

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATUTORY FINANCIAL STATEMENTS**

**31 DECEMBER 2024**

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

<b>Contents</b>	<b>Pages</b>
Directors' Report	1 - 23
Statements of Comprehensive Income	24 - 25
Statements of Financial Position	26
Statements of Changes in Equity	27 - 28
Statements of Cash Flows	29 - 31
Notes to the Financial Statements	32 - 125
Statement by Directors	126
Statutory Declaration	126
Independent Auditors' Report	127 - 130

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2024.

**PRINCIPAL ACTIVITY**

The principal activity of the Group and Company consists of the underwriting of general insurance business. There has been no significant change in the nature of the principal activity during the financial year.

**FINANCIAL RESULTS**

	<u>Group</u> RM	<u>Company</u> RM
Net profit for the financial year	<u>28,384,072</u>	<u>28,329,291</u>

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

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

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

As at the date of the financial statements, the Directors have not recommended any final dividend to be paid for the financial year under review.

**DIRECTORS**

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

Dato' Khalid bin Abdol Rahman  
Dato' Chan Choy Lin  
Athappan Gobinath Arvind  
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)  
Simon Philip Guy Lee (appointed effective 15 November 2024)  
Ajit Nair (retired effective 18 December 2024)

In accordance with Clause 65 of the Company's Constitution, Dato' Chan Choy Lin will retire at the forthcoming Annual General Meeting and she being eligible, offers herself for re-election.

In accordance with Clause 59 of the Company's Constitution, Mr. Simon Philip Guy Lee will retire at the forthcoming Annual General Meeting and he being eligible, offers himself for re-election.

In accordance with Clause 62(ii) of the Company's Constitution, Dr. Letchumanan a/l Amaippen will retire and be re-appointed as a Director to hold office until the next Annual General Meeting.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement, to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 21 to the financial statements and the financial statements of its related corporations or the fixed salary and benefits of a full-time employee of the holding company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interest of a Director in office at the end of the financial year in shares and options in the Company and its related corporations during the financial year was as follows:

	<u>Holdings registered in name of a Director</u>			
	<u>1.01.2024</u>	<u>Acquired</u>	<u>Exercised</u>	<u>31.12.2024</u>
<u>Ultimate Holding Company</u>				
- Fairfax Financial Holdings Limited				
("FFHL")				
<i>(Common or Subordinate voting</i>				
<i>shares of no par value each)</i>				
Athappan Gobinath Arvind	15,323	538	-	15,861

Other than as disclosed, none of the Directors in office at the end of the financial year had any interest in shares and in options in the Company or its related corporations during the financial year.

**DIRECTORS' REMUNERATION**

	<u>Group</u>	<u>Company</u>
	<u>RM</u>	<u>RM</u>
Total Directors' remuneration	515,298	515,298

Details of Directors' remuneration are set out in Note 21(b) to the financial statements. There is no Directors' remuneration to Mr Gobi as a Director of the Company. He receives compensation and other benefits in his capacity to support the Chief Executive Officer's function which is included in Note 21(a) wages and salaries.

**INDEMNIFICATION OF DIRECTORS**

The Directors and Officers of the Company are covered by a Directors' and Officers' Liability insurance maintained by the ultimate holding company, Fairfax Financial Holdings Limited ("FFHL"). The insurance covers the Malaysian subsidiaries of FFHL up to an aggregate limit of RM46,906,800 (USD10 million) against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office in the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The premium for the insurance is RM35,180.



**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE**

**(a) Board Responsibility and Oversight**

**Board Responsibility**

The Board is committed to ensure that the highest standards of corporate governance are observed in the Company so that the affairs of the Company are conducted with professionalism, accountability and integrity with the objective of enhancing shareholders' value as well as safeguarding the interests of other stakeholders.

The Board is ultimately responsible for the proper stewardship of the Company's resources, the achievement of corporate objectives and the adherence to good corporate governance practices in conformity with Bank Negara Malaysia ("BNM") Guidelines, BNM Policy Document ("PD") on Corporate Governance issued on 3 August 2016. The Company has complied with the standards and adopted management practices that are consistent with these guidelines and PD.

The Board has overall responsibility for the strategic direction and development plans in furthering the achievements of the Company. The Board meets regularly and has a formal schedule of matters specifically reserved for its consideration and approval, which includes the annual business and strategic plans, business operations, financial performance, risk management, investment, as well as compliance requirements under the Risk-Based Capital Framework and the Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for Insurers. The Board's approval is also sought for transactions by the Company on outsourcing of certain business functions, major acquisition and disposal of assets, as well as material related party transactions. In addition, the Board reviews the Company's investment risk management and reinsurance practices and approves the authority levels for the Company's core functions, including expenditure approving, risk acceptance and claims approval.

On an ongoing basis, the Directors are kept informed through relevant training programmes and briefings to assist them to keep abreast with developments in the market place. The Directors are also updated with the policy and administrative changes as well as new guidelines issued by BNM and relevant professional bodies.

**Board Composition and Meetings**

On a yearly basis, the Directors are subject to an internal declaration to review their status of compliance with BNM/RH/GL 018-5 on Fit and Proper Criteria, BNM Policy Document on Corporate Governance issued on 3 August 2016 and Section 60 of the Financial Services Act, 2013 on the fulfilment of the minimum criteria of a "fit and proper person". In accordance with Section 54 of the Financial Services Act, 2013, all Directors are appointed and reappointed to the Board after prior approval has been obtained from BNM. None of the Directors are active politicians.

The Directors are persons of calibre, credibility and integrity. Collectively they bring with them a wide range of business and management experience, skills and specialised knowledge that are required to lead and oversee the affairs of the Company.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Board Composition and Meetings (continued)**

As at reporting date, the Company's Board of Directors consists of five (5) Directors as set out below:

<u>Members:</u>	<u>Status of Directorship</u>
Dato' Khalid bin Abdol Rahman	Independent Non-Executive Director, Chairman
Dato' Chan Choy Lin	Independent Non-Executive Director
Athappan Gobinath Arvind	Executive Director
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)	Non-Independent Non-Executive Director
Simon Philip Guy Lee (appointed effective 15 November 2024)	Independent Non-Executive Director
Ajit Nair (retired effective 18 December 2024)	Independent Non-Executive Director

The Board met ten (10) times during the financial year and the details of the Directors' attendance are as follows:

<u>Name</u>	<u>Number of</u> <u>Board Meetings</u>	
	<u>Attended</u>	<u>Percentage (%)</u>
Dato' Khalid bin Abdol Rahman	10/10	100
Dato' Chan Choy Lin	10/10	100
Athappan Gobinath Arvind	10/10	100
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)	7/7	100
Simon Philip Guy Lee (appointed effective 15 November 2024)	2/2	100
Ajit Nair (retired effective 18 December 2024)	9/9	100

The Board members are provided with adequate and timely information and reports, including background explanatory information, on matters brought before the Board. All the Directors have full and unrestricted access to all information and records of the Company as well as services and advice of the Company Secretary and the senior management of the Company to assist them in discharging their duties and responsibilities.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Directors' Profile**

**Dato' Khalid bin Abdol Rahman**  
**Independent Non-Executive Director, Chairman**

Dato' Khalid bin Abdol Rahman ("Dato' Khalid") was appointed to the Board on 19 May 2020 as an Independent Non-Executive Director and he was subsequently appointed as Chairman of the Board on 28 January 2021. He is also a member of the Board Audit Committee, the Board Risk Management Committee, the Board Nomination Committee and the Board Remuneration Committee.

Dato' Khalid holds a Diploma in Accountancy from University Institute of Technology (MARU) in Selangor. He then went on to obtain a Bachelor of Science degree in Finance from Indiana State University, Indiana, United States, and a Master of Business Administration degree in Marketing from University of New Haven, Connecticut, United States.

Dato' Khalid has more than 30 years of experience in the fields of corporate planning, business development, mergers and acquisitions, corporate finance and corporate advisory services.

**Dato' Chan Choy Lin**  
**Independent Non-Executive Director**

Dato' Chan Choy Lin ("Dato' Carol Chan") was appointed to the Board on 18 March 2020 as an Independent Non-Executive Director. She was appointed the Chairman of the Board Audit Committee effective from 24 March 2020, and the Chairman of the Board Remuneration Committee effective from 20 December 2020. She is also a member of the Board Nomination Committee and the Board Risk Management Committee.

Dato' Carol Chan is a member of The Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Dato' Carol Chan has more than 30 years' experience with public listed companies that engaged in the businesses of banking and insurance, automotive manufacturing and distribution, trading and services, property and construction, plantation, hospitality and education. Dato' Carol Chan's senior management experience covers the areas of mergers, acquisitions and divestments, finance, treasury, corporate social responsibilities, corporate secretarial and legal, including corporate governance, risk management and internal control. Over the years, Dato' Carol Chan had held several key management positions. She was a key member of various group committees and she also served as a nominee director on the boards of various group companies of a public listed conglomerate.

Dato' Carol Chan is currently an Independent Non-Executive Director of Ann Joo Resources Berhad, APM Automotive Holdings Berhad and SumiSaujana Group Berhad.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Directors' Profile (continued)**

**Athappan Gobinath Arvind**  
**Executive Director**

Mr. Gobinath Arvind Athappan was appointed to the Board on 26 August 2023 as an Executive Director and a member of the Board Nomination Committee.

Mr. Gobi holds a Bachelor's in Electrical Engineering (Honours) from The National University of Singapore, and a Master's in Business Administration from Massachusetts Institute of Technology (MIT) Sloan School of Management, Cambridge, Massachusetts, United States of America.

Mr. Gobi has more than 25 years' working experience and over 23 years in the general insurance industry, all with the operating companies of Fairfax Financial Holdings Limited (Canada), the ultimate parent company of The Pacific Insurance Berhad.

Mr. Gobi is currently sits on the Board of the following companies:

- Fairfax Asia Limited
- Falcon Insurance Company (Hong Kong) Limited
- Thai Reinsurance Public Company Limited
- BIDV Insurance Corporation
- Fairfirst Insurance Limited
- Singapore Reinsurance Corporation Limited
- Singapore-Re Management Services Private Limited

**Dr. Letchumanan a/l Amaippen**  
**Non-Independent Non-Executive Director**

Dr. Letchumanan a/l Amaippen ("Dr. Letchumanan") was appointed to the Company's Board of Directors on 16 May 2024. He is also a member of the Board Audit Committee and the Board Remuneration Committee. On 5 December 2025, Dr. Letchumanan was also appointed as a member of Board Risk Management Committee and Board Nomination Committee.

Dr. Letchumanan obtained his Bachelor of Medicine-Bachelor of Surgery ("MBBS") qualification from Kasturba Medical College, Mysore University, Manipal, Karnataka, India in 1983.

Dr. Letchumanan obtained a Fellowship of College General Practitioners from the Indian Medical Council ("IMC") in 2005, and a Certificate in Occupational Medicine from the National Institute of Occupational Safety and Health ("NIOSH") in 2002, enabling him to practice as an Occupational Health doctor. He has almost 30 years of combined expertise in medicine and healthcare industries/fields.

Dr. Letchumanan is currently the Board Secretary of Koperasi MCIS Berhad, and also the Director of Prinsip Ribuan Sdn. Bhd.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Directors' Profile (continued)**

**Simon Philip Guy Lee**  
**Independent Non-Executive Director**

Mr. Simon Philip Guy Lee ("Mr. Simon Lee") was appointed to the Company's Board of Directors on 15 November 2024. He is the Chairman of the Board Risk Management Committee and the Board Nomination Committee. He is also member of the Board Audit Committee and the Board Remuneration Committee.

Mr. Simon Lee, a British citizen, completed his education in England. He attended Tonbridge School in Kent and obtained his bachelor's degree in English and French from the University of Leeds in West Yorkshire.

Mr. Simon Lee has a wealth of experience in international financial services, gained over 17 years with the NatWest Bank Group. He spent 10 years at RSA Insurance Group PLC, a FTSE 100 company, with the last three years as Group Chief Executive. During his tenure, he held various prominent roles, both in The United Kingdom ("UK") and The United States of America ("USA"), which provided him with deep insights and expertise in the industry.

Mr. Simon Lee is currently sits on the Board of the following companies:

- Fairfax (Barbados) International Ltd
- Brit Syndicates Ltd
- Brit Group Ltd
- Public Policy Holding Co.
- TTW Holdings Ltd
- Trust Investments Ltd
- Tradeplus24 AG (Zurich Based)

**Training attended by Board of Directors**

The following are the trainings attended by the Directors during the financial year:

1. "Navigating Sustainability Reporting" by PwC
2. "Cyber Security Awareness" by EC Council Global Services Sdn. Bhd.
3. "Knowledge-Sharing Session titled "Insurance Finance: Today and Challenges Ahead" by EY
4. "Fireside Chat with Former Central Bank Governors on "Central Banking in an Evolving International Financial System" by FIDE FORUM, attended by Dato' Khalid bin Abdol Rahman
5. "BNM Sasana Symposium 2024" by Bank Negara Malaysia, attended by Dato' Khalid bin Abdol Rahman
6. "2nd National Resolution Symposium ("NRS 2024")" by PIDM, attended by Dato' Khalid bin Abdol Rahman and Mr. Athappan Gobinath Arvind
7. "BNM-FIDE FORUM: Responsibility Mapping Engagement with Directors of Financial Institutions" by FIDE FORUM, attended by Dato' Chan Choy Lin and Mr. Athappan Gobinath Arvind
8. "Directors' Masterclass in Climate Governance 2024: Boardroom Dynamics in Climate Talks" by FIDE FORUM, attended by Dato' Chan Choy Lin

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Training attended by Board of Directors (continued)**

The following are the trainings attended by the Directors during the financial year: (continued)

9. "FIDE FORUM – CGM Masterclass: Latest Developments in Climate-Aligned Executive Compensation" by FIDE FORUM, attended by Dato' Chan Choy Lin
10. "Preventing Fraud: The Board's Roles and Responsibilities" by FIDE FORUM, attended by Dato' Chan Choy Lin
11. "Launch of Directors' Remuneration Report 2024" by FIDE FORUM, attended by Dato' Chan Choy Lin and Dr. Letchumanan a/l Amaippen
12. "Data Innovation to Drive Financial Inclusion - Pushing New Frontiers" by FIDE FORUM, attended by Dr. Letchumanan a/l Amaippen
13. "Induction Programme" by TPIB, attended by Dr. Letchumanan a/l Amaippen
14. "Leading the Way: Developing Credible Transition Plans for Financial Institutions" by FIDE FORUM, attended by Dr. Letchumanan a/l Amaippen
15. "Conflict of Interest and What Can Go Wrong", by Tan Chong Holdings Bhd, attended by Dato' Chan Choy Lin
16. "E-invoicing Implementation", by Crowe KL Tax Sdn. Bhd., attended by Dato' Chan Choy Lin
17. "Interview Technique for Independent Directors", by Leadwomen-30% Club, attended by Dato' Chan Choy Lin
18. "Board Leadership Centre-The Risk Landscape: Navigating Climate Transition Risks in a Circular Economy", by KPMG, attended by Dato' Chan Choy Lin
19. "Navigating Capital Gains Tax" by KPMG, attended by Dato' Chan Choy Lin
20. "Anti-bribery & Anti-corruption Refresher Training" by APM Automotive Holdings Bhd, attended by Dato' Chan Choy Lin
21. "Conversation between Audit Committee and Audit Oversight Board" by Securities Commission Malaysia, attended by Dato' Chan Choy Lin
22. "2025 Budget Update by Deloitte" by Ann Joo Resources Bhd, attended by Dato' Chan Choy Lin
23. "MFRS Updates 2024" by KPMG, attended by Dato' Chan Choy Lin

**Board Committees**

To support the execution of its duties and functions, the Board delegates certain responsibilities to the Board Committees namely, the Board Audit Committee, the Board Risk Management Committee and the Board Nomination Committee as well as the Board Remuneration Committee which operate within clearly defined terms of reference. The Board Committees report to the Board on matters discussed at their meetings and make recommendations on items that require the Board's approval.

The memberships, roles and terms of reference of the Audit, Risk Management, Nomination and Remuneration Committees of the Board during the financial year are as follows:

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Board Committees (continued)**

**(i) Board Audit Committee**

As at reporting date, the Board Audit Committee ("BAC") comprises three (3) Independent Non-Executive Directors and one (1) non-independent non-executive director. The composition of the BAC is as follows:

<u>Members:</u>	<u>Status of Directorship</u>
Dato' Chan Choy Lin	Independent Non-Executive Director, Chairman
Dato' Khalid bin Abdol Rahman	Independent Non-Executive Director
Ajit Nair (retired effective 18 December 2024)	Independent Non-Executive Director
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)	Non-Independent Non-Executive Director
Simon Philip Guy Lee (appointed effective 5 December 2024)	Independent Non-Executive Director

The BAC met six (6) times during the financial year and the details of the members' attendance are as follows:

<u>Name</u>	<u>Number of</u>	
	<u>Meetings</u>	<u>Percentage (%)</u>
	<u>Attended</u>	
Dato' Chan Choy Lin	6/6	100
Dato' Khalid bin Abdol Rahman	6/6	100
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)	4/4	100
Simon Philip Guy Lee (appointed effective 5 December 2024)	N/A	N/A
Ajit Nair (retired effective 18 December 2024)	6/6	100

The BAC's terms of reference are in compliance with BNM PD on Corporate Governance. The BAC has independent access to the Company's internal auditors, external auditors and management so as to enable it to discharge its functions, which include the reinforcement of the independence and objectivity of the internal and external audit functions and their scope of work and results.

The BAC reviewed the findings of the internal/external auditors and those of the examiners from BNM, as well as management's responses and actions taken to address the findings. The BAC also reviewed, inter-alia, the Company's financial statements, the impact of new or proposed changes in accounting standards and policies on the financial statements and the maintenance of a sound system of internal controls to safeguard shareholders' investment and the Company's assets. Besides reviewing and approving the Annual Audit Plan, the BAC also evaluated the independence, objectivity and effectiveness of the external auditors before recommending to the Board for onwards recommendation to the shareholders on their appointment or reappointment.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Board Committees (continued)**

**(ii) Board Risk Management Committee**

The Board Risk Management Committee ("BRMC") supports the Board in the overall risk management oversight of the Company. As at reporting date, the BRMC comprises three (3) Independent Non-Executive Directors and one (1) non-independent non-executive director.

The composition of the BRMC is as follows:

<u>Members:</u>	<u>Status of Directorship</u>
Simon Philip Guy Lee (appointed as the member effective on 5 December 2024 to 17 December 2024 and subsequently as Chairman effective 18 December 2024)	Independent Non-Executive Director, Chairman
Dato' Chan Choy Lin	Independent Non-Executive Director
Dato' Khalid bin Abdol Rahman	Independent Non-Executive Director
Dr. Letchumanan a/l Amaippen (appointed effective 5 December 2024)	Non-Independent Non-Executive Director
Ajit Nair (retired effective 18 December 2024)	Independent Non-Executive Director, Chairman

The BRMC met four (4) times during the financial year and the details of the members' attendance are as follows:

<u>Name</u>	<u>Number of Meetings</u>	
	<u>Attended</u>	<u>Percentage (%)</u>
Ajit Nair (retired effective 18 December 2024)	4/4	100
Dato' Chan Choy Lin	4/4	100
Dato' Khalid bin Abdol Rahman	4/4	100
Dr. Letchumanan a/l Amaippen (appointed effective 5 December 2024)	N/A	N/A
Simon Philip Guy Lee (appointed as the member effective from 5 December 2024 to 17 December 2024 and subsequently appointed as Chairman effective 18 December 2024)	N/A	N/A

BNM's PD BNM/RH/GL 013-5 on Risk Governance requires the Board to ensure that the Company's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities.

The Board must also provide effective oversight of senior management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework.



**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Board Committees (continued)**

**(ii) Board Risk Management Committee (continued)**

During the financial year 2024, the BRMC reviewed periodic management reports on risk exposure, risk portfolio and management strategies, mitigation plans and control measures ensuring adequacy of infrastructure, resources and systems for effective risk management, assessing adequacy of policies and framework for identifying, measuring, monitoring and controlling risks, as well as reviewing the extent to which these are operating effectively.

The role and responsibilities of BRMC is to support the Board in meeting the expectations on risk management as set out in the BNM's PDs, which include amongst others, the PDs on Corporate Governance, Risk Governance, Operational Risk Management and Risk-Based Capital Framework for Insurers ("RBC").

**(iii) Board Nomination and Board Remuneration Committees**

The terms of reference of both Board Nomination Committee ("BNC") and Board Remuneration Committee ("BRC") are in compliance with the guidelines on the functions and responsibilities of the committees for insurers issued under BNM's PD on Corporate Governance.

**Board Nomination Committee**

As at reporting date, the BNC comprises three (3) Independent Non-Executive Directors, one (1) Executive Director and one (1) Non-Independent Non-Executive Director. The composition of the BNC is as follows:

**Members:**

**Status of Directorship**

Simon Philip Guy Lee (appointed as the member effective on 5 December 2024 to 17 December 2024 and subsequently as Chairman effective 18 December 2024)	Independent Non-Executive Director, Chairman
Dato' Chan Choy Lin	Independent Non-Executive Director
Dato' Khalid bin Abdol Rahman	Independent Non-Executive Director
Athappan Gobinath Arvind	Executive Director
Dr. Letchumanan a/l Amaippen (appointed effective 5 December 2024)	Non-Independent Non-Executive Director
Ajit Nair (retired effective 18 December 2024)	Independent Non-Executive Director, Chairman

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Board Committees (continued)**

**(iii) Board Nomination and Board Remuneration Committees (continued)**

Board Nomination Committee (continued)

The BNC met nine (9) times during the financial year and the details of the members' attendance are as follows:

<u>Name</u>	<u>Number of</u>	
	<u>Meetings</u>	<u>Percentage (%)</u>
	<u>Attended</u>	
Ajit Nair	8/8	100
Dato' Chan Choy Lin	9/9	100
Dato' Khalid bin Abdol Rahman	9/9	100
Athappan Gobinath Arvind	9/9	100
Dr. Letchumanan a/l Amaippen	1/1	100
(appointed effective 5 December 2024)		
Simon Philip Guy Lee	1/1	100
(appointed as the member effective from 5 December 2024		
to 17 December 2024 and subsequently appointed as		
Chairman effective 18 December 2024)		

The BNC is entrusted with the responsibility to consider and evaluate the appointment of new Directors and existing Directors to sit on the Board Committees of the Company and to recommend candidates to the Board for appointment and reappointment or re-election. The committee is also responsible to recommend to the Board the appointment of the Chief Executive Officer and key senior officers of the Company.

With regard to retiring directors, the BNC reviews the suitability and competencies and contributions of Directors for re-election and reappointment before recommending them to the Board for approval and subsequently to the shareholders for approval at the Annual General Meeting.

Board Remuneration Committee

The BNC also annually reviews the Board's structure, size and composition and the mix of skills and core competencies required for the Board to discharge its duties effectively. It also assesses on an annual basis, the effectiveness of the Board as a whole and the Board Committees and the contributions of each individual Director. In addition, the BNC deliberates Board succession plans as and when appropriate.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(a) Board Responsibility and Oversight (continued)**

**Board Committees (continued)**

**(iii) Board Nomination and Board Remuneration Committees (continued)**

Board Remuneration Committee (continued)

As at reporting date, the BRC comprises three (3) Independent Non-Executive Directors and (1) Non-Independent Non-Executive Director. The composition of the BRC is as follows:

<u>Members:</u>	<u>Status of Directorship</u>
Dato' Chan Choy Lin	Independent Non-Executive Director, Chairman
Dato' Khalid bin Abdol Rahman	Independent Non-Executive Director
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)	Non-Independent Non-Executive Director
Simon Philip Guy Lee (appointed effective 5 December 2024)	Independent Non-Executive Director
Ajit Nair (retired effective 18 December 2024)	Independent Non-Executive Director

The BRC met one (1) time during the financial year and the details of the members' attendance are as follows:

<u>Name</u>	<u>Number of Meetings</u>	
	<u>Attended</u>	<u>Percentage (%)</u>
Dato' Chan Choy Lin	1/1	100
Dato' Khalid bin Abdol Rahman	1/1	100
Dr. Letchumanan a/l Amaippen (appointed effective 16 May 2024)	N/A	N/A
Simon Philip Guy Lee (appointed effective 5 December 2024)	N/A	N/A
Ajit Nair (retired effective 18 December 2024)	1/1	100

The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors, Chief Executive Officer and key senior officers of the quality required to manage the Company. In this respect, the BRC reviews and approves the remuneration packages of the Directors, Chief Executive Officer and key senior officers of the Company.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(b) Management Accountability**

The Company has an organisational structure with clearly communicated defined lines of accountability and delegated authority to ensure proper identification of responsibilities and segregation of duties. The operational authority limits covering all aspects of operations which include underwriting, claims and finance are reviewed and updated as appropriate. Clearly documented job descriptions for all management and executive employees are maintained while formal appraisals of performance are conducted at least once annually. Any fundamental to the organisational structure are communicated to all staff.

The Directors who hold office or possess property do not have any direct or indirect interest, which is in conflict with their duty or interest as Directors, as referred to in Section 58 of the Financial Services Act, 2013.

**(c) Remuneration Policy**

The Remuneration Policy ("Policy") is one of the key components of the Human Resources strategy to fully support the overall business strategy.

The main functions of the Policy are to:

- support the Company's strategy to build a healthy and high performance based culture that attracts, retains, motivates and rewards employees based on merit.
- promote the achievement of strategic objectives within the Company's risk appetite.

**Scope of Coverage**

The policy is applicable to all permanent and contract employees of the Company. We believe the long term success of the Company is directly linked to the positive attitude and caliber of employees that we employ and the working environment that we create.

**Remuneration Philosophy**

The Company's remuneration philosophy is to:

- recruit, motivate, reward and retain employees who believe in, and live by, the Company's culture and values.
- maintain a healthy working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the Company.
- set employees' total remuneration package at a competitive level by benchmarking to the market and providing incentives geared to agreed performance outcomes, where appropriate.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(c) Remuneration Policy (continued)**

**Key Remuneration Principles**

The Remuneration Policy is based fundamentally on the following principles:

- The Policy is aligned to the overall business strategy, objectives and values of the Company without being detrimental to the interests of its policy holders.
- The Policy contains arrangements for ensuring that executive remuneration is fair and responsible in the context of overall company remuneration.
- The remuneration includes fixed, variable, short and long-term as well as intangible rewards (in line with market practice), or any other rewards the Company may deem fit from time to time.
- The Policy encourages employees to be prudent risk takers and to act in the interest of the Company.
- Incentives aimed at encouraging retention are clearly distinguished from those relating to rewarding performance.
- Bonus is at the discretion of the Board, subject to the performance of the Company.
- The Policy ensures compliance with the regulatory requirements and law.
- Performance measures take into account both quantitative as well as qualitative factors consistent with Company's culture.

**Remuneration Guiding Principle**

Base Principle

- The key objective is to provide the base element of remuneration that reflects the person's role/position in the Company and is payable for doing the expected job.
- Base Salary is determined generally by job at a competitive and fair market rate.
- Base Salary should exclude Fixed Allowances, if any.
- Base Salary is targeted at market median (P50) in general, but can be targeted at between market P50 to P75 for critical positions, key talents and high-value specialists.
- External competitiveness and internal equity should be well balanced.

Market Benchmarking & Positioning

- Comparisons of reward programs are primarily made against major companies that the Company competes with for business and talents in the markets where we operate in.
- Pay positioning is benchmarked to both local and foreign companies in the market, as long as business volume is relatively similar.
- Participation in the remuneration survey of the financial services industry. Where the Company has not participated in the annual remuneration survey of the financial services industry, the existing market data is aged accordingly based on the latest relevant statistics.
- Internal salary structure should be market competitive and reviewed as and when necessary.

Benefits

- Risk and non-risk benefits are market driven whilst always maintaining a balance between benefits to employees and costs to / long term interest of the Company.
- Benefits are updated when needed, as long as costs to / long term interest of the Company are managed, in order to cope with emerging benefits trends.
- All benefits are compliant with local regulations.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(c) Remuneration Policy (continued)**

**Elements of the Remuneration Plan**

The remuneration plan includes, but is not limited to, the following elements:

Remuneration Element	Purpose
Guaranteed package	<ul style="list-style-type: none"><li>- Pays based on overall job requirements, accountability, complexity / variety of tasks.</li><li>- Ensures that the Company attracts and retains high-performing people by paying market based guaranteed package.</li></ul>
Short-term incentives  - Performance Bonus	<ul style="list-style-type: none"><li>- Focuses on attaining results in both the short and medium term, whilst at the same time ensuring successful execution of the Company's strategic plan.</li><li>- Variable component that rewards contributions based on performance and prudent risk taking behavior.</li></ul>
Long-term incentives	<ul style="list-style-type: none"><li>- Crucial in retaining dedication and committed employees.</li><li>- Rewards sustainable performance.</li></ul>
Recognition	<ul style="list-style-type: none"><li>- Supports and reinforces innovation and entrepreneurship.</li><li>- Recognises employees living the values of the Company and contributing towards an entrepreneurial culture.</li></ul>

**Communication**

- Email communication and Virtual briefing to the Head of Departments ("HODs") and Branch Managers ("BMs") on the annual appraisal exercise and the requirements.
- Communicate the key elements and process to Managers.

**Key Management Personnel**

The remuneration process includes strict adherence to regulatory requirements and active oversight by the Board whereby the remuneration of the CEO and material risk takers, i.e. Key Management Personnel ("KMP") are reviewed and approved by the Remuneration Committee and Board annually. The management maintains and regularly reviews the list of Senior Management Team grade Selected General Manager and above, who fall within the definition of "material risk takers".

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(c) Remuneration Policy (continued)**

**Elements of the Remuneration Plan (continued)**

The remuneration for the CEO, senior officers and other Material Risk Takers for the current financial year is shown in the table below:

Total value of remuneration awards for the financial year	CEO		Material Risk Takers	
	Unrestricted RM	Deferred RM	Unrestricted RM	Deferred RM
<b>Fixed Remuneration</b>				
Cash-based	685,693	-	3,227,653	-
Shares and share-linked instruments	13,797	-	34,874	-
Other	192,066	-	758,041	-
<b>Variable Remuneration</b>				
Cash-based	93,227	-	440,213	-
Shares and share-linked instruments	-	-	-	-
Other	9,517	-	10,072	-

The breakdown of the total amount of remuneration for directors for the financial year under review, disclosed individually for each director, is tabled in Note 21(b) to the Audited Financial Statements for the year ended 31 December 2024.

**Interpretation**

The Chief Executive Officer is authorised to resolve any issues which may arise in the course of administering the Compensation Schemes/Plans.

**Policy Review**

The Policy shall be reviewed from time to time, as necessary and appropriate. Any revision to the Policy shall be reviewed by the Remuneration Committee to recommend to the Board for approval.

**Material Risk Takers**

Material Risk Takers are also the key management personnel and the remuneration structure is as disclosed in Note 26 to the financial statements.

**(d) Corporate Independence**

The Company has met all the requirements of BNM's PD BNM/RH/GL 018-6 on Related Party Transactions and BNM Circular on Intercompany Charges paid to Related Entities. Other than the provision of financial services which are on normal commercial terms and in the ordinary course of business, all material related party transactions have been disclosed in the audited financial statements in accordance with MFRS124 *Related Party Disclosures*.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(e) Internal Controls and Operational Risk Management**

The Board oversee the design and development of the risk management framework and ensure that the framework is effective for controlling risk-taking activities of the Company in line with its risk appetite and has taken into account changes in the business environment. In doing so, the Board provide constructive challenge to management on the credibility and robustness of the framework to ensure that there are no material gaps or weaknesses.

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

The Board has the overall responsibility to ensure the maintenance of internal control system and risk management framework for the Company in order to provide reasonable assurance for effective and efficient operations, internal financial controls and compliance with laws and regulations.

There is a continuous process present for identifying, evaluating and managing the key risks of the Company. This process is periodically reviewed by the BRMC and the Board. The risk management framework is maintained in the Company by the Risk Management Department ("RMD") which is headed by the Chief Risk Officer ("CRO"). The CRO reports directly and independently to the BRMC of the Company.

During the financial year, the RMD identified and assessed the Company's keys risks on an annual basis. The key risks of the Company comprised of strategic risks, insurance risks (i.e. product risks and underwriting risks), financial risks, operational risks, and emerging risks. All the key risks were reflected in the Company's Risk Profile. RMD will review and monitor the Company's key risks and controls/ action on a quarterly basis.

The disclosure of the Company's risk management policies are set out under Notes 27 to the financial statements.

Apart from the above, the following key committees, among others, continue to serve the objective of enhancing the risk management culture in the Company:

- (i) The Executive Risk Management Committee, which was established on 8 November 2018, is an executive-led management committee accountable to the BRMC. The purpose of the Committee is to assist the BRMC in fulfilling its oversight responsibilities relating to risk management, legal and regulatory compliance, capital management and related matters as well as risks and opportunities relating to strategic decisions undertaken by the Company.
- (ii) The Executive Risk Management Committee is tasked to develop and implement a Business Continuity Framework, which include the Company's business continuity plan ("BCP") to support critical business functions in the event of a disruption to the operations. It also has in place an IT Disaster Recovery Plan ("ITDRP") which aims to ensure that disruptions to IT operations and services are mitigated to an acceptable level through a combination of well-planned contingency and recovery controls. The Company had tested the BCP and the ITDRP last year, with observation by the internal audit team.



**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(e) Internal Controls and Operational Risk Management (continued)**

Apart from the above, the following key committees, among others, continue to serve the objective of enhancing the risk management culture in the Company (continued):

- (iii) The Information Technology Steering Committee is an executive-led management committee accountable to monitor the overall efficiency, performance and effectiveness of IT services. The purpose of the Committee is to assist senior management in fulfilling its oversight responsibilities relating to the Company's Information Technology matters, risks and opportunities relating to IT strategies and strategic decisions to fulfill the Company's long-term goals.
- (iv) The Executive Risk Management Committee is also tasked to oversee the climate change risk, which have been integrated into the existing Enterprise Risk Management Framework. The Board has approved a Climate Change Risk Policy in 2024, to set the direction in building and uplifting the Company's resilience against impacts of climate change.
- (v) The Pricing Steering Committee addresses the challenges of the detariffication for motor and fire. In 2017, the Company increased the scope of the Pricing Steering Committee to a Product Development and Pricing Steering Committee to include the review of existing products and undertake the planning, design and development of new products, to meet the prevailing BNM guidelines, e.g. BNM/RH/STD 029-10 on Introduction of New Products by Insurers and Takaful Operators and BNM/RH/GL 000-3 on Guidelines on Product Transparency and Disclosure. The Committee has hence been renamed to Product Development and Pricing Steering Committee. All newly developed products within the scope of the policy document are submitted to the Board for notation or approval and where appropriate to BNM for approval.
- (vi) The Occupational Safety and Health Management Committee is committed to provide a working environment that emphasises on the safety and health of the employees. The Committee develops and adopts relevant policies and applicable best practices to improve the standard of safety and health environment of the Company.

The Company operates in a highly regulated business environment that is subject to prudential and supervisory review by BNM and Persatuan Insurans Am Malaysia ("PIAM"). The Company Secretary and management keep the Board apprised of new laws and guidelines and changes thereof as well as new accounting and insurance standards to be adopted by the Company. To address compliance risks, the Company has a designated Compliance Officer who is responsible for implementing a compliance framework to provide reasonable assurance that the Company's business is conducted in compliance with the relevant laws, regulations and internal/external guidelines. The Compliance Department submits a compliance statement to the Board on a quarterly basis.

The Internal Audit department is headed by the Chief Internal Auditor. The Internal Audit department reports directly to the BAC.

The roles and responsibilities of the BAC with respect to Internal Audit functions are in accordance with BNM's PD on Corporate Governance issued on 3 August 2016.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(e) Internal Controls and Operational Risk Management (continued)**

Internal Audit function adopts a systematic and disciplined, risk-based audit methodology, and prepares its audit strategy and annual plan based on the risk profiles of the business and functional departments of the Company, identified through an audit risk management process. Internal Audit independently reviews the risk exposures and control processes of governance, operations and information systems implemented by management. Internal Audit activities are guided by the annual audit plan approved by the BAC, with its status of achievement reported at every BAC meeting.

Internal Audit reports are tabled at the BAC meetings, after audit findings have been addressed by management. Follow-up procedures are carried out by Internal Audit to ensure that agreed action plans to improve controls are implemented by management on a timely basis. The BAC meets with the external auditors at least once annually without the presence of management to discuss any problems, issues and concerns arising from the interim and final statutory audits, as well as any other relevant matters.

These initiatives, together with the implementation of the external auditors' recommendations for improvement on internal controls, provide reasonable assurance that necessary control procedures are in place.

The other key elements of the Company's system of internal control are stated below:

**(i) Corporate culture**

The Board and management of the Company set the requirements for an effective control culture in the organisation through the Company's core corporate values i.e. professionalism, integrity, excellent customer service, teamwork and governance.

**(ii) Organisation structure**

The Company has an organisational structure showing clearly defined lines of accountability and delegated authority levels to ensure effectiveness of the internal control system. Any changes to organisational structure are communicated to all staff to ensure proper identification of responsibilities and segregation of duties.

**(iii) Communication**

Regular management meetings are held in the Company to discuss the financial performance, operational performance, business issues, implications of new risks and any other relevant matters.

**(iv) Staff competency and succession planning**

The professionalism and competency of staff are enhanced through continuous training and development programmes and a structured recruitment process. A performance planning and appraisal system of staff is in place with established key performance indicators and competencies subject to annual review. The Company has a Code of Ethics that guides all staff in their work performance and in upholding their ethical standards.

The Board is cognisant of its responsibilities to identify and develop viable candidates for long term succession planning of the senior management. The senior management has identified key staff for critical functions to ensure a smooth succession plan is in place.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**(e) Internal Controls and Operational Risk Management (continued)**

(v) Whistleblowing program

Whistleblowing is considered an effective safeguard against fraud, corruption or other malpractice that undermines the internal control system and organisational reporting lines. Hence, the Company has implemented a whistleblowing program to encourage its staff and any external parties to report, in good faith, any suspicion of fraud, irregularity or misdemeanour, without fear of reprisals by any party. The Board shall review concerns, including anonymous complaints, which staff or external parties may, in confidence, raise about possible misconduct or improprieties within the Company and shall have the concerns independently investigated by the internal audit department and/or external service providers whom the Board may think fit.

(vi) Independence of external auditors

The Company has adopted a policy on the provision of non-audit services to be rendered by the external auditors. The Company ensures that the external auditors' ability to conduct audits objectively and independently is not impaired, or perceived to be impaired. Unless specifically allowed by the Board, the Company only engages the services of the external auditors for audit assurance. The Board also reviews the total fees earned by the external auditors from non-audit services rendered to the Company for assurance that the independence of the external auditors is not impaired.

**(f) Public Accountability and Fair Practices**

As custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. The Company has taken the appropriate steps to ensure that all insurance policies issued or delivered to all policyholders contain the necessary information to alert them of the existence of the Ombudsman for Financial Services and BNM LINK, in compliance with the requirements of BNM's PD BNM/RH/GL 003-9 Guidelines on Claims Settlement Practices (Consolidated) and BNM/RH/GL 000-3 Guidelines on Product Transparency and Disclosure. The Ombudsman for Financial Services and BNM LINK were set up with the view to provide alternative avenues for the policyholders/claimants to seek redress if the complaint/appeal is not resolved by the Financial Service Provider.

The Company has also taken the necessary measures to comply with the requirements pursuant to BNM's PD BNM/RH/STD 029-10 on Introduction of New Products by Insurers and Takaful Operators, BNM/RH/GL 000 -3 on Guidelines on Product Transparency and Disclosure, BNM/RH/PD 029-8 Phased Liberalisation of Motor and Fire Tariffs and BNM/RH/GL/003-20 Guidelines on Medical and Health Insurance Business (Revised).

In line with the Bank Negara Malaysia Financial Sector Blueprint 2012-2020, the Company has taken the necessary actions to migrate payment to e-payment, as a means to improve payment efficiency to the insuring public and the prevention of fraud.

**(g) Financial Reporting**

The Board has overall oversight responsibility for ensuring that accounting records are properly kept and that the Company's financial statements are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, the provisions of the Companies Act 2016 in Malaysia and relevant regulatory requirements.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and 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 impaired debts and the making of impairment allowance for impaired debts, and had satisfied themselves that all known impaired debts had been written off and that adequate impairment allowance had been made for impaired debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for impairment of the Group and the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and 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 Group and 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 of financial statements of the Group and 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 Group and 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 Group and the Company which has arisen since the end of the financial year other than as disclosed in Note 31.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability other than as disclosed in Note 31 has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and 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 Group and the Company for the financial year in which this report is made.

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

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**OTHER STATUTORY INFORMATION (CONTINUED)**

(g) Before the financial statements of the Group and Company were made out, the Directors took reasonable steps to ascertain that the Group and Company have been in compliance with the Risk Based Capital Framework issued by Bank Negara Malaysia, and that the Group and the Company maintain a Capital Adequacy Ratio ("CAR") that is higher than the supervisory target capital level of 130% and internal target capital level.

**IMMEDIATE AND ULTIMATE HOLDING COMPANIES**

Fairfax Asia Limited, a company incorporated under the Barbados Companies Act and licensed under the International Business Companies Act, Cap 77, is the immediate holding company. The ultimate holding company is Fairfax Financial Holdings Limited ("FFHL"), a company incorporated in Canada.

**SUBSEQUENT EVENT**

There were no material events subsequent to the end of the current financial year that have not been reported in the financial statements for the financial year ended 31 December 2024.

**AUDITORS' REMUNERATION**

	<u>Group</u>	<u>Company</u>
	<u>RM</u>	<u>RM</u>
Audit fees	673,114	649,300
Audit related-services fees	1,100	1,100

The auditors' remuneration is disclosed in Note 21 to the financial statements. The auditors were not granted indemnity or insurance by the Group and the Company.

**AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2025.



**DATO' KHALID BIN ABDOL RAHMAN**  
DIRECTOR



**ATHAPPAN GOBINATH ARVIND**  
DIRECTOR

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

		<b>2024</b>		<b>2023</b>	
	<b>Note</b>	<b>Group RM</b>	<b>Company RM</b>	<b>Group RM</b>	<b>Company RM</b>
Insurance revenue	8	928,455,788	928,455,788	848,503,428	848,503,428
Insurance service expenses	8	(555,982,215)	(555,982,215)	(587,859,303)	(587,859,303)
<b>Insurance service result before reinsurance contracts held</b>		<b>372,473,573</b>	<b>372,473,573</b>	<b>260,644,125</b>	<b>260,644,125</b>
Allocation of reinsurance premiums	8	(501,643,707)	(501,643,707)	(398,250,697)	(398,250,697)
Amounts recoverable from reinsurers for incurred claims	8	155,876,576	155,876,576	163,900,860	163,900,860
<b>Net expense from reinsurance contracts held</b>		<b>(345,767,131)</b>	<b>(345,767,131)</b>	<b>(234,349,837)</b>	<b>(234,349,837)</b>
<b>Insurance service result</b>		<b>26,706,442</b>	<b>26,706,442</b>	<b>26,294,288</b>	<b>26,294,288</b>
Net investment income *	18	15,428,630	14,626,453	4,030,472	2,025,245
Interest income from financial assets measured at amortised cost *		15,067,544	15,096,581	16,580,454	16,689,558
Net fair value gains	19	4,284,172	4,118,676	16,635,784	17,731,895
<b>Total net investment income</b>		<b>34,780,346</b>	<b>33,841,710</b>	<b>37,246,710</b>	<b>36,446,698</b>
Insurance finance expenses for insurance contracts issued	20	(20,053,433)	(20,053,433)	(21,172,087)	(21,172,087)
Reinsurance finance income for reinsurance contracts held	20	10,965,765	10,965,765	12,647,746	12,647,746
<b>Net insurance financial result</b>		<b>(9,087,668)</b>	<b>(9,087,668)</b>	<b>(8,524,341)</b>	<b>(8,524,341)</b>
Other operating income		3,368,801	3,368,801	2,776,206	2,776,206
Other operating expenses	21	(19,719,585)	(18,835,730)	(17,843,146)	(17,028,089)
Other finance costs		(2,197,500)	(2,197,500)	(2,095,118)	(2,095,118)
<b>Total other income and expenses</b>		<b>(18,548,284)</b>	<b>(17,664,429)</b>	<b>(17,162,058)</b>	<b>(16,347,001)</b>
<b>Profit before taxation</b>		<b>33,850,836</b>	<b>33,796,055</b>	<b>37,854,599</b>	<b>37,869,644</b>
Taxation	22	(5,466,764)	(5,466,764)	(6,925,301)	(6,925,301)
<b>Net profit for the financial year</b>		<b>28,384,072</b>	<b>28,329,291</b>	<b>30,929,298</b>	<b>30,944,343</b>

(\*) Comparatives have been restated to conform to the current year's presentation as per Note 32.

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

Company No.  
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<b>2024</b>		<b>2023</b>	
	<b><u>Group</u></b>	<b><u>Company</u></b>	<b><u>Group</u></b>	<b><u>Company</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other comprehensive income:				
<u>Items that will not be reclassified</u>				
<u>to profit or loss</u>				
Revaluation reserve				
- Surplus arising during the financial year	-	-	5,183,306	5,183,306
<b>Total comprehensive income for the financial year</b>	<b>28,384,072</b>	<b>28,329,291</b>	<b>36,112,604</b>	<b>36,127,649</b>
<b>Net profit for the financial year attributable to:</b>				
Owner of the Company	28,367,476	28,329,291	30,908,283	30,944,343
Unitholders	16,596	-	21,015	-
	<b>28,384,072</b>	<b>28,329,291</b>	<b>30,929,298</b>	<b>30,944,343</b>
<b>Total comprehensive income attributable:</b>				
- Owner of the Company	28,367,476	28,329,291	36,091,589	36,127,649
- Unitholders	16,596	-	21,015	-
	<b>28,384,072</b>	<b>28,329,291</b>	<b>36,112,604</b>	<b>36,127,649</b>
<b>Earnings per share attributable to owner of the Company - basic/diluted (sen)</b>	<b>12.9</b>	<b>12.9</b>	<b>14.1</b>	<b>14.1</b>

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

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

		2024		2023	
	Note	Group RM	Company RM	Group RM	Company RM
ASSETS					
Property and equipment	3	42,171,451	42,171,451	43,716,015	43,716,015
Investment properties	4	19,690,000	19,690,000	19,690,000	19,690,000
Intangible assets	5	46,606,858	46,606,858	46,919,975	46,919,975
Investments:					
Fair value through profit or loss financial assets	6	678,247,664	704,557,451	447,856,553	465,468,353
Amortised cost	6	184,231,679	184,231,679	295,988,827	295,988,827
Insurance contract assets	8	-	-	9,512,141	9,512,141
Reinsurance contract assets	8	596,110,863	596,110,863	550,723,049	550,723,049
Right-of-use assets	9	2,795,756	2,795,756	3,560,366	3,560,366
Loans	10	229,202	229,202	270,261	270,261
Tax recoverable		6,099,903	6,099,903	10,001,055	10,001,055
Other receivables	11	46,538,988	46,538,988	44,768,148	44,768,148
Cash and cash equivalents		116,260,237	89,407,924	182,831,879	164,746,385
Total assets		1,738,982,601	1,738,440,075	1,655,838,269	1,655,364,575
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	219,875,038	219,875,038	219,875,038	219,875,038
Capital reserve		1,703,625	1,703,625	1,703,625	1,703,625
Revaluation reserves		5,183,306	5,183,306	5,183,306	5,183,306
Retained profits		291,995,510	291,978,172	263,628,034	263,648,881
Total equity		518,757,479	518,740,141	490,390,003	490,410,850
Liabilities					
Insurance contract liabilities	8	1,114,467,744	1,114,467,744	1,056,587,875	1,056,587,875
Reinsurance contract liabilities	8	11,324,935	11,324,935	29,455,610	29,455,610
Subordinated loans	15	39,971,749	39,971,749	37,871,749	37,871,749
Deferred tax liabilities	14	11,596,447	11,596,447	10,030,834	10,030,834
Lease liabilities	16	2,858,109	2,858,109	3,614,783	3,614,783
Other payables	17	40,006,138	39,480,950	27,887,415	27,392,874
Total liabilities		1,220,225,122	1,219,699,934	1,165,448,266	1,164,953,725
Total equity and liabilities		1,738,982,601	1,738,440,075	1,655,838,269	1,655,364,575

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



Company No.  
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD  
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Capital reserve RM	Revaluation reserves RM	Retained earnings RM	
<b>Group</b>						
<b>At 1 January 2023</b>		219,875,038	1,703,625	-	232,719,751	454,298,414
Net profit for the year		-	-	-	30,908,283	30,908,283
Other comprehensive income for the financial year		-	-	5,183,306	-	5,183,306
<b>At 31 December 2023</b>		<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>263,628,034</u>	<u>490,390,003</u>
<b>At 1 January 2024</b>		219,875,038	1,703,625	5,183,306	263,628,034	490,390,003
Net profit for the financial year		-	-	-	28,367,476	28,367,476
<b>At 31 December 2024</b>		<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>291,995,510</u>	<u>518,757,479</u>

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

Company No.  
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD  
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		<u>Non-distributable</u>			<u>Distributable</u>	
		<u>Share</u>	<u>Capital</u>	<u>Revaluation</u>	<u>Retained</u>	<u>Total</u>
	<u>Note</u>	<u>capital</u>	<u>reserve</u>	<u>reserves</u>	<u>earnings</u>	<u>equity</u>
		<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<u>Company</u>						
<b>At 1 January 2023</b>		219,875,038	1,703,625	-	232,704,538	454,283,201
Net profit for the financial year		-	-	-	30,944,343	30,944,343
Other comprehensive income for the financial year		-	-	5,183,306	-	5,183,306
<b>At 31 December 2023</b>		<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>263,648,881</u>	<u>490,410,850</u>
<b>At 1 January 2024</b>		219,875,038	1,703,625	5,183,306	263,648,881	490,410,850
Net profit for the financial year		-	-	-	28,329,291	28,329,291
<b>At 31 December 2024</b>		<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>291,978,172</u>	<u>518,740,141</u>

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

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<b>2024</b>		<b>2023</b>	
	<b><u>Group</u></b> <b><u>RM</u></b>	<b><u>Company</u></b> <b><u>RM</u></b>	<b><u>Group</u></b> <b><u>RM</u></b>	<b><u>Company</u></b> <b><u>RM</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	33,850,836	33,796,055	37,854,599	37,869,644
<b>Adjustments for:</b>				
Depreciation of property and equipment	2,152,768	2,152,768	2,098,893	2,098,893
Gain on disposal of property and equipment	-	-	(30)	(30)
Property and equipment written-off	1,878	1,878	711	711
Finance cost on subordinated loans	2,100,000	2,100,000	1,972,943	1,972,943
Finance cost on lease liability	97,500	97,500	122,175	122,175
Change in fair value of FVTPL financial assets	(4,284,172)	(4,118,676)	(12,568,951)	(13,665,063)
Foreign currency translation differences	508,765	508,765	(1,839,208)	(1,839,208)
Depreciation of investment properties	-	-	61,869	61,869
Change in fair value of investment properties	-	-	(4,066,833)	(4,066,833)
Amortisation of intangible assets	704,384	704,384	682,053	682,053
Depreciation of right-of-use assets	1,894,396	1,894,396	2,088,851	2,088,851
Net (gain)/loss on disposal of FVTPL financial assets	(43,908)	(14,685)	8,411,155	9,211,914
Investment income	(34,210,616)	(33,466,699)	(30,340,785)	(29,245,423)
Profit from operations before changes in operating assets and liabilities	2,771,831	3,655,686	4,477,442	5,292,496
<b>Changes in working capital:</b>				
Purchase of investments	(686,648,426)	(467,547,859)	(670,095,488)	(586,432,374)
Proceeds from disposal/ maturity of investments	570,903,900	343,098,009	506,514,063	415,133,464
Decrease in loans and receivables	41,059	41,059	112,728	112,728
Net increase in insurance and reinsurance contracts	3,873,521	3,873,525	57,657,924	57,657,924
(Increase)/decrease in other receivables	(1,770,840)	(1,770,840)	4,442,995	4,442,995

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<b>2024</b>		<b>2023</b>	
	<b>Group RM</b>	<b>Company RM</b>	<b>Group RM</b>	<b>Company RM</b>
Increase/(decrease) in other payables	12,085,529	12,088,072	(1,420,791)	(1,416,778)
<b>Net increase in working capital</b>	(98,743,426)	(106,562,348)	(98,311,127)	(105,209,545)
Investment income received	35,140,495	34,209,194	28,215,586	27,451,219
Interest paid on lease liabilities	(97,500)	(97,500)	(122,175)	(122,175)
Income tax paid	-	-	(1,715,931)	(1,715,931)
<b>Net cash used in from operating activities</b>	(63,700,431)	(72,450,654)	(71,933,647)	(79,596,432)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(610,082)	(610,082)	(405,393)	(405,393)
Purchase of intangible assets	(34,047)	(34,047)	(267,204)	(267,204)
Work-in progress of intangible assets	(357,220)	(357,220)	-	-
Proceeds from disposal of property and equipment	-	-	101	101
Distribution to unitholders	16,596	-	21,015	-
<b>Net cash used in investing activities</b>	(984,753)	(1,001,349)	(651,481)	(672,496)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Repayment of lease liabilities	(1,886,458)	(1,886,458)	(2,068,450)	(2,068,450)
<b>Net cash used in financing activity</b>	(1,886,458)	(1,886,458)	(2,068,450)	(2,068,450)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(66,571,642)	(75,338,461)	(74,653,578)	(82,337,378)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	182,831,879	164,746,385	257,485,457	247,083,763
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	116,260,237	89,407,924	182,831,879	164,746,385

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<b>2024</b>		<b>2023</b>	
	<b><u>Group</u></b>	<b><u>Company</u></b>	<b><u>Group</u></b>	<b><u>Company</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash and cash equivalents comprise:</b>				
Fixed and call deposits with licensed financial institutions	95,771,705	68,959,050	159,538,757	141,564,790
Cash and cash equivalents	20,488,532	20,448,874	23,293,122	23,181,595
	<u>116,260,237</u>	<u>89,407,924</u>	<u>182,831,879</u>	<u>164,746,385</u>

**Reconciliation of liabilities arising from financing activities**

	<b>2024</b>		<b>2023</b>	
	<b><u>Principal</u></b>	<b><u>Interest payable</u></b>	<b><u>Principal</u></b>	<b><u>Interest payable</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Group and Company</u>				
<b>Subordinated loans</b>				
At 1 January	30,000,000	7,871,749	24,337,504	11,561,302
Interest conversion to principal	-	-	5,662,496	(5,662,496)
Interest charge	-	2,100,000	-	1,972,943
At 31 December	<u>30,000,000</u>	<u>9,971,749</u>	<u>30,000,000</u>	<u>7,871,749</u>

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
<b>Lease liabilities</b>		
At 1 January	3,614,783	4,300,423
Cash flows	(1,983,958)	(2,190,625)
Interest charge	97,500	122,175
Lease additions	1,120,884	1,373,315
Change in consideration	8,900	9,495
At 31 December	<u>2,858,109</u>	<u>3,614,783</u>

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

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024**

**1. CORPORATE INFORMATION**

The principal activity of the Company consists of the underwriting of general insurance business. There has been no significant change in the nature of the principal activity of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Level 40-1, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur, 50470 Kuala Lumpur.

The Company is a subsidiary of Fairfax Asia Limited, a company incorporated under the Barbados Companies Act and licensed under the International Business Companies Act, Cap 77. The ultimate holding company is Fairfax Financial Holdings Limited, a company incorporated in Canada.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 March 2025.

**2. MATERIAL ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in this summary of material accounting policies, and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRSs 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 statements of financial position and the reported amounts of revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

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

- (a) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company that are effective on or after 1 January 2024.
- Amendments to MFRS101, *Classification of liabilities as current or non-current*
  - Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
  - Amendments to MFRS107, *Statement of Cash Flows and*  
*MFRS7 Financial Instruments: Disclosures on supplier finance arrangement("SFA")*

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.1 Basis of preparation (continued)

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

- Amendment to MFRS 9 and MFRS 7 - *Classification and Measurement of Financial Instruments*
- MFRS 18, *Presentation and Disclosure in Financial Statements*

The adoption of the amendments will not have material impact to the Group and the Company in the future period.

2.2 Summary of material accounting policies

- (a) Basis of consolidation

- (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 5 to the financial statements on goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the gain is recognised directly in profit or loss. Acquisition related costs are expensed as incurred.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in profit or loss attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

(ii) Change in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost with change in carrying amount recognised in statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss.



**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts*

The standard requires entities to measure insurance contracts using current estimates of fulfillment cash flows, which include all future cash flows associated with insurance contracts, under one of three measurement models, of which the Group and the Company principally use the Premium Allocation Approach ("PAA").

The nature and effects of the key changes in the Group's and the Company's accounting policies are summarised below:

(i) Definition and classification

(a) Insurance contracts

Insurance contracts are those contracts that have significant insurance risk at the inception of the contract. Insurance risk arises when the Group and the Company agree to compensate a policyholder if a specified uncertain future event adversely affects the policyholder, with the possibility of paying, including variability in the timing of payments, significantly more in a scenario where the insured event occurs than when it does not occur. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group and the Company use judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group and the Company have the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. Contracts not meeting the definition of an insurance contract are classified as investment contracts, derivative contracts or service contracts, as appropriate. Insurance contracts include both direct and assumed (reinsurance) insurance contracts issued by the Group and the Company.

(b) Reinsurance contract assets held

Ceded reinsurance contracts do not relieve the Group and the Company of its liability associated with underlying insurance contracts. Reinsurance contract assets held are presented separately on the Group's and the Company's statements of financial position to indicate the extent of credit risk and the obligations of the Company to its policyholders.

(c) Unit of account and recognition

Insurance contracts and reinsurance contract assets held are required to be aggregated into portfolios of insurance contracts, based on underlying risk and the management of those risks, then further aggregated into groups based on the underlying expected profitability and date of issuance, with groups not containing contracts issued more than one year apart.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(i) Definition and classification (continued)

(c) Unit of account and recognition (continued)

Insurance contracts are recognised from the earliest of; the beginning of the insurance contract's coverage period; (i) when payment from the policyholder becomes due or, if there is no contractual due date, when it is received and (ii) when a contract is onerous.

Reinsurance contract assets held that provide proportionate reinsurance coverage are recognised from the later of; (i) the beginning of the reinsurance contract's coverage period and (ii) when underlying insurance contracts are initially recognised.

Other reinsurance contract assets held are recognised at the beginning of the coverage period for the reinsurance contract unless the Group and the Company recognise onerous insurance contracts on an earlier date which are reinsured and the related reinsurance contract was entered into prior to the onerous contract being recognised, in which case the reinsurance contract assets held are recognised at the date the onerous groups of underlying insurance contracts are recognised.

When insurance and reinsurance contract assets held are recognised, they are added to an existing group of contracts where possible. If the insurance contract cannot be added to an existing group based on the criteria set out above, a new group is formed. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

For insurance contracts acquired with incurred claims and remaining coverage, the Group and the Company are considered to have issued a new, separate insurance contract with two coverages: coverage for claims events that have yet to occur and coverage for the development of claims events that have already occurred. For acquired contracts in their settlement period which are fully earned, the Group and the Company are considered to have issued an adverse development cover for the acquired claim liability. These types of insurance contracts are accounted for as if they were entered into at the date of acquisition or transfer.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(i) Definition and classification (continued)

(d) Contract boundary

The contract boundary determines the cash flows that are included in the measurement of a group of insurance contracts and reinsurance contract assets held. For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services including insurance coverage. For reinsurance contract assets held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company are compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

(ii) Measurement

(a) Contracts measured under the Premium Allocation Approach

The Group and the Company use the Premium Allocation Approach ("PAA") for measuring all insurance and reinsurance contract assets held which are eligible for the simplified methodology. Insurance and reinsurance contract assets held are eligible when the coverage period of each contract in the group is one year or less or the company reasonably expects that the resulting measurement of the Liability for Remaining Coverage ("LRC") would not differ materially from that of applying the General Measurement Model ("GMM"). When comparing the different possible measurements, the Group and the Company consider the impact of different release patterns of the LRC to the Group's and the Company's statements of comprehensive income, the impact of discounting and financial risks, and whether significant variability in the cash flows exists.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(ii) Measurement (continued)

(a) Contracts measured under the Premium Allocation Approach (continued)

Insurance contracts

- Initial measurement

On initial recognition of each group of insurance contracts, the carrying amount of the LRC is measured as the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group, adjusted for any amounts previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The Group and the Company defer and amortises insurance acquisition cash flows for all groups of contracts. Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Liability for Incurred Claims ("LIC").

If there are indications that a group of insurance contracts is onerous, then the Group and the Company recognise a loss in insurance service expense in the Group's and the Company's statements of comprehensive income and increases the LRC if the current estimates of the fulfillment cash flows that relate to remaining coverage exceed the carrying amount of the LRC. This excess is recognised as a loss component within the LRC, which is reported in insurance contract liabilities on the statements of financial positions.

- Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the LIC. On subsequent measurement, the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

The LIC includes the fulfillment cash flows for losses on claims and expenses that have not yet been paid, including claims that have been Incurred But Not Reported ("IBNR"). It reflects both a risk adjustment for non-financial risk and the time value of money as most of the company's insurance contracts issued and measured under the PAA typically have a settlement period of over one year.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(ii) Measurement (continued)

(a) Contracts measured under the Premium Allocation Approach (continued)

- Subsequent measurement (continued)

In each reporting period, the Group and the Company remeasure the loss component using the same calculation as on initial recognition and reflects any changes by adjusting the loss component as required until the loss component is reduced to zero, with such adjustments recognised in insurance service expenses. If a loss component did not exist on initial recognition but there are indications that a group of contracts is onerous on subsequent measurement, then the company establishes the loss component using the same methodology as on initial recognition.

Reinsurance contract assets held

- Initial measurement

On initial recognition of each group of reinsurance contracts, the carrying amount of the Asset for Remaining Coverage ("ARC") is measured as the premiums paid (i.e. premiums ceded) on initial recognition, adjusted for ceding commissions that are not contingent on claims and any amounts previously recognised for cash flows related to the group. The Group and the Company do not recognise any insurance acquisition cash flows for reinsurance contract assets held. For contracts measured under the PAA, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Asset for Incurred Claims ("AIC").

When there is an onerous group of underlying contracts, a loss-recovery component is created for the group of reinsurance contract assets held which adjusts the ARC and determines the amounts that are subsequently presented in the statements of comprehensive income within net reinsurance result as reversals of recoveries of losses and removed from the cost of reinsurance.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(ii) Measurement (continued)

(a) Contracts measured under the Premium Allocation Approach (continued)

Reinsurance contract assets held (continued)

- Subsequent measurement

The carrying amount of a group of reinsurance contract assets held at each reporting date is the sum of the ARC and the AIC. On subsequent measurement, the carrying amount of the ARC is increased by any premiums paid and reduced by the amount recognised as cost of reinsurance for services received.

For contracts measured under the PAA, the asset for incurred claims is measured consistent with the asset for incurred claims under the GMM and reflects a risk adjustment for non-financial risk and the time value of money as most of the Group's and the Company's reinsurance contract assets held and measured under the PAA typically have a settlement period of over one year.

If a loss-recovery component exists, it is adjusted on subsequent measurement to reflect changes in the loss component of the onerous group of underlying contracts to the extent that it impacts reinsured cash flows, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the company expects to recover from the reinsurance contract assets held.

(b) Derecognition and contract modification

An insurance contract is derecognised when it is:

- A group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of: or
- The contract is modified and additional criteria discussed below are met.

When an insurance contract is modified as a result of an agreement with the counterparties or due to a change in regulations, the Group and the Company treats changes in cash flows caused by the modification as changes in estimates of the future cash flows, unless the conditions for the derecognition of the original contract are met. The Group and the Company derecognise the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(ii) Measurement (continued)

(b) Derecognition and contract modification (continued)

- a. If the modified terms had been included at contract inception and the Group and the Company would have concluded that the modified contract:
  - is not within the scope of MFRS17;
  - results in different separable components;
  - results in a different contract boundary; or
  - belongs to a different group of contracts; or
- b. The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, component separation requirements and contract aggregation requirements.

When an insurance contract is derecognised, any net difference between the derecognised part of the LRC of the original contract and any other cash flows will be charged immediately to profit or loss to remove related rights and obligations.

(iii) Presentation and disclosure

Under MFRS 17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statements of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as insurance receivables and payables are no longer be presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts are presented in the same line item as the related portfolios of contracts.

Amounts recognised in the Group's and the Company's statements of comprehensive income for insurance contracts are disaggregated into (i) an insurance service result, comprised of insurance revenue and insurance service expenses ("net insurance result"), (ii) cost of reinsurance and recoveries of insurance service expense ("net reinsurance result"), and (iii) net finance income or expenses from insurance contracts.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(iii) Presentation and disclosure (continued)

Changes in the risk adjustment for non-financial risk are not disaggregated between the insurance service result and net finance income or expenses from insurance contracts. All changes in the risk adjustment for non-financial risk are included in the insurance service result in profit or loss.

Under MFRS 17, amounts recognised in the statements of comprehensive income and OCI are disaggregated into an insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

(a) Insurance revenue

For contracts measured under the PAA, the Group and the Company recognise insurance revenue based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

(b) Insurance service expense

Insurance service expenses arising from insurance contracts are recognised in the Group's and the Company's statements of comprehensive income as they are incurred and include losses on claims, other insurance service expenses, amortisation of insurance acquisition costs, losses and reversals of losses on onerous contracts and impairment losses and reversals of those impairment losses on insurance acquisition cash flow assets.

(c) Net reinsurance result

Net reinsurance result comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance is recognised in the Group's and the Company's statements of comprehensive income as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised in the Group's and the Company's statements of comprehensive income as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component. The establishment of the loss-recovery component and subsequent increases or decreases in the loss-recovery component related to future service are presented in net reinsurance result.



**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(b) MFRS 17 *Insurance Contracts* (continued)

(iii) Presentation and disclosure (continued)

(d) Net finance income or expense from insurance contracts and reinsurance contract assets held

Net finance income or expense from insurance contracts and reinsurance contract assets held as presented in the Group's and the Company's statements of comprehensive income are comprised of changes in the carrying amounts of insurance and reinsurance contracts arising from the effects of the time value of money. The sources of the insurance finance income and expense arise from the effects of discounting the fulfillment cash flows within the AIC and LIC at current rates.

(c) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries (including structured entities) are carried at fair value in accordance with MFRS 9 *Financial Instruments*: Recognition and Measurement. On disposal of investment in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

(d) Property and equipment

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

The revaluation model method provides more relevant information regarding the financial position and financial performance of the Company. Freehold building is subsequently shown at revalued amount, based on periodic valuation of at least once in every 4 years by external independent professional valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable for operating in the manner intended by management.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g) to the financial statements.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(d) Property and equipment (continued)

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Freehold building	42 years
Office renovation	33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Office equipment	10%
Computer equipment	20% - 50%

A depreciation rate of 50% is applied to computer notebooks on loan to agents of the Company.

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

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

Surpluses arising from revaluation are credited to revaluation reserve via the statement of other comprehensive income. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss during the financial period in which they incur.

(e) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both are classified as investment properties.

Investment properties are initially measured at cost, including related transaction costs, and subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise.

The revaluation model method provides more relevant information regarding the financial position and financial performance of the Company. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are reviewed yearly and a formal valuation by an independent professional valuer is carried out once in every four years or earlier if the carrying values of the investment properties are materially different from the fair values.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(e) Investment properties (continued)

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal is recognised in profit or loss in the financial year in which it arises.

(f) Intangible assets

Intangible assets of the Group and the Company consist of computer software, acquired licence and goodwill.

Computer software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g) to the financial statements.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

The computer software is amortised on a straight-line basis over the estimated economic useful life of 5 to 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Acquired licence

Acquired licence is shown at a historical cost. The licence has a finite useful life and is carried at cost less accumulated amortisation and accumulated losses. Licence is amortised on a declining balance method. The declining balance method allocates a greater amount of amortisation in the earlier years of an intangible assets's life than in the later years.

Acquired computer software licence is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, which includes import duties and non-refundable purchase taxes. This cost is amortised over their estimated useful lives of 7 years.

Goodwill

Goodwill arising on acquisition of general insurance business represents the excess of the cost of acquisition of the general insurance business over the fair value of the identifiable net assets recognised at the date of acquisition. Goodwill on acquisition of general insurance business is included in the statements of financial position as intangible assets. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(f) Intangible assets (continued)

Goodwill (continued)

Goodwill on acquisition of general insurance business is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment loss on goodwill on acquisition of general insurance business is recognised immediately as an expenses and is not subsequently reversed as set out in Note 2.2(g) on the accounting policy for impairment for non-financial assets.

Goodwill is allocated to cash-generating unit ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group and the Company allocate goodwill to the combined general insurance business as a whole, which has been identified as a CGU.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. The Group and the Company also assess goodwill that is subject to amortisation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(h) Investments and other financial assets

i. Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(h) Investments and other financial assets (continued)

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit 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 Group and the Company have transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

There are two measurement categories into which the Group and the Company classify its debt instruments:

a. Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. The gain or loss arising on derecognition is recognised directly in profit or loss and presented in realised gains/(losses) whereas foreign exchange gains and losses are presented in other operating revenue. Impairment losses are presented as separate line item in profit or loss.

b. FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and 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. Fair value changes is recognised in profit or loss and presented in fair value gains/(losses) whereas foreign exchange gains and losses are presented in other operating revenue.

Equity instruments

Equity instruments are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuers' net assets.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(h) Investments and other financial assets (continued)

iii. Measurement (continued)

Equity instruments (continued)

The Group and the Company subsequently measure all equity instruments at FVTPL. Dividend will be recognised in profit or loss as investment income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss.

iv. Reclassification

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

However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated as at FVOCI even when there is a change in business model. Such designations are irrevocable.

(i) Fair value of financial instruments

All financial instruments are recognised initially at the transacted price, which is the best indicator of fair value. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market such as unquoted securities, fair value is determined based on quotes from independent brokers.

(j) Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") under MFRS 9 for all financial assets held at amortised cost and LRC - Expected premium receipts net of insurance acquisition cash flow. The Group and the Company assess on a forward looking basis the ECL associated with their financial assets carried at amortised cost and LRC - Expected premium receipts net of insurance acquisition cash flow.. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(j) Impairment (continued)

The impairment loss in financial assets held at amortised cost and LRC - Expected premium receipts net of insurance acquisition cash flow is recognised in profit or loss, while the carrying amount is reduced using an allowance account.

For impairment reversal, the extent of reversal should not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach for other receivables

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on other receivables has not increased significantly since initial recognition. For all other receivables, a loss allowance at an amount equal to lifetime ECL is required.

Definition of default and credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off

The Group and the Company write off financial assets, in whole or in part, when they have exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in gains recognised in statements of profit or loss.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.2 Summary of material accounting policies (continued)**

**(k) Derecognition of financial assets**

Financial assets are derecognised when the Group's and the Company's contractual rights to the cash flows from the financial assets expires or when the Group and the Company transfer the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset.

**(l) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

**(m) Equity instruments**

Ordinary shares are classified as equity on the statements of financial position.

Dividends on ordinary shares are recognised and reflected in the statements of changes in equity when they are approved by the Group's and the Company's shareholders. Interim dividends are deducted from equity when they are paid.

**(n) Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and bank balances and fixed and call deposits with financial institutions with original maturity of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

**(o) Financial instruments**

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

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

**Recognition method**

The particular recognition method adopted for financial instruments recognised on the statements of financial position is disclosed in the individual accounting policy note associated with each item.



**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(o) Financial instruments (continued)

Fair value estimation

The Group's and the Company's basis of estimation of fair values for financial instruments is as follow:

- the fair values of Malaysian Government Securities and Government investment issues are based on the indicative market prices;
- the fair values of unquoted corporate debt securities are based on the indicative market yield obtained from dealers and brokers;
- the fair values of quoted equity securities and Real Estate Investment Trusts ("REITs") are based on quoted prices;
- the fair values of the unit trust funds are based on the fair value of the underlying assets of the fund; and
- the carrying amounts for other financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.2 Summary of material accounting policies (continued)**

**(p) Borrowings (continued)**

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**(q) Leases in which the Group and the Company are lessee**

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 Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate 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 Group and the Company are 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.

**(i) Lease term**

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

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

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(q) Leases in which the Group and the Company are lessee (continued)

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

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

ROU assets 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 Group and the Company are 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.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.2(g) Impairment of non-financial assets.

(iii) Lease liabilities

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

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

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

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(q) Leases in which the Group and the Company are lessee (continued)

(iii) Lease liabilities (continued)

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.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss.

(iv) Reassessment of lease liabilities

A reassessment of the lease liability takes place if the cash flows change based on the original terms and conditions, for example:

- (a) A change in lease term due to the Group and the Company exercise an option (purchase / termination / extension) in a different way than the entity had previously determined was reasonably certain;
- (b) A change in lease term due to an event occurs that contractually obliged / prohibits the Group and the Company from exercise the option;
- (c) A change in the amounts expected to be payable under a residual value guarantee;  
or
- (d) A change in future lease payments resulting from a change in an index or rate used to determine those payments.

(v) Short-term leases asset

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of equipment are recognised on a straight-line basis as an expense in profit or loss.

(r) Other revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transactions will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(r) Other revenue recognition (continued)

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Gross dividend/distribution income from unit trust funds

Gross dividend/distribution income from unit trust funds is recognised on a declared basis when the shareholder's/ unitholders' right to receive payment is established.

(iv) Net realised gain/loss on investment

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the statements of profit or loss.

(s) Income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and the Company operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the end of the reporting period. Deferred tax is recognised as an income or an expense and included in the profit or loss for the period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of material accounting policies (continued)

(s) Income tax (continued)

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Employee benefits

(i) Short-term benefits

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

Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into a separate entity and will have no legal or constructive obligation. The Group and the Company make statutory and voluntary contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Employee share ownership plan

Employee share ownership plan ("ESOP") is a long term investment plan for the employees within the Fairfax group to invest in the shares of Fairfax Financial Holdings Ltd through the employees' salary deduction. The Company makes contributions to the plan and such contributions are recognised as an expense in profit or loss as incurred.

(u) Foreign currencies

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency and presentation currency of the Group and the Company.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.2 Summary of material accounting policies (continued)**

**(u) Foreign currencies (continued)**

Foreign currency transactions are translated into RM using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss and presented within other operating revenue.

**(v) Other financial liabilities and insurance payables**

Other liabilities and payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

**2.3 Significant accounting estimates and judgements**

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

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

**(a) Critical judgements made in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of judgement which are expected to have a significant financial impact on the amounts and balances recognised in the financial statements.

**(b) Key sources of estimation uncertainty and assumptions**

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

**(i) Valuation of insurance contract liabilities**

For insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims IBNR reserves at the end of the reporting period.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.3 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty and assumptions (continued)

(i) Valuation of insurance contract liabilities (continued)

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the claim liabilities. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Link Ratio and Bornheutter-Ferguson methods.

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 adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratio. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(ii) Impairment of goodwill

The Group and the Company assess the impairment of goodwill on an annual basis in accordance with its accounting policy in Note 2.2(g) to the financial statements. The recoverable amount of the goodwill has been determined based on the value of expected future new business, taking into account of expected future expense overruns. The key assumptions used in the assessment are disclosed in Note 5 to the financial statements.



**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.3 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty and assumptions (continued)

(iii) Discount rates

Cash flows are discounted using the risk-free yield curves provided by the Group. The forward rates are sourced from a professional service provider. A 50% illiquidity premium adjustment on top of the risk-free yield curve is considered to be sufficient given the relatively liquid nature of insurance payout on policy cancellation or insurance claims.

(iv) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group and the Company require for bearing uncertainty with respect to both the amount and the timing of cash flows that arise from non-financial risk from the insurance contracts and reinsurance contract assets held. The risk adjustment reflects the Group's and the Company's estimates of uncertainty, diversification benefits and expected favourable and unfavourable outcomes. For reinsurance contract assets held, the risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer. The Company generally uses the same method as employed within the Risk Based Capital standard for Malaysia targeting a 75% confidence level. Amongst the main methods used are the Mack, Bootstrap and Stochastic Chain Ladder methods.

(v) Expenses

Where estimates of expenses-related are determined at the portfolio level, they are allocated to group of contracts on a systematic basis, such as activity-based costing method. The Group and the Company have determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are estimated based on a percentage of premium written at group of contracts level during a specific period, based on periodic studies. Same basis will be applied to compute LRC acquisition cost.

Claims settlement-related expenses are allocated based on claims cost and time allocated.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

2.3 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty and assumptions (continued)

(vi) Loss Component

A loss component is established by the Group and the Company for the LRC for such onerous group depicting the losses recognised.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised.

The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage that the Group and the Company expect to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Loss recovery component will subsequently be 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 Group and the Company expect to recover from the group of reinsurance contracts held.

The Group and the Company applied judgement in assessing the onerous groups' profitability and the remeasurement of loss component. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**3. PROPERTY AND EQUIPMENT**

	<u>Office renovations</u> RM	<u>Motor vehicles</u> RM	<u>Furniture, fixtures, office equipment and computers</u> RM	<u>Freehold building</u> RM	<u>Capital work-in progress</u> RM	<u>Total</u> RM
<u>Group/Company</u>						
<u>2024</u>						
<u>Cost</u>						
At 1 January 2024	1,342,161	534,174	9,051,270	42,300,000	-	53,227,605
Additions	-	372,996	237,086	-	-	610,082
Disposals	-	-	(77,355)	-	-	(77,355)
Write-offs	-	-	(799,896)	-	-	(799,896)
At 31 December 2024	<u>1,342,161</u>	<u>907,170</u>	<u>8,411,105</u>	<u>42,300,000</u>	<u>-</u>	<u>52,960,436</u>
<u>Accumulated depreciation</u>						
At 1 January 2024	1,276,848	495,097	6,906,968	832,677	-	9,511,590
Charge for the financial year	40,866	95,024	1,017,665	999,213	-	2,152,768
Disposals	-	-	(77,355)	-	-	(77,355)
Write-offs	-	-	(798,018)	-	-	(798,018)
At 31 December 2024	<u>1,317,714</u>	<u>590,121</u>	<u>7,049,260</u>	<u>1,831,890</u>	<u>-</u>	<u>10,788,985</u>
Net book value	<u>24,447</u>	<u>317,049</u>	<u>1,361,845</u>	<u>40,468,110</u>	<u>-</u>	<u>42,171,451</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**3. PROPERTY AND EQUIPMENT (CONTINUED)**

	<u>Office renovations</u> RM	<u>Motor vehicles</u> RM	<u>Furniture, fixtures, office equipment and computers</u> RM	<u>Freehold building</u> RM	<u>Capital work-in progress</u> RM	<u>Total</u> RM
<u>Group/Company</u>						
<u>2023</u>						
<u>Cost</u>						
At 1 January 2023	1,342,161	534,174	9,089,407	43,620,525	6,361	54,592,628
Additions	-	-	405,393	-	-	405,393
Disposals	-	-	(220,038)	-	-	(220,038)
Write-offs	-	-	(223,492)	-	-	(223,492)
Reclassification to intangible assets	-	-	-	-	(6,361)	(6,361)
Revaluation deficit	-	-	-	(1,320,525)	-	(1,320,525)
At 31 December 2023	<u>1,342,161</u>	<u>534,174</u>	<u>9,051,270</u>	<u>42,300,000</u>	<u>-</u>	<u>53,227,605</u>
<u>Accumulated depreciation</u>						
At 1 January 2023	1,227,734	416,947	6,356,893	6,357,701	-	14,359,275
Charge for the financial year	49,114	78,150	992,823	978,806	-	2,098,893
Disposals	-	-	(219,967)	-	-	(219,967)
Write-offs	-	-	(222,781)	-	-	(222,781)
Change in fair value adjustment	-	-	-	(6,503,830)	-	(6,503,830)
At 31 December 2023	<u>1,276,848</u>	<u>495,097</u>	<u>6,906,968</u>	<u>832,677</u>	<u>-</u>	<u>9,511,590</u>
Net book value	<u>65,313</u>	<u>39,077</u>	<u>2,144,302</u>	<u>41,467,323</u>	<u>-</u>	<u>43,716,015</u>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**4. INVESTMENT PROPERTIES**

	<u>2024</u> RM	<u>2023</u> RM
<u>Group/Company</u>		
<u>Cost</u>		
At 1 January	19,690,000	18,496,596
Revaluation surplus	-	1,193,404
As 31 December	<u>19,690,000</u>	<u>19,690,000</u>
<u>Accumulated depreciation</u>		
At 1 January	-	2,811,560
Charge for the financial year	-	61,869
Change in fair value adjustment	-	(2,873,429)
31 December	<u>-</u>	<u>-</u>
Net book value	<u>19,690,000</u>	<u>19,690,000</u>
Fair value	<u>19,690,000</u>	<u>19,690,000</u>

The fair value of the properties are estimated at RM19,690,000 based on valuations performed by an independent professionally qualified valuer. The fair value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of investment properties are categorised at Level 3 of the fair value hierarchy. Fair value of the investment properties are measured in whole by reference to inputs other than the quoted price included within Level 1 that are observable for the investment properties, either directly or indirectly. The investment properties are valued using the Comparison Method.

The Level 3 unobservable input used in the valuation of land and building is the price per square foot ("psf") which is adjusted for differences in location, property size, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building, finishes and services and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower. For the financial year 2024, the price range for the comparable properties in the same building ranging from RM1,400 to RM1,500 per square foot.

There were no transfers between Level 1, 2 and 3 fair value measurements during the financial year.

As at 31 December 2024 two commercial investment properties held by the Company are leased to third parties. Rental income from the properties is included in Note 18 to the financial statements.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**5. INTANGIBLE ASSETS**

	<u>Goodwill</u> RM	Computer software and <u>licence</u> RM	<u>Total</u> RM
<u>Group/Company</u>			
<u>2024</u>			
<u>Cost</u>			
At 1 January 2024	40,103,501	11,645,028	51,748,529
Additions	-	34,047	34,047
Written off	-	(330,743)	(330,743)
Work-in-progress	-	357,220	357,220
At 31 December 2024	<u>40,103,501</u>	<u>11,705,552</u>	<u>51,809,053</u>
<u>Accumulated Amortisation</u>			
At 1 January 2024	-	4,828,554	4,828,554
Charge for the financial year	-	704,384	704,384
Written off	-	(330,743)	(330,743)
At 31 December 2024	<u>-</u>	<u>5,202,195</u>	<u>5,202,195</u>
Net book value	<u>40,103,501</u>	<u>6,503,357</u>	<u>46,606,858</u>
<u>Group/Company</u>			
<u>2023</u>			
<u>Cost</u>			
At 1 January 2023	40,103,501	11,371,463	51,474,964
Additions	-	267,204	267,204
Reclassification from property and equipment (Note 3)	-	6,361	6,361
At 31 December 2023	<u>40,103,501</u>	<u>11,645,028</u>	<u>51,748,529</u>
<u>Accumulated Amortisation</u>			
At 1 January 2023	-	4,146,501	4,146,501
Charge for the financial year	-	682,053	682,053
At 31 December 2023	<u>-</u>	<u>4,828,554</u>	<u>4,828,554</u>
Net book value	<u>40,103,501</u>	<u>6,816,474</u>	<u>46,919,975</u>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**5. INTANGIBLE ASSETS (CONTINUED)**

- (a) The Company tests goodwill on acquisition of general insurance business for impairment annually in accordance with its accounting policy as stated in Note 2.2(f). More regular reviews will be performed if events indicate that this is necessary. This was not the case in the current financial year.
- (b) Goodwill is allocated to cash-generating units ("CGU"), being the combined general business as a whole, for the purpose of impairment testing.
- (i) The growth is projected based on expected future new business at a growth rate ranging from 5% to 9% p.a (2023: ranging from 6.6% to 9.3% p.a.).
- (ii) Retention ratio are projected ranging from 36.3% to 38% (2023: 44.3% to 45.6%).
- (iii) Management expense ratio are projected ranging from 28.1% to 31.8% (2023: 26.2% to 27.2%).
- (iv) Loss ratio are projected based on the management's expectation of claims experience ranging from 65% to 66.1% (2023: ranging from 63.2% to 64.4%).
- (v) Pre tax discount rate at 11.5% (2023: 11.5%).
- (vi) Other assumption used include commission ratio and investment return.

At 31 December 2024, the recoverable amount exceeds the carrying value of goodwill.

A reasonably possible change in any key assumption is not expected to cause the recoverable amount of the CGU to fall below its carrying amount.

**6. INVESTMENTS**

	<b>2024</b>		<b>2023</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Malaysian Government Securities	48,821,465	-	62,346,334	-
Government Investment Issues	97,025,198	-	85,783,316	-
Corporate Bonds	212,342,372	-	161,856,556	-
Unit Trust Investments	280,943,573	665,442,395	101,201,051	428,799,057
Equity securities	39,115,056	39,115,056	36,669,296	36,669,296
Deposits with Licensed Financial Institutions	184,231,679	184,231,679	295,988,827	295,988,827
	<b>862,479,343</b>	<b>888,789,130</b>	<b>743,845,380</b>	<b>761,457,180</b>

The financial investments are summarised by categories as follows:

FVTPL financial assets	678,247,664	704,557,451	447,856,553	465,468,353
AC	184,231,679	184,231,679	295,988,827	295,988,827
	<b>862,479,343</b>	<b>888,789,130</b>	<b>743,845,380</b>	<b>761,457,180</b>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INVESTMENTS (CONTINUED)**

	<b>2024</b>		<b>2023</b>	
	<u><b>Group</b></u>	<u><b>Company</b></u>	<u><b>Group</b></u>	<u><b>Company</b></u>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
The following investments mature after 12 months:				
FVTPL financial assets	<u>225,716,760</u>	<u>-</u>	<u>249,156,307</u>	<u>-</u>
(a) FVTPL financial assets				
<u>At fair value:</u>				
Malaysian Government Securities	48,821,465	-	62,346,334	-
Government Investment Issues	97,025,198	-	85,783,316	-
Unit Trust Investments:				
- Quoted in Malaysia	280,943,573	280,943,572	101,201,051	101,201,050
- Unquoted in Malaysia	-	384,498,823	-	327,598,007
Corporate bonds	212,342,372	-	161,856,556	-
Equity securities:				
- Quoted in Malaysia	6,186,000	6,186,000	5,784,000	5,784,000
- Quoted outside Malaysia	32,929,056	32,929,056	30,885,296	30,885,296
	<u>678,247,664</u>	<u>704,557,451</u>	<u>447,856,553</u>	<u>465,468,353</u>

(b) AC

At amortised cost:

Deposits with Commercial Banks	<u>184,231,679</u>	<u>184,231,679</u>	<u>295,988,827</u>	<u>295,988,827</u>
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Deposits with Commercial Banks have interest rates which range from 2.50% to 3.70% (2023: 2.80% to 3.83%) per annum with average maturity period of 335 days (2023: 313 days).



**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INVESTMENTS (CONTINUED)**

(c) Carrying values of financial investments

	<b><u>FVTPL</u></b> <b>RM</b>	<b><u>AC</u></b> <b>RM</b>	<b><u>Total</u></b> <b>RM</b>
<u>2024</u>			
<u>Group</u>			
At 1 January 2024	447,856,553	295,988,827	743,845,380
Purchases	454,822,032	231,826,394	686,648,426
Maturities	(26,101,447)	(342,841,046)	(368,942,493)
Disposals	(201,917,499)	-	(201,917,499)
Fair value losses recorded in profit or loss	4,284,172	-	4,284,172
Currency translations differences	(508,765)	-	(508,765)
Movement in accrued interest	571,637	(742,496)	(170,859)
Amortisation of premiums	(759,019)	-	(759,019)
At 31 December 2024	<u>678,247,664</u>	<u>184,231,679</u>	<u>862,479,343</u>
<u>2023</u>			
<u>Group</u>			
At 1 January 2023	276,307,814	295,833,938	572,141,752
Purchases	328,197,725	341,897,763	670,095,488
Maturities	(27,693,500)	(343,537,078)	(371,230,578)
Disposals	(143,694,638)	-	(143,694,638)
Fair value losses recorded in profit or loss	12,568,951	-	12,568,951
Currency translations differences	1,839,208	-	1,839,208
Movement in accrued interest	1,193,320	1,794,204	2,987,524
Amortisation of premiums	(862,327)	-	(862,327)
At 31 December 2023	<u>447,856,553</u>	<u>295,988,827</u>	<u>743,845,380</u>
<u>2024</u>			
<u>Company</u>			
At 1 January 2024	465,468,353	295,988,827	761,457,180
Purchases	235,721,465	231,826,394	467,547,859
Maturities	-	(342,841,046)	(342,841,046)
Disposals	(242,278)	-	(242,278)
Fair value losses recorded in profit or loss	4,118,676	-	4,118,676
Currency translations differences	(508,765)	-	(508,765)
Movement in accrued interest	-	(742,496)	(742,496)
At 31 December 2024	<u>704,557,451</u>	<u>184,231,679</u>	<u>888,789,130</u>

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INVESTMENTS (CONTINUED)**

(c) Carrying values of financial investments (continued)

	<u>FVTPL</u> RM	<u>AC</u> RM	<u>Total</u> RM
<u>2023</u>			
<u>Company</u>			
At 1 January 2023	286,237,771	295,833,938	582,071,709
Purchases	244,534,611	341,897,763	586,432,374
Maturities	-	(343,537,078)	(343,537,078)
Disposals	(80,808,300)	-	(80,808,300)
Fair value losses recorded in profit or loss	13,665,063	-	13,665,063
Currency translations differences	1,839,208	-	1,839,208
Movement in accrued interest	-	1,794,204	1,794,204
At 31 December 2023	<u>465,468,353</u>	<u>295,988,827</u>	<u>761,457,180</u>

(d) Fair values of financial investments

The following tables show financial investments recorded at fair value analysed by the different basis of fair values and valuation methods as follows:

	<u>Level 1</u> RM	<u>Level 2</u> RM
<u>Group</u>		
<u>2024</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Malaysian Government Securities	-	48,821,465
- Government Investment Issues	-	97,025,198
- Corporate Bonds	-	212,342,372
- Unit Trust Investments	-	280,943,573
- Equity Securities	39,115,056	-
	<u>39,115,056</u>	<u>639,132,608</u>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INVESTMENTS (CONTINUED)**

(d) Fair values of financial investments (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM
<u>2023</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Malaysian Government Securities	-	62,346,334
- Government Investment Issues	-	85,783,316
- Corporate Bonds	-	161,856,556
- Unit Trust Investments	101,201,051	-
- Equity Securities	36,669,296	-
	<u>137,870,347</u>	<u>309,986,206</u>

Company

2024

Recurring fair value measurements

FVTPL		
- Unit Trust Investments	280,943,572	384,498,823
- Equity Securities	39,115,056	-
	<u>320,058,628</u>	<u>384,498,823</u>

2023

Recurring fair value measurements

FVTPL		
- Unit Trust Investments	101,201,051	327,598,006
- Equity Securities	36,669,296	-
	<u>137,870,347</u>	<u>327,598,006</u>

Included in the quoted market price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis (Level 1).

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market and instruments with fair values based on broker quotes (Level 2).

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INVESTMENTS (CONTINUED)**

(d) Fair values of financial investments (continued)

Financial instruments that are valued not based on observable market data are categorised as Level 3. There are no financial instruments categorised as Level 3.

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

**7. STRUCTURED ENTITIES**

The Group and the Company have determined that its investment in wholesale unit trust funds amounting to RM384,498,822 (2023: RM327,598,006) as disclosed in Note 6 to the financial statements as unit trust investments ("investee funds"). The Group and the Company invest in the investee funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by approved asset management companies and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The investee funds are classified as fair value through profit or loss and the changes in the fair value of financial assets at FVTPL are recognised in gains/(losses) in profit or loss as applicable. The Company's exposure to investments in the investee funds is disclosed below.

	<u>2024</u> RM	<u>2023</u> RM
Number of wholesale unit trust fund	3	3
Average net asset value per unit of wholesale unit trust funds:		
Opus Enhanced Income Fund	0.9959	0.9972
Affin Hwang Wholesale Fund 1	0.3454	0.3456
Opus Low Risk Asset Fund 2	1.0164	1.0155
Fair value of underlying assets:		
Corporate bonds	209,810,147	160,005,240
Malaysian Government Securities	48,283,659	61,561,683
Government Investment Securities	95,935,434	84,837,715
Deposits with licensed financial institutions	26,713,080	17,963,769
Receivables	3,847,316	3,217,446
Cash equivalents	39,595	89,149
Other payables	(130,409)	(76,996)
	<u>384,498,822</u>	<u>327,598,006</u>
Total realised gain for the financial year	<u>29,223</u>	<u>800,761</u>

As the Company has control over these investee funds which are considered wholly owned structured entities, these structured entities are consolidated in the Group's financial statements. The underlying assets of these structured entities have been duly consolidated as shown in Note 6 to the financial statements.

The investee funds for Opus Enhanced Income Fund are audited by Crowe Malaysia PLT, Affin Hwang Wholesale Fund are audited by PricewaterhouseCoopers PLT and Opus Low Risk Asset Fund 2 are audited by Crowe Malaysia PLT.

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS**

Analysis by remaining coverage and incurred claims:

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM
	<u>Loss</u> <u>component</u> RM	<u>Excluding</u> <u>loss</u> <u>component</u> RM	<u>Estimates of</u> <u>the present</u> <u>value of future</u> <u>cash flow</u> RM	<u>Risk</u> <u>adjustments</u> RM	
<b>2024</b>					
<u>Group/Company</u>					
Insurance contract liabilities as at 1 January	2,006,222	271,049,934	732,095,745	51,435,974	1,056,587,875
Insurance contract assets as at 1 January	-	(9,512,141)	-	-	(9,512,141)
	<u>2,006,222</u>	<u>261,537,793</u>	<u>732,095,745</u>	<u>51,435,974</u>	<u>1,047,075,734</u>
<b>Insurance revenue</b>	-	(928,455,788)	-	-	(928,455,788)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	(5,075,328)	-	526,167,160	28,197,469	549,289,301
Amortisation of insurance acquisition cash flows	-	133,471,036	-	-	133,471,036
Changes to liabilities for incurred claims	-	-	(107,766,344)	(24,363,345)	(132,129,689)
Losses and reversal of losses on onerous contracts	5,351,567	-	-	-	5,351,567
	<u>276,239</u>	<u>133,471,036</u>	<u>418,400,816</u>	<u>3,834,124</u>	<u>555,982,215</u>
<b>Insurance service result</b>	276,239	(794,984,752)	418,400,816	3,834,124	(372,473,573)
Net finance expenses from insurance contracts	1,535,581	-	18,517,852	-	20,053,433
<b>Total changes in the statements of comprehensive income</b>	<u>1,811,820</u>	<u>(794,984,752)</u>	<u>436,918,668</u>	<u>3,834,124</u>	<u>(352,420,140)</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM
	<u>Loss</u> <u>component</u> RM	<u>Excluding</u> <u>loss</u> <u>component</u> RM	<u>Estimates of</u> <u>the present</u> <u>value of future</u> <u>cash flow</u> RM	<u>Risk</u> <u>adjustments</u> RM	
<b>2024</b>					
<u>Group/Company</u>					
Investment components	-	3,824,031	-	-	3,824,031
<b>Cash flows</b>					
Premium received	-	952,170,783	-	-	952,170,783
Claims and other insurance service expenses paid, including investment components	-	-	(400,731,476)	-	(400,731,476)
Insurance acquisition cash flows	-	(135,451,188)	-	-	(135,451,188)
<b>Total cash flows</b>	-	816,719,595	(400,731,476)	-	415,988,119
<b>Insurance contract liabilities as at 31 December 2024</b>	3,818,042	287,096,667	768,282,937	55,270,098	1,114,467,744
Insurance contract liabilities as at 31 December 2024	3,818,042	287,096,667	768,282,937	55,270,098	1,114,467,744
Insurance contract assets as at 31 December 2024	-	-	-	-	-
	3,818,042	287,096,667	768,282,937	55,270,098	1,114,467,744

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM
	<u>Loss</u> <u>component</u> RM	<u>Excluding</u> <u>loss</u> <u>component</u> RM	<u>Estimates of</u> <u>the present</u> <u>value of future</u> <u>cash flow</u> RM	<u>Risk</u> <u>adjustments</u> RM	
<b>2023</b>					
<u>Group/Company</u>					
Insurance contract liabilities as at 1 January	6,393,264	251,912,108	680,855,600	44,952,286	984,113,258
Insurance contract assets as at 1 January	-	(4,796,300)	-	-	(4,796,300)
	<u>6,393,264</u>	<u>247,115,808</u>	<u>680,855,600</u>	<u>44,952,286</u>	<u>979,316,958</u>
<b>Insurance revenue</b>	-	(848,503,428)	-	-	(848,503,428)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	(4,506,398)	-	547,381,574	26,919,017	569,794,193
Amortisation of insurance acquisition cash flows	-	119,936,260	-	-	119,936,260
Changes to liabilities for incurred claims	-	-	(78,998,818)	(20,435,329)	(99,434,147)
Losses and reversal of losses on onerous contracts	(2,437,003)	-	-	-	(2,437,003)
	<u>(6,943,401)</u>	<u>119,936,260</u>	<u>468,382,756</u>	<u>6,483,688</u>	<u>587,859,303</u>
<b>Insurance service result</b>	(6,943,401)	(728,567,168)	468,382,756	6,483,688	(260,644,125)
Net finance expenses from insurance contracts	2,556,359	-	18,615,728	-	21,172,087
<b>Total changes in the statements of comprehensive income</b>	<u>(4,387,042)</u>	<u>(728,567,168)</u>	<u>486,998,484</u>	<u>6,483,688</u>	<u>(239,472,038)</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM
	<u>Loss</u> <u>component</u> RM	<u>Excluding</u> <u>loss</u> <u>component</u> RM	<u>Estimates of</u> <u>the present</u> <u>value of future</u> <u>cash flow</u> RM	<u>Risk</u> <u>adjustments</u> RM	
<b>2023</b>					
<u>Group/Company</u>					
Investment components	-	1,676,257	-	-	1,676,257
<b>Cash flows</b>					
Premium received	-	864,137,212	-	-	864,137,212
Claims and other insurance service expenses paid, including investment components	-	-	(435,758,339)	-	(435,758,339)
Insurance acquisition cash flows	-	(122,824,316)	-	-	(122,824,316)
<b>Total cash flows</b>	-	741,312,896	(435,758,339)	-	305,554,557
<b>Insurance contract liabilities as at 31 December 2023</b>	2,006,222	261,537,793	732,095,745	51,435,974	1,047,075,734
Insurance contract liabilities as at 31 December 2023	2,006,222	271,049,934	732,095,745	51,435,974	1,056,587,875
Insurance contract assets as at 31 December 2023	-	(9,512,141)	-	-	(9,512,141)
	2,006,222	261,537,793	732,095,745	51,435,974	1,047,075,734



Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<b>Assets for remaining coverage</b>		<b>Amounts recoverable on incurred claims</b>		<b>Total</b>
	<b><u>Loss component</u></b>	<b><u>Excluding loss component</u></b>	<b><u>Estimates of the present value of future cash flow</u></b>	<b><u>Risk adjustments</u></b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2024</b>					
<u>Group/Company</u>					
Reinsurance contract assets as at 1 January	1,552,280	90,336,337	436,757,329	22,077,103	550,723,049
Reinsurance contract liabilities as at 1 January	-	(29,421,522)	(34,088)	-	(29,455,610)
	<u>1,552,280</u>	<u>60,914,815</u>	<u>436,723,241</u>	<u>22,077,103</u>	<u>521,267,439</u>
<b>An allocation of reinsurance premiums</b>	-	(501,643,707)	-	-	(501,643,707)
<b>Amounts recoverable from reinsurers for incurred claims</b>					
Actual amount recoverable for incurred claims and other expenses	(3,576,416)	-	235,999,217	14,311,311	246,734,112
Changes to amounts recoverable for incurred claims	-	-	(86,246,217)	(8,480,768)	(94,726,985)
Loss-recovery on onerous underlying contracts and adjustments	3,682,304	-	-	-	3,682,304
Effect of changes in non-performance risk of reinsurers	-	-	187,145	-	187,145
	<u>105,888</u>	<u>-</u>	<u>149,940,145</u>	<u>5,830,543</u>	<u>155,876,576</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<b>Assets for remaining coverage</b>		<b>Amounts recoverable on incurred claims</b>		<b>Total</b>
	<b><u>Loss component</u></b>	<b><u>Excluding loss component</u></b>	<b><u>Estimates of the present value of future cash flow</u></b>	<b><u>Risk adjustments</u></b>	
<u>Group/Company</u>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Net income or expense from reinsurance contracts held</b>	105,888	(501,643,707)	149,940,145	5,830,543	(345,767,131)
Reinsurance finance income	276,924	-	10,688,841	-	10,965,765
<b>Total changes in the statements of comprehensive income</b>	382,812	(501,643,707)	160,628,986	5,830,543	(334,801,366)
<b>Cash flows:</b>					
Premiums paid	-	531,555,712	-	-	531,555,712
Claims recovered	-	-	(133,235,857)	-	(133,235,857)
<b>Total cash flows</b>	-	531,555,712	(133,235,857)	-	398,319,855
<b>Net reinsurance contract liabilities as at 31 December 2024</b>	1,935,092	90,826,820	464,116,370	27,907,646	584,785,928
Reinsurance contract assets as at 31 December 2024	1,935,092	102,120,763	464,147,362	27,907,646	596,110,863
Reinsurance contract liabilities as at 31 December 2024	-	(11,293,943)	(30,992)	-	(11,324,935)
	1,935,092	90,826,820	464,116,370	27,907,646	584,785,928

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<u>Assets for remaining coverage</u>		<u>Amounts recoverable on incurred claims</u>		<u>Total</u> RM
	<u>Loss</u> <u>component</u> RM	<u>Excluding</u> <u>loss</u> <u>component</u> RM	<u>Estimates of</u> <u>the present</u> <u>value of future</u> <u>cash flow</u> RM	<u>Risk</u> <u>adjustments</u> RM	
<b>2023</b>					
<u>Group/Company</u>					
Reinsurance contract assets as at 1 January	21,021	40,992,523	468,288,524	22,495,564	531,797,632
Reinsurance contract liabilities as at 1 January	343,194	(20,974,239)	-	-	(20,631,045)
	364,215	20,018,284	468,288,524	22,495,564	511,166,587
<b>An allocation of reinsurance premiums</b>	-	(398,250,697)	-	-	(398,250,697)
<b>Amounts recoverable from reinsurers for incurred claims</b>					
Actual amount recoverable for incurred claims and other expenses	768,601	-	227,644,311	11,297,483	239,710,395
Changes to amounts recoverable for incurred claims	-	-	(62,937,065)	(11,715,944)	(74,653,009)
Loss-recovery on onerous underlying contracts and adjustments	(336,244)	-	-	-	(336,244)
Effect of changes in non-performance risk of reinsurers	-	-	(820,282)	-	(820,282)
	432,357	-	163,886,964	(418,461)	163,900,860

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

Analysis by remaining coverage and incurred claims (continued):

	<u>Assets for remaining coverage</u>		<u>Amounts recoverable on incurred claims</u>		<u>Total</u> RM
	<u>Loss component</u> RM	<u>Excluding loss component</u> RM	<u>Estimates of the present value of future cash flow</u> RM	<u>Risk adjustments</u> RM	
<b>2023</b>					
<u>Group/Company</u>					
<b>Net income or expense from reinsurance contracts held</b>	432,357	(398,250,697)	163,886,964	(418,461)	(234,349,837)
Reinsurance finance income	755,708	-	11,892,038	-	12,647,746
<b>Total changes in the statements of comprehensive income</b>	1,188,065	(398,250,697)	175,779,002	(418,461)	(221,702,091)
<b>Cash flows:</b>					
Premiums paid	-	439,147,228	-	-	439,147,228
Claims recovered	-	-	(207,344,285)	-	(207,344,285)
<b>Total cash flows</b>	-	439,147,228	(207,344,285)	-	231,802,943
<b>Net reinsurance contract liabilities</b>					
<b>as at 31 December 2023</b>	1,552,280	60,914,815	436,723,241	22,077,103	521,267,439
Reinsurance contract assets as at 31 December 2023	1,552,280	90,336,337	436,757,329	22,077,103	550,723,049
Reinsurance contract liabilities as at 31 December 2023	-	(29,421,522)	(34,088)	-	(29,455,610)
	1,552,280	60,914,815	436,723,241	22,077,103	521,267,439

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**9. RIGHT-OF-USE ASSETS**

	<u>Properties</u>	<u>Equipment</u>	<u>Total</u>
	RM	RM	RM
<u>Group/Company</u>			
<u>Cost</u>			
1 January 2024	2,071,181	3,941,676	6,012,857
Additions	1,066,794	54,090	1,120,884
Change in consideration	(2,005)	10,907	8,902
Derecognition of expired leases	(786,417)	(221,251)	(1,007,668)
At 31 December 2024	<u>2,349,553</u>	<u>3,785,422</u>	<u>6,134,975</u>
<u>Accumulated depreciation</u>			
1 January 2024	1,132,607	1,319,884	2,452,491
Depreciation for the financial year	972,295	922,101	1,894,396
Derecognition of expired leases	(786,417)	(221,251)	(1,007,668)
At 31 December 2024	<u>1,318,485</u>	<u>2,020,734</u>	<u>3,339,219</u>
Net book value	<u>1,031,068</u>	<u>1,764,688</u>	<u>2,795,756</u>
<u>Group/Company</u>			
<u>Cost</u>			
1 January 2023	1,934,653	6,934,841	8,869,494
Additions	1,084,563	288,752	1,373,315
Change in consideration	3,430	6,065	9,495
Derecognition of expired leases	(951,465)	(3,287,982)	(4,239,447)
At 31 December 2023	<u>2,071,181</u>	<u>3,941,676</u>	<u>6,012,857</u>
<u>Accumulated depreciation</u>			
1 January 2023	1,120,886	3,482,201	4,603,087
Depreciation for the financial year	963,186	1,125,665	2,088,851
Derecognition of expired leases	(951,465)	(3,287,982)	(4,239,447)
At 31 December 2023	<u>1,132,607</u>	<u>1,319,884</u>	<u>2,452,491</u>
Net book value	<u>938,574</u>	<u>2,621,792</u>	<u>3,560,366</u>

The leases typically run for a period of 1 to 3 years (2023: 1 to 3 years), but may have extension options. Total cash outflow for leases amounted to RM1,983,911 (2023: RM2,190,625).

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. LOANS**

	<u>2024</u> RM	<u>2023</u> RM
<u>Group/Company</u>		
Staff loans:		
Secured	222,555	266,177
Unsecured	6,647	4,084
	<u>229,202</u>	<u>270,261</u>
Receivable after 12 months	<u>184,009</u>	<u>224,316</u>

The weighted average effective interest rate for staff loans as at 31 December 2024 was 3.95% (2023: 3.79%) per annum on the basis of monthly rest.

**11. OTHER RECEIVABLES**

	<u>2024</u>		<u>2023</u>	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Other receivables, deposits and prepayments	10,501,003	10,501,003	6,004,599	6,004,599
Malaysian Motor Insurance Pool ("MMIP")				
- Cash call made	3,859,477	3,859,477	8,859,477	8,859,477
- Other assets held in MMIP	32,109,508	32,109,508	29,248,102	29,248,102
Income due and accrued	69,000	69,000	655,970	655,970
	<u>46,538,988</u>	<u>46,538,988</u>	<u>44,768,148</u>	<u>44,768,148</u>
Receivable within 12 months	<u>46,538,988</u>	<u>46,538,988</u>	<u>44,768,148</u>	<u>44,768,148</u>

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

MMIP as at 31 December 2024 is a net receivable of RM24,016,592 (2023: RM22,953,622) after setting-off the amount payable from MMIP against the Company's share of claims and premium liabilities amounting to RM12,096,156 (2023: RM15,153,951).

**Financial assets**

There is no netting off of the gross amount of recognised financial assets against the gross amount of financial liabilities in the statements of financial position.

There are no financial assets that are subject to enforceable master netting arrangements or similar arrangements to financial instruments received as collateral or any cash collateral pledged or received.

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**12. SHARE CAPITAL**

	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>Unit</b>	<b>Unit</b>	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>				
Issued and paid up:				
At beginning and end of financial year	<u>219,875,038</u>	<u>219,875,038</u>	<u>219,875,038</u>	<u>219,875,038</u>

**13. RESERVES**

The Company may distribute single-tier tax exempt dividend to its shareholders 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 Risk-Based Capital 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 dividends would impair its Capital Adequacy Ratio position to below its internal target.

**14. DEFERRED TAX ASSETS/LIABILITIES**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
At 1 January	(10,030,834)	(3,577,118)
Recognised in profit or loss	(1,565,613)	(6,453,716)
At 31 December	<u>(11,596,447)</u>	<u>(10,030,834)</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**14. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)**

	<b>Fair value changes on <u>investments</u></b>	<b>Reinsurance contract <u>assets</u></b>	<b><u>Receivables</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2024</u>					
<u>Deferred tax assets</u>					
<b>At 1 January 2024</b>	1,530,217	14,263,284	862,213	1,266,963	17,922,677
Recognised in profit or loss	(1,018,349)	3,833,464	7,167	798,735	3,621,017
At 31 December 2024 (before offsetting)	511,868	18,096,748	869,380	2,065,698	21,543,694
Offsetting					(33,140,141)
Net deferred tax assets (after offsetting)					(11,596,447)
			<b><u>Insurance contract liabilities</u></b>	<b><u>Property, equipment and intangible assets</u></b>	<b><u>Total</u></b>
			<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2024</u>					
<u>Deferred tax liabilities</u>					
<b>At 1 January 2024</b>			25,963,975	1,989,536	27,953,511
Recognised in profit or loss			5,065,766	120,864	5,186,630
At 31 December 2024 (before offsetting)			31,029,741	2,110,400	33,140,141
Offsetting					(33,140,141)
Net deferred tax liabilities (after offsetting)					-



Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**14. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)**

	<u>Fair value changes on investments</u> RM	<u>Reinsurance contract assets</u> RM	<u>Receivables</u> RM	<u>Others</u> RM	<u>Total</u> RM
<u>2023</u>					
<u>Deferred tax assets</u>					
<b>At 1 January 2023</b>	5,377,218	11,465,371	1,918,979	1,380,302	20,141,870
Recognised in profit or loss	(3,847,001)	2,797,913	(1,056,766)	(113,339)	(2,219,193)
At 31 December 2023 (before offsetting)	<u>1,530,217</u>	<u>14,263,284</u>	<u>862,213</u>	<u>1,266,963</u>	<u>17,922,677</u>
Offsetting					(27,953,511)
Net deferred tax assets (after offsetting)					<u>(10,030,834)</u>
			<u>Insurance contract liabilities</u> RM	<u>Property, equipment and intangible assets</u> RM	<u>Total</u> RM
<u>2023</u>					
<u>Deferred tax liabilities</u>					
<b>At 1 January 2023</b>			21,913,257	1,805,731	23,718,988
Recognised in profit or loss			4,050,718	183,805	4,234,523
At 31 December 2023 (before offsetting)			<u>25,963,975</u>	<u>1,989,536</u>	<u>27,953,511</u>
Offsetting					(27,953,511)
Net deferred tax liabilities (after offsetting)					<u>-</u>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**14. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)**

	<u>2024</u> RM	<u>2023</u> RM
<b>Current</b>	21,543,694	17,922,677
<b>Non-current</b>	(33,140,141)	(27,953,511)

**15. SUBORDINATED LOANS**

	<u>2024</u> RM	<u>2023</u> RM
<u>Group/Company</u>		
Principal	30,000,000	30,000,000
Add: Accrued interest	9,971,749	7,871,749
Payable after 12 months	39,971,749	37,871,749

On 16 March 2015, the Group and the Company obtained subordinated loans amounting to RM22,800,000 and a further RM1,537,504 on 19 June 2015.

On 28 April 2023, the Group and Company received approval from its shareholders to convert RM5,662,496 of accrued interest to the loan principal. There is no change to the original maturity period of the subordinated loan and the fixed interest rate of 7% per annum. The subordinated loans of RM30,000,000 carries a fixed interest rate of 7% per annum and matures on 15 March 2030. The interest conversion is deemed to be a non-substantial modification with no fees or costs involved. The payment including principal and interest expenses is due on maturity date.

The fair value of the subordinated loans as at 31 December 2024 amounted to RM30,000,000. The fair value is estimated based on discounted cash flow model for the remaining term of maturity and is within level 2 of the fair value hierarchy.

**16. LEASE LIABILITIES**

	<u>2024</u> RM	<u>2023</u> RM
<u>Group/Company</u>		
Current lease liabilities	1,429,027	1,654,853
Non-current lease liabilities	1,429,082	1,959,930
	2,858,109	3,614,783

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**17. OTHER PAYABLES**

	<b>2024</b>		<b>2023</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Accrual for bonus (including EPF for bonus)	7,909,607	7,909,607	5,500,000	5,500,000
Other payables and accrued liabilities *	32,096,531	31,571,343	22,387,415	21,892,874
Payable within 12 months	<u>40,006,138</u>	<u>39,480,950</u>	<u>27,887,415</u>	<u>27,392,874</u>

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

\* There are no material balances in other payables and accrued liabilities.

**Financial liabilities**

There is no netting off of gross amount of recognised financial liabilities against the gross amount of financial assets in the statements of financial position.

**18. NET INVESTMENT INCOME**

	<b>2024</b>		<b>2023</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Investment income</b>				
Rental income from operating lease: Investment properties	1,236,826	1,236,826	1,236,826	1,236,826
Financial assets at FVTPL				
Interest income - equity securities	-	-	35,327	-
Interest income - debt securities	12,637,962	-	11,037,073	-
Dividend income – unit trusts	4,799,758	16,664,766	769,857	10,637,791
Dividend income – equity securities	468,526	468,526	681,248	681,248
	<u>19,143,072</u>	<u>18,370,118</u>	<u>13,760,331</u>	<u>12,555,865</u>
<b>Investment expenses</b>				
Foreign exchange gains on investment	(508,765)	(508,765)	1,839,208	1,839,208
Investment advisory fees	(2,989,855)	(2,989,855)	(2,729,767)	(2,729,767)
Fund managers' fee	(2,668)	(2,668)	(138,100)	(138,100)
Others	(255,218)	(255,218)	(289,362)	(289,362)
Total investment income	<u>15,386,566</u>	<u>14,613,612</u>	<u>12,442,310</u>	<u>11,237,844</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**18. NET INVESTMENT INCOME (CONTINUED)**

	<b>2024</b>		<b>2023</b>	
	<b><u>Group</u></b>	<b><u>Company</u></b>	<b><u>Group</u></b>	<b><u>Company</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>				
Realised gains/(losses):				
Equity securities	14,685	14,685	(8,472,084)	(8,472,084)
Corporate bonds	(125,456)	-	35,615	-
Malaysian Government Securities	156,210	-	25,316	-
Government Investment Issues	(1,531)	-	-	-
Unit trusts	-	-	-	(739,830)
	43,908	14,685	(8,411,153)	(9,211,914)
<u>Property, equipment and intangible assets</u>				
Realised gains	-	-	30	30
Realised losses	(1,844)	(1,844)	(715)	(715)
	(1,844)	(1,844)	(685)	(685)
Total realised gains/(losses)	42,064	12,841	(8,411,838)	(9,212,599)
<b>Total net investment income</b>	<b>15,428,630</b>	<b>14,626,453</b>	<b>4,030,472</b>	<b>2,025,245</b>

**19. NET FAIR VALUE INCOME**

	<b>2024</b>		<b>2023</b>	
	<b><u>Group</u></b>	<b><u>Company</u></b>	<b><u>Group</u></b>	<b><u>Company</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Financial assets at FVTPL	4,284,172	4,118,676	12,568,951	13,665,062
Fair value gains on investment properties	-	-	4,066,833	4,066,833
<b>Net fair value income</b>	<b>4,284,172</b>	<b>4,118,676</b>	<b>16,635,784</b>	<b>17,731,895</b>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**20. INSURANCE FINANCE INCOME AND EXPENSES**

	<b>2,024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
<b>Finance expenses from insurance contracts</b>		
Interest accreted	(19,556,079)	(18,854,287)
Effect of changes in interest rates and other financial assumptions	(497,354)	(2,317,800)
Finance expenses from insurance contracts issued	<u>(20,053,433)</u>	<u>(21,172,087)</u>
<b>Finance income from reinsurance contracts held</b>		
Interest accreted	10,831,966	11,372,504
Effect of changes in interest rates and other financial assumptions	133,799	1,275,242
Finance income from reinsurance contracts issued	<u>10,965,765</u>	<u>12,647,746</u>
<b>Net insurance finance expenses</b>	<u>(9,087,668)</u>	<u>(8,524,341)</u>

**21. OTHER OPERATING EXPENSES**

		<b>Expenses</b>	<b>Other direct</b>	<b>Other</b>	<b>Total</b>
		<b>attributable to</b>	<b>attributable</b>	<b>operating</b>	
		<b>insurance</b>	<b>expenses</b>	<b>expenses</b>	
		<b>acquisition</b>	<b></b>	<b></b>	
<u>Group</u>		<b>cash flows*</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>2024</u>	<b>Notes</b>	<b>RM</b>			
Employee benefits expenses	21(a)	32,909,403	20,186,942	12,541,222	65,637,567
Directors' remuneration	21(b)	-	-	515,298	515,298
Auditors' remuneration					
- Statutory audit		-	-	673,114	673,114
- Audit related services		-	-	1,100	1,100
Other professional fees		-	648,473	580,113	1,228,586
Agents' profit commission		-	2,835,043	-	2,835,043
Depreciation of property and equipment	3	-	1,521,225	631,543	2,152,768
Amortisation of intangible assets	5	-	-	704,384	704,384
Depreciation of ROU assets	9	-	1,894,396	-	1,894,396
Computer maintenance & IT Expenses		-	11,896,460	-	11,896,460
Management fees to holding company		-	-	2,110,265	2,110,265
Establishment cost		49,631	1,347,278	555,320	1,952,229
Transactional charges		7,583,884	3,438,229	68	11,022,181
Other expenses		1,446,168	5,719,158	1,407,158	8,572,484
Claims expenses		-	263,546	-	263,546
Commission		93,462,102	-	-	93,462,102
		<u>135,451,188</u>	<u>49,750,750</u>	<u>19,719,585</u>	<u>204,921,523</u>

\* Expenses attributable to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**21. OTHER OPERATING EXPENSES (CONTINUED)**

<u>Group</u> <u>2023</u>	<u>Note</u>	Expenses attributable to insurance acquisition cash flows* RM	Other direct attributable expenses RM	Other operating expenses RM	Total RM
Employee benefits expenses	21(a)	30,613,015	18,365,453	11,401,342	60,379,810
Directors' remuneration	21(b)	-	-	448,300	448,300
Auditors' remuneration					
- Statutory audit		-	-	595,784	595,784
- Audit related services		-	-	601,100	601,100
Other professional fees		-	352,067	75,543	427,610
Agents' profit commission		-	3,096,831	-	3,096,831
Depreciation of property and equipment	3	-	1,465,426	633,467	2,098,893
Amortisation of intangible assets	5	-	-	682,053	682,053
Depreciation of ROU assets	9	-	2,088,851	-	2,088,851
Computer maintenance & IT Expenses		-	7,476,252	-	7,476,252
Management fees to holding company		-	-	1,288,600	1,288,600
Establishment cost		73,484	1,278,210	510,751	1,862,445
Transactional charges		11,764,973	3,829,824	55	15,594,852
Other expenses		1,582,610	4,648,553	1,606,151	7,837,314
Claims expenses		-	359,981	-	359,981
Commission		78,790,234	-	-	78,790,234
		<u>122,824,316</u>	<u>42,961,448</u>	<u>17,843,146</u>	<u>183,628,910</u>
<u>Company</u> <u>2024</u>					
Employee benefits expenses	21(a)	32,909,403	20,186,942	12,541,222	65,637,567
Directors' remuneration	21(b)	-	-	515,298	515,298
Auditors' remuneration					
- Statutory audit		-	-	649,300	649,300
- Audit related services		-	-	1,100	1,100
Other professional fees		-	648,473	580,113	1,228,586
Agents' profit commission		-	2,835,043	-	2,835,043
Depreciation of property and equipment	3	-	1,521,225	631,543	2,152,768
Amortisation of intangible assets	5	-	-	704,384	704,384
Depreciation of ROU assets	9	-	1,894,396	-	1,894,396
Computer maintenance & IT Expenses		-	11,896,460	-	11,896,460
Management fees to holding company		-	-	2,110,265	2,110,265
Establishment cost		49,631	1,347,278	555,320	1,952,229
Transactional charges		7,583,884	3,438,229	68	11,022,181
Other expenses		1,446,168	5,719,158	547,117	7,712,443
Claims expenses		-	263,546	-	263,546
Commission		93,462,102	-	-	93,462,102
		<u>135,451,188</u>	<u>49,750,750</u>	<u>18,835,730</u>	<u>204,037,668</u>

\* Expenses attributable to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**21. OTHER OPERATING EXPENSES (CONTINUED)**

<u>Company</u> <u>2023</u>	<b>Note</b>	<b>Expenses attributable to insurance acquisition cash flows*</b> <b>RM</b>	<b>Other direct attributable expenses</b> <b>RM</b>	<b>Other operating expenses</b> <b>RM</b>	<b>Total</b> <b>RM</b>
Employee benefits expenses	21(a)	30,613,015	18,365,453	11,401,342	60,379,810
Directors' remuneration	21(b)	-	-	448,300	448,300
Auditors' remuneration					
- Statutory audit		-	-	580,000	580,000
- Audit related services		-	-	601,100	601,100
Other professional fees		-	352,067	75,543	427,610
Agents' profit commission		-	3,096,831	-	3,096,831
Depreciation of property and equipment	3	-	1,465,426	633,467	2,098,893
Amortisation of intangible assets	5	-	-	682,053	682,053
Depreciation of ROU assets	9	-	2,088,851	-	2,088,851
Computer maintenance & IT Expenses		-	7,476,252	-	7,476,252
Management fees to holding company		-	-	1,288,600	1,288,600
Establishment cost		73,484	1,278,210	510,751	1,862,445
Transactional charges		11,764,973	3,829,824	55	15,594,852
Other expenses		1,582,610	4,648,553	806,878	7,038,041
Claims expenses		-	359,981	-	359,981
Commission		78,790,234	-	-	78,790,234
		<u>122,824,316</u>	<u>42,961,448</u>	<u>17,028,089</u>	<u>182,813,853</u>

\* Expenses attributable to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**21. OTHER OPERATING EXPENSES (CONTINUED)**

	<b>2024</b>		<b>2023</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
(a) Employee benefits expenses				
Wages and salaries	52,883,981	52,883,981	48,782,840	48,782,840
Social security contributions	792,309	792,309	638,617	638,617
Contributions to defined contribution plan, EPF	8,032,864	8,032,864	7,125,338	7,125,338
Employee share ownership plan ("ESOP")	229,483	229,483	319,987	319,987
Staff insurance	1,978,304	1,978,304	1,829,855	1,829,855
Other benefits	1,720,626	1,720,626	1,683,173	1,683,173
	<b>65,637,567</b>	<b>65,637,567</b>	<b>60,379,810</b>	<b>60,379,810</b>

(b) Directors' remuneration

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows:

<u>Group/Company</u>	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Athappan Gobinath Arvind *	-	-
Dato' Khalid bin Abdol Rahman	151,200	151,300
Ajit Nair	131,348	138,200
Dato' Chan Choy Lin	158,200	158,800
Dr. Letchumanan a/l Amaippen	60,599	-
Simon Philip Guy Lee	13,951	-
	<b>515,298</b>	<b>448,300</b>

(\*) There is no Directors' remuneration to Mr Gobi as a Director of the Company. He receives compensation and other benefits in his capacity to support the Chief Executive Officer's function which is included in Note 21(a) wages and salaries.

**22. TAXATION**

<u>Group/Company</u>	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Income tax:		
Malaysian income tax	3,742,297	471,585
Over provision of income tax in respect of prior year	158,855	-
	<b>3,901,152</b>	<b>471,585</b>
Deferred tax relating to origination and reversal of temporary differences (Note 14)	1,565,612	6,453,716
Tax expense for the financial year	<b>5,466,764</b>	<b>6,925,301</b>



**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**22. TAXATION (CONTINUED)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% on the estimated assessable profit for the financial year.

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
<u>Group</u>		
Profit before taxation	33,850,836	37,854,599
Taxation at Malaysian statutory income tax rate of 24%	8,124,201	9,085,104
Expenses not deductible for tax purposes	1,621,474	758,206
Income not subject to tax	(4,437,766)	(3,053,478)
Temporary differences recognised in prior year	158,855	135,469
Tax expense for the financial year	5,466,764	6,925,301
<u>Company</u>		
Profit before taxation	33,796,055	37,869,644
Taxation at Malaysian statutory income tax rate of 24%	8,111,054	9,088,715
Expenses not deductible for tax purposes	1,634,621	754,595
Income not subject to tax	(4,437,766)	(3,053,478)
Temporary differences recognised in prior year	158,855	135,469
Tax expense for the financial year	5,466,764	6,925,301

**23. EARNINGS PER SHARE**

The calculation of basic earnings per ordinary share is based on the profit after taxation for the financial year over the number of shares in issue during the financial year of 219,875,038 (2023: 219,875,038).

	<b><u>2024</u></b>	<b><u>2023</u></b>
<u>Group</u>		
Profit attributable to shareholders (RM)	28,367,476	30,908,283
Weighted average number of shares in issue	219,875,038	219,875,038
Basic earnings per ordinary share (sen)	12.9	14.1
<u>Company</u>		
Profit attributable to shareholders (RM)	28,329,291	30,944,343
Weighted average number of shares in issue	219,875,038	219,875,038
Basic earnings per ordinary share (sen)	12.9	14.1

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**24. DIVIDENDS**

No dividends were paid or declare since the date of the last report.

The Directors do not propose the payment of any dividend for the financial year ended 31 December 2024.

**25. CAPITAL COMMITMENTS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
Approved and contracted for:		
Computers	136,160	257,798
Intangible assets	21,738	294,647
Furniture and fittings	17,598	72,510
	<u>175,496</u>	<u>624,955</u>

**26. SIGNIFICANT RELATED PARTY DISCLOSURES**

- (a) The Company is a subsidiary of Fairfax Asia Limited, a company incorporated under the Barbados Companies Act and licensed under the International Business Companies Act, Cap 77. The ultimate holding company is Fairfax Financial Holdings Limited ("FFHL"), a company incorporated in Canada.
- (b) In addition to related party disclosures detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions and balances with their related parties:

<b><u>Significant transactions</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
Corporate shareholder:		
- Koperasi MCIS Berhad		
<u>Expense</u>		
Rental of premise	223,814	223,814
Parking	19,320	3,780
Other expenses	6,231	10,000

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

- (b) In addition to related party disclosures detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions and balances with their related parties (continued):

<u>Significant transactions</u>	<u>2024</u> RM	<u>2023</u> RM
<u>Group/Company (continued)</u>		
Fellow subsidiaries within FFHL Group:		
<u>Income</u>		
Claim recovery		
- Wentworth Insurance Company Limited (Labuan)	10,649,102	19,030,129
- Allied World Assurance Company, Ltd. (Labuan)	484,994	1,298,259
- Newline Asia Services Pte. Ltd.	-	12,020
- CRC Reinsurance Limited (Barbados)	46,325	21,424
- Singapore Reinsurance Corporation Limited	38,726,229	70,718,781
- Newline Malaysia Limited	23,819	-
- Falcon Insurance Company (Hong Kong) Ltd	57,835	-
	<u>49,988,304</u>	<u>91,080,613</u>
Commission Income		
- CRC Reinsurance Limited (Barbados)	285	225
- Wentworth Insurance Company Limited (Labuan)	44,804,386	21,670,287
- Allied World Assurance Company, Ltd. (Labuan)	1,057,065	493,180
- Newline Malaysia Limited	410,365	343,335
- Newline Asia Services Pte. Ltd.	3,023	2,329
- Falcon Insurance Company (Hong Kong) Limited	-	4,145
- Singapore Reinsurance Corporation Limited	4,217,959	15,259,980
- Gulf Insurance Group K.S.C	2,390	-
- Brit Syndicate Limited (Lloyd'S Syndicate)	7,723	-
- Allied World Managing Agency Limited (Lloyd'S Syndicate)	9,724	-
	<u>50,512,920</u>	<u>37,773,481</u>
<u>Expense</u>		
Reinsurance premium ceded		
- CRC Reinsurance Limited (Barbados)	1,141	902
- Wentworth Insurance Company Limited (Labuan)	282,358,770	150,164,459
- Allied World Assurance Company, Ltd. (Labuan)	6,025,141	4,043,669
- Newline Malaysia Limited	2,924,637	2,299,422
- Newline Asia Services Pte. Ltd.	12,972	10,352
- Falcon Insurance Company (Hong Kong) Limited	-	19,607
- Singapore Reinsurance Corporation Limited	29,110,116	107,545,998
- Gulf Insurance Group K.S.C	6,453	-
- Brit Syndicate Limited (Lloyd'S Syndicate)	35,840	-
- Allied World Managing Agency Limited (Lloyd'S Syndicate)	43,349	-
	<u>320,518,419</u>	<u>264,084,409</u>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

- (b) In addition to related party disclosures detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions and balances with their related parties (continued):

<u>Significant transactions</u>	<u>2024</u> <u>RM</u>	<u>2023</u> <u>RM</u>
<u>Group/Company (continued)</u>		
Fellow subsidiaries within FFHL Group (continued):		
<u>Expense (continued)</u>		
Interest expense on premium withheld		
- Wentworth Insurance Company Limited (Labuan)	36,338	70,062
Investment management fees		
- Hamblin Watsa Investment Counsel Ltd.	2,989,855	2,729,767
Management fees		
- Fairfax Asia Limited	2,110,265	1,288,600
Finance cost		
- Fairfax Asia Limited	2,100,000	1,972,943
Information Technology maintenance service		
- FFH Management Services Ltd.	493,213	501,075
Professional service - MFRS 17		
- Fairfax Financial Holdings Limited	525,376	127,553
Subscription fee		
- Falcon Insurance Company (Hong Kong) Limited	18,556	16,308
Consultancy fee		
- QuessGlobal (Malaysia) Sdn. Bhd.	(38,632)	113,116
<u>Payables/(Receivables)</u>		
Other balances due to/(due from)		
- CRC Reinsurance Limited (Barbados)	(16,222)	68,452
- Wentworth Insurance Company Limited (Labuan)	1,202,768	13,624,309
- Fairfax Asia Limited	43,620,857	41,910,888
- Allied World Assurance Company, Ltd. (Labuan)	77,353	115,193
- Newline Malaysia Limited	1,147,092	445,160
- Fairfax Financial Holdings Limited	583,005	135,678
- Koperasi MCIS Berhad	(93,072)	(93,072)
- Singapore Reinsurance Corporation Limited	(9,061,022)	(642,024)
- QuessGlobal (Malaysia) Sdn. Bhd.	-	38,632
	<u>37,460,759</u>	<u>55,603,216</u>

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

- (b) In addition to related party disclosures detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions and balances with their related parties (continued):

**Significant transactions**

- (c) Compensation of key management personnel

The remuneration of CEO and other members of key management during the financial year was as follows:

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
Short-term employee benefits	4,910,480	4,583,391
Defined contribution plan	554,673	348,393
	<u>5,465,153</u>	<u>4,931,784</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly. The key management personnel of the Group and the Company includes the Chief Executive Officer, Senior Executive Vice President and other personnel with corporate ranking General Manager and above.

The details of remuneration received and receivable by the CEO during the financial year are as follows:

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
Salary and other emoluments	685,693	745,812
Bonus	93,227	183,628
Contribution to defined contribution plan	80,724	743
Estimated money value of benefits-in-kind	134,656	369,321
	<u>994,300</u>	<u>1,299,504</u>

**THE PACIFIC INSURANCE BERHAD  
(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**27. RISK MANAGEMENT FRAMEWORK**

**(a) Risk management framework**

The Group and Company's Risk Management Framework ("RMF") sets out a framework of principles on risk management to guide the Board and senior management in performing their risk oversight function, and sets forth the principles and guidelines of the Group and Company's risk management strategy.

The RMF is designed to:

- Provide the Board and senior management reasonable assurance that the Group and Company's business objectives will be achieved by aligning risk appetite and strategy, proactively responding to risks, reducing operational surprises and losses, and identifying and managing cross-enterprise risks.
- Improve deployment of capital.
- Enhance corporate governance and successfully respond to a changing business environment.
- Assist management in implementing a sound and risk-based internal control system and provide the risk reporting tools to be used to identify significant control lapses/ weaknesses and monitor corrective action.
- Guide staff in understanding the risk assessment methodology and strengthen their risk awareness and capability to identify, manage and control business risks.

The RMF has the following core components:

1. A governance structure that sets the oversights and the roles and responsibilities of risk
2. A risk appetite statement which sets out the type and amount of risk the Group and the Company are able and willing to accept;
3. A series of policies and guidelines to support the implementation of the RMF;
4. A risk taxonomy that are aligned with the risk categories in the BNM Internal Capital Adequacy Assessment Process (ICAAP);
5. A risk management system that is used to identify, measure, mitigate, monitor and report the risks in accordance with the risk appetite statement; and
6. A risk culture which encourages all employees to engage actively in risk management.

**(b) Regulatory framework**

Insurers have to comply with the Financial Services Act, 2013 and circulars and guidelines issued by BNM, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the Company's investment policies rests with the Board. The Board exercises oversight on the investments to safeguard the interests of the policyholders and shareholders.

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**27. RISK MANAGEMENT FRAMEWORK (CONTINUED)**

(c) Capital management

The Group and Company's capital management policy is to deliver sustainable returns to shareholders, maintain a strong capital position with optimum buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth. The RBC Framework and Guidelines on ICAAP for the insurance industry came into effect on 1 January 2009 and 1 September 2012 respectively. Under these requirements, the Company has to maintain a capital adequacy ratio (CAR) that commensurate with its risk profile. The minimum Statutory Target Capital Level requirement under the Risk-Based Capital Framework for insurers is 130%. Throughout the financial year, the Company maintained a CAR higher than the minimum requirement set by the Authority.

(d) Anti-Money Laundering Anti-Terrorism Financing and Proceeds of Unlawful Activities (AMLATFPUA)

Following the Anti-Money Laundering Anti-Terrorism Financing and Proceeds of Unlawful Activities (AMLATFPUA) (Amendment of First Schedule) Order 2014, whereby general insurers are no longer defined as Reporting Institutions under the AMLATFPUA Act 2001 with effect from 5 November 2014, and the BNM Policy Document on AML, CFT and TFS for FIs reissued by BNM on 1 September 2020, the scope of AML/CFT risk monitoring under the AMLATFPUA Act 2001 for general insurers had been significantly scaled down. Based on the development, the Company has in place a CFT and TFS Policy (Version 9.0) and a SOP on Ultimate Beneficial Owner Identification and Verification (Version 1.1) in accordance with the relevant BNM policy document and the AMLATFPUA Act 2001 to mitigate the risk of the Company from being used as a channel for financing of terrorism. Towards this end, the Company is leveraging on IT program to facilitate the screening of the Company's customers name against the database of specified individuals and entities published in the relevant United Nations Security Council Resolutions (UNSCRs) and Ministry of Home Affairs Orders.

**28. INSURANCE RISK**

In designing and pricing the general insurance products, the Company makes several assumptions about the number of claims and the average cost per claim in order to calculate the premiums to be charged. The insurance risk of LRC and LIC consists of premium and reserve risks. The risk that the premium charged for insurance contracts may not be sufficient to cover the actual costs of claims and expense is defined as premium risk. Reserve risks represent the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an inappropriate basis for the calculation of reserves. The Company also assesses, each year, the expected level of claims that must be reserved based on events that have already occurred but which claims are yet to be reported or claim settlements remain outstanding (reserve risk). In setting these assumptions, the Company considers the impact and trend of large insurance claims (large loss risk) as well as the potential exposure to claims arising from natural catastrophe events (natural catastrophe risk). In all the above instances, the risk to the Company arises from the possibility that the actual outcome may differ from the assumptions.

Hence, the primary risk is the variability of the claim events, which may differ from the assumptions made during the acceptance of the business and also during the assessment of the expected level of claims after an event occurs.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

The variability of the claim events can be reduced through writing a more diversified portfolio of insurance contracts and through the use of proper reinsurance arrangements. In addition, selection of risks, appropriate implementation of underwriting strategy and guidelines, effective claims management and adequate control systems aid to ensure a robust insurance risk management.

The objective of the Company is to control and manage insurance risk, thereby reducing the volatility of operating profits, has been achieved the following measures:

- The Company's underwriting approach is governed by an underwriting policy and guidelines which establish a control framework for risk acceptance and referrals, underwriting capacity and authority limits granted to the various operations.
- The Company's claims philosophy which provides a framework for claims management, regular claims review and claims handling procedures with the goal of minimizing the uncertainty of claims development and inflationary costs, as well as mitigating dubious or fraudulent claims, whilst ensuring fair claims settlement.
- Reinsurance is utilized to limit the Company's exposure to large claims and catastrophes by placing risk at reinsurers that provide high security.

The key assumptions made when setting the premiums and valuation of technical provisions are that the Company's future claims development will follow patterns similar to past claims development experience. This includes assumptions in respect of the possibility and magnitude of future claims development, and the expenses involved in handling them. Additional qualitative judgments are made to assess the extent to which past trends may not continue in the future, for example, isolated occurrence of large or catastrophic (eg floods) claims as well as internal factors such as change in portfolio mix, policy conditions and claims handling procedures. Both the Group and the Company also consider the COVID-19 impact when setting these assumptions.

Estimation of the Company's insurance contract liabilities are affected by future events, which can be unpredictable. Hence, the assumptions made may well vary from actual experience. In order for the management to understand the impact of these assumptions differences, a Stress Testing exercise is performed annually to test the solvency of the company under various scenarios, simulating changes in major parameters such as new business volume, claims experience, expenses and investment environment, according to regulatory guidelines. This will help to inform the management about the key areas with significant impact to the business and so that the Company is managed more effectively.



Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

The table below sets out the concentration of the general insurance risk based on the LIC as at the end of the reporting period. The portfolios are aggregated for internal monitoring purposes as below:

<u>Group/Company</u>	<b>2024</b>			<b>2023</b>		
	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
<u>Claim liabilities</u>						
Motor	308,678,565	(55,345,055)	253,333,510	308,611,401	(58,683,382)	249,928,019
Fire	165,327,250	(162,022,672)	3,304,578	180,529,207	(175,144,930)	5,384,277
Marine, Aviation and Transit	96,188,050	(81,629,841)	14,558,209	77,414,261	(63,605,239)	13,809,022
Medical and Health	15,989,856	(662,646)	15,327,210	13,319,333	(1,188,252)	12,131,081
Miscellaneous	237,369,314	(192,363,802)	45,005,512	203,657,517	(160,178,541)	43,478,976
	<u>823,553,035</u>	<u>(492,024,016)</u>	<u>331,529,019</u>	<u>783,531,719</u>	<u>(458,800,344)</u>	<u>324,731,375</u>

Key assumptions

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

Additional qualitative 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 assumptions include variation in interest rates discounting if any, delays in settlement and changes in foreign currency rates.

Sensitivities

Analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group and the Company's estimation process in respect of its insurance contracts. The table presented below demonstrates the sensitivity of the insurance contract liabilities estimates to particular movements in assumptions used in the estimation process.

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Sensitivities (continued)

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

<u>Group/Company</u>	<u>Change in assumptions</u>	<u>Impact on gross liabilities for incurred claims</u> RM	<u>Impact on net liabilities for incurred claims</u> RM	<u>Impact on profit before tax</u> RM	<u>Impact on equity after tax</u> RM
<u>2024</u>					
Average claim cost	+10%	81,886,853	36,254,309	(27,553,275)	(27,553,275)
Average number of claims	+10%	14,736,469	6,088,562	(4,627,307)	(4,627,307)
<u>2023</u>					
Average claim cost	+10%	77,280,050	34,451,389	(26,183,056)	(26,183,056)
Average number of claims	+10%	14,963,534	6,407,841	(4,869,959)	(4,869,959)

Claims development table

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

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

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

**Gross liabilities for incurred claims as at 31 December 2024:**

<b>Accident year</b>	<b>Prior to 2019 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2024 RM</b>
<u>Group/Company</u>							
At end of accident year		435,946,140	356,139,876	332,133,295	398,338,626	523,821,481	497,200,190
One year later		387,058,133	268,273,060	362,540,789	330,293,341	440,111,700	
Two years later		388,549,075	271,095,925	387,280,598	318,312,214		
Three years later		399,728,409	264,377,960	384,309,953			
Four years later		391,710,675	261,471,882				
Five years later		391,647,181					
Current estimate of cumulative claims incurred		391,647,181	261,471,882	384,309,953	318,312,214	440,111,700	497,200,190
At end of accident year		(111,114,310)	(86,780,437)	(70,667,864)	(97,374,246)	(129,472,255)	(109,253,538)
One year later		(247,877,304)	(150,405,299)	(179,245,638)	(187,552,807)	(260,492,199)	
Two years later		(294,686,007)	(203,570,044)	(278,314,408)	(226,173,266)		
Three years later		(327,193,063)	(230,737,243)	(328,492,844)			
Four years later		(346,307,281)	(238,419,302)				
Five years later		(350,636,880)					
Cumulative payments to-date		(350,636,880)	(238,419,302)	(328,492,844)	(226,173,266)	(260,492,199)	(109,253,538)

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Gross liabilities for incurred claims as at 31 December 2024 (continued):

Accident year	Prior to 2019 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	2024 RM	Total RM
<u>Group/Company</u>								
Gross general insurance outstanding liabilities (direct and facultative)	13,021,038	41,010,301	23,052,580	55,817,109	92,138,948	179,619,501	387,946,652	792,606,129
Gross general insurance outstanding liabilities (treaty inward)								7,979,787
Best estimate of claim liabilities								800,585,916
Claims handling expenses								14,755,212
Risk adjustment at 75% confidence Level								58,683,439
Effect of discounting								(50,471,532)
Gross general insurance contract liabilities per statements of financial position								823,553,035

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Net liabilities for incurred claims as at 31 December 2024:

Accident year	Prior to 2019 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	2024 RM
<u>Group/Company</u>							
At end of accident year		172,774,434	153,062,052	183,954,615	241,016,301	284,279,103	246,069,978
One year later		166,591,291	136,504,358	161,484,101	233,285,867	276,070,114	
Two years later		166,033,362	135,151,093	160,991,244	228,972,552		
Three years later		165,442,768	134,867,259	157,875,499			
Four years later		164,611,522	135,352,840				
Five years later		164,040,523					
Current estimate of cumulative claims incurred		164,040,523	135,352,840	157,875,499	228,972,552	276,070,114	246,069,978
At end of accident year		(71,167,728)	(59,422,634)	(61,552,928)	(111,707,341)	(125,595,238)	(108,951,311)
One year later		(132,596,559)	(93,345,413)	(124,528,388)	(159,341,010)	(187,058,579)	
Two years later		(151,866,647)	(118,938,531)	(129,284,843)	(186,328,742)		
Three years later		(163,553,337)	(124,384,352)	(142,497,008)			
Four years later		(160,879,913)	(127,452,006)				
Five years later		(161,375,319)					
Cumulative payments to-date		(161,375,319)	(127,452,006)	(142,497,008)	(186,328,742)	(187,058,579)	(108,951,311)

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Net liabilities for incurred claims as at 31 December 2024 (continued):

Accident year	Prior to 2019 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	2024 RM	Total RM
<u>Group/Company</u>								
Net general insurance outstanding liabilities (direct and facultative)	4,494,842	2,665,204	7,900,834	15,378,491	42,643,810	89,011,535	137,118,667	299,213,383
Net general insurance outstanding liabilities (treaty inward)								7,812,447
Best estimate of claim liabilities								307,025,830
Claims handling expenses								14,755,211
Risk adjustment at 75% confidence Level								28,994,151
Effect of non-performing risk of reinsurers								2,006,565
Effect of discounting								(21,252,738)
Net general insurance contract liabilities per statements of financial position								331,529,019

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Gross liabilities for incurred claims as at 31 December 2023:

Accident year	Prior to 2018 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM
<u>Group/Company</u>							
At end of accident year		414,033,317	435,946,140	356,139,876	332,133,295	398,338,626	523,821,481
One year later		398,956,497	387,058,133	268,273,060	362,540,789	330,293,341	
Two years later		395,508,710	388,549,075	271,095,925	387,280,598		
Three years later		404,007,506	399,728,409	264,377,960			
Four years later		412,172,862	391,710,675				
Five years later		406,991,942					
Current estimate of cumulative claims incurred		406,991,942	391,710,675	264,377,960	387,280,598	330,293,341	523,821,481
At end of accident year		(105,641,614)	(111,114,310)	(86,780,437)	(70,667,864)	(97,374,246)	(129,472,255)
One year later		(228,855,181)	(247,877,304)	(150,405,299)	(179,245,638)	(187,552,807)	
Two years later		(319,264,701)	(294,686,007)	(203,570,044)	(278,314,408)		
Three years later		(351,930,380)	(327,193,063)	(230,737,243)			
Four years later		(376,311,452)	(346,307,281)				
Five years later		(393,636,048)					
Cumulative payments to-date		(393,636,048)	(346,307,281)	(230,737,243)	(278,314,408)	(187,552,807)	(129,472,255)

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Gross liabilities for incurred claims as at 31 December 2023 (continued):

Accident year	Prior to 2018 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	Total RM
<u>Group/Company</u>								
Gross general insurance outstanding liabilities (direct and facultative)	7,034,080	13,355,894	45,403,394	33,640,717	108,966,190	142,740,534	394,349,226	745,490,035
Gross general insurance outstanding liabilities (treaty inward)								12,230,933
Best estimate of claim liabilities								757,720,968
Claims handling expenses								13,474,770
Risk adjustment at 75% confidence Level								54,114,981
Effect of discounting								(41,779,000)
Gross general insurance contract liabilities per statements of financial position								783,531,719



Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Net liabilities for incurred claims as at 31 December 2023:

Accident year	Prior to 2018 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM
<u>Group/Company</u>							
At end of accident year		195,594,477	172,774,434	153,062,052	183,954,615	241,016,301	284,279,103
One year later		179,262,792	166,591,291	136,504,358	161,484,101	233,285,867	
Two years later		177,973,056	166,033,362	135,151,093	160,991,244		
Three years later		182,391,074	165,442,768	134,867,259			
Four years later		182,957,932	164,611,522				
Five years later		181,394,759					
Current estimate of cumulative claims incurred		181,394,759	164,611,522	134,867,259	160,991,244	233,285,867	284,279,103
At end of accident year		(68,737,967)	(71,167,728)	(59,422,634)	(61,552,928)	(111,707,341)	(125,595,238)
One year later		(123,052,241)	(132,596,559)	(93,345,413)	(124,528,388)	(159,341,010)	
Two years later		(151,077,108)	(151,866,647)	(118,938,531)	(129,284,843)		
Three years later		(161,965,310)	(163,553,337)	(124,384,352)			
Four years later		(174,568,762)	(160,879,913)				
Five years later		(176,035,756)					
Cumulative payments to-date		(176,035,756)	(160,879,913)	(124,384,352)	(129,284,843)	(159,341,010)	(125,595,238)

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**28. INSURANCE RISK (CONTINUED)**

Net liabilities for incurred claims as at 31 December 2023 (continued):

Accident year	Prior to 2018 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	Total RM
<u>Group/Company</u>								
Net general insurance outstanding liabilities (direct and facultative)	2,475,069	5,359,003	3,731,609	10,482,907	31,706,402	73,944,857	158,683,865	286,383,712
Net general insurance outstanding liabilities (treaty inward)								12,230,933
Best estimate of claim liabilities								298,614,645
Claims handling expenses								13,474,777
Risk adjustment at 75% confidence Level								30,910,326
Effect of non-performing risk of reinsurers								1,575,751
Effect of discounting								(19,844,124)
Net general insurance contract liabilities per statements of financial position								324,731,375

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS**

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

**Credit risk**

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The major classes of financial assets of the Group and the Company are deposits with financial institutions, FVTPL (unit trusts and bonds), loan receivables and trade receivables.

Credit risk arises when the Group's and the Company's cash assets are placed in interest-bearing instruments, mainly fixed and call deposits and repurchase agreements with licensed financial institutions. The Group and the Company manage this credit risk by spreading their deposits with a large group of financial institutions.

Trade receivables are monitored regularly and the Group and the Company adopt various control measures such as 60 days Premium Warranty and Cash Before Cover to minimise this credit risk.

**Credit exposure**

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial assets recognised in the statements of financial position.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the credit ratings of counterparties obtained from Rating Agency of Malaysia ("RAM"), Malaysian Rating Corporation Berhad ("MARC"), A.M. Best Company ("A.M. Best"), Standard & Poor's ("S&P") and Fitch Solution. AAA is the highest possible rating.

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

	<u>Government Guaranteed</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>	<u>Total</u>
2024 Group	RM	RM	RM	RM	RM	RM	RM
Amortised cost:							
Fixed and call deposits	-	107,375,248	-	76,856,431	-	-	184,231,679
Loan	-	-	-	-	-	229,202	229,202
FVTPL financial investments:							
Malaysian Government Securities	48,821,465	-	-	-	-	-	48,821,465
Government Investment Issues	97,025,198	-	-	-	-	-	97,025,198
Corporate bonds	148,507,739	7,722,691	49,046,346	4,571,377	-	2,494,219	212,342,372
Unit trusts	-	-	-	-	-	280,943,573	280,943,573
Equity securities	-	-	-	-	-	39,115,056	39,115,056
Reinsurance contract assets	-	2,195,204	12,979,501	544,768,493	255,178	35,912,487	596,110,863
Cash and cash equivalents	-	20,225,775	69,210,707	-	26,812,655	11,100	116,260,237
	<u>294,354,402</u>	<u>137,518,918</u>	<u>131,236,554</u>	<u>626,196,301</u>	<u>27,067,833</u>	<u>358,705,637</u>	<u>1,575,079,645</u>
<u>Company</u>							
Amortised cost:							
Fixed and call deposits	-	107,375,248	-	76,856,431	-	-	184,231,679
Loan	-	-	-	-	-	229,202	229,202
FVTPL financial investments:							
Unit trusts	-	-	-	-	-	665,442,395	665,442,395
Equity securities	-	-	-	-	-	39,115,056	39,115,056
Reinsurance contract assets	-	2,195,204	12,979,501	544,768,493	255,178	35,912,487	596,110,863
Cash and cash equivalents	-	20,207,648	69,189,176	-	-	11,100	89,407,924
	<u>-</u>	<u>129,778,100</u>	<u>82,168,677</u>	<u>621,624,924</u>	<u>255,178</u>	<u>740,710,240</u>	<u>1,574,537,119</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Credit exposure by credit rating (continued)**

	<b>Government Guaranteed</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>Not rated</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2023</b>							
<b><u>Group</u></b>							
Amortised cost:							
Fixed and call deposits	-	112,427,742	85,437,151	98,123,934	-	-	295,988,827
Loan	-	-	-	-	-	270,261	270,261
FVTPL financial investments:							
Malaysian Government Securities	62,346,334	-	-	-	-	-	62,346,334
Government Investment Issues	85,783,316	-	-	-	-	-	85,783,316
Corporate bonds	96,800,175	14,846,223	46,218,274	-	-	3,991,884	161,856,556
Insurance contract assets	-	-	-	-	-	9,512,141	9,512,141
Reinsurance contract assets	-	1,662,653	47,515,561	496,375,527	7,463,432	(2,294,124)	550,723,049
Cash and cash equivalents	-	22,108,306	142,717,192	-	-	18,006,381	182,831,879
	<u>244,929,825</u>	<u>151,044,924</u>	<u>321,888,178</u>	<u>594,499,461</u>	<u>7,463,432</u>	<u>29,486,543</u>	<u>1,349,312,363</u>
<b><u>Company</u></b>							
Amortised cost:							
Fixed and call deposits	-	112,427,742	85,437,151	98,123,934	-	-	295,988,827
Loan	-	-	-	-	-	270,261	270,261
FVTPL financial investments							
Unit trusts	-	-	-	-	-	428,799,057	428,799,057
Equity securities	-	-	-	-	-	36,669,296	36,669,296
Insurance contract assets	-	-	-	-	-	9,512,141	9,512,141
Reinsurance contract assets	-	1,662,653	47,515,561	496,375,527	7,463,432	(2,294,124)	550,723,049
Cash and cash equivalents	-	22,049,703	142,686,582	-	-	10,100	164,746,385
	<u>-</u>	<u>136,140,098</u>	<u>275,639,294</u>	<u>594,499,461</u>	<u>7,463,432</u>	<u>472,966,731</u>	<u>1,486,709,016</u>

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Credit exposure**

To manage the credit risks of insurance receivables, the Group and the Company have 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 summarizes the credit quality of financial assets and reinsurance assets at the date of the statement of financial position.

2024	Neither past due nor impaired RM	Past due and impaired RM	Total RM
<u>Group</u>			
Amortised cost:			
Fixed and call deposits	184,231,679	-	184,231,679
Loan	229,202	-	229,202
FVTPL financial investments:			
Malaysian Government Securities	48,821,465	-	48,821,465
Government Investment Issues	97,025,198	-	97,025,198
Corporate bonds	212,342,372	-	212,342,372
Unit trusts	280,943,573	-	280,943,573
Equity securities	39,115,056	-	39,115,056
Reinsurance contract assets	595,312,288	798,575	596,110,863
Cash and cash equivalents	116,260,237	-	116,260,237
	<u>1,574,281,070</u>	<u>798,575</u>	<u>1,575,079,645</u>

2024	Neither past due nor impaired RM	Past due and impaired RM	Total RM
<u>Company</u>			
Amortised cost:			
Fixed and call deposits	184,231,679	-	184,231,679
Loan	229,202	-	229,202
FVTPL financial investments:			
Unit trusts	665,442,395	-	665,442,395
Equity securities	39,115,056	-	39,115,056
Reinsurance contract assets	595,312,288	798,575	596,110,863
Cash and cash equivalents	89,407,924	-	89,407,924
	<u>1,573,738,544</u>	<u>798,575</u>	<u>1,574,537,119</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Credit exposure (continued)**

2023	Neither past due nor impaired RM	Past due and impaired RM	Total RM
<u>Group</u>			
Amortised cost:			
Fixed and call deposits	295,988,827	-	295,988,827
Loan	270,261	-	270,261
FVTPL financial investments:			
Malaysian Government Securities	62,346,334	-	62,346,334
Government Investment Issues	85,783,316	-	85,783,316
Corporate bonds	161,856,556	-	161,856,556
Insurance contract assets	9,512,141	-	9,512,141
Reinsurance contract assets	549,875,531	847,518	550,723,049
Cash and cash equivalents	182,831,879	-	182,831,879
	<u>1,348,464,845</u>	<u>847,518</u>	<u>1,349,312,363</u>

2023	Neither past due nor impaired RM	Past due and impaired RM	Total RM
<u>Company</u>			
Amortised cost:			
Fixed and call deposits	295,988,827	-	295,988,827
Loan	270,261	-	270,261
FVTPL financial investments:			
Unit trusts	428,799,057	-	428,799,057
Equity securities	36,669,296	-	36,669,296
Insurance contract assets	9,512,141	-	9,512,141
Reinsurance contract assets	549,875,531	847,518	550,723,049
Cash and cash equivalents	164,746,385	-	164,746,385
	<u>1,485,861,498</u>	<u>847,518</u>	<u>1,486,709,016</u>

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles**

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

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

Unearned premiums reserves and the reinsurers' share of the unearned premiums reserves have been excluded from the analysis as there are no contractual obligations with those balances.



Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles (continued)**

	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	No maturity date RM	Total RM
2024							
<u>Group</u>							
Financial investments:							
Amortised cost	184,231,679	186,996,524	-	-	-	-	186,996,524
FVTPL	678,247,664	15,653,300	203,999,500	111,168,595	70,768,000	320,058,628	721,648,023
Insurance contract assets	-	-	-	-	-	-	-
Reinsurance contract assets	596,110,863	189,598,399	252,637,371	75,136,094	42,962,420	-	560,334,284
Other receivables							
- staff loans	229,202	45,193	67,146	51,461	65,402	-	229,202
- deposits and prepayments	10,501,003	10,501,003	-	-	-	-	10,501,003
- MMIP cash call and other assets held	35,968,985	-	-	-	-	35,968,985	35,968,985
- income due and accrued	69,000	69,000	-	-	-	-	69,000
Cash and cash equivalents	116,260,237	96,474,096	-	-	-	20,488,532	116,962,628
Total financial assets	1,621,618,633	499,337,515	456,704,017	186,356,150	113,795,822	376,516,145	1,632,709,649

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles (continued)**

	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	No maturity date RM	Total RM
2024							
<u>Company</u>							
Financial investments:							
Amortised cost	184,231,679	186,996,524	-	-	-	-	186,996,524
FVTPL	704,557,451	-	-	-	-	704,557,451	704,557,451
Insurance contract assets	-	-	-	-	-	-	-
Reinsurance contract assets	596,110,863	189,598,399	252,637,371	75,136,094	42,962,420	-	560,334,284
Other receivables							
- staff loans	229,202	45,193	67,146	51,461	65,402	-	229,202
- deposits and prepayments	10,501,003	10,501,003	-	-	-	-	10,501,003
- MMIP cash call and other assets held	35,968,985	-	-	-	-	35,968,985	35,968,985
- income due and accrued	69,000	69,000	-	-	-	-	69,000
Cash and cash equivalents	89,407,924	69,006,277	-	-	-	20,448,874	89,455,151
Total financial assets	1,621,076,107	456,216,396	252,704,517	75,187,555	43,027,822	760,975,310	1,588,111,600

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles (continued)**

	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	No maturity date RM	Total RM
2024							
<u>Group/Company</u>							
Insurance contract liabilities	1,114,467,744	400,606,759	463,932,490	146,362,571	72,143,596	-	1,083,045,416
Reinsurance contract liabilities	11,324,935	11,324,935	-	-	-	-	11,324,935
Subordinated loans	39,971,749	-	-	-	39,971,749	-	39,971,749
Other payables	39,480,950	39,480,950	-	-	-	-	39,480,950
Lease liabilities	2,858,109	1,429,027	1,429,082	-	-	-	2,858,109
Total financial liabilities	1,208,103,487	452,841,671	465,361,572	146,362,571	112,115,345	-	1,176,681,159

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles (continued)**

	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	No maturity date RM	Total RM
2023							
<u>Group</u>							
Financial investments:							
Amortised cost	295,988,827	301,940,551	-	-	-	-	301,940,551
FVTPL	447,856,553	62,161,850	220,739,050	45,710,355	7,845,000	137,870,346	474,326,601
Insurance contract assets	9,512,141	9,512,141	-	-	-	-	9,512,141
Reinsurance contract assets	550,723,049	203,678,370	225,581,549	46,738,322	23,083,085	-	499,081,326
Other receivables							
- staff loans	270,261	45,945	73,271	60,546	90,499	-	270,261
- deposits and prepayments	6,004,599	6,004,599	-	-	-	-	6,004,599
- MMIP cash call and other assets held	38,107,579	-	-	-	-	38,107,579	38,107,579
- income due and accrued	655,970	655,970	-	-	-	-	655,970
Cash and cash equivalents	182,831,879	160,162,141	-	-	-	23,270,809	183,432,950
Total financial assets	1,531,950,858	744,161,567	446,393,870	92,509,223	31,018,584	199,248,734	1,513,331,978

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles (continued)**

	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	No maturity date RM	Total RM
2023							
<u>Company</u>							
Financial investments:							
Amortised cost	295,988,827	301,940,551	-	-	-	-	301,940,551
FVOCI							-
FVTPL	465,468,353	-	-	-	-	465,468,353	465,468,353
Insurance contract assets	9,512,141	9,512,141	-	-	-	-	9,512,141
Reinsurance contract assets	550,723,049	203,678,370	225,581,549	46,738,322	23,083,085	-	499,081,326
Other receivables							
- staff loans	270,261	45,945	73,271	60,546	90,499	-	270,261
- deposits and prepayments	6,004,599	6,004,599	-	-	-	-	6,004,599
- MMIP cash call and other assets held	38,107,579	-	-	-	-	38,107,579	38,107,579
- income due and accrued	655,970	655,970	-	-	-	-	655,970
Cash and cash equivalents	164,746,385	141,755,753	-	-	-	23,181,595	164,937,348
Total financial assets	1,531,477,164	663,593,329	225,654,820	46,798,868	23,173,584	526,757,527	1,485,978,128

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Maturity profiles (continued)**

	Carrying value RM	Up to a year RM	1 - 3 years RM	3 - 5 years RM	5 - 15 years RM	No maturity date RM	Total RM
2023							
<u>Group/Company</u>							
Insurance contract liabilities	1,056,587,875	378,307,472	444,113,121	124,048,163	50,031,872	-	996,500,628
Reinsurance contract liabilities	29,455,610	29,455,610	-	-	-	-	29,455,610
Subordinated loans	37,871,749	-	-	-	50,897,505	-	50,897,505
Other payables	27,392,874	27,392,874	-	-	-	-	27,392,874
Lease liabilities	3,614,783	1,735,849	2,032,421	-	-	-	3,768,270
Total financial liabilities	1,154,922,891	436,891,805	446,145,542	124,048,163	100,929,377	-	1,108,014,887

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest rates).

The Group's and the Company's investments in equities and REITs are subject to fluctuation in market prices of quoted securities while investments in unit trusts are subject to fluctuation in the net asset value of the unit trust funds. The Group's and the Company's investments in unit trusts are managed by licensed asset management companies. The Group and the Company have given clear investment guidelines and performance benchmarks to the asset management companies under the fund management agreements in order to manage the market risk. The unit trusts held by the Group and the Company are invested with unit trust funds governed by the unit trust guidelines and regulations stipulated by the Securities Commission. The Group and the Company monitor the performance of the investments against the relevant performance benchmarks established by the Group and the Company.

The analysis below is performed for reasonably possible price movements in the unit trust funds and trading securities of the Group and the Company. The impact on equity represents the changes in fair value of financial assets.

Group	2024			2023		
	Changes in variables RM	Impact on profit before tax RM	Impact on equity* RM	Changes in variables RM	Impact on profit before tax RM	Impact on equity* RM
<u>Market value</u>						
FVTPL:						
Equities	+5%	1,955,753	1,486,372	+5%	1,833,465	1,393,433
Equities	-5%	(1,955,753)	(1,486,372)	-5%	(1,833,465)	(1,393,433)
Unit trust investments	+5%	14,047,179	10,675,856	+5%	5,060,053	3,845,640
Unit trust investments	-5%	(14,047,179)	(10,675,856)	-5%	(5,060,053)	(3,845,640)
<u>Company</u>						
<u>Market value</u>						
FVTPL:						
Equities	+5%	1,955,753	1,486,372	+5%	1,833,465	1,393,433
Equities	-5%	(1,955,753)	(1,486,372)	-5%	(1,833,465)	(1,393,433)
Unit trust investments	+5%	33,272,120	25,286,811	+5%	21,439,953	16,294,364
Unit trust investments	-5%	(33,272,120)	(25,286,811)	-5%	(21,439,953)	(16,294,364)

\* Impact on equity reflects adjustments for tax, where applicable.

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**29. FINANCIAL RISKS (CONTINUED)**

**Interest rate risk**

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

The Group's and the Company's primary interest rate risk relate to interest-bearing assets. The interest-bearing assets are made up primarily of fixed and call deposits with licensed financial institutions, Malaysian Government Securities and bonds issued by corporations in Malaysia. Floating rate/yield instruments expose the Group and the Company to cash flow interest/profit risk, whereas fixed rate/yield instruments expose the Group and the Company to fair value interest/profit risk.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by maintaining a prudent mix of short and longer term deposits and actively reviewing its portfolio of deposits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the deposits and fixed income securities of the Group and the Company:

	<b>Impact on profit before tax RM</b>	<b>Impact on equity* RM</b>
<u>Group</u>		
Change in interest rates:		
<u>2024</u>		
+50 basis points	(2,912,119)	(2,213,211)
- 50 basis points	3,027,874	2,301,184
<u>2023</u>		
+50 basis points	(605,165)	(459,926)
- 50 basis points	621,080	472,021
<u>Company</u>		
Change in interest rates:		
<u>2024</u>		
+50 basis points	2,067,226	1,571,092
- 50 basis points	(2,067,226)	(1,571,092)
<u>2023</u>		
+50 basis points	2,483,761	1,887,659
- 50 basis points	(2,483,761)	(1,887,659)

\* Impact on equity reflects adjustments for tax, where applicable.



**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**30. REGULATORY CAPITAL REQUIREMENTS**

The Company's capital management policy is designed to protect its policyholders, and to optimise the efficient and effective use of resources to maximise the return on equity.

The Company is required to comply with the regulatory capital requirement as prescribed in the Risk Based Capital ("RBC") Framework issued by Bank Negara Malaysia. As at 31 December 2024, the Company has a capital adequacy ratio in excess of the regulatory requirement of 130%.

The capital structure of the Company as at 31 December 2024 and 2023, as prescribed under the RBC Framework, is based on the RBC framework and Insurance Companies Statistical System ("ICSS") guidance notes issued by BNM. The financial information to derive the Total Capital Available as at 31 December 2024 and 2023 is in accordance with the statistical returns, comprising ICSS and RBC reporting forms for the financial year 2024 and 2023 respectively.

	<b><u>2024</u></b> <b>RM</b>	<b><u>2023</u></b> <b>RM</b>
<b><u>Eligible Tier 1 Capital</u></b>		
Share capital (paid-up)	219,875,038	219,875,038
Reserves, including retained earnings *	251,555,780	227,128,781
	<u>471,430,818</u>	<u>447,003,819</u>
<b><u>Tier 2 Capital</u></b>		
Revaluation reserves	5,183,306	5,183,306
Subordinated term debts	30,000,000	30,000,000
	<u>35,183,306</u>	<u>35,183,306</u>
<b><u>Deductions</u></b>		
Goodwill & other intangible assets	(46,606,858)	(46,919,975)
Deferred tax assets *	(1,695,992)	(2,029,302)
	<u>(48,302,850)</u>	<u>(48,949,277)</u>
Total Capital Available	<u>458,311,274</u>	<u>433,237,848</u>

\* These are based on statistical returns for financial year 2024 and 2023, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**31. CONTINGENT LIABILITY**

In August 2016, Malaysia Competition Commission ("MyCC") had commenced investigation under Section 15(1) of the Competition Act 2010 ("the Act") against the General Insurance Association of Malaysia ("PIAM") and its 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes. On 22 February 2017, MyCC issued a Proposed Decision to all 22 member companies, proposing to impose collective penalty of RM213.5 million on the general insurance industry. As an 'industry collective action', the Company together with PIAM, submitted written representation and made oral representation to MyCC on 25 April 2017 and 29 January 2018 respectively to defend the allegation.

Due to the changes of Chairman of MyCC and new members being added to MyCC, the new Chairman decided that there would be a re-hearing of the case. The hearing session which was set for 19 - 21 February 2019 concluded and as the dates set were not sufficient for all the insurers to submit their arguments, further hearing dates were set for May and June 2019.

On 25 September 2020, the Company's solicitors received the final decision ("Decision") that parties had infringed the prohibition under Section 4 of the Act and had imposed on each of the 22 general insurers financial penalties for the said infringement.

In view of the impact of COVID-19 pandemic, MyCC granted a reduction of 25% of the financial penalty imposed on the 22 general insurers. The financial penalty imposed on the Company, taking into account the 25% reduction, amounts to RM1,643,583.

The Company had on 14 October 2020 filed a Notice of Appeal with the Competition Appeal Tribunal ("CAT") against the Decision, pursuant to Section 51 of the Act ("Appeal"). On 27 October 2020, the Company had also filed a Stay Application with the CAT pursuant to Section 53 of the Act for the grant of a stay of the Decision in respect of the financial penalty imposed on the Company.

CAT in a letter dated 20 January 2021 informed all parties that the initial case management date for the Appeal and hearing of the Stay Application fixed for 27 January 2021 was rescheduled to 18 February 2021. Due to the extension of the Movement Control Order ("MCO"), the hearing for the Stay Application and case management for the Appeal were further rescheduled for online hearing on 25 of February 2021 and online case management on 26 February 2021, respectively. The CAT started hearing oral submissions for the Stay Application on 25 February 2021. The hearing was then continued on 26 February 2021, 5 March 2021 and 12 March 2021. The CAT has fixed 23 March 2021 for the decision on the Stay Application.

On 23 March 2021, CAT unanimously allowed the Stay Application filed and ordered that the cease and desist order as well as the financial penalty imposed be stayed pending the disposal of the appeal, with no order as to costs. Subsequently, in the case management on 30 April 2021, the CAT has fixed the hearing of the appeals by BNM on 2 July 2021 and by PIAM and insurers on 12 November 2021, 15 November 2021, 16 November 2021 and 26 November 2021. Due to the MCO, the hearing of the appeal by BNM on 2 July 2021 was rescheduled and CAT heard the submissions of BNM counsel on 15 October 2021 and 29 October 2021.

In respect of the appeal by PIAM and insurers, CAT has read and heard the opening written and oral submissions by the relevant counsels, including the Company's, on 12 November 2021, 15 November 2021, 16 November 2021, 19 November 2021 and 26 of November 2021. The next scheduled hearing dates have been fixed by CAT on 17 March 2022 and 21 March 2022 for the hearing of reply submissions from counsel for MyCC and the hearing of rebuttal submissions from counsels for PIAM and insurers on 24 March 2022, 6 April 2022, 7 April 2022 and 21 April 2022.

Having completed the hearing from counsel for MyCC and counsels for PIAM and insurers, the CAT reserved its decision.

**Company No.**  
**198201011878 (91603-K)**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**31. CONTINGENT LIABILITY (CONTINUED)**

On 2 February 2022, the CAT unanimously allowed the appeals filed by PIAM and the insurers and the MyCC's entire final decision dated 14 September 2020 was set aside. However, the Company was informed by its counsels on 6 September 2022 that the MyCC had filed an ex-parte application to the High Court for leave to commence judicial review proceedings against the CAT's decision. In view thereof, the Company has instructed its counsels to seek leave from the court to intervene in MyCC ex-parte application and be heard as putative respondents to argue against the granting of leave to MyCC. The hearing date of the MyCC ex parte leave application has now been rescheduled from 10 January 2023 to 8 May 2023.

On 8 May 2023, the High Court (i) gave further direction on (a) the filing of parties' affidavits and affidavits in reply, and (b) exchanges of parties' written submissions in chief and written submissions in reply, as the case may be; and (ii) set various dates for (a) the filings to commence on/before 22 May 2023 and (b) the exchanges to complete on/before 01 September 2023. The HC also set further case management on 16 May 2023 before the Deputy Registrar to set a hearing date for MyCC's leave application.

The High Court has now fixed the hearing of MyCC's leave application on 30 November 2023.

On 30 November 2023, the HC heard detailed submissions of the parties in relation to MyCC's leave application and the learned judge reserved his decision till 16 January 2024. On 16 January 2024, the learned HC judge dismissed MyCC's Leave Application with costs of RM10,000.00 per Putative Respondent, including TPiB.

Dissatisfied with the HC decision, the MyCC, on 15 February 2024, filed a Notice of Appeal to the Court of Appeal (COA). The COA has fixed the first case management for MyCC's appeal on 15 May 2024.

Following the case management on 15 May 2024, the COA fixed a case management on 8 May 2025 to monitor preparation for the hearing of MyCC's appeal which has been foxed for a physical hearing before the COA on 22 May 2025.

The Management of the Company believes that the criteria to disclose the above as a contingent liability is met. Saved as disclosed above, the Company does not have any other contingent assets and liabilities since the last annual balance sheet date.

**32. COMPARATIVE FIGURES**

The Group and the Company have made changes during the year to present net investment income separately into two (2) lines Interest income from financial assets measured at amortised cost and Net investment income in the Statement of Comprehensive Income to comply with the requirements of MFRS 101 Presentation of Financial Statement (which was detailed in Note 18 to financial statements).

The above changes in comparatives have no impact to Total net investment income, Profit before taxation and Net profit for the year of the Group and the Company for financial year ended 31 December 2023.

	<b><u>As</u></b>	<b><u>Reclassification</u></b>	<b><u>As</u></b>
<b>Company</b>	<b><u>reported</u></b>		<b><u>restated</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net investment income	18,714,803	(16,689,558)	2,025,245
Interest income from financial assets measured at amortised cost	-	16,689,558	16,689,558
<b>Group</b>			
Net investment income	20,610,926	(16,580,454)	4,030,472
Interest income from financial assets measured at amortised cost	-	16,580,454	16,580,454

Company No.  
198201011878 (91603-K)

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

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

We, Dato' Khalid bin Abdol Rahman and Athappan Gobinath Arvind, being two of the Directors of The Pacific Insurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 24 to 125 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and comply with the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and of the results and the cash flows of the Group and the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2025.



**DATO' KHALID BIN ABDOL RAHMAN**  
**DIRECTOR**



**ATHAPPAN GOBINATH ARVIND**  
**DIRECTOR**

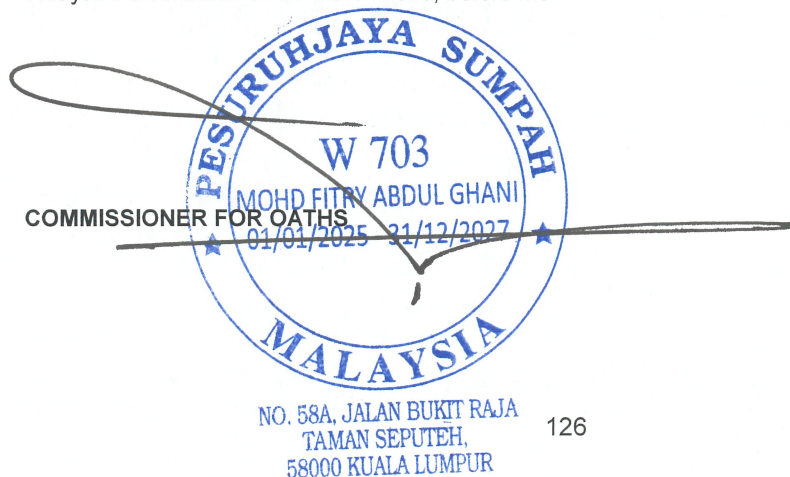
**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016**

I, Athappan Gobinath Arvind, being the Director primarily responsible for the financial management of The Pacific Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 125 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**ATHAPPAN GOBINATH ARVIND**

Subscribed and solemnly declared by the abovenamed Athappan Gobinath Arvind at Kuala Lumpur in Wilayah Persekutuan on 27 March 2025, before me





INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE PACIFIC INSURANCE BERHAD  
(Incorporated in Malaysia)  
Registration No. 198201011878 (91603-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of The Pacific Insurance Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, 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 2024, 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 24 to 125.

Basis for opinion

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

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

*Independence and other ethical responsibilities*

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

Information other than the financial statements and auditors' report thereon

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





INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE PACIFIC INSURANCE BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 198201011878 (91603-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE PACIFIC INSURANCE BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
Registration No. 198201011878 (91603-K)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE PACIFIC INSURANCE BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 198201011878 (91603-K)

OTHER MATTERS

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

A stylized, handwritten signature in black ink, consisting of a large, bold 'P' followed by a horizontal line and a small dot.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
27 March 2025

A stylized, handwritten signature in black ink, featuring a large, bold 'W' followed by a series of loops and a long, vertical stroke.

WONG HUI CHERN  
03252/05/2026 J  
Chartered Accountant