Contents

In the event of any conflict between the english and the malay version, the english version shall prevail.

© 2024 **National Insurance Company Berhad**

Background

National Insurance Company Berhad is the preferred general insurer in Brunei Darussalam. Incorporated in 1969, the company came under the current management in 1987. The Allianz Group, Mitsui Group, and the Baiduri Holdings Berhad acquired interests in National Insurance in January 1998.

Allianz is one of the world's largest insurance companies while Mitsui Sumitomo is the largest Japanese insurer in ASEAN and is part of the Mitsui Group, Asia's Largest conglomerate. The Baiduri Group is one of Brunei Darussalam's most dynamic business enterprises with interests ranging from financial services to newspaper publishing.

These strategic relationships facilitate the transfer of international insurance expertise to Brunei Darussalam and enable the company to explore new areas of opportunity in insurance. The company plays an active role in Brunei Darussalam business community and is a member of the Brunei Insurance and Takaful Association, the Brunei Darussalam International Chamber of Commerce and Industry and the East Asian Insurance Congress.

Mission and Philosophy

Our mission is to be the preferred insurer in Brunei Darussalam. We are committed to provide a range of insurance services which continuously meet the requirements of our customers. In doing so, we seek to excel in the following key areas:

Market Leadership

We seek market leadership in our preferred niche market. We will define market leadership in terms of our market share and the quality of the services we provide in these market segments. Although we will seek market share, we will not do so at the expense of quality and profitability.

Outstanding Services

We seek to provide outstanding services to our clients. We will measure service in terms of the extent to which we anticipate and meet the needs of our customers in the critical areas of security, coverage, cost and claims settlement and we will constantly compare ourselves with the best companies within the region.

Outstanding People

We seek to employ the most suitable people in the local insurance industry. We seek people who are honest, team players, willing to learn, committed to high work standards and to achieve results.

Excellent Results

We seek to produce excellent financial results for our shareholders. We will define the financial results in terms of a return on investment which is above average and which is the product of pro-active marketing, prudent underwriting and investment management.

First Class Management

We seek distinction as an insurance company with first class management not just relative to the local industry but also in regional terms. Our management will be evaluated in terms of how successful they are in directing and organising the Company towards continual improvement in the management system.

Training and Development

We believe that training and development is a key to NICB's continued success. The company's focus in providing professional insurance training to bring the skills level of staff and agents to international standards and on continued improvement to quality service.

In undertaking our mission, we will adopt the following approach:

- We believe excellence comes from focusing our energies and our resources. Our business is insurance underwriting and we will seek to grow and develop as an insurance company. Our interest in other areas will only be to the extent that they directly strengthen our competitive advantage in our core business.

- We believe that without customers, we would have no business. We must therefore ensure that the customer comes first in every aspect of our work organization.

- We believe that our people are our key resources. We must therefore seek to recruit the most suitable people available and to provide them with opportunities for development, worthwhile careers and a satisfying work environment. We want people we can be proud of and we want them to view this Company as a challenging yet an enjoyable place to work in.

- We believe that our continued growth depends on our ability to anticipate and adapt to change in a disciplined manner. We must therefore always seek to be proactive and to innovate but within the context of thorough planning.

- We believe that we have social responsibilities to the local industry and the community of which we are a part. We must therefore seek to contribute to the good standing of the local industry and to be good corporate citizens of Brunei Darussalam.

ISO 9001

National Insurance Company Berhad Achieved ISO 9002 certification on 15th April 1996, and was recertified to the new PBD ISO 9001:2015 standard on 22nd May 2017. It is currently the only insurance company in Brunei Darussalam and amongst the few in the region to have achieved the prestigious certification. The Management Review Team (MRT) meets at least once a month to set specific objectives, arrange for implementation and monitor progress. Internal audits are carried out on a regular basis by members of the Audit Team, while an external audit by certified ISO external auditors is carried out once a year to determine the fitness of our quality management system.

CERTIFIED ISO 9001

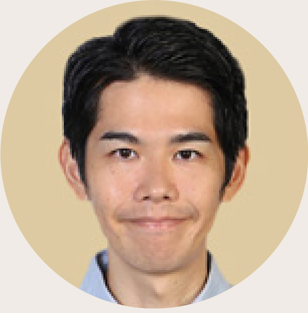
BUREAU VERITAS

Board of Directors

YAM Pengiran Muda Abdul Qawi
Chairman

Dato Paduka Timothy Ong Teck Mong
Deputy Chairman

YAM Pengiran Kerma Raja Pg Dato Hj Kamarulzaman bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali
Director



Yasuhiro Shimodaira
Director

Lisa Dato Paduka Hj Ibrahim
Director

Christian Matthew Sandric
Director
(appointed on September 1, 2023)

Paul Richard Hirschfield
Director

S. Rashid Bin Hj A. Salam/ Abd Salam
Director

Stephen Ong Teck Soon
Alternate Director
to Dato Paduka Timothy Ong Teck Mong

Management Team

The day to day management of the company is supervised by a management review team led by the General Manager. The Management Review Team meets at least once a month to discuss operational and marketing issues, setting and monitoring specific objectives as well as monitoring our Quality Management System.

The Management Review Team comprise the following:

General Manager
Klaus Tomalla

Senior Manager
Denis Buyok (Underwriting)

Assistant Manager
Wilfred Lungga (Claims)

Officer
Lisa Lim Siew Chian (Risk Management and Compliance Officer)

Managers
Chieng Chiew Wei (Accounts & Finance)

Chen Choon Foong (Business Development)

Ching Lee Ken (Human Resources & Administration)

Emily Chong (Reinsurance)

Aminuddin Nasuha (Underwriting)

Katherine Teo (Underwriting)

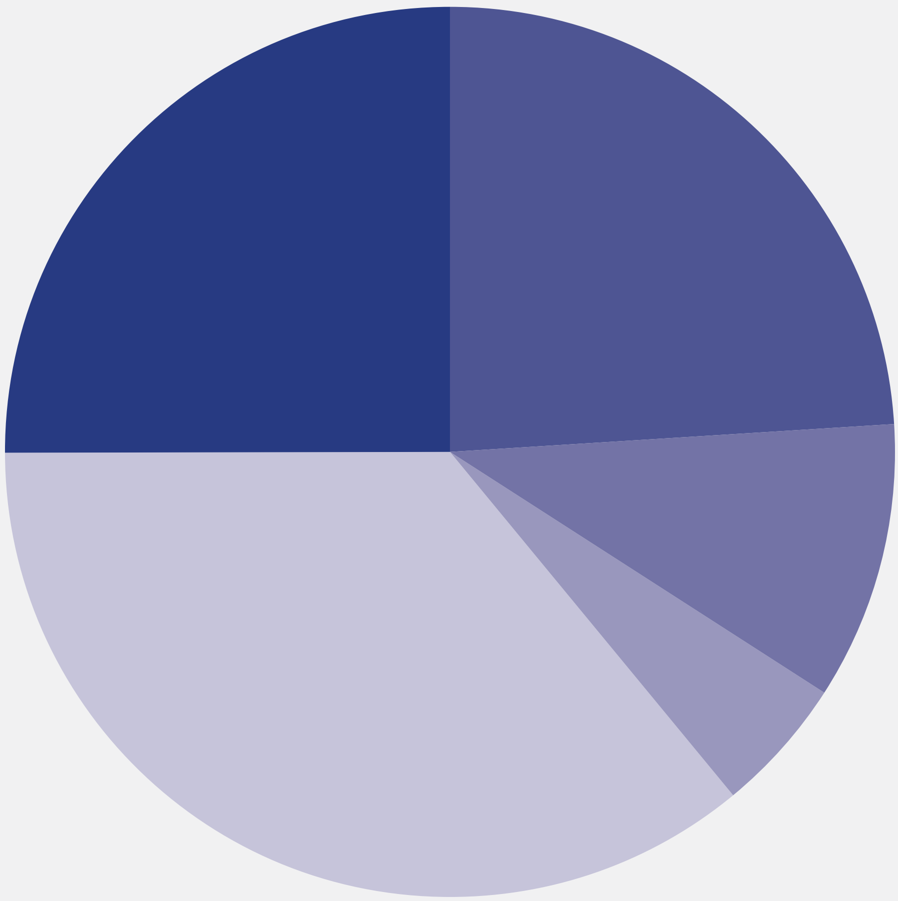
Alexander Akaw (Underwriting)

Shareholders

Amongst Brunei Companies, National Insurance is unique in its ownership structure. It has approximately 167 shareholders of which 156 comprise of Bruneian investors.

Of its B$8 million share capital, 70% is held by Brunei citizens or companies owned by Brunei nationals. The two largest local shareholders are Sumber Mulia Holdings Sdn Bhd (24%) and Baiduri Holdings Bhd (10%). The Allianz Global Corporate & Specialty SE owns 25% while Mitsui Sumitomo Insurance Co., Ltd. owns 5% of the company.

- **25%** The Allianz Global Corporate & Specialty SE
- **24%** Sumber Mulia Holdings Sdn Bhd
- **10%** Baiduri Holdings Bhd
- **5%** Mitsui Sumitomo Insurance Co.
- **36%** Others



Corporate Information

Name
National Insurance Company Berhad

Place and Date of Incorporation
Brunei Darussalam
24th December 1969

Paid-up Capital
B$8 million

Head Office
Units 12 & 13, Block A, Regent Square,
Spg 150, Kg Kiarong, BE1318,
Negara Brunei Darussalam

Telephone
242 6888, 222 6222, 223 3999

Facsimile
242 9888 - Administration & Claims
245 4277 - Underwriting
223 8999 - Business Development
245 4303 - Accounts

Email
insurance@national.com.bn

Website
www.national.com.bn

24-hour Hotline
1-800-0999

Tow-truck Service
244 4445

Correspondence Address
P O Box 1251, BSB BS8672, Brunei Darussalam
P O Box 958, KB KA1531, Brunei Darussalam

Auditors
Deloitte & Touché
Level 6, Building 1, Lot 70321,
Jalan Tungku Link, BE3619,
Negara Brunei Darussalam
Telephone: 222 5880
Facsimile: 222 3360
Email: bn_enquiries@deloitte.com

Corporate Secretary
Tricor (B) Sdn Bhd
Room 308B, 3rd Floor Wisma Jaya,
Jalan Pemancha, Bandar Seri Begawan
BS8811, Negara Brunei Darussalam
Telephone: 223 2780, 223 2781
Facsimile: 223 2783
Email: info@bn.tricorglobal.com

Branch Kuala Belait
Unit 20, Block C, Lot 8989 Jalan Pandan Tujuh,
Kuala Belait KA1931
Tel: 333 6468, 333 6469, 333 1222
Fax: 334 2191
Email: kb@national.com.bn

Service Counters
Land Transport Dept, Gadong
Tel: 245 2238

Labour Department
Jalan Menteri Besar
Tel: 238 3003

Baiduri Finance Sumbangsih
Tel: 244 4622

Corporate Information

Online Agency Offices

Adamas Insurance Agency
Lot 39 & 40, Ground Floor,
Ang's Development Building,
Jalan Sultan Omar Ali, Seria KB2733,
Negara Brunei Darussalam
Tel: 322 4828, 322 6569
Fax: 322 6569

Axsel Jaya Insurance Agency Sdn Bhd
No. 1, 1st Floor, Block C,
Sempurna Complex, Batu Bersurat,
BE3519, Negara Brunei Darussalam
Tel: 244 8989
Fax: 245 1181

Bright Future Insurance Agency
Unit B10, Mezzanine Floor, Shakirin Complex,
Spg 88, Kg Kiulap BE1518,
Negara Brunei Darussalam
Tel: 223 7016, 223 7018
Fax: 223 7015

Cantuman Bahagia Insurance Agency
No 6, Blk A, 1st Floor, Spg 628,
Bgn Dato Paduka Lim Seng Kok, Kg Medewa,
Jalan Tutong BF1120,
Negara Brunei Darussalam
Tel: 265 4370
Fax: 265 0628

Cedar Management Services
Shophouse Unit C, Lot 47322, Simpang 41-1-12,
Jln Kiarong, Kg Kiarong, Mukim Gadong,
Bandar Seri Begawan BA1511,
Negara Brunei Darussalam
Tel: 223 0506
Fax : 223 0499

David Liaw Insurance Agency
No. 5, Spg 502-56-18, Jalan Gadong, Kg Beribi
BE1118, Negara Brunei Darussalam
Tel: 245 6308
Fax: 245 6308

Galore Insurance Services
No. 5, 1st Flr, Blk B, Urairah Complex, Kg Kiulap
BE1518, Negara Brunei Darussalam
Tel: 2228619, 2228621
Fax: 2228715

IMG Insurance Agency Services
No.2 Bangunan Sumbling,
Jalan Istana Darussalam,
Negara Brunei Darussalam
Tel: 222 5073, 223 7902

Innso Commercial Services
No.9, 2nd Floor, Block A, Lot 53068,
Komplex Delima Jaya, Kg Serusop, Jalan Muara
BB2313, Negara Brunei Darussalam
Tel: 233 5129
Fax: 233 5128

Insignia Insurance Agency
No. 43, 1st Floor, Block C,
Bangunan Gadong Central, Kg Menglait
BE4119, Negara Brunei Darussalam
Tel: 244 4555
Fax: 245 7737

Kang & Kent Enterprise
F105A, Kompleks Harapan, Jalan Setia Diraja,
Kuala Belait KA3131, Negara Brunei Darussalam
Tel: 333 1956
Fax: 333 1958

Menang Jaya Services Sdn Bhd
No.3A, 1st floor, Bangunan Lo Kum Mui, Spg
614, Jalan Tutong BF1320,
Negara Brunei Darussalam
Tel: 265 3099
Fax: 265 3099

Corporate Information

Online Agency Offices

Mirage Enterprise
No 10, 2nd Floor, Block B,
PAP Hjh Norain Building, KM 2, Jalan Tutong
BA1712, Negara Brunei Darussalam
Tel: 222 4080, 222 4081
Fax: 222 4078

Paway Insurance Agency
Unit 4, First Floor,
Block E, Sempurna Complex,
Batu Bersurat, Gadong, BE3519,
Negara Brunei Darussalam
Tel: 265 2220
Fax: 265 2230

Proinsure Enterprise
No 8, Ground Floor, Sumbangsih Bahagia,
Jalan Industri Beribi, Spg. 76, Gadong BE1118,
Negara Brunei Darussalam
Tel: 242 2211, 242 3770
Fax: 242 2209

Richland Insurance Services Sdn Bhd
1st Floor, Block J, Unit 11,
Abdul Razak Complex, Jalan Gadong BE4119,
Negara Brunei Darussalam
Tel: 242 7112, 242 7113
Fax: 242 7114

Sejahtera Management and Services
No.7, 1st Floor, Block H,
Kompleks Pengkalan Gadong,
Jalan Tungku Link, Batu Bersurat BE3519,
Negara Brunei Darussalam
Fax: 242 8597

Shim Wei Jing Insurance Agency
No. 7, Spg 148-3, Jalan Telanai,
Bandar Seri Begawan,
Negara Brunei Darussalam
Fax: 323 0908

Topins Marketing Services
Unit C4, 1st Floor, Block C,
Shakirin Complex, Kg Kiulap BE1518,
Negara Brunei Darussalam
Tel: 222 1423, 222 1424
Fax: 222 1419

U.M.S. Insurance Agency
No.7, Ground Floor, Block A, Lot 8989,
Jalan Pandan 7, Kg Pandan,
Kuala Belait KA1189,
Negara Brunei Darussalam
Tel: 334 0250
Fax: 333 5479

Vincent and Associates Sdn Bhd
Unit 10, 1st Floor, Block A, Spg 88,
Q-Lap Complex, Kg Kiulap BE1518,
Negara Brunei Darussalam
Tel: 223 6196, 223 6197
Fax: 223 6195

V-Pro Sdn Bhd
Unit 10-1, 1st Floor, Block A,
Delima Jaya Complex,
Jalan Muara BB2313,
Negara Brunei Darussalam
Tel: 234 0651
Fax: 234 0653

Chairman's Statement

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيْمِ

Bismillahir Rahmanir Rahim
Assalamu Alaikum Warahmatullahi Wabarakatuh

On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of National Insurance Company Berhad for financial year ended 31st December 2023.

Our financial statements for the financial year under review (including certain comparative figures for the previous financial year) have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS).

Financial Results

I am pleased to report that our company recorded very satisfactory financial results in 2023.

Insurance Revenue (including gross written premium and deferred commission) grew by 25.9% to B$ 33.4 million mainly from growth in Fire and Workmen's Compensation business while allocation of reinsurance premiums paid increased to B$11.5 million mainly from Fire business.

Insurance service expenses increased from B$10.9 million to B$30.7 million mainly due to an Engineering claim of B$15.4 million completely re-insured under a 100% fronting arrangement, motor claims of B$1.5 million and Workmen's Compensation claim of B$0.4 million.

Our net insurance result decreased by B$0.9 million while investment income increased by B$0.8 million in 2023.

Net Profit before tax in 2023 was B$6.1 million compared to B$6.4 million in the previous year; net profit after tax was B$4.9 million compared to B$5.3 million the year before.

Return on shareholders' equity in 2023 was 21.1% compared to 22.8% in 2022.

Market Leader
National Insurance increased its market leadership in Brunei's conventional general insurance market with a market share of 42.9% compared to 39.7% in 2022.

Dividend
Based on the exceptional financial results achieved in 2023 and the adequacy of National Insurance's solvency margin, the Board of Directors proposes a final dividend of 50 cents per ordinary share for the year ended 31 December 2023 amounting to a total distribution to shareholders of B$ 4 million for the year.

The Board wishes to remind shareholders that the dividend rate proposed is based on the financial results achieved, the adequacy of the company's solvency margin and may vary from year to year.

Economic Outlook
The Board of Directors remains cautiously optimistic regarding Brunei's economic outlook within the context of a stable ASEAN region and is confident of maintaining its continued market leadership within the Brunei insurance industry.

The Board is however mindful that there are potential global risks arising from geopolitical uncertainty that may impact regional and local business conditions.

Corporate Social Responsibility
National Insurance continued to support the local community with contributions to "Smarter Brunei" and "La Vida", both local non-profit organizations for autistic children.

Appreciation
On behalf of the Board of Directors, I would like to take this opportunity to specially recognize our outstanding management team and staff for their commitment, hard work and dedication. I would like also to express our sincere appreciation to our valued customers, agents and brokers for their continued support and contribution to our success.

As always, I would like to acknowledge and thank to the Brunei Darussalam Central Bank (BDCB) as well as to the Brunei Insurance and Takaful Association (BITA) for their continuous guidance and contribution to the development of the local insurance industry.

Wabillahit taufit wal-Hidayah
Wassalamualaikum Warahmatullahi Wabarakatuh

YAM Pengiran Muda Abdul Qawi
Chairman

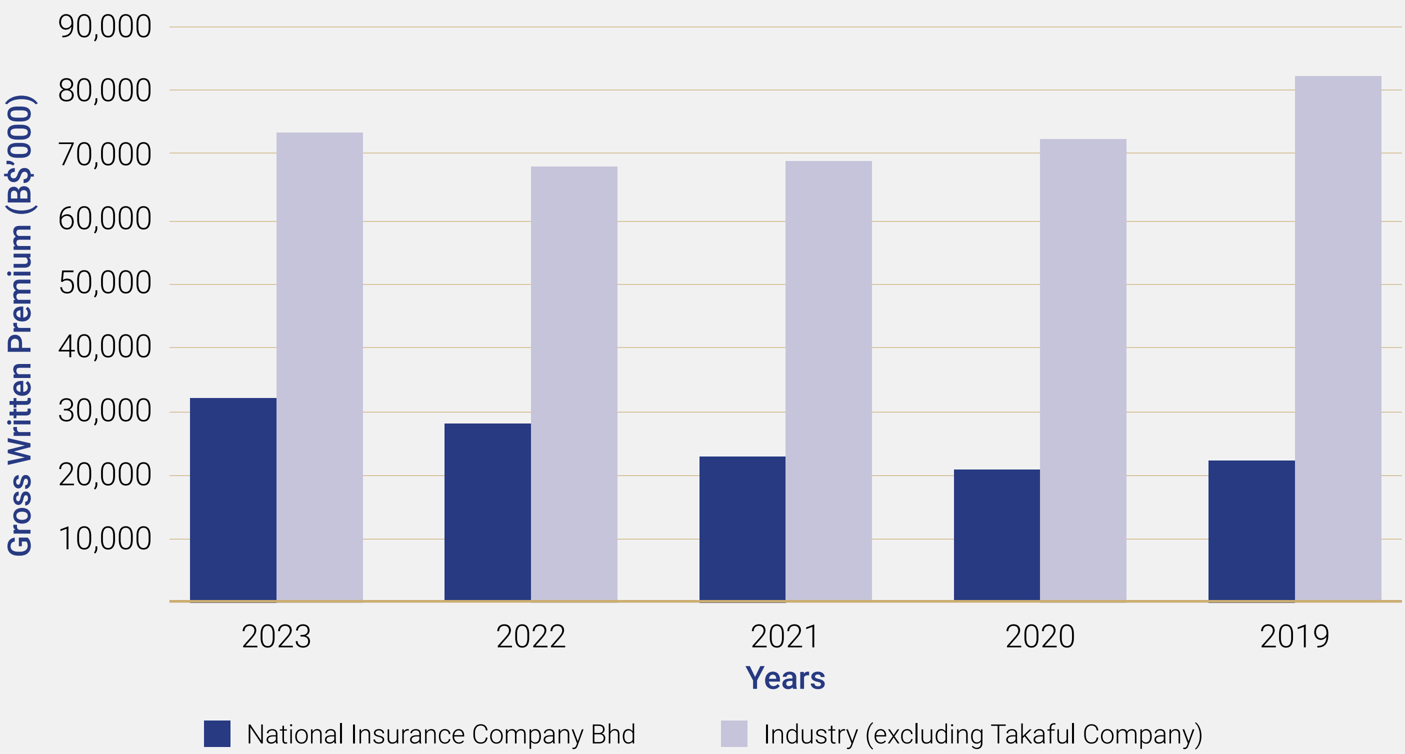
Summary of Operation for Five Years

Financials	2023 B$'000	2022 B$'000 Restated*	2021 B$'000 Restated*	2020 B$'000	2019 B$'000
Insurance Revenue	33,369	26,501	N/A	N/A	N/A
Net Insurance Revenue	21,863	20,391	N/A	N/A	N/A
Net Insurance Result including Expenses	4,911	5,997	N/A	N/A	N/A
Investment & Other Income	1,196	384	270	541	692
Profit before Tax	6,107	6,381	4,438	4,130	4,133
Profit after Tax	4,927	5,308	3,574	3,481	3,366
Shareholders' Equity	23,362	23,234	21,126	19,114	18,832
Net Technical Reserve	25,559	26,969	26,935	26,040	24,616
Total Assets	83,583	65,696	61,796	65,071	61,956
Statistics					
Gross Written Premium	32,087	27,152	23,397	21,322	22,162
Net Written Premium	20,565	20,540	18,018	16,936	18,396
Underwriting Profit	5,135	5,800	4,587	3,589	3,441
Dividend per Share (cents)	50	60	40	30	30
Special Dividend per Share (cents)	-	-	-	-	10

*The Company applied IFRS 17, Insurance Contracts, from January 1, 2023. The comparative data for the financial year ended December 31, 2022 have been restated, where applicable.

Industry Gross Written Premium Over Five Years

Source: Regulatory and Supervision Department, BDCB



Corporate Social Responsibility

This donation is to support Smarter Brunei's cause of supporting persons with autism.

Mr. Klaus Tomalla as the General Manager of National Insurance Company Berhad (NICB) presented Smarter Brunei with a cheque donation.

In celebration of five years of continued collaboration between National Insurance and La Vida Berhad, the General Manager, Klaus Tomalla of National Insurance Company Berhad has made a donation for their excellent contribution to our 2024 calendars.

This collaboration between NICB and the Beam Initiative by La Vida Berhad, is to celebrate and showcase the abilities and creative talents of their differently-abled artists.

Directors' Report

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

Principal Activity

The principal activity of the Company is to underwrite fire, motor, liability, workmen's compensation and other general insurances. There has been no significant change in the nature of this activity during the year.

Results

Results	B$
Retained earnings at the beginning of the year	14,605,819
Effects of IFRS 17 adoption	628,398
Retained earnings at the beginning of the year as restated	**15,234,217**
Dividend declared	(4,800,000)
Profit for the year	4,927,481
Retained earnings at the end of the year	**15,361,698**

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

Reserve

There were no transfers to reserve during the financial year and subsequent to the year up to the date of this report.

Dividend

During the year ended December 31, 2023, the Company paid final dividend of B$4,800,000 for the year ended December 31, 2022. Subsequent to the year, the directors propose a final dividend of 50 cents per share amounting to B$4,000,000 for the year ended December 31, 2023.

Directors

The directors of the Company in office during the year and at the date of this report are: -

- YAM Pengiran Muda Abdul Qawi (Chairman)
- YAM Pengiran Kerma Raja Pengiran Dato Haji Kamarulzaman bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali
- Dato Paduka Timothy Ong Teck Mong (Deputy Chairman)
- Christian Matthew Sandric (*appointed on September 1, 2023*)
- Yasuhiro Shimodaira
- Lisa Dato Paduka Haji Ibrahim
- Paul Richard Hirschfield
- S. Rashid Bin Haji A. Salam/Abd Salam
- Stephen Ong Teck Soon (alternate Director *to Dato Paduka Timothy Ong Teck Mong*)
- Mark Barry Mitchell (*resigned on August 31, 2023*)

Directors’ Report (cont'd)

Arrangements to enable Directors to accquire benefits by means of the acquisition of Shares and/or Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Directors’ Interests in Shares and Debentures

During the year, the Company was not a party to any arrangements whose objects were to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company except as stated below: -

	Shares registered in the name of director			
Name of Director	At the beginning of the year	Acquired	Sold	At the end of the year
YAM Pengiran Muda Abdul Qawi	64,000	-	-	64,000
Dato Paduka Timothy Ong Teck Mong	247,133	-	-	247,133
YAM Pengiran Kerma Raja Pengiran Dato Haji Kamarulzaman bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali	440,400	-	400,000	40,400

Directors’ Benefits

Since the end of the previous year, none of the directors of the Company has received or become entitled to receive a benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Other Information

The directors report that:-

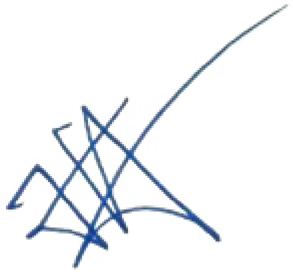
a) no circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; and

b) no contingent liabilities which have not been discharged have been undertaken by the Company in the year covered by the statement of profit or loss and other comprehensive income.

Auditors

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

On behalf of the Board,



Dato Paduka Timothy Ong Teck Mong
Director

YAM Pengiran Kerma Raja Pengiran Dato Haji
Kamarulzaman Bin Pengiran Pekerma Setia
DiRaja Sahibul Bandar Pengiran Haji Ali
Director

Date: June 28, 2024

Statement of Corporate Governance

1. Composition, Function and Conduct

a) Board Responsibilities

The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing. This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

Detail of the Board Term of Reference is available for reference in the Company's website at **www.national.com.bn/about/company-profile**.

The contribution of individual directors will vary based on their qualifications and experience. However, collectively, the Board shall bring a balance of expertise, skills, experience and perspectives, taking into consideration the Company's strategy, risk profile and overall operations.

Board of Directors' Profile

YAM Pengiran Muda Abdul Qawi

Chairman, Non-Independent Non-Executive Director

His Royal Highness graduated with a Bachelor of Art in Politics with Business Studies from Queen Mary's and Westfield College, University of London.

His Royal Highness Prince Abdul Qawi is the Chairman of Supremo Management Services Sdn Bhd, National Insurance Company Berhad, QOS Sdn Bhd and Everon Sdn. Bhd. From 2000 to 2011, His Royal Highness was the Executive Deputy Chairman and CEO of the QAF Group of Companies. Prior to joining QAF, His Royal Highness worked as a Research Officer in the Policy and Planning Department, Ministry of Foreign Affairs.

His Royal Highness is Patron of the Young Entrepreneurs Association Brunei (YEAB). His Royal Highness is also a member of CACCI (Confederation of Asia-Pacific Chambers of Commerce and Industry) and a member of the INSEAD East Asia Business Council.

YAM Pengiran Kerma Raja Pengiran Dato Haji Kamarulzaman Bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali

Non-Independent Non-Executive Director

YAM Pengiran Kerma Raja Pengiran Haji Kamarulzaman graduated with a Bachelor of Science in Civil Engineering Brighton United Kingdom, Diploma in Sanitary Engineering, IHEE, Delft, Netherlands, Master of Business Administration, Oxford Brookes United Kingdom. He is a Chartered Engineer of United Kingdom and he has been a member of Institution of Civil Engineer since 1982 and in 2001 he was transferred as Fellowship member of Institution of Civil Engineer. He has been a member of Institution of Architects, Engineers and Surveyors Brunei Darussalam, MPUJA since 1985 and in 2011 he was transferred as Fellow of Institution of Architects, Engineers and Surveyors Brunei Darussalam, FPUJA. He is also a member of ASEAN Engineering Register since year 2011.

He is active as an engineering consultant in his consulting firm, KR Kamarulzaman and Associates. His career was mainly as government servant for over 33 years where he started as a Technical Assistant Engineer in Public Works Department and was promoted to several senior posts within the government.

YAM Pengiran Kerma Raja Pengiran Dato Haji Kamarulzaman Bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali (cont'd)
Non-Independent Non-Executive Director

From June 2000 to April 2003, he was Director General of Public Works. He also was the Acting Permanent Secretary (Technical) from April 2002 to January 2003. He was appointed as Chairman and Chief Executive officer of Jerudong Park Medical Centre from January 2003 to September 2007 and Chairman of Sungai Liang Authority from April 2007 to December 2012.

Dato Paduka Timothy Ong Teck Mong
Deputy Chairman, Non-Independent Non-Executive Director

Dato Timothy Ong is a Brunei businessman and board member of leading Brunei and ASEAN companies including Asia Inc Forum, Baiduri Bank, Hotel Associates, National Insurance, YOMA Strategic Holdings listed in the Singapore Stock Exchange, PHINMA Education Holdings and PHINMA Corporation listed in the Philippines Stock Exchange.

He is a Governor of the Asian Institute of Management, Manila and a former Trustee and Vice Chairman of the Ramon Magsaysay Awards Foundation.

Dato Ong holds a Bachelor of Arts (Honours) degree in Economics and Political Science from the Australian National University and a Master of Science (with Distinction) degree in International Relations from the London School of Economics.

Christian Matthew Sandric
Non-Independent Non-Executive Director

Christian is currently Regional Managing Director for the Asia region at Allianz Commercial, a role he has undertaken since September 2023, covering China including Hong Kong, Indonesia, India, Japan, Laos, Malaysia, Singapore, South Korea, Sri Lanka, and Thailand.

Christian was most recently President & CEO of AIG Singapore, and Regional Manager for Indonesia, the Philippines and Vietnam with overall management responsibility for AIG's General Insurance business in those territories.

In his 24-year career in the insurance industry, he has held a series of leadership positions with increasing responsibility across the United States, Australia, Europe and Asia. Prior to moving to Singapore, he spent nine years working in Japan in addition to other Asia based roles in both Hong Kong and Shanghai.

Christian holds a Bachelor of Science in Environmental Conservation and International Affairs from the University of New Hampshire.

Yasuhiro Shimodaira
Non-Independent Non-Executive Director

Yasuhiro Shimodaira graduated with BA in Human Sciences from Waseda University in 2005 and obtained an MBA at Tokyo Metropolitan University Business School in 2014. He has been assigned as the Vice President of the Planning Department of MSIG Asia Pte Ltd and the Manager of the International Department of Mitsui Sumitomo Insurance Co., Ltd ("MSI") since April 2021.

Yasuhiro Shimodaira (cont'd)

Non-Independent Non-Executive Director

After 10 years career working for Nissan Motor Co., Ltd in Japan, he joined MSI in 2015 as the Deputy Manager of the International Department. Then, he transferred to MSIG Insurance (Hong Kong) Limited in April 2019 and responsible for risk management, compliance, and other company administrations for two years.

He has developed and equipped adequate expertise and experience with regard to company administration and governance through his career.

Lisa Dato Paduka Haji Ibrahim

Independent Non-Executive Director

Lisa Dato Paduka Haji Ibrahim has a BA in Business Management from Leeds Metropolitan University in England. She also has an Associate Certified Coach credential with the International Coach Federation and is an NLP (Neuro-Linguistic Programming) Master Practitioner.

She is currently a Business and Executive coach under her company Coaching with Lisa Ibby and is an Executive Coach under Progress-U, which is an Executive Coaching company headquartered in Singapore with a presence in over 15 cities in Asia.

Lisa also provides Events consultancy on a project basis and is an independent director for several companies in Brunei.

She was the Executive Director and CEO of Arkitek Ibrahim, a leading architectural firm in Brunei Darussalam for 25 years. She was also the co-founder of Creativo Sdn Bhd, a Brunei based company providing Event Management, Market Entry, Capacity building, and Business Consultancy services for 8 years.

Lisa has represented Brunei on the ASEAN MSME Advisory Board (AMAB) in 2021 – 2022 and has also previously represented Brunei on the ASEAN Business Advisory Council, the East Asia Business Council, and the ASEAN-Korea Business Council from 2013 - 2018.

In 2003, Lisa was presented with the Global Leader of Tomorrow Award from the World Economic Forum in Davos, Switzerland, and in 2009, Lisa received a PIKB medal from His Majesty, the Sultan of Brunei. Both of these were in recognition for her contribution to the development of Youth Entrepreneurship in Brunei.

Paul Richard Hirschfield

Independent Non-Executive Director

Paul Richard Hirschfield is an established Academic, Educational Consultant and Regulatory and Compliance Consultant, who has been resident in Brunei Darussalam since 1998. Paul holds degrees from the Universities of Westminster, (LLB), the Inns of Court School of Law, (Bar), London, (LLM), and Cambridge, (Ph.D), and specialises in corporate regulation, international corporate group structuring and restructuring, (including Asset Protection, Mergers and acquisitions, and corporate risk mitigation, and International Intellectual Property Law. He has also studied modules in Leadership, Management and Human Resource Management at Masters Degree Level.

Paul Richard Hirschfield (cont'd)
Independent Non-Executive Director

In his role as the Chief Operating Officer of Oculus Corporate and Business Management Services SDN BHD, Paul has been involved in a broad range of commercial activities within Brunei Darussalam and has consulted upon, the development of the Royal Duck Series, the development and creation of UnikLearn, (a local charity which specialises in the training and development of young Adults with learning disadvantages), the establishment of the Abode, a Shopping Mall, Cineplex, and Business Social Forum in Brunei Darussalam. Paul undertakes work, through Oculus, as a Registered Trademarks Agent, and undertakes the management of Trademark Applications, Licensing and the Management and Defence of Trade Mark Opposition proceedings in Brunei Darussalam. As an Educational Consultant Paul has been involved with the design and implementation of Undergraduate and Master's Degrees Programmes in Human Resource Management, Change and Innovation Management, Organizational Behaviour and most recently the establishment of an LLB Programme in Brunei Darussalam. Paul successfully obtained the first grant of a licence awarded to a Law Firm by the Ministry of Finance to operate as an International Trust and Offshore Company Registered Agent under the Brunei International Finance Centre in 2001. Through a previous role with Veerasamy Associates Paul gained over ten years undertaking liability risk, quantum analysis and regulatory and compliance analysis for a range of local Brunei Insurers.

S. Rashid Bin Haji A. Salam/Abd Salam
Independent Non-Executive Director

S. Rashid Bin Haji A. Salam/Abd Salam is a Master of Business Administration (MBA) postgraduate from University of Nottingham, United Kingdom.

He is currently the Director and Shareholder of Jubilee Consulting Services Sdn Bhd.

He has over 20 years of technical, commercial and corporate organizational experience in the public sector and government linked companies with expansive knowledge in economic diversification, SME development, Logistics, Aviation and Airline management.

His previous Board of Director level appointments include Abacus International Holdings, Abacus International Pte Ltd, Abacus Brunei Bhd and Darussalam Holdings Sdn Bhd and senior executive appointments as Senior Vice President Commercial, Assistant CEO Marketing & Investment Promotion and Vice President Corporate roles in both government and private sector agencies with responsibilities spanning across FDI Promotion, SME Development, Start-Up incubation, Corporate Strategy and Business Development.

He is an associate member of The Chartered Institute of Marketing, United Kingdom.

Stephen Ong Teck Soon
Alternate Director to Dato Paduka Timothy Ong Teck Mong

Stephen Ong Teck Soon is Executive Director of Teck Guan Holdings, mainly involved in Real Estate and Investments, and Hotel Associates Ltd.

He is the Chairman of the Board of Governors of St Andrew's School, BSB; and Honorary Consul of Republic of Austria in Brunei Darussalam.

He has a Master of Business Administration (MBA) degree from University of Queensland, Australia; and the CFA certification in Finance, from the Institute of Chartered Financial Analysts, USA.

b) Board Committees Responsibilities and Composition

Audit Committee

The primary objective of the Audit Committee is to assist the Board in ensuring reliable and transparent financial reporting, independently assess the integrity of organizational wide management practices through the review of audit findings raised by the internal auditors, external auditors and/or regulator, ensuring that corrective actions, where necessary, are taken in a timely manner to ensure the Company's operations run in an effective and efficient manner as well as safeguard Company's assets and stakeholders' interest.

The Audit Committee comprises of the following Directors:

Lisa Dato Paduka Haji Ibrahim
Paul Richard Hirschfield
S. Rashid Bin Haji A. Salam/Abd Salam

c) Number of Meeting

The number of Board and Audit Committee meetings held during the financial year is set out below:

	Meeting of	
	Board of Directors	Audit Committee
Number of meetings held during the financial year	4	2
Name of Director	**Number Attended**	**Number Attended**
YAM Pengiran Muda Abdul Qawi	3/4	-
YAM Pengiran Kerma Raja Pengiran Dato Haji Kamarulzaman bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali	4/4	-
Dato Paduka Timothy Ong Teck Mong	4/4	-
Mark Barry Mitchell (resigned on August 31, 2023)	2/2	-
Christian Matthew Sandric (appointed on September 1, 2023)	2/2	-
Yasuhiro Shimodaira	4/4	-
Lisa Dato Paduka Haji Ibrahim	4/4	2/2
Paul Richard Hirschfield	4/4	2/2
S. Rashid Bin Haji A. Salam/Abd Salam	4/4	2/2

2. Internal Control framework

The Board exercises overall responsibility on the Company's internal controls and its effectiveness. The Board recognise that risks cannot be eliminated completely; as such the systems and process put in place are aimed at minimizing and managing risk. The Company has established internal control which cover all levels of personnel and business process in accordance with ISO standards to ensure the Company's operations run in an effective and efficient manner as well as to safeguard the assets of the Company and stakeholder's interest. Continuous assessment of the effectiveness an adequacy of internal controls, which includes and independent examination of controls by the internal audit function, ensures that corrective action, where necessary, is taken in a timely manner.

3. Qualitative Disclosure

Board of Directors and Senior Management remuneration

The Board has put in place a remuneration policy for Directors and Senior Management.

Detail of the Remuneration Policy is available for reference in the Company's website at **www.national.com.bn/about/company-profile**.

4. Quantitative Disclosure

a) Directors' Remuneration

The Directors' remuneration and other emoluments during the financial years are as follows:

	B$
Directors' Fees	97,200
Directors' Bonus	65,000
Total	**162,200**

b) Remuneration of Senior Management and management in control functions

The remuneration and other emoluments of Senior Management and management in control functions during the financial years are as follows:

	B$
Fixed Remuneration	559,207
Variable Remuneration	218,392
Total	**777,599**

Statement of Compliance

In our opinion, the accompanying statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are properly drawn up in accordance with the provision of the Brunei Darussalam Companies Act, Chapter 39 and International Financial Reporting Standards as issued by International Accounting Standards Board so as to exhibit a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended.

Dato Paduka Timothy Ong Teck Mong
Director

YAM Pengiran Kerma Raja Pengiran Dato Haji
Kamarulzaman Bin Pengiran Pekerma Setia
DiRaja Sahibul Bandar Pengiran Haji Ali
Director

Date: June 28, 2024

Independent Auditor's Report to the Members of National Insurance Company Berhad

(Incorporated in Brunei Darussalam)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of National Insurance Company Berhad (the "Company") which comprise the statement of financial position as at December 31, 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 30 to 82.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act"), the Insurance Order 2006 (the "Order") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Company as at December 31, 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report thereon

Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Corporate Governance and Statement of Compliance, as set out on pages 17 to 26 which we obtained prior to the date of this auditor's report, and the information about the Company's Background, Mission and Philosophy, ISO9001, Directors, Management Team, Shareholders, Corporation Information, Chairman's Statement, Summary of Operations for Five Years, and Corporate Social Responsibility (the "Reports") which are expected to be made available to us after that date.

Our opinion on the financial statements 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, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Order and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use of disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the financial statements, 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 has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act and the Order to be kept by the Company have been properly kept in accordance with the provisions of the Act and the Order. We have obtained all the information and explanations we required.

Deloitte & Touche
Certified Public Accountants

Haji Zulfariq Zara Bin Haji Zainuddin
Public Accountant

Brunei Darussalam
Date: July 3, 2024

Statement of Profit or Loss and Other Comprehensive Income

Year Ended December 31, 2023

	Note	2023 B$	2022 B$ Restated
Insurance revenue	6, 14	33,369,122	26,500,576
Insurance service expenses	14	(30,660,457)	(10,913,733)
Insurance service result from insurance contracts issued		**2,708,665**	**15,586,843**
Allocation of reinsurance premiums paid	15	(11,506,422)	(6,110,295)
Amounts recovered from reinsurance contracts	15	19,371,553	958,103
Net expenses from reinsurance contracts held		**7,865,131**	**(5,152,192)**
Insurance service result		**10,573,796**	**10,434,651**
Insurance finance expenses from insurance contracts issued	14	(2,228,793)	(193,411)
Finance income from reinsurance contracts held	15	1,018,277	47,050
Net insurance finance expenses		**(1,210,516)**	**(146,361)**
Net insurance result		**9,363,280**	**10,288,290**
Interest income	7	1,093,762	339,722
Other income		102,604	44,046
Depreciation of property and equipment	11	(112,242)	(82,223)
Staff cost	8	(2,120,524)	(2,136,656)
Other operating expenses	9	(2,220,101)	(2,072,143)
Profit before income tax		**6,106,779**	**6,381,036**
Less: Income tax expense	10	(1,179,298)	(1,072,877)
Profit of the year		**4,927,481**	**5,308,159**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**4,927,481**	**5,308,159**

See accompanying notes to financial statements.

Statement of Financial Position

December 31, 2023

Assets	Note	December 31 2023 B$	December 31 2022 B$ Restated	January 1 2022 B$ Restated
Property and Equipment	11	1,203,326	1,233,963	1,134,517
Right-of-Use Assets	12	62,368	37,266	82,038
Deferred Tax Assets	13	1,863,545	1,893,176	1,766,693
Reinsurance Contract Assets	15	28,598,125	9,075,908	8,814,825
Short-Term Placements	16	46,428,847	44,874,249	40,490,249
Deposits, Prepayments & other Receivables	17	897,362	520,429	345,605
Cash and Cash Equivalents	18	4,529,111	8,061,354	9,162,097
Total Assets		**83,582,684**	**65,696,345**	**61,796,024**
Liabilities and Equity				
Insurance Contract Liabilities	14	54,156,824	36,045,276	34,449,825
Reinsurance Contract Liabilities	15	103,702	407,910	620,604
Other Payables and Accruals	19	4,807,460	4,799,942	4,591,537
Current Tax Payable	10	1,153,000	1,209,000	1,008,000
Total Liabilities		**60,220,986**	**42,462,128**	**40,669,966**
Shareholder's Equity				
Share Capital	20	8,000,000	8,000,000	8,000,000
Retained Earnings		15,361,698	15,234,217	13,126,058
		23,361,698	**23,234,217**	**21,126,058**
Total Liabilities and Equity		**83,582,684**	**65,696,345**	**61,796,024**

Dato Paduka Timothy Ong Teck Mong
Director

YAM Pengiran Kerma Raja Pengiran Dato Haji Kamarulzaman Bin Pengiran Pekerma Setia DiRaja Sahibul Bandar Pengiran Haji Ali
Director

See accompanying notes to financial statements.

Statement of Changes In Equity

Year Ended December 31, 2023

	Note	Share Capital B$	Retained Earnings B$	Total B$
As at December 31, 2021		8,000,000	12,707,143	20,707,143
Effects of IRFS 17 adoption	2	-	418,915	418,915
As at January 1, 2022, as restated		8,000,000	13,126,058	21,126,058
Profit of the year		-	5,098,676	5,098,676
Effects of IRFS 17 adoption	2	-	209,483	209,483
Profit of the year, as restated		-	5,308,159	5,308,159
Transactions with owners, recognised directly in equity Payment of dividend at 40 cents per share in respect of previous financial year	21	-	(3,200,000)	(3,200,000)
As at December 31, 2022		8,000,000	15,234,217	23,234,217
Profit of the year		-	4,927,481	4,927,481
Transactions with owners, recognised directly in equity Payment of dividend at 60 cents per share in respect of previous financial year	21	-	(4,800,000)	(4,800,000)
As at December 31, 2023		8,000,000	15,361,698	23,361,698

See accompanying notes to financial statements.

Statement of Cash Flows

Year Ended December 31, 2023

	Note	2023 B$	2022 B$ Restated
Operating Activities			
Profit before Income Tax		6,106,779	6,381,036
Adjustments for:			
Depreciation of property and equipment	11	112,242	82,223
Depreciation of right-of-use assets	12	42,933	44,772
Interest on lease liabilities	9	2,879	3,484
Gain on disposal of property and equipment		393	(3,066)
Interest income	7	(1,093,762)	(339,722)
Operating cash flows before movements in working capital		**5,171,464**	**6,168,727**
Changes in working capital			
Deposits, prepayments and other receivables		(90,986)	(19,859)
Reinsurance contract assets		(19,522,217)	(261,083)
Short-term placements		(1,554,598)	(4,384,000)
Insurance contract liabilities		18,111,548	1,595,451
Reinsurance contract liabilities		(304,208)	(212,694)
Other payables and accruals		(17,396)	252,921
Cash generated from operations		**1,793,607**	**3,139,463**
Income tax paid		(1,205,667)	(998,360)
Net cash from operating activities		**587,940**	**2,141,103**
Investing activities			
Interest received		807,815	184,757
Proceeds on disposal of property and equipment		-	3,100
Purchases of property and equipment	11	(81,998)	(181,703)
Net cash from investing activities		**725,817**	**6,154**
Financing activities			
Interest on lease liabilities	9	(2,879)	(3,484)
Payment of principal portion of lease liabilities	19	(43,121)	(44,516)
Dividends paid		(4,800,000)	(3,200,000)
Cash used in financing activities		**(4,846,000)**	**(3,248,000)**
Net decrease in cash and cash equivalents		**(3,532,243)**	**(1,100,743)**
Cash and cash equivalents at the beginning of the year		8,061,354	9,162,097
Cash and cash equivalents at the end of the year	18	**4,529,111**	**8,061,354**

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2023

1. General

National Insurance Company Berhad (the “Company” or “NICB”) is incorporated in Brunei Darussalam with its principal place of business and registered office at Units 12 &13, Block A, Regent Square, Simpang 150, Kampong Kiarong, Bandar Seri Begawan BE1318, Brunei Darussalam. The financial statements are expressed in Brunei Darussalam Dollars (BND).

NICB was registered as a direct general insurer in 1969 to underwrite general insurance business. The principal activity of NICB is to underwrite fire, motor, liability, workmen’s compensation and other general insurances. There has been no significant change in the nature of this activity during the year.

NICB operates only in Brunei Darussalam and employed 42 employees as at December 31, 2023 (2022: 40 employees).

The financial statements of NICB for the year ended December 31, 2023 were authorised for issue by the Board of Directors on June 28, 2024.

2. Summary of Material Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39, International Financial Reporting Standards (“IFRS”) and Insurance Order (2006).

2.2 Basis of financial statement preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, NICB takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

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

2. Summary of Material Accounting Policies (cont'd)

2.2 Basis of financial statement preparation (cont'd)

- Level 3 inputs are unobservable inputs for the asset or liability

2.3 Adoption of new and revised standards

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied all the new and revised IFRSs that are mandatorily effective for an accounting `period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

<u>Impact of initial application of IFRS 17 Insurance Contracts</u>

The Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from January 1, 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at January 1, 2022.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at January 1, 2022 the Company:

- Identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified;
- Derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- Recognised any resulting net difference in equity.

The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The IFRS 17.C3(a) states that an entity is not required to present the quantitative information required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. IAS 8.28(f) requires, for the current period and each prior period presented, disclosure of the amount of the accounting policy change adjustment for each financial statement line item affected, and for basic and diluted earnings per share. No detailed reconciliation is required upon transition to IFRS 17.

2. Summary of Material Accounting Policies (cont'd)

2.3 Adoption of new and revised standards (cont'd)

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after January 1, 2023.

IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, IFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. Summary of Material Accounting Policies (cont'd)

2.3 Adoption of new and revised standards (cont'd)

IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

As permitted by IFRS 7, the Company has not disclosed information about the line item amounts that are reported in accordance with the classification and measurement (including impairment) requirements of IFRS 9 for 2022 and those that would have been reported in accordance with the classification and measurement requirements of IAS 39 for 2023.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2023:

Financial Assets	Original classification under IAS 39 B$	New classification IFRS 9 B$	Original carrying amount under IAS 39 B$	New carrying amount under IFRS 9 B$
Cash and Cash Equivalents	Loans and Receivables	Amortised Cost	8,061,354	8,061,354
Short-Term Placements	Loans and Receivables	Amortised Cost	44,874,249	44,874,249
Other Receivables (excluding prepayments)	Loans and Receivables	Amortised Cost	376,246	376,246
			53,311,849	**53,311,849**
Financial Liabilities				
Other Receivables (excluding prepaid premiums)	Amortised Cost	Amortised Cost	**4,700,415**	**4,700,415**

<u>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies</u>

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

2. Summary of Material Accounting Policies (cont'd)

2.3 Adoption of new and revised standards (cont'd)

The company has applied materiality guidance in IFRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

The Company had previously recognised deferred tax for leases on an aggregate temporary difference basis. Following the amendments, the Company is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively. There was no impact to the opening retained earnings as at January 1, 2022 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under IAS 12.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. Management anticipates that the adoption of these new and revised standards in future periods will not have a material impact on the financial statements of Company in the period of their initial adoption.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

2. Summary of Material Accounting Policies (cont'd)

2.3 Adoption of new and revised standards (cont'd)

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

2.4 Insurance contracts

Key type of insurance contracts issued and reinsurance contracts held

The Company issues the general insurance policies that are accounted for in accordance with IFRS 17. These comprise fire, motor, liability, workmen's compensation and others, with coverage of, in general, one year or less. The Company accounts for these contracts applying the Premium Allocation Approach (PAA).

The Company also holds the reinsurance contracts to mitigate risk exposure. The Company's reinsurance contracts pertain facultative reinsurance policies as well as proportional treaty and non-proportional treaty reinsurance policies and are accounting for applying the PAA.

Definitions and classifications

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

Combining a set or series of contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other

Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Company applies significant judgement in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Company assesses each contract individually.

For general insurance contracts accounted for applying the PAA, the Company determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Company assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Company performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

Recognition

The Company recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received)
- The date when a group of contracts becomes onerous

The Company recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.

Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Company's pricing must not take into account any risks beyond the next reassessment date.

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Company considers all risks that policyholders would transfer had the Company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Company disregards restrictions that have no commercial substance. The Company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Company exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

In estimating expected future cash flows of a group of contracts, the Company applies judgement in assessing future policyholder behaviour surrounding the exercise of options available to them. These include surrender options, and other options falling within the contract boundary.

Cash flows are within the boundaries of investment contracts with discretionary participation features if they result from a substantive obligation of the Company to deliver cash at a present or future date.

The Company assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations.

Measurement of insurance contracts issued - Insurance contracts measured under the premium allocation approach

The Company applies the PAA to the measurement of general insurance contracts with a coverage period of each contract in the group of one year or less.

On initial recognition, the Company measures the LRC at the amount of premiums received in cash. The Company has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

Premiums due to the Company for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Company has determined that there is no significant financing component general insurance contracts with a coverage period of one year or less. The Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

The Company also applies the PAA to reinsurance contracts held. The coverage period of such reinsurance contracts held is generally 12 months or less. In case the coverage period exceeds one year, the Company at initial recognition assesses whether the PAA is a reasonable approximation of the General Model.

For general reinsurance contracts held with a coverage period longer than one year, the Company exercises judgement to determine whether a significant financing component exists. For groups of reinsurance contracts held with a significant financing component, the Company adjusts the LRC for the time value of money using discount rates determined at initial recognition.

General insurance contracts issued and reinsurance contracts held, the carrying amount ofthe LIC is measured applying the General Model, except that:

- For claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks
- For claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Onerous contracts

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

After the loss component is recognised, the Company allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component.

Reinsurance contracts held - Recognition

The Company uses facultative and treaty reinsurance to mitigate some of its risk exposures Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Company determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Company considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Company disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Contracts that on initial recognition have a net gain
- Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
- Any remaining reinsurance contracts held in the portfolio

For general insurance contract quota share reinsurance contracts held accounted for applying the PAA, the Company assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

In determining the timing of initial recognition of a reinsurance contract held, the Company assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Company recognises a group of reinsurance contracts held that provides proportionate coverage:

- At the start of the coverage period of that group of reinsurance contracts held
- At the initial recognition of any of the underlying insurance contracts, whichever is later

The Company recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from insurance contracts that are expected to be issued by the Company in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Reinsurance contracts held measured under the PAA

The Company measures general reinsurance contracts by applying the PAA as disclosed in the previous paragraphs.

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Company measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Company adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

Modification and derecognition

The Company derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the Company would have concluded that the modified contract:
  - Is outside of the scope of IFRS 17
  - Results in a different insurance contract due to separating components from the host contract
  - Results in a substantially different contract boundary
  - Would be included in a different group of contracts
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach

If the contract modification meets any of the conditions, the Company performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the PAA, the Company adjusts insurance revenue prospectively from the time of the contract modification.

The Company derecognises an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

Presentation

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

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Company has voluntarily included the net insurance finance income or expenses line in another subtotal: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts are recognised in the carrying amount of the related portfolios of insurance contracts issued.

Presentation - Insurance revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA, the Company recognises insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred insurance service expenses.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

Presentation - Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises

- Changes in the LIC related to claims and expenses incurred in the period
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue
- Loss component of onerous groups of contracts initially recognised in the period

2. Summary of Material Accounting Policies (cont'd)

2.4 Insurance contracts (cont'd)

Presentation - Income or expenses from reinsurance contracts held

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

Presentation - Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for general insurance policies with a coverage period of one year or less. For those claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

For reinsurance contracts held measured applying the PAA, the Company disaggregates total insurance finance income or expenses. The amount presented in profit or loss is based on a systematic allocation of the expected total insurance finance income or expenses over the duration of the contracts in the group.

General reinsurance contracts held measured applying the PAA, the Company adjusts the LRC for the time value of money for quota-share motor and reinsurance contracts held with a coverage period longer than one year using discount rates determined at initial recognition. The Company elects to disaggregate presentation of insurance finance income or expenses. The amounts presented in profit or loss are based on the discount rates relating to nominal cash flows that do not vary based on the returns on any underlying items determined at the date of initial recognition of a group of contracts.

2.5 Financial instruments

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

2. Summary of Material Accounting Policies (cont'd)

2.5 Financial instruments (cont'd)

Financial assets and financial liabilities are initially measured at fair value, except for receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Financial assets mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Amortised cost and effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2. Summary of Material Accounting Policies (cont'd)

2.5 Financial instruments (cont'd)

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for financial assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the general economic conditions and the forecast economic information of the country in which it sells services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2. Summary of Material Accounting Policies (cont'd)

2.5 Financial instruments (cont'd)

Definition of default

The Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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 that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings or in the case of receivable, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2. Summary of Material Accounting Policies (cont'd)

2.5 Financial instruments (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not **(i)** contingent consideration of an acquirer in a business combination, **(ii)** held-for-trading, or **(iii)** designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the the lease term.

2. Summary of Material Accounting Policies (cont'd)

2.6 Leases (cont'd)

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.8 Impairment of non-financial assets.

ii) *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses Brunei's prime lending rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) *Short-term leases and leases of low-value assets*

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

2.7 Property and equipment

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

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	- 25%
Motor vehicles	- 25%
Office equipment, furniture and fittings	- 25%
Computerisation	- 25%
Leasehold building	- over the lease term

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2. Summary of Material Accounting Policies (cont'd)

2.8 Impairment of non-financial assets

At the end of each reporting period, NICB reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, NICB estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Provisions

Provisions are recognised when NICB has a present obligation (legal or constructive) where as a result of a past event, it is probable that NICB will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Revenue

The accounting policy in relation to the revenue from insurance contracts is disclosed in Note 2.4.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2. Summary of Material Accounting Policies (cont'd)

2.11 Retirement benefit costs

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contribution into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Tabung Amanah Pekerja (TAP) and Supplemental Contributory Pensions Fund (SCP) and Skim Persaraan Kebangsaan (SPK), are dealt with as payments to defined contribution plans where NICB's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.12 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.13 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. NICB's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and NICB intends to settle its current tax assets and liabilities on a net basis.

2. Summary of Material Accounting Policies (cont'd)

2.13 Income tax (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

2.14 Foreign currency transactions and translation

The financial statements of NICB are measured and presented in Brunei Darussalam Dollars, which is the currency of the primary economic environment in which NICB operates (its functional currency) and the presentation currency for the financial statements.

In preparing the financial statements of NICB, transactions in currencies other than NICB's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on translation of monetary items are included in profit or loss for the period.

2.15 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits and other short-term highly liquid investments with a maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Critical Accounting Judgements and Key Source of Estimation Uncertainty

In the application of the Company's accounting policies, described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the directors have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

3. Critical Accounting Judgements and Key Source of Estimation Uncertainy (cont'd)

3.1 Critical judgements in applying the Company's accounting policies (cont'd)

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided. The application of judgement in this area is aided by the Company's processes to filter contracts where the additional amounts referred to above are more than 5% but less than 10% of the amounts paid if the insured event does not occur. Additional amounts that are less than 5% are considered by the Company as insignificant.

Determination of the contract boundary

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

Level of aggregation

The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.

Assessment of directly attributable cash flows

The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

Assessment of eligibility for PAA

For reinsurance contracts with a coverage period extending beyond one year, if any, the Company elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

3. Critical Accounting Judgements and Key Source of Estimation Uncertainy (cont'd)

3.2 Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

Sensitivity analysis of carrying amounts to changes in assumptions

The purpose of the sensitivity analysis is to assess the relative importance of key assumptions used in the actuarial valuation of Liability for Incurred Claims ("LIC")and Liability for Remaining Coverage("LRC) as at December 31, 2023, including the risk adjusment (this is referred to as the "based scenario" in the sensitivity analysis summary).

To test the sensitivity of the LIC and LRC, separately for gross and net of reinsurance recoveries, to the changes in the significant assumptions, simultaneous changes in the assumptions for all durations were considered. The level of change for the assumptions ranges from 1% to 5%. The result after each change in assumption is then compared to the base scenario, separately for gross and net of reinsurance recoveries.

The sensitivity values shown are independent of changes to other assumptions items. In practice, a combination of adverse and favourable changes could occur. The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

The sensitivity analysis was performed on the LIC and LRC, both gross and net of reinsurance recoveries, based on changes in assumptions that may affect the level of liabilities. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full. The assumptions considered in the sensitivity analysis are as follows:

- Claims Handling Expenses Ratio;
- Policy Maintenance Expenses Ratio; and
- Risk adjustment.

3. Critical Accounting Judgements and Key Source of Estimation Uncertainy (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

The results of the sensitivity analysis and the impact of the Liability/Asset for Incurred Claims and Remaining Coverage are as follows:

<u>Liability/Asset for Incurred Claims</u>

	Liability for Incurred Claims		Asset for Incurred Claims	
Base Scenario	**2023**	**2022**	**2023**	**2022**
	43,147,446	24,522,095	25,360,628	5,486,000

		Increase/ (Decrease)			
Assumption	**Change in assumption**	**2023**	**2022**	**2023**	5,486,000
		(B$'000)	(B$'000)	(B$'000)	(B$'000)
Ultimate Loss Ratio	+5% points	1,911	1,529	683	396
Ultimate Loss Ratio	-5% points	(1,911)	(1,529)	(683)	(396)
Claims Handling Expenses Ratio	+5% points	1,358	832	-	-
Claims Handling Expenses Ratio	-5% points	(578)	(685)	-	-
Risk Adjustment	+5% points	1,362	777	813	173
Risk Adjustment	-5% points	(1,362)	(777)	(813)	(173)

3. Critical Accounting Judgements and Key Source of Estimation Uncertainty (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

Liability/Asset for Remaining Coverage

Base Scenario	Liability for Remaining Coverage 2023	Liability for Remaining Coverage 2022	Asset for Remaining Coverage 2023	Asset for Remaining Coverage 2022
	11,009,378	11,523,181	2,863,795	3,181,998

Assumption	Change in assumption	Increase/ (Decrease) 2023	2022	2023	2022
		(B$'000)	(B$'000)	(B$'000)	(B$'000)
Ultimate Loss Ratio	+5% points	366	169	-	-
Ultimate Loss Ratio	-5% points	(366)	(169)	-	-
Claims Handling Expenses Ratio	+5% points	237	123	-	-
Claims Handling Expenses Ratio	-5% points	(186)	(101)	-	-
Policy Maintenance Expenses Ratio	+5% points	351	162	-	-
Policy Maintenance Expenses Ratio	-5% points	(351)	(162)	-	-
Risk Adjustment	+5% points	156	82	-	-
Risk Adjustment	-5% points	(156)	(82)	-	-

Technique for estimation of future cash flows

In estimating fulfilment cash flows included in the contract boundary, the Company considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the Company uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

3. Critical Accounting Judgements and Key Source of Estimation Uncertainty (cont'd)

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as Brunei Corporate Lending/ Financial Rates) when available.

4. Insurance and Financial Risk Management

4.1 Risk management objectives and policies for mitigating insurance risk

The main risks associated with the insurance products are underwriting risk, claims experience risk and concentration risk.

Underwriting risk

Underwriting risk is the risk that NICB does not receive adequate premiums for the risk it covers.

Underwriting risk is primarily being managed through:

- a sensible pricing strategy and pricing tools to implement the strategy;
- appropriate risk selection, adequate deductibles;
- product design;
- monitoring and reacting to changes in markets and the economic environment in which NICB is active; and
- an underwriting authority limit system that limits the maximum line any one underwriter can write per risk.

NICB seeks to minimise underwriting risk with a balanced mix and spread of business between classes of business.

Claims experience risk

Claims experience risk includes the variable incidence of natural catastrophe losses and the possibility that total reserves (referring to all insurance claims provision) will prove insufficient.

Claims experience risk is managed primarily through:

- Diversification: NICB underwriting strategy seeks to ensure a balanced portfolio across all product lines
- The use of actuarial methods to determine the provision for outstanding claims and other policy liabilities reserves, including those not yet reported.

Concentration risk

Concentrations of risk may arise from a single risk loss or a series of losses arising from one original cause, and this could involve a single reinsurance contract or through an accumulation of reinsurance contracts. Management tries to mitigate the concentration risk by underwriting a balanced mix and spread of business between various classes of business.

4. Insurance and Financial Risk Management (cont'd)

4.1 Risk management objectives and policies for mitigating insurance risk (cont'd)

The following tables disclose NICB's insurance risk concentration (both before and after reinsurance) per class of business:

	December 31, 2023			December 31, 2022		
Lines of Business	Insurance revenue B$	Allocation of reinsurance premium paid B$	Net B$	Insurance revenue B$ Restated	Allocation of reinsurance premium paid B$ Restated	Net B$ Restated
Fire	13,400,814	7,861,969	5,538,845	6,629,353	1,286,237	5,343,116
Motor	6,939,868	623,384	6,316,484	6,632,738	616,484	6,016,254
Liability	1,557,810	499,523	1,058,287	6,265,862	2,156,245	4,109,617
Workmen's Compensation	5,214,699	473,059	4,741,640	4,439,582	419,576	4,020,006
Others	6,255,931	2,048,487	4,207,444	2,533,041	1,631,753	901,288
	33,369,122	**11,506,422**	**21,862,700**	**26,500,576**	**6,110,295**	**20,390,281**

Product features

NICB has a range of general insurance policies insuring a range of risks from the major classes of business: fire, motor, liability, workmen's compensation and other general insurances.

Reinsurance strategy

NICB reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. This is done through proportional and non-proportional reinsurance treaties. In addition, NICB also reinsures through facultative reinsurance. The reinsurers satisfy the Mandatory Security Requirements of Allianz Group.

4. Insurance and Financial Risk Management (cont'd)

4.1 Risk management objectives and policies for mitigating insurance risk (cont'd)

Claims development

The table details the claims development for accident years 2015 to 2023.

i) Analysis of claims development - gross of reinsurance

	2015 B$'000	2016 B$'000	2017 B$'000	2018 B$'000	2019 B$'000	2020 B$'000	2021 B$'000	2022 B$'000	2023 B$'000	Total B$'000
Estimates of ultimate cumulative claims:										
At end of accident year	6,421	5,882	5,809	6,649	8,213	7,496	10,499	10,751	24,383	
One year later	5,827	5,459	5,635	6,956	9,045	6,022	7,445	13,028		
Two years later	5,608	4,963	5,856	6,451	8,683	5,937	5,534			
Three years later	5,195	5,413	4,928	6,407	8,637	5,825				
Four years later	5,850	6,428	4,541	5,625	8,390					
Five years later	5,938	6,327	4,514	5,676						
Six years later	5,785	6,484	4,687							
Seven years later	5,786	6,632								
Eight years later	5,770									
Current estimate of ultimate claims	5,770	6,632	4,687	5,676	8,390	5,825	5,534	13,028	24,383	79,925
Cumulative payments	5,316	5,052	3,980	5,349	7,582	4,623	3,566	4,581	4,044	44,093
Gross unpaid claims	454	1,580	707	327	808	1,202	1,968	8,447	20,339	35,832
Claims handling expenses										524
Discounting effect										(1,178)
Risk adjustment										6,118
Fulfilment cash flows										41,296
Fulfilment cash flows for prior years										1,135
Claims payables/ (receivable)										716
Total										**43,147**

4. Insurance and Financial Risk Management (cont'd)

4.1 Risk management objectives and policies for mitigating insurance risk (cont'd)

ii) Analysis of claims development - net of reinsurance

	2015 B$'000	2016 B$'000	2017 B$'000	2018 B$'000	2019 B$'000	2020 B$'000	2021 B$'000	2022 B$'000	2023 B$'000	Total B$'000
Estimates of ultimate cumulative claims:										
At end of accident year	5,001	5,059	4,798	5,957	6,392	6,429	7,074	7,930	8,566	
One year later	4,528	4,474	4,907	5,982	5,837	5,506	6,049	7,197		
Two years later	4,232	4,268	4,789	5,716	5,632	4,953	5,284			
Three years later	3,975	4,264	4,123	5,778	5,751	4,840				
Four years later	4,659	5,205	3,917	5,141	5,504					
Five years later	4,751	5,139	3,900	5,192						
Six years later	4,652	5,309	4,072							
Seven years later	4,652	5,458								
Eight years later	4,637									
Current estimate of ultimate claims	4,637	5,458	4,072	5,192	5,504	4,840	5,284	7,197	8,566	50,750
Cumulative payments	4,233	3,969	2,897	4,266	6,499	3,539	2,482	3,498	2,961	34,344
Gross unpaid claims	404	1,489	1,175	926	-995	1,301	2,802	3,699	5,605	16,406
Claims handling expenses										524
Discounting effect										(694)
Risk adjustment										2,269
Fulfilment cash flows										18,505
Fulfilment cash flows for prior years										(1,593)
Claims payables/ (receivable)										604
Total										**17,516**

4. Insurance and Financial Risk Management (cont'd)

4.2 Financial instruments, financial risk and capital risk management

a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2023 B$	2022 B$ Restated
Financial Assets		
Loans and Receivables (including cash and cash equivalents)		
Cash and Cash Equivalents	4,529,111	8,061,354
Short Term Placements	46,428,847	44,874,249
Other Receivables (excluding prepayments)	658,182	376,246
	51,616,140	**53,311,849**
Financial Liabilities		
Other Payables and Accruals (excluding prepaid premiums)	4,722,244	4,700,415

b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

NICB enters into offsetting, enforceable master netting arrangements with its reinsurers. However as at the year end and in the prior year end, there were no financial instruments being offset on the statement of financial position.

c) Financial risk management policies and objectives

NICB is exposed to financial risk through its financial assets and financial liabilities. In particular, the financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk – which consist of interest rate risk and foreign currency risk.

i) *Credit risk management*

Credit risk represents the exposure to the risk that any of NICB's business partners should fail to meet their contractual obligations (mainly relating to insurance and investment transactions).NICB views the management of credit risk as a fundamental and critical part of the operations and therefore adopts a very selective policy as regards to the choice of its business partners, in particular its reinsurers. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to NICB. Allowances are set aside in the financial accounts for non-recoverability due to the default by the business partners, in line with the established company policy.

4. Insurance and Financial Risk Management (cont'd)

4.2 Financial instruments, financial risk and capital risk management (cont'd)

The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the statement of financial position, although in the case of reinsurance asset, it is fairly common practice for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that has not been fully offset by other financial liabilities with the same counterparty.

In respect of investment securities, NICB limits its credit risk exposure by investing in liquid securities with counterparties that have sound credit ratings. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the end of the reporting period, there is no significant concentration of credit risk and exposures are well spread. NICB's exposure to credit risk relating to its financial assets is summarised below:

2023	Grade* (BBB- to AAA) B$	Not rated B$	Past due but not impaired B$	Total B$
Cash and cash equivalents	4,523,635	5,476	-	4,529,111
Short-term placements	46,428,847	-	-	46,428,847
Other receivables	638,787	19,395	-	658,182
	51,591,269	**24,871**	**-**	**51,616,140**
2022				
Cash and cash equivalents	8,055,429	5,925	-	8,061,354
Short-term placements	44,874,249	-	-	44,874,249
Other receivables	352,840	23,406	-	376,246
	53,282,518	**29,331**	**-**	**53,311,849**

* Based on public ratings assigned by external rating agencies i.e. Standard & Poor and Moody's.

NICB has not recognised an allowance for doubtful receivables for the remaining financial assets as there has not been a significant change in credit quality and the amounts are still considered recoverable.

NICB's overall strategy remains unchanged from prior year.

4. Insurance and Financial Risk Management (cont'd)

4.2 Financial instruments, financial risk and capital risk management (cont'd)

ii) *Liquidity risk management*

An important aspect of NICB's management of assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. NICB maintains cash and liquid deposits to meet these demands on a daily basis. In normal circumstances, the majority of claims are settled with the bank balances and cash deposits available.

a. *Non-derivative financial liabilities and insurance liabilities*

The following tables detail the remaining contractual maturity for financial liabilities and insurance liabilities that have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which NICB can be required to pay. The table includes both interest and principal cash flow.

2023	On demand or within 1 year B$	Within 2 to 5 years B$	Total B$
Financial liabilities:			
Non-interest bearing	2,195,977	2,512,319	4,708,296
Lease Liabilities	39,468	24,480	63,948
2022			
Financial liabilities:			
Non-interest bearing	2,141,413	2,519,968	4,661,381
Lease Liabilities	26,805	12,229	39,034

b. *Non-derivative financial assets*

In respect of interest-earning financial assets, the following table indicates their weighted average effective interest rates per annum at the end of the reporting period drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where NICB anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial positions.

4. Insurance and Financial Risk Management (cont'd)

4.2 Financial instruments, financial risk and capital risk management (cont'd)

ii) *Liquidity risk management (cont'd)*

2023	Average effective Interest Rate %	Within 1year B$	Within 2 to 5 years B$	After 5 years B$	Adjustment B$	Total B$
Loans and Receivables						
Cash and Cash Equivalents	0.00%	4,529,111	-	-	-	4,529,111
Short-term placements	3.04%	46,812,007	1,028,118	-	-	47,840,125
Other receivables		19,395	-	-	-	19,395
		51,360,513	**1,028,118**	**-**	**-**	**52,388,631**
2022						
Loans and Receivables						
Cash and Cash Equivalents	0.00%	8,061,354	-	-	-	8,061,354
Short-term placements	1.65%	44,669,723	1,039,118	-	-	45,708,841
Other receivables		23,406	-	-	-	23,406
		52,754,483	**1,039,118**	**-**	**-**	**53,793,601**

c. *Maturity analysis for portfolios of insurance contracts issued and reinsurance contracts held that are liabilities*

The table below presents a maturity analysis of the portfolios of insurance contracts and reinsurance contracts held that are in a liability position based on the estimated timing of the remaining contractual undiscounted cash flows. The amounts presented below do not include those relating to LRC of insurance and reinsurance contracts that are measured under the PAA.

2023	Carrying amount B$'000	Less than 1 month B$'000	1 - 3 months B$'000	3 months to 1 year B$'000	1 - 2 years B$'000	2 - 3 years B$'000	3 - 4 years B$'000	4 - 5 years B$'000	5 + years B$'000
Insurance contract liabilities	43,147	2,667	5,333	23,999	5,986	2,013	1,478	1,239	432
Reinsurance contract liabilities	(25,631)	(1,868)	(3,736)	(16,811)	(3,213)	(1)	(0)	(1)	(1)
Total	**17,516**	**799**	**1,597**	**7,188**	**2,773**	**2,012**	**1,478**	**1,238**	**431**

4. Insurance and Financial Risk Management (cont'd)

4.2 Financial instruments, financial risk and capital risk management (cont'd)

c. *Maturity analysis for portfolios of insurance contracts issued and reinsurance contracts held that are liabilities (cont'd)*

2022	Carrying amount B$'000	Less than 1 month B$'000	1 - 3 months B$'000	3 months to 1 year B$'000	1 - 2 years B$'000	2 - 3 years B$'000	3 - 4 years B$'000	4 - 5 years B$'000	5 + years B$'000
Insurance contract liabilities	24,522	1,348	2,695	12,129	3,383	1,968	1,399	1,172	428
Reinsurance contract liabilities	(5,486)	(404)	(808)	(3,636)	(631)	(2)	(1)	(2)	(2)
Total	**19,036**	**944**	**1,887**	**8 ,493**	**2,752**	**1,966**	**1,398**	**1,170**	**426**

iii) *Interest rate risk management*

NICB's exposure to interest rate risk relates primarily to the investment portfolio, which includes deposit with banks. NICB has cash balances placed with reputable banks and financial institutions or invested in funds which generate interest income for NICB. NICB manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

NICB does not use derivative financial instruments to hedge its interest rate risks. The summary quantitative data of NICB's interest-bearing financial instruments can be found in Note 4.2(ii). The impact of change of interest rate is insignificant. Therefore, no disclosure note on sensitivity analysis.

iv) *Foreign currency risk management*

NICB undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of NICB's foreign currency denominated monetary assets and monetary liabilities as at the end of the reporting period are as follows:

	Assets		Liabilities	
	2023 B$	2022 B$	2023 B$	2022 B$
USD	2,817,197	2,789,858	209,380	235,848
MYR	82,661	17,306	4,797	10,696

<u>*Foreign currency sensitivity analysis*</u>

NICB is mainly exposed to the United States Dollar (USD) and Malaysian Ringgit (MYR).

4. Insurance and Financial Risk Management (cont'd)

4.2 Financial instruments, financial risk and capital risk management (cont'd)

iv) *Foreign currency risk management (cont'd)*

The following table details NICB's sensitivity to a 5% increase and decrease in the BND against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity where the BND strengthens 5% against the relevant currency. For a 5% weakening of the BND against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	USD Impact		MYR Impact	
	2023	2022	2023	2022
Profit or loss (B$)	130,391	127,701	3,893	331
Equity	0.57%	0.56%	0.02%	0%

4.3 Fair value of financial assets and financial liabilities

NICB considers the carrying amounts of cash and cash equivalents, insurance and other receivables, and other liabilities to approximate their respective fair values due to the relatively short-term maturity of these financial instruments and due to the fact that effect of discounting would be insignificant. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets are determined by standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

All the financial instruments are measured at fair value on a recurring basis. There are no financial liabilities that are measured at fair value. There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in 2023 and 2022.

4.4 Capital risk management policies and objectives

NICB reviews its capital structure to ensure that it will be able to continue as a going concern and comply with the regulators' *Margin of Solvency*. As at December 31, 2023, NICB complied with the regulators' requirements on *Margin of Solvency*. The capital structure of NICB comprises share capital and retained earnings. NICB's overall strategy remains unchanged from prior year.

5. Related Party Transactions

NICB enters into transaction with related companies in the normal course of business.

During the year, apart from the balances and transactions disclosed elsewhere in these financial statements, NICB had the following significant transactions with its related companies:

5. Related Party Transactions (cont'd)

Key management personnel

Key management personnel of NICB are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and general manager are considered as key management personnel of NICB.

Short-term employee benefits paid/payable to key management personnel (included in staff costs) was B$517,393 (2022: B$455,204).

Other related party transactions

Allianz Global Corporate & Specialty SE (an entity which owns 25% of NICB and which has significant influence over the Company) offers management services to NICB. During the year, NICB paid a total of B$165,000 (2022: B$165,000) as management fees to this entity (Note 9). Other than this there were no material transactions with the entity.

Other than the amounts paid to BruCapital Holdings Sdn Bhd as consultancy fees (Note 9), there were no other material related party transactions during the year.

6. Insurance Revenue

	2023 B$	2022 B$
Non-participating contracts		
Contracts measured under the PAA, representing total insurance revenue	33,369,122	26,500,576

7. Interest Income

	2023 B$	2022 B$
Interest income from bank deposits	1,093,762	339,722

8. Staff Cost

	2023 B$	2022 B$
Salaries, wages and others	2,120,524	2,136,656

Included in staff costs are contributions to statutory defined contribution schemes of B$87,708 (2022: B$79,772).

9. Other Operating Expenses

The other operating expenses disclosed in the following table are the administrative expenses not directly attributable to fulfilling insurance contracts. Expenses which are directly attributable to fulfilling insurance contracts are included in insurance service expenses.

	2023 B$	2022 B$ Restated
Administrative expenses	1,328,333	1,294,460
Marketing expenses	192,777	193,523
Management fee expense (Note 5)	165,000	165,000
Director's remuneration	162,200	131,000
Professional fees	138,624	87,215
Consultancy fee paid to a related company (Note 5)	78,000	78,000
Unrealised foreign exchange loss	52,815	18,643
Auditor's remuneration	48,475	46,307
Depreciation expense of right-of-use assets (Note 12)	42,933	44,772
Bank charges	38,305	41,974
Interest on lease liabilities (Note 19)	2,879	3,484
Expense relating to leases of low-value assets	2,486	2,858
Recoveries of allowance for doubtful accounts	(32,726)	(35,093)
	2,220,101	**2,072,143**

10. Income Tax

	2023 B$	2022 B$ Restated
Taxation in respect of current year's profit	1,153,000	1,209,000
Over provision of income tax in previous year	(3,333)	(9,640)
Deferred tax benefits recognised (Note 13)	29,631	(126,483)
	1,179,298	**1,072,877**

10. Income Tax (cont'd)

Relationship between tax expense and accounting profit:-

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:-

	2023 B$	2022 B$ Restated
Profit before income tax	6,106,779	6,381,036
Tax calculated at the rate of 18.5% (2022: 18.5%) on the first B$100,000 at one-quarter of the full rate, the next B$150,000 at one-half of the full rate and the remaining profit at the full rate	1,102,004	1,152,742
Adjustments:		
Non-deductible expenses	4,726	3,819
Further deduction	(16,893)	(16,850)
Capital allowances	(20,093)	(30,208)
Others	112,887	(26,986)
Provision for taxation in respect of current year's profit	1,182,631	1,082,517
Over provision of income tax in previous year	(3,333)	(9,640)
Tax expense charged to profit and loss account	**1,179,298**	**1,072,877**

	2023 B$	2022 B$ Restated
Provision for taxation:		
Balance brought forward	1,209,000	1,008,000
Tax paid	(1,205,667)	(998,360)
Over provision of income tax in previous year	(3,333)	(9,640)
Provision for taxation in respect of current year's profit	1,153,000	1,209,000
Balance carried forward	**1,153,000**	**1,209,000**
Deferred tax assets:		
Balance brought forward	1,893,176	1,766,693
Deferred tax benefits recognised	(29,631)	126,483
Balance carried forward	**1,863,545**	**1,893,176**

11. Property and Equipment

	Leasehold improvements B$	Motor vehicles B$	Office equipment, furniture and fittings B$	Computeri-sation B$	Leasehold building B$	Total B$
Cost:						
At January 1, 2022	392,443	242,442	1,347,175	1,083,538	1,350,000	4,415,598
Additions	-	24,370	81,620	75,713	-	181,703
Disposal	-	(20,334)	(6,487)	(1,354)	-	(28,175)
At December 31, 2022	**392,443**	**246,478**	**1,422,308**	**1,157,897**	**1,350,000**	**4,569,126**
Additions	-	-	27,527	54,471	-	81,998
Disposal	-	-	(136,030)	(609,025)	-	(745,055)
At December 31, 2023	**392,443**	**246,478**	**1,313,805**	**603,343**	**1,350,000**	**3,906,069**
Accumulated depreciation:						
At January 1, 2022	391,492	242,442	1,293,523	1,035,221	318,403	3,281,081
Depreciation	293	5,077	28,219	26,134	22,500	82,223
Disposal	-	(20,334)	(6,487)	(1,320)	-	(28,141)
At December 31, 2022	**391,785**	**227,185**	**1,315,255**	**1,060,035**	**340,903**	**3,335,163**
Depreciation	293	6,093	41,448	41,908	22,500	112,242
Disposal	-	-	(136,011)	(608,651)	-	(744,662)
At December 31, 2023	**392,078**	**233,278**	**1,220,692**	**493,292**	**363,403**	**2,702,743**
Carrying amount:						
At December 31, 2022	**658**	**19,293**	**107,053**	**97,862**	**1,009,097**	**1,233,963**
At December 31, 2023	**365**	**13,200**	**93,113**	**110,051**	**986,597**	**1,203,326**

The gross carrying amount of fully depreciated property and equipment that is still in use are amounted to B$2,161,141 (2022: B$2,976,649).

12. Right-of-use Assets

The carrying amounts of right-of-use assets recognised and the movements during the period:

	2023 B$	2022 B$
As at 1 January	37,266	82,038
Additions	68,035	-
Depreciation expenses (Note 9)	(42,933)	(44,772)
As at 31 December	**62,368**	**37,266**

The Company had total cash outflow for leases of B$46,000 in 2023 (2022: B$48,000). The Company also had non-cash additions to right-of-assets and lease liabilities of B$68,035 (2022: B$NIL).

The right-of-use assets relate to the lease of counters and accommodation rental for the General Manager. The lease term ranges from 2 to 5 years.

13. Deferred Tax Assets

The following are the major deferred tax assets and (liabilities) recognised by NICB and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation B$	Incurred but not reported B$ Restated	Total B$ Restated
At January 1, 2022	35,738	1,730,955	1,766,693
Charged to profit or loss for the year (note 10)	-	126,483	126,483
At December 31, 2022	**35,738**	**1,857,438**	**1,893,176**
Charged to profit or loss for the year (note 10)	-	(29,631)	(29,631)
At December 31, 2023	**35,738**	**1,827,807**	**1,863,545**

Certain deferred tax assets and liabilities have been offset in accordance with NICB's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2023 B$	2022 B$ Restated
Deferred tax assets	**1,863,545**	**1,893,176**

14. Insurance Contract Assets and Liabilities

	2023			
	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component B$	Loss Component B$	B$	B$
Opening liabilities	**10,882,669**	**640,512**	**24,522,095**	**36,045,276**
Changes in the statement of profit or loss and OCI				
Insurance Revenue	**(33,369,122)**	**-**	**-**	**(33,369,122)**
Insurance service expenses	**5,577,390**	**12,446**	**25,070,621**	**30,660,457**
Incurred claims and other insurance service expenses	-	-	28,772,585	28,772,585
Amortisation of insurance acquisition cash flows	5,577,390	-	-	5,577,390
Losses and reversal of losses on onerous contracts	-	12,446	-	12,446
Adjustment to Liabilities for Incurred Claim	-	-	(3,701,964)	(3,701,964)
Insurance service result	**(27,791,732)**	**12,446**	**25,070,621**	**(2,708,665)**
Finance expenses from insurance contracts	-	-	2,228,793	2,228,793
Total changes in the statement of profit or loss and OCI	**(27,791,732)**	**12,446**	**27,299,414**	**(479,872)**
Cash flows				
Premium received	32,086,726	-	-	32,086,726
Claims and other insurance service expenses paid	-	-	(8,663,838)	(8,663,838)
Insurance acquisition cash flows	(4,970,673)	-	-	(4,970,673)
Payables/ (Receivables)	149,430	-	(10,225)	139,205
Total cash flows	**27,265,483**	**-**	**(8,674,063)**	**18,591,420**
Closing liabilities	**10,356,420**	**652,958**	**43,147,446**	**54,156,824**

14. Insurance Contract Assets and Liabilities (Cont'd)

	2022			
	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component B$	Loss Component B$	B$	B$
Opening liabilities	**9,903,788**	**707,466**	**23,838,571**	**34,449,825**
Changes in the statement of profit or loss and OCI				
Insurance Revenue	**(26,500,576)**	**-**	**-**	**(26,500,576)**
Insurance service expenses	**4,666,025**	**(66,954)**	**6,314,662**	**10,913,733**
Incurred claims and other insurance service expenses	-	-	12,637,346	12,637,346
Amortisation of insurance acquisition cash flows	4,666,025	-	-	4,666,025
Losses and reversal of losses on onerous contracts	-	(66,954)	-	(66,954)
Adjustment to Liabilities for Incurred Claim	-	-	(6,322,684)	(6,322,684)
Insurance service result	**(21,834,551)**	**(66,954)**	**6,314,662**	**(15,586,843)**
Finance expenses from insurance contracts	-	-	193,411	193,411
Total changes in the statement of profit or loss and OCI	**(21,834,551)**	**(66,954)**	**6,508,073**	**(15,393,432)**
Cash flows				
Premium received	27,151,919	-	-	27,151,919
Claims and other insurance service expenses paid	-	-	(5,891,996)	(5,891,996)
Insurance acquisition cash flows	(5,042,456)	-	-	(5,042,456)
Payables/ (Receivables)	703,969	-	67,447	771,416
Total cash flows	**22,813,432**	**-**	**(5,824,549)**	**16,988,883**
Closing liabilities	**10,882,669**	**640,512**	**24,522,095**	**36,045,276**

15. Reinsurance Contract Assets and Liabilities

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage (LFRC) and the liability for incurred claims (LFIC) - Analysis by remaining coverage and incurred claims - Contracts measured under PAA: RCH

	2023			
	Asset for Remaining Coverage		Asset for Incurred Claims	Total
	Excluding Loss Component B$	Loss Component B$	B$	B$
Opening assets	**3,589,908**	**-**	**5,486,000**	**9,075,908**
Opening Liabilities	**(407,910)**	**-**	**-**	**(407,910)**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	**(11,506,422)**	**-**	**-**	**(11,506,422)**
Amount recoverable from reinsurers	**-**	**83**	**19,371,470**	**19,371,553**
Recoveries of incurred claims and other insurance service expenses	-	-	18,637,145	18,637,145
Adjustment to revenue for loss recovery component	-	83	-	83
Adjustment to assets for incurred claims	-	-	734,325	734,325
Net expenses from reinsurance contracts	**(11,506,422)**	**83**	**19,371,470**	**7,865,131**
Net finance income from reinsurance contracts	-	-	1,018,277	1,018,277
Total changes in the statement of profit or loss and OCI	**(11,506,422)**	**83**	**20,389,747**	**8,883,408**
Cash flows				
Premiums Paid	10,886,820	-	-	10,886,820
Amount received	-	-	(249,449)	(249,449)
Receivables	301,316	-	4,330	305,646
Total cash flows	**11,188,136**	**-**	**(245,119)**	**10,943,017**
Closing asset	**2,967,497**	**-**	**25,630,628**	**28,598,125**
Closing Liabilities	**(103,785)**	**83**	**-**	**(103,702)**

15. Reinsurance Contract Assets and Liabilities (Cont'd)

	2022			
	Asset for Remaining Coverage		Asset for Incurred Claims	Total
	Excluding Loss Component B$	Loss Component B$	B$	B$
Opening assets	**2,929,689**	**-**	**5,885,136**	**8,814,825**
Opening Liabilities	**(620,604)**	**-**	**-**	**(620,604)**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	**(6,110,295)**	**-**	**-**	**(6,110,295)**
Amount recoverable from reinsurers	**-**	**-**	958,103	**958,103**
Recoveries of incurred claims and other insurance service expenses	-	-	3,296,772	3,296,772
Adjustment to revenue for loss recovery component	-	-	-	-
Adjustment to assets for incurred claims	-	-	(2,338,669)	(2,338,669)
Net expenses from reinsurance contracts	**(6,110,295)**	**-**	**958,103**	**(5,152,192)**
Net finance income from reinsurance contracts	-	-	47,050	47,050
Total changes in the statement of profit or loss and OCI	**(6,110,295)**	**-**	**1,005,153**	**(5,105,142)**
Cash flows				
Premiums Paid	5,658,150	-	-	5,658,150
Amount received	-	-	(1,042,504)	(1,042,504)
Receivables / (Payables)	1,325,058	-	(361,785)	963,273
Total cash flows	**6,983,208**	**-**	**(1,404,289)**	**5,578,919**
Closing asset	**3,589,908**	**-**	**5,486,000**	**9,075,908**
Closing Liabilities	**(407,910)**	**-**	**-**	**(407,910)**

16. Short-term Placements

	2023 B$	2022 B$
Short-term placements	**46,428,847**	**44,874,249**

NICB places the above amounts with locally licensed banks in Brunei. The short-term placements have tenures ranging from more than 3 months to 60 months.

Short-term placements include B$5,077,448 (2022: B$3,556,057) held by NICB as security deposit for credit terms granted to policyholders in respect of labour guarantees and performance bonds (Note 22).

NICB's short term placements which are not denominated in its functional currency are as follows:

	2023 B$	2022 B$
Denominated in:		
United States Dollars	**1,894,267**	**1,203,279**

17. Deposits, Prepayments and Other Receivables

	2023 B$	2022 B$
Accrued interest receivable:		
- Fixed deposits and bank balances	638,787	352,840
Prepayments	239,180	144,183
Deposits	16,082	21,732
Sundry receivables	3,313	1,674
	897,362	**520,429**

18. Cash and Cash Equivalents

	2023 B$	2022 B$
Cash in banks and on hand	**4,529,111**	**8,061,354**

NICB's cash and cash equivalents which are not denominated in its functional currency are as follows:

	2023 B$	2022 B$
Denominated in:		
United States Dollars	**807,836**	**1,203,279**

19. Other Payables and Accruals

	2023 B$	2022 B$
Collateral deposits held	2,512,319	2,519,968
Accrued expenses	1,216,208	1,226,300
Sundry payables	427,624	380,896
Deposits received	352,228	347,724
Dividend payable	199,917	186,493
Lease liabilities	63,948	39,034
Prepaid premiums	35,216	99,527
	4,807,460	**4,799,942**

Accrued expenses principally comprise accruals for operating expenses. Collateral deposits are held in respect of insurance bonds issued on behalf of customers and for credit terms granted to customers.

19. Other Payables and Accruals (Cont'd)

Set out below are the carrying amounts of lease liabilities (included under other operating expenses) and the movements during the period:

	2023 B$	2022 B$
As at January 1	39,034	83,550
Additions	68,035	-
	107,069	83,550
Accretion of interest (Note 9)	2,879	3,484
Payments	(46,000)	(48,000)
	(43,121)	(44,516)
As at December 31	**63,948**	**39,034**
Current	39,468	26,805
Non-current	24,480	12,229
	63,948	**39,034**

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position is 5.5%.

20. Share Capital

	2023 B$	2022 B$
Authorised:		
100,000,000 ordinary shares of B$1.00 each	**100,000,000**	**100,000,000**
Issued and fully paid:		
At the beginning and at the end of the year	**8,000,000**	**8,000,000**

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by NICB.

21. Dividends

During the year ended December 31, 2023, the Company paid final dividend of B$4,800,000 for the year ended December 31, 2022.

In previous year, the Company declared and paid final dividend of B$3,200,000 for the year ended December 31, 2021.

Subsequent to the year, the directors have proposed a final dividend of 50 cents per share amounting to B$4,000,000 which will be submitted for formal approval at the forthcoming Annual General Meeting. As such, the proposed dividend has not been recognised as a liability as at December 31, 2023.

22. Contigent Liabilities

The gross amounts of the contingent liabilities of the Company are as follows:

	2023 B$	2022 B$
Performance bonds and banker's guarantees provided on behalf of third parties	2,064,983	1,832,686
Other contingent liabilities:		
Banker's guarantee in respect of statutory deposit required by Section 5(1) of the Motor Vehicles Insurance (Third Party Risks) Act, Chapter 90	1,000,000	1,000,000
Banker's guarantee in respect of statutory deposit under Section 16, Insurance Order 2006	1,000,000	1,000,000
Banker's guarantee to Commissioner of Labour provided in respect of NICB's employees' repatriation expenses	9,100	4,800
Company's guarantee to Commissioner of Labour provided in respect of insured's employees' repatriation expenses	33,231,700	29,148,600
	37,305,783	**30,986,086**

The performance bonds and banker's guarantees are secured by NICB's short-term deposits and placements placed with various financial institutions amounting to B$5,077,448 (2022: B$3,556,057).

Kandungan

Jika ada sebarang perbezaan antara Versi Bahasa Inggeris dan melayu, Versi Bahasa Inggeris akan dirujukkan.

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