Insurance receivables	20,644,514	12,835,603
Other receivables	130,704	27,074
Reinsurance assets - claims liabilities	23,866,282	42,183,091
Amount due to related companies:		
Insurance payables	(10,961,985)	(8,462,025)
Other payables	(10,270,657)	(10,130,009)

* The head office charges are comprised of technical services and training expenses, marketing and communication support expenses, finance and accounting support expenses, human resources support expenses, risk management and compliance support expenses, actuarial support expenses and General IT management support expenses.

21. Risk management framework

The Board annually approves a comprehensive risk management strategy ("RMS") and a reinsurance management strategy ("REMS"), both of which are available for review by BNM when requested. The Company's risk management policy, strategy and framework are embedded in all operations, ensuring a consistent approach to managing risk across the organisation.

The Company's strategy for managing risk is to:
- achieve competitive advantage by better understanding the risk environments in which we operate;
- operate within our stated risk appetite and more effectively allocating capital and resources by assessing the balance of risk and reward; and
- avoid unwelcome surprises by reducing uncertainty and volatility through the identification and management of risks to the achievement of strategies and objectives.

The Company aims to adopt a rigorous approach to managing risk. The key objectives of the Company's approach to risk management are to:
- drive conscious and objective risk-based decisions to optimise return;
- give confidence to the business to actively take appropriate risks; and
- adopt leading practices and a single Enterprise Risk Management ("ERM") approach globally that allows for more consistent and improved outcomes.

It is the Company's philosophy to ensure that risk management is embedded in the business and that the risk makers or risk takers are themselves the risk managers. Embedding a risk assessment mindset in business planning and management processes assists in keeping focus on the key objectives and identifying metrics required to monitor portfolio performance and improvement initiatives. The management of risk must occur at each point in the business management cycle.

Risk management is a key part of strategic and business planning. It underpins the setting of limits and authorities and it is embedded in the monitoring and evaluation of performance. This approach to risk management supports the Company in ensuring the Company's risks are managed in an integrated manner.

The Company is in the business of managing risk. The Company's ability to satisfy customers' risk management needs is central to what it does. The Company aims to generate wealth and maximise returns for its shareholders by pursuing opportunities that involve risk. The Company's people have the responsibility to ensure that the key risks are managed and controlled on a day-to-day basis. The Company aims to use its ability to properly manage risk to provide more certainty and improved outcome for all stakeholders.

The Company seeks to only take on risks that fall within the Company's stated risk appetite and aims to manage them in a way to achieve an optimal return overall. The Company's ERM Framework is designed to support this approach and enhance decision-making by its people. A strong approach to risk management informs decision-making and enables the Company to measure and judge its risk exposures. Ultimately, this gives the Company greater confidence and expands its capacity to take on risks to improve returns.

The Company's risk profile is assessed under the following broad risk categories:

- Strategic risk
- Insurance risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Compliance risk
- Group Risk

Each of these is described more fully in sections (a) to (g) below.

(a) Strategic risk

Strategic risk is the current and prospective impact on earnings and/or capital arising from strategic business decisions and responsiveness to external change. Strategic risk includes the following sub categories:

- performance risk;
- capital risk;
- reputation risk;
- environment, social and governance (ESG) risk; and
- emerging risk.

(b) Insurance risk

Insurance risk is the risk of fluctuation in the timing, frequency and severity of insured events and claims settlements, relative to expectations. Insurance risk includes the following sub categories:

- underwriting/pricing;
- insurance concentrations; and
- reserving;

(c) Credit risk

Credit risk is the risk of not covering money owed to the company by third parties as well as the loss of value of assets due to deterioration in credit quality. QBE's exposure to credit risk results from financial transactions with securities issuers, debtors, brokers, policyholders, reinsurers and guarantors. Credit risk includes the following sub categories:

- reinsurance counterparty credit and other recoveries;
- premium and other counterparty credit; and
- investment counterparty credit.

(d) Market risk

Market risk is the risk of variation in the value of investments due to movements in market factors. Market factors include but are not limited to interest rates, credit spreads, foreign exchange rates, equity prices and commodity derivatives. Market risk includes the following sub categories:

- investment market movement (including equity, interest rate, credit spreads); and
- foreign exchange rate movement.

(e) Liquidity risk

Liquidity risk is the risk of insufficient liquid assets to meet liabilities as they fall due to policyholders and creditors or only being able to do so at excessive cost.

(f) Operational risk

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people and systems or from external events (including legal risk). Operational risk includes the following sub categories:

- internal fraud;
- external fraud;
- employment practices and workplace safety;
- improper business practices;
- damage to physical assets;
- business disruption and system failures; and
- execution, delivery and process management.

(g) Compliance risk

Compliance risk is the risk of legal or regulatory penalties, financial loss or non-financial loss or customer detriment resulting from a non-compliance with laws, regulations or conduct standards.

(h) Group risk

Group Risk is the risk to the Company arising specifically from being part of the wider QBE Group, including financial impact and loss of support from the parent company.

22. Insurance risk

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 assumption in respect of average claims costs, claim handling costs and average number of claims for each accident year. Assumptions are also made in relation to the rate of claims inflation in the future.

Additional qualitative judgments 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 claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgment 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 assumption include variation in interest rates and delays in settlement.

Please refer to Note 7 for the details of insurance contract liabilities by types of contracts.

Sensitivities

The liability for incurred claims vary as a result of claims development affected by the movements of assumed inflation rate and net ultimate loss. Differences resulting from reassessment of the liability for incurred claims are recognised in subsequent financial statements.

The table below demonstrates the effect of change in key assumptions whilst other assumptions remain unchanged, if these assumptions were changed in a single calendar year. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact on the claims liabilities due to change in assumptions, these assumptions changes had to be done on an individual basis. It should also be stressed that these assumptions are non-linear and larger or smaller impacts cannot easily be gleaned from these results. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

VARIABLE	MOVEMENT IN VARIABLE	IMPACT ON PROFIT BEFORE TAX GROSS OF REINSURANCE RM	IMPACT ON PROFIT BEFORE TAX NET OF REINSURANCE RM	IMPACT ON EQUITY GROSS OF REINSURANCE RM	IMPACT ON EQUITY NET OF REINSURANCE RM
31 December 2023					
Present value of future cash flows	+5%	20,224,810	16,365,630	15,370,855	12,437,879
	-5%	(20,224,810)	(16,365,630)	(15,370,855)	(12,437,879)
Inflation rate	+2%	5,003,783	4,217,619	3,802,875	3,205,390
	-2%	(4,933,016)	(4,153,870)	(3,749,092)	(3,156,941)
Discount rate	+1%	(4,505,914)	(3,786,771)	(3,424,495)	(2,877,946)
	-1%	4,650,987	3,912,182	3,534,750	2,973,258
Risk Adjustment	+5%	1,612,556	1,352,193	1,225,543	1,027,667
	-5%	(1,600,958)	(1,349,821)	(1,216,728)	(1,025,864)
Weighted average term to settlement	+10%	(2,173,110)	(1,696,840)	(1,651,563)	(1,289,598)
	-10%	1,545,452	1,439,866	1,174,544	1,094,298
31 December 2022					
Present value of future cash flows	+5%	19,481,721	15,220,778	14,806,108	11,567,791
	-5%	(19,481,721)	(15,220,778)	(14,806,108)	(11,567,791)
Inflation rate	+2%	4,972,642	3,968,683	3,779,208	3,016,199
	-2%	(4,888,293)	(3,904,484)	(3,715,103)	(2,967,408)
Discount rate	+1%	(4,402,473)	(3,530,471)	(3,345,880)	(2,683,158)
	-1%	4,554,143	3,650,388	3,461,148	2,774,295
Risk Adjustment	+5%	1,853,251	1,523,160	1,408,471	1,157,601
	-5%	(1,853,251)	(1,523,160)	(1,408,471)	(1,157,601)
Weighted average term to settlement	+10%	(2,619,792)	(2,152,638)	(1,991,042)	(1,636,005)
	-10%	1,129,407	848,719	858,349	645,027

Determined at the Company level net of taxation at the prima facie rate of 24% (2022: 24%).

The impact of reasonably possible changes in interest rates on interest-bearing financial assets owned by the Company at the balance date is shown in note 23(3).

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by MFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is the greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies MFRS 17.

Gross General Insurance Claims Liabilities for 2023:

ESTIMATE OF ULTIMATE CLAIMS COSTS: ACCIDENT YEAR	2018 & PRIOR RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	TOTAL RM'000
At end of accident year		187,643	137,039	111,144	120,724	122,880	
One year later		214,885	135,778	131,479	122,525		
Two years later		211,320	125,081	134,368			
Three years later		198,233	123,146				
Four years later		187,902					
Gross estimates of the undiscounted amount of the claims		187,902	123,146	134,368	122,525	122,880	690,821
Cumulative payments to date		(152,879)	(75,094)	(66,249)	(41,908)	(16,623)	(352,753)
Gross undiscounted liabilities for incurred claims		35,023	48,052	68,119	80,617	106,257	338,068
Reserve in respect of prior years							44,677
Gross undiscounted liabilities for incurred claims							382,745
Effect of discounting							(16,217)
Risk adjustment							32,135
Other incurred insurance expenses							26,821
Total net liabilities for incurred claims							425,484

Net General Insurance Claims Liabilities for 2023:

ESTIMATE OF ULTIMATE CLAIMS COSTS: ACCIDENT YEAR	2018 & PRIOR RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	TOTAL RM'000
At end of accident year		133,947	111,302	102,271	97,025	104,571	
One year later		136,567	111,656	104,325	99,998		
Two years later		135,399	104,808	105,921			
Three years later		129,377	103,513				
Four years later		129,995					
Net estimates of the undiscounted amount of the claims		129,995	103,513	105,921	99,998	104,571	543,998
Cumulative payments to date		(101,425)	(64,056)	(53,172)	(39,424)	(16,177)	(274,254)
Net undiscounted liabilities for incurred claims		28,570	39,457	52,749	60,574	88,394	269,744
Reserve in respect of prior years							38,443
Net undiscounted liabilities for incurred claims							308,187
Effect of discounting							(13,726)
Risk adjustment							27,020
Other incurred insurance expenses							12,533
Total net liabilities for incurred claims							334,014

23. Financial risks

(1) Credit Risk

In the normal course of business, the Company incurs credit risk from trade receivables and financial institutions. There is no significant concentration of credit risk.

The credit risk on financial assets of the Company is generally the carrying amount, which is net of any allowances. Credit risk exposures are calculated regularly and compared to authorised credit limits before further transactions are undertaken with each counterparty. The Company does not expect any counterparties to fail to meet their obligations given their high credit ratings and therefore does not require collateral or other security.

Credit Exposure

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

	NOTE	2023 RM	2022 RM
Investments at FVTPL:			
Malaysian Government Securities	6	71,556,976	10,174,467
Investments at amortised cost:			
Fixed and call deposits	6	492,960,633	493,913,649
Reinsurance assets	7	77,183,154	85,218,854
Other receivables (exclude prepayment)	8	38,856,109	41,318,811
Cash and bank balances		26,256,316	43,807,836
		706,813,188	674,433,617

To manage the credit risks of insurance receivables, the Company has established credit policies that govern credit approval, review and monitoring processes and impairment assessment processes. The credit policies also lay down the actions to be taken to handle debts overdue for a certain period of time. There are also monthly management reports showing the ageing analysis of balance overdue, and the management will monitor the ageing analysis on a regular basis.

The following table summarises the credit quality of financial assets and reinsurance assets at the date of the statement of financial position.

	NEITHER PAST-DUE NOR IMPAIRED RM	PAST DUE BUT NOT IMPAIRED RM	PAST DUE AND IMPAIRED RM	TOTAL RM
31 December 2023				
Investments at FVTPL:				
Malaysian Government Securities	71,556,976	-	-	71,556,976
Investments at Amortised cost:				
Fixed and call deposits	492,960,633	-	-	492,960,633
Reinsurance assets	77,183,154	-	-	77,183,154
Other receivables	38,856,109	-	-	38,856,109
Cash and bank balances	26,256,316	-	-	26,256,316
	706,813,188	-	-	706,813,188

1 Corporate information
2 Business review
3 Financial report
4 Other information

	NEITHER PAST-DUE NOR IMPAIRED RM	PAST DUE BUT NOT IMPAIRED RM	PAST DUE AND IMPAIRED RM	TOTAL RM
31 December 2022				
Investments at FVTPL:				
Malaysian Government Securities	10,174,467	-	-	10,174,467
Investments at Amortised cost:				
Fixed and call deposits	493,913,649	-	-	493,913,649
Reinsurance assets	85,218,853	-	-	85,218,853
Other receivables	41,318,811	-	-	41,318,811
Cash and bank balances	43,807,836	-	-	43,807,836
	674,433,616	-	-	674,433,616

Credit Exposure by Credit Rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the recognised local or international rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Rated assets fall outside the range of AAA to BBB are classified as speculative grade and thus are considered as non-investment grade.

31 December 2023	AAA RM	AA RM	A RM	NOT RATED RM	TOTAL RM
Investments at FVTPL:					
Malaysian Government Securities	-	-	-	71,556,976	71,556,976
Investments at Amortised cost:					
Fixed and call deposits	320,174,521	172,786,112	-	-	492,960,633
Reinsurance assets	-	508,496	67,330,386	9,344,273	77,183,155
Other receivables	-	-	-	38,856,109	38,856,109
Cash and bank balances	26,248,316	-	-	8,000	26,256,316
	346,422,837	173,294,608	67,330,386	119,765,358	706,813,189
31 December 2022					
Investments at FVTPL:					
Malaysian Government Securities	-	-	-	10,174,467	10,174,467
Investments at Amortised cost:					
Fixed and call deposits	258,653,851	235,259,798	-	-	493,913,649
Reinsurance assets	-	4,414,199	73,231,863	7,572,792	85,218,854
Other receivables	-	-	-	41,318,811	41,318,811
Cash and bank balances	42,003,358	-	1,796,478	8,000	43,807,836
	300,657,209	239,673,997	75,028,341	48,899,603	674,433,617

During the financial year, no credit exposure limits were exceeded.

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

The nature of the Company's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

23. Financial risks (continued)

(2) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- In addition to treasury cash held for working capital requirements, and in accordance with the Company's liquidity policy, a minimum percentage of investments and cash are held in liquid short-term money market securities to ensure that there are sufficient liquid funds available to meet insurance obligations.
- The Company limits the risk of liquidity shortfalls resulting from mismatches in the timing of claims payments and receipts of claims recoveries by negotiating cash call clauses in reinsurance contracts and seeking accelerated settlements for large claims.

The nature of the Company's exposure to liquidity risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

Maturity Profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

REPORTING DATE	1 YEAR OR LESS RM	1 TO 3 YEARS RM	3 TO 5 YEARS RM	OVER 5 YEARS RM	NO STATED MATURITY RM	TOTAL RM
As at 31 December 2023	260,816,204	129,665,350	25,217,258	9,785,415	-	425,484,226
As at 31 December 2022	265,817,666	107,907,096	24,507,835	13,308,386	-	411,540,983

The following table summarises the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable:

	1 YEAR OR LESS RM	1 TO 3 YEARS RM	3 TO 5 YEARS RM	OVER 5 YEARS RM	NO STATED MATURITY RM	TOTAL RM
2023						
Investments:						
Malaysian Government Securities	71,556,976	-	-	-	-	71,556,976
Fixed and Call Deposits	492,960,632	-	-	-	-	492,960,632
Other receivables	38,856,109	-	-	-	-	38,856,109
Cash and bank balances	26,256,316	-	-	-	-	26,256,316
Total	629,630,033	-	-	-	-	629,630,033

	1 YEAR OR LESS RM	1 TO 3 YEARS RM	3 TO 5 YEARS RM	OVER 5 YEARS RM	NO STATED MATURITY RM	TOTAL RM
2022						
Investments:						
Malaysian Government Securities	10,174,467	-	-	-	-	10,174,467
Fixed and Call Deposits	493,913,649	-	-	-	-	493,913,649
Other receivables	41,318,811	-	-	-	-	41,318,811
Cash and bank balances	43,807,836	-	-	-	-	43,807,836
Total	589,214,763	-	-	-	-	589,214,763

Maturity analysis for financial liabilities (contractual undiscounted cash flow basis)

	1 YEAR OR LESS RM	1 TO 3 YEARS RM	3 TO 5 YEARS RM	OVER 5 YEARS RM	NO STATED MATURITY RM	TOTAL RM
2023						
Lease liabilities	352,936	593,631	-	-	-	946,567
Other payables	49,743	-	-	-	-	49,743
Total	402,679	593,631	-	-	-	996,310
2022						
Lease liabilities	207,799	64,334	-	-	-	272,133
Other payables	50,243	-	-	-	-	50,243
Total	258,042	64,334	-	-	-	322,376

The table below summarises the expected utilisation or settlement of assets:

	CURRENT* RM	NON-CURRENT RM	TOTAL RM
31 December 2023			
Property, plant and equipment	-	2,119,879	2,119,879
Intangible assets	-	2,816,864	2,816,864
Right-of-use assets	78,818	5,948,887	6,027,705
Investments:			
- Malaysia Government Securities	-	71,556,976	71,556,976
- Fixed and call deposits	492,960,632	-	492,960,632
Reinsurance contracts assets	64,535,545	22,965,995	87,501,540
Other receivables	38,602,095	254,014	38,856,109
Deferred tax asset	-	-	-
Tax recoverable	1,181,704	-	1,181,704
Cash and bank balances	26,256,316	-	26,256,316
Total assets	623,615,110	105,662,615	729,277,725
31 December 2022			
Property, plant and equipment	-	2,204,118	2,204,118
Intangible assets	-	392,685	392,685
Right-of-use assets	185,687	5,265,488	5,451,175
Investments:			
- Malaysia Government Securities	-	10,174,467	10,174,467
- Fixed and call deposits	493,913,649	-	493,913,649
Reinsurance contracts assets	63,222,806	25,445,124	88,667,930
Other receivables	41,064,797	254,014	41,318,811
Deferred tax asset	-	1,259,291	1,259,291
Tax recoverable	1,181,704	-	1,181,704
Cash and bank balances	43,807,836	-	43,807,836
Total assets	643,376,479	44,995,187	688,371,666

* expected utilisation or settlement within 12 months from the date of the statement of financial position.

23. Financial risks (continued)

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three (3) types of risk – foreign exchanges rates (Currency risk), market interest rates/profit yields (Interest Rate/Profit Yield risk) and market prices (Price risk).

The key features of the Company's market risk management practices and policies are as follows:

- The Company is exposed to market risk on its investments in fixed interest securities. It is not the Company's policy to hedge its market risks.
- The risk management process is subject to regular internal audit and close senior management scrutiny, including regular Board and other management reporting.
- All investments are made in accordance with the Company's investments guidelines which are approved by the Board of Directors.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) and the Company undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currency arise. It is not the Company's policy to hedge its foreign currency risks.

The Company's main foreign exchange risk come from recognised assets and liabilities that 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 on reinsurance assets and liabilities is deemed minimal as the Company has no significant concentration of foreign currency risk.

Interest Rate/Profit Yield Risk

The Company is exposed to interest rate risk through its holdings in interest-bearing assets. Financial instruments with a floating interest rate expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

The Company's investment strategy, which is approved by the Board, is to invest in high quality, liquid fixed interest securities and cash with a focus on duration to ensure that the exposure to interest rate risk is minimised. The Company's exposure to interest rate risk is managed through adjustments to existing investment portfolios.

The estimates of future cash flows in the net insurance contract liabilities are discounted to present value by reference to risk-free interest rates adjusted to reflect an illiquidity premium. The Company is therefore exposed to potential underwriting result volatility as a result of interest rate movements. In practice, over the longer term, an increase or decrease in interest rates is normally offset by a corresponding increase or decrease in inflation. Information relating to this sensitivity is provided in note 22.

The nature of the Company's exposure to the currency risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The Company's exposure to cash flow and fair value interest rate risks and the effective weighted average interest rate as at reporting date for each significant class of interest-bearing financial assets are provided below:

	FLOATING INTEREST RATE RM	1 YEAR OR LESS RM	1 - 2 YEARS RM	OVER 2 YEARS RM	NON-INTEREST BEARING RM	TOTAL RM
As at 31 December 2023						
Net interest-bearing financial assets						
Debt securities at fair value through profit or loss (Note 6(a))	-	71,556,976	-	-	-	71,556,976
Term deposits (Note 6(b))	-	492,960,632	-	-	-	492,960,632
Cash and cash equivalents	26,256,316	-	-	-	-	26,256,316
Weighted average interest rate	-	3.6%	-	-	-	3.6%

	FLOATING INTEREST RATE RM	1 YEAR OR LESS RM	1 - 2 YEARS RM	OVER 2 YEARS RM	NON-INTEREST BEARING RM	TOTAL RM
As at 31 December 2022						
Net interest-bearing financial assets						
Debt securities at fair value through profit or loss (Note 6(a))	-	10,174,467	-	-	-	10,174,467
Term deposits (Note 6(b))	-	493,913,649	-	-	-	493,913,649
Cash and cash equivalents	43,807,836	-	-	-	-	43,807,836
Weighted average interest rate	-	2.8%	-	-	-	2.8%

The Company's sensitivity to movements in interest rates in relation to the value of Debt securities at fair value through profit or loss is shown in the table below:

	FINANCIAL IMPACT ON THE SENSITIVITY ANALYSIS OF INVESTMENT				
	MOVEMENT IN VARIABLE % POINT (S)	PROFIT / (LOSS) 2023 RM	VALUE OF SECURITIES 2023 RM	PROFIT / (LOSS) 2022 RM	VALUE OF SECURITIES 2022 RM
Interest rate movement	0.5	(12,071)	(12,071)	(9,929)	(9,929)
of fixed interest securities	(0.5)	12,072	12,072	9,930	9,930

(i) No impact of effective tax rate is accounted for as there is no tax against capital appreciation or depreciation.

(ii) Method used in preparing the sensitivity analysis:

After tax financial impact = value of fixed interest securities x (Modified duration x yield).

Where modified duration is expressed in number of years and yield is expressed in percentage (i.e. 1% = 0.01).

(iii) Assumption made in preparing the sensitivity analysis:
Modified duration which is an extension of Macaulay duration and is a useful measure of the sensitivity of a bond's price (the present value of its cash flows) to interest rate movements. Modified duration follows the concept that interest rates and bond prices move in opposite directions.

Price Risk
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company complies with BNM stipulated limits during the financial year and has no significant concentration of price risk.

23. Financial risks (continued)

(4) Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company manages operational risk within the same robust control framework as its other risks. One of the cornerstones of the Company's risk management framework is the recruitment and retention of highquality people who are entrusted with appropriate levels of authority within the parameters of disciplined risk management practices. The Company operates a system of delegated authorities based on expertise and proven performance, and compliance is closely monitored. Other controls include effective segregation of duties, access controls and authorisation and reconciliation procedures.

(5) Fair Value of Financial Instruments

Fair Value Hierarchy

The tables below analyse financial instruments carried at fair value in the statement of financial position by the various levels within the fair value hierarchy.

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE					CARRYING
	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	TOTAL RM	TOTAL FAIR VIEW RM	AMOUNT RM
31 December 2023						
Financial assets						
Malaysian Government Securities	-	71,556,976	-	71,556,976	71,556,976	71,556,976
	-	71,556,976	-	71,556,976	71,556,976	71,556,976
31 December 2022						
Financial assets						
Malaysian Government Securities	-	10,174,467	-	10,174,467	10,174,467	10,174,467
	-	10,174,467	-	10,174,467	10,174,467	10,174,467

24. Regulatory capital requirements

As per the Risk Based Capital ("RBC") Framework issued by BNM, the Company is required to assess its capital profile and develop appropriate plans towards developing internal capital target/plans. In line with this requirement, management had developed a Capital Management Framework ("CMF") that takes into account the Company's strategic business direction and changing business environment, and adequate processes to monitor and ensure the maintenance of an appropriate level of capital which commensurate with the current risk profile of the Company. The Board had approved and adopted the CMF for implementation with effect from 10 August 2018.

The Risk & Capital Committee is responsible for the oversight of the Company's capital management. All proposals for any deviation from capital targets or capital raising exercise must be approved by the Risk & Capital Committee prior to recommendation to the Board of Directors for approval and implementation.

The capital structure of the company as at 31 December 2023 and 31 December 2022 as prescribed under the RBC Framework is as below:

	NOTE	2023 RM	2022 RM
Eligible Tier 1 Capital			
Share capital (paid-up)	9	108,000,000	108,000,000
Reserves, including retained earnings		145,798,536	129,020,421
		253,798,536	237,020,421
Amounts deducted from Capital	12	(3,490,846)	(4,473,018)
		250,307,690	232,547,403

25. Subsequent event

With the settlement of the tax and transfer pricing adjustments for year of assessment ("YA") 2015 to YA 2018, the Company had officially lodged to Inland Revenue Board ("IRB") on 16 February 2024 to extend the settlement by way of a voluntary disclosure exercise for YA 2019 to YA 2021 under the Special Voluntary Disclosure Programme ("SVDP") 2.0 programme. Applying the same basis of settlement as YA 2015 to YA 2018, the proposed adjustment which has been accepted by the IRB in the letter dated 5 October 2023 for YA 2019 to YA 2021 will be RM4,352,398.

The Company has made an accrual of RM4,352,398 in the financial statements as at 31 December 2023 based on an assessment of the likely tax liability payable in accordance with MFRS 137 Provision, Contingent Liabilities and Contingent Assets.

26. Approval of financial statements

The financial statements were authorised for issue by the Board of Directors with a resolution of the Directors on 27 March 2024.

Branch network

QBE INSURANCE (MALAYSIA) BERHAD
REG. NO.: 198701002415 (161086-D)

Petaling Jaya (Head Office)

No. 638 Level 6, Block B1,
Leisure Commerce Square.
No. 9 Jalan PJS 8/9, 46150 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7861 8400

Penang

No. 11 Karpal Singh Drive,
Lebuh Sungai Pinang 5,
11600 Penang
Tel : 04-281 8688

Ipoh

40B-42B Persiaran Greenhill,
30450 Ipoh, Perak Darul Ridzuan.
Tel : 05-241 6633

Malacca

No. 93-1, Jalan KL 3/8,
Taman Kota Laksamana
Seksyen 3, 75200 Melaka
Tel : 06 288 2692

Johor Bahru

D-1-6, D-2-6, D-3-6 Block D,
Pusat Komersial Bayu Tasik,
Persiaran Southkey 1,
Kota Southkey, 80150 Johor Bahru, Johor.
Tel: 07-336 5300

Kuching

Lots C256-259, First Floor, Block C,
iCom Square, Jalan Pending,
93450 Kuching, Sarawak.
Tel : 082-552 118

Kota Kinabalu

Block L, Lot 72-2, 2nd Floor,
KK Times Square, Jalan Coastal Highway,
88100 Kota Kinabalu, Sabah.
Tel : 088-486 686

Sandakan

1st Floor, Lot 8 Block B,
Bandar Pasaraya, Mile 4, North Road,
90000 Sandakan, Sabah.
Tel : 089-218 896

QBE Insurance (Malaysia) Berhad
Reg. No.: 198701002415 (161086-D)   Part of QBE Insurance Group

No. 638 Level 6, Block B1, Leisure Commerce Square,
No. 9 Jalan PJS 8/9, 46150 Petaling Jaya.

Postal Address P.O. Box 10637, 50720 Kuala Lumpur, Malaysia.
Phone: 03 7861 8400   Fax: 03 7873 7430
www.qbe.com/my