

PROGRESSIVE INSURANCE BHD
197401001891 (19002-P)
(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements
For The Financial Period From 1 January 2023 to 30 June 2023

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

CONTENTS	PAGE
Unaudited Condensed Statements of Financial Position	1-2
Unaudited Condensed Income Statements	3-4
Unaudited Condensed Statement of Comprehensive Income	5-6
Unaudited Condensed Statements of Changes in Equity	7-10
Unaudited Condensed Statements of Cash Flows	11-14
Notes to the Unaudited Condensed Interim Financial Statements	15-47

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

Group

	Note	30.6.2023 RM	31.12.2022 RM Restated	1.1.2022 RM Restated
ASSETS				
Property and equipment		17,352,771	17,648,915	16,997,553
Right-of-use assets		2,622,131	2,796,617	3,170,995
Financial instrument - measured at fair value through profit or loss	11	438,509,022	186,651,691	205,976,797
Financial instrument - AFS	11	-	70,113,877	76,092,376
Financial instrument - measured at amortised cost		58,921,720	67,158,534	79,125,541
Insurance contract assets	9	2,645,227	-	-
Reinsurance contract assets	9	103,968,721	110,553,079	110,993,454
Loans and other receivables	12	46,478,396	56,063,394	54,880,432
Deferred Tax Assets		3,651,176	3,651,176	-
Tax recoverable		4,817,526	4,017,526	541,605
Cash and bank balances		29,357,170	6,972,384	9,013,674
TOTAL ASSETS		708,323,860	525,627,193	556,792,427
EQUITY AND LIABILITIES				
EQUITY				
Share capital		100,000,000	100,000,000	100,000,000
Reserves		320,742,005	162,629,214	181,660,004
		420,742,005	262,629,214	281,660,004
Non-controlling interests		4,446,737	4,368,531	4,416,003
TOTAL EQUITY		425,188,742	266,997,745	286,076,007
LIABILITIES				
Insurance contract liabilities	9	238,211,929	214,462,899	228,733,677
Reinsurance contract liabilities	9	59,258	1,645,001	138,177
Deferred tax liabilities		-	-	266,728
Lease liabilities		3,154,752	3,295,959	3,650,863
Other financial liabilities	13	25,657,668	26,860,704	28,108,347
Other payables	14	16,051,511	12,364,885	9,818,628
TOTAL LIABILITIES		283,135,118	258,629,448	270,716,420
TOTAL EQUITY AND LIABILITIES		708,323,860	525,627,193	556,792,427

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

Company

	Note	30.6.2023 RM	31.12.2022 RM Restated	1.1.2022 RM Restated
ASSETS				
Property and equipment		17,352,771	17,648,915	16,997,553
Right-of-use assets		2,622,131	2,796,617	3,170,995
Financial instrument - measured at fair value through profit or loss	11	287,306,994	79,588,316	81,954,902
Financial instrument - AFS	11	-	187,739,631	205,976,797
Financial instrument - measured at amortised cost		58,921,720	67,158,534	79,125,541
Insurance contract assets	9	2,645,227	-	-
Reinsurance contract assets	9	103,968,721	110,553,079	110,993,454
Loans and other receivables	12	46,478,396	41,821,586	45,354,387
Deferred tax assets		3,651,176	3,651,176	
Tax recoverable		4,817,526	4,017,526	541,606
Cash and bank balances		10,493,180	6,163,011	8,252,525
TOTAL ASSETS		538,257,842	521,138,390	552,367,759
EQUITY AND LIABILITIES				
EQUITY				
Share capital		100,000,000	100,000,000	100,000,000
Reserves		158,915,499	164,399,364	181,729,750
TOTAL EQUITY		258,915,499	264,399,364	281,729,750
LIABILITIES				
Insurance contract liabilities	9	238,211,929	214,462,899	228,733,677
Reinsurance contract liabilities	9	59,258	1,645,001	138,177
Deferred tax liabilities		-	-	266,728
Lease liabilities		3,154,751	3,295,959	3,650,863
Other financial liabilities	13	25,657,668	26,860,704	28,108,347
Other payables	14	12,258,737	10,474,464	9,740,217
TOTAL LIABILITIES		279,342,343	256,739,026	270,638,009
TOTAL EQUITY AND LIABILITIES		538,257,842	521,138,390	552,367,759

The accompanying notes form an integral part of the financial statements

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

Group

	Note	30.06.2023 RM	30.06.2022 RM Restated
Insurance revenue	8	68,174,368	56,667,703
Insurance service expenses		(50,704,464)	(45,289,626)
Insurance service result before reinsurance contracts held	9	17,469,904	11,378,077
Net expenses from reinsurance contracts		(27,900,890)	(17,571,494)
Insurance service result		(10,430,986)	(6,193,418)
Interest revenue calculated using the effective interest method		-	-
Other investment revenue		5,386,790	(10,035,410)
Net impairment loss on financial assets		-	-
Investment return		5,386,790	(10,035,410)
Net finance expenses from insurance contracts	9	(3,411,652)	(550,040)
Net finance income from reinsurance contracts		1,671,920	272,147
Net financial result		(1,739,732)	(277,893)
Other income		1,544,444	141,841
Other operating expense		(1,392,197)	(1,817,505)
Loss before tax		(6,631,681)	(18,182,384)
Income tax expense		(258,727)	-
Loss for the year		(6,890,408)	(18,182,384)

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

Company

	Note	30.06.2023 RM	30.06.2022 RM Restated
Insurance revenue	8	68,174,368	56,667,703
Insurance service expenses		(50,704,464)	(45,289,626)
Insurance service result before reinsurance contracts held	9	17,469,904	11,378,077
Net expenses from reinsurance contracts		(27,900,890)	(17,571,494)
Insurance service result		(10,430,986)	(6,193,418)
Interest revenue calculated using the effective interest method		-	-
Other investment revenue		6,949,080	(7,165,920)
Net impairment loss on financial assets		-	-
Investment return		6,949,080	(7,165,920)
Net finance expenses from insurance contracts	9	(3,411,652)	(550,040)
Net finance income from reinsurance contracts		1,671,920	272,147
Net financial result		(1,739,732)	(277,893)
Other income		1,544,444	141,841
Other operating expense		(1,392,197)	(1,603,082)
Profit before tax		(5,069,391)	(15,098,471)
Income tax expense		(258,727)	-
Profit for the year		(5,328,118)	(15,098,471)

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023**

Group

	Note	30.06.2023 RM	30.06.2022 RM Restated
Loss for the period		(6,890,408)	(18,182,384)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Change in fair value of financial assets		-	(4,767,433)
Amount reclassified to profit or loss on disposal		-	-
		-	(4,767,433)
Items that are or may be reclassified subsequently to profit or loss			
Net finance expenses from insurance contracts		-	-
Net finance income from reinsurance contracts		-	-
Income tax relating to items that may be reclassified		-	-
		-	(4,767,433)
Other comprehensive loss for the period, net of tax		-	(4,767,433)
Total comprehensive loss for the period		(6,890,408)	(22,949,817)
Equity holders of the Company		(6,968,614)	(22,949,623)
Non-controlling interests		78,206	(194)
		(6,890,408)	(22,949,817)

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023**

Company

	Note	30.06.2023 RM	30.06.2022 RM Restated
Loss for the period		(5,328,118)	(15,098,471)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Change in fair value of financial assets		-	(4,767,433)
Amount reclassified to profit or loss on disposal		-	-
		-	(4,767,433)
Items that are or may be reclassified subsequently to profit or loss			
Net finance expenses from insurance contracts		-	-
Net finance income from reinsurance contracts		-	-
Income tax relating to items that may be reclassified		-	-
		-	(4,767,433)
Other comprehensive loss for the period, net of tax		-	(4,767,433)
Total comprehensive loss for the period		(5,328,118)	(19,865,904)

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023**

Group

		Share capital RM	Property revaluation reserve RM	AFS reserve RM	Retained earnings RM	Non- controlling interests RM	Total equity RM
Balance as previously reported	01.01.2022	100,000,000	7,244,308	(1,438,690)	188,722,686	4,416,003	298,944,307
Impact of initial application of MFRS 17		-	-	-	(12,868,300)	-	(12,868,300)
Impact of initial application of MFRS 9		-	-	-	-	-	-
Restated balance as at	01.01.2022	100,000,000	7,244,308	(1,438,690)	175,854,386	4,416,003	286,076,007
Total comprehensive income for the period							
Loss for the period		-	-	-	(18,182,384)	-	(18,182,384)
Other comprehensive income for the period		-	-	(4,767,433)	-	-	(4,767,433)
Total comprehensive income for the period		-	-	(4,767,433)	(18,182,384)	-	(22,949,817)
Total transactions with owners of the Group		-	-	-	-	-	-
Restated balance as at	30.06.2022	100,000,000	7,244,308	(6,206,123)	157,672,002	4,416,003	263,126,190

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)**

Group

		Share capital RM	Property revaluation reserve RM	AFS reserve RM	Retained earnings RM	Non- controlling interests RM	Total equity RM
Balance as previously reported	01.01.2023	100,000,000	7,244,308	(1,675,187)	157,060,093	4,368,531	266,997,745
Impact of initial application of MFRS 9		-	-	1,675,187	(1,675,187)	-	-
Restated balance as at	01.01.2023	100,000,000	7,244,308	-	155,384,906	4,368,531	266,997,745
Total comprehensive income for the period							
Loss for the period		-	-	-	(6,890,408)	-	(6,890,408)
Total comprehensive income for the period		-	-	-	(6,890,408)	-	(6,890,408)
Transactions with owners of the Company							
Contributions and distributions							
Net creation of units in wholesale unit trust funds		-	-	-	165,003,199	-	165,003,199
Total transactions with owners of the Group		-	-	-	165,003,199	-	165,003,199
Balance as at	30.06.2023	100,000,000	7,244,308	-	313,341,950	4,368,531	425,188,742

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023**

Company

		Share capital RM	Property revaluation reserve RM	AFS reserve RM	Retained earnings RM	Total equity RM
Balance as previously reported	01.01.2022	100,000,000	7,244,308	2,564,473	184,789,269	294,598,050
Impact of initial application of MFRS 17		-	-	-	(12,868,300)	(12,868,300)
Restated balance as at	01.01.2022	100,000,000	7,244,308	2,564,473	171,920,969	281,729,750
Total comprehensive income for the period						
Loss for the period		-	-	-	(15,098,471)	(15,098,471)
Other comprehensive income for the period		-	-	(4,767,433)	-	(4,767,433)
Total comprehensive income for the period		-	-	(4,767,433)	(15,098,471)	(19,865,904)
Restated balance as at	30.06.2022	100,000,000	7,244,308	(2,202,960)	156,822,498	261,863,846

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)**

Company

		Share capital RM	Property revaluation reserve RM	AFS reserve RM	Retained earnings RM	Total equity RM
Balance as previously reported	01.01.2023	100,000,000	7,244,308	155,747	156,999,309	264,399,364
Impact of initial application of MFRS 9		-	-	-	(155,747)	(155,747)
Total comprehensive income for the period						
Loss for the period		-	-	-	(5,328,118)	(5,328,118)
Total comprehensive income for the period		-	-	-	(5,328,118)	(5,328,118)
Balance as at	30.06.2023	100,000,000	7,244,308	155,747	151,515,444	258,915,499

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2023**

Group	Note	30.06.2023 RM	30.06.2022 RM Restated
Cash flows from operating activities			
Loss for the period		(6,890,408)	(18,182,384)
<i>Adjustments for:</i>			
Realised gains		640,176	2,905,011
Fair value gains		(1,834,522)	12,452,004
Interest income		-	(532,025)
Purchase of financial assets		(87,503,857)	(65,411,842)
Proceeds from disposal of financial assets		48,896,372	66,379,003
Interest received		671,670	550,698
Interest expense on lease liabilities		-	85,386
<i>Non-cash items:</i>			
Depreciation of property and equipment		915,618	758,442
Depreciation of right-of-use assets		174,485	187,189
Allowance for impairment losses on other receivables		-	-
Bad debts written-off		-	-
Property and equipment written-off		-	-
Gains on disposal of property and equipment		-	(49,278)
Net amortization of premiums		-	46,547
<i>Changes in working capital:</i>			
Decrease in insurance contract assets		(2,645,227)	-
Decrease/(increase) in insurance contract liabilities		23,749,030	(3,073,161)
Increase in reinsurance contract assets		6,584,358	6,025,300
Increase in reinsurance contract liabilities		(1,585,742)	(138,177)
Increase/(Decrease) in receivables		306,721	(1,352,660)
Increase in fixed and call deposits		17,255,696	21,370,675
Decrease/(Increase) in other payables		6,469,825	(8,825,701)
Cash used in operating activities		5,204,195	13,195,028
Cash generated from operating activities brought forward			
Income tax paid, net		(1,058,727)	(2,875,000)
Net cash from operating activities		(1,058,727)	(2,875,000)
Cash flows from investing activities			
Proceeds from disposal of property and equipment		-	124,850
Purchase of property and equipment		18,380,526	(1,302,269)
Net cash from/(used in) investing activities		18,380,526	(1,177,419)

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)**

Group	Note	30.06.2023 RM	30.06.2022 RM Restated
Cash flows from financing activities			
Payment of lease liabilities		(141,208)	(260,844)
Proceeds from cancellation of units in wholesale unit trusts to non-controlling interests		-	545
Net cash used in financing activities		(141,208)	(260,299)
Net increase in cash and cash equivalents		22,384,786	8,882,310
Cash and cash equivalents at beginning of the year		6,972,384	9,013,674
Cash and cash equivalents at the end of the year		29,357,170	17,895,984

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

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2023**

Company	Note	30.06.2023 RM	30.06.2022 RM Restated
Cash flows from operating activities			
Loss for the period		(5,328,118)	(15,098,471)
<i>Adjustments for:</i>			
Realised gains		640,176	2,379,271
Fair value gains		(1,834,522)	9,149,688
Interest income		-	(456,436)
Purchase of financial assets		(66,373,057)	(53,928,837)
Proceeds from disposal of financial assets		47,432,610	61,521,437
Interest received		-	475,109
Interest expense on lease liabilities		-	85,386
<i>Non-cash items:</i>			
Depreciation of property and equipment		915,618	758,442
Depreciation of right-of-use assets		174,485	187,189
Allowance for impairment losses on other receivables		-	-
Bad debts written-off		-	-
Property and equipment written-off		-	-
Gains on disposal of property and equipment		-	(49,278)
<i>Changes in working capital:</i>			
Decrease in insurance contract assets		(2,645,227)	-
Decrease/(increase) in insurance contract liabilities		23,749,030	(3,073,161)
Increase in reinsurance contract assets		6,584,358	6,025,300
Increase in reinsurance contract liabilities		(1,585,742)	(138,177)
Increase/(Decrease) in receivables		306,721	(1,352,660)
Increase in fixed and call deposits		8,236,815	15,639,001
Decrease in other payables		(4,123,569)	(8,824,764)
Cash used in operating activities		6,149,578	13,299,039
Cash generated from operating activities brought forward			
Income tax paid, net		(1,058,727)	(2,875,000)
Net cash from operating activities		(1,058,727)	(2,875,000)
Cash flows from investing activities			
Proceeds from disposal of property and equipment		-	124,850
Purchase of property and equipment		(619,474)	(1,302,269)
Net cash used in investing activities		(619,474)	(1,177,419)

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)**

Company	Note	30.06.2023 RM	30.06.2022 RM Restated
Cash flows from financing activities			
Payment of lease liabilities		(141,208)	(260,844)
Net cash used in financing activities		(141,208)	(260,844)
Net increase in cash and cash equivalents		4,330,169	8,985,776
Cash and cash equivalents at beginning of the year		6,163,011	8,252,525
Cash and cash equivalents at the end of the year		10,493,180	17,238,301

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

1. Basis of Preparation

The unaudited condensed interim financial statements for the six months ended 30 June 2023 of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting*, International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") 34 *Interim Financial Reporting*, the requirements of the Companies Act, 2016, and the Financial Services Act, 2013 in Malaysia.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group and the Company's annual financial statements as at 31 December 2022.

2. Change in Accounting Policies

2.1. New and amended standard and interpretation

In these financial statements, the Group and the Company has applied MFRS 17 and MFRS 9, for the first time. The Group and the Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.1.1. MFRS17 Insurance Contracts

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

2.1.1.1. Changes to classification and measurement

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

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

The key principles of MFRS 17 are that the Group and the Company:

- Identifies insurance contracts as those under which the Group and the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

- Divides the insurance and reinsurance contracts into groups it will recognize and measure
 - Recognizes and measures groups of insurance contracts at:
 - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information
- Plus**
- An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over each period the Group and the Company provides insurance contract services, as the Group and the Company are released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group and the Company recognises the loss immediately.
 - Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

2.1.1.2. Changes to presentation and disclosure

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

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

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

Portfolio of insurance contracts issued include any assets for insurance acquisition cash flow.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Group and the Company reported the following line items:

- Gross written premiums
- Net written premiums

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, MFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Group and the Company provides disaggregated qualitative and quantitative information about:

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

2.1.1.3. Transition

On transition date, 1 January 2022, the Group and the Company:

- Has identified, recognised and measured each group of insurance contracts as if MFRS 17 had always applied. As a result, the implementation of MFRS 17 increased shareholders' equity at 31 December 2022 to RM289,147.93.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if MFRS 17 has always applied. However, no balance of assets for insurance acquisition cash flows has been identified because the Group and the Company assessed that insurance acquisition cash flows that occurred before the transition date were only related to the existing group of contracts that were issued before the transition date.
- Derecognised any existing balances that would not exist had MFRS 17 always applied
- Recognised any resulting net difference in equity

2.1.1.4. Full Retrospective approach

On transition to MFRS 17, the Group and the Company has applied the full retrospective approach to measure all existing insurance contracts as if MFRS 17 has been applied at initial recognition. .

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2.1.2. MFRS 9 Financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes. 2.2.2.1.1

2.1.2.1. Changes to classification and measurement

MFRS 9 requires financial assets to be classified into three measurement categories:

- amortised cost,
- fair value through other comprehensive income (“FVOCI”) and
- fair value through profit or loss (“FVTPL”).

Table below summaries the financial assets classification and measurements under MFRS 9 vs its existing classification in MFRS 139.

Financial Assets	MFRS139 Classification	MFRS 9 Classification
Cash and Bank Balances	Amortised Costs	Amortised Costs
Fixed and Call Deposits	Amortised Costs	Amortised Costs
Equities Securities & Unit Trusts Investment	FVTPL	FVTPL
Corporate Debts Securities	Available for Sales (AFS)	FVTPL
Loan and Other Receivables	Amortised Costs	Amortised Costs
Insurance Receivables	Amortised Costs	Amortised Costs

2.1.2.2. Changes to the impairment calculation

MFRS 9 requirements are based on changes in the Expected Credit loss (ECL) at each reporting date to reflect the changes in credit risk since initial recognition as opposed to an incurred credit loss model under MFRS 139.

ECL

There are three main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD").

Forward looking information

Expected credit losses are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

2.1.2.3. Changes in disclosure – MFRS 7

The measurement of impairment losses under MFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios, and the relevant inputs used.

2.1.2.4. Transition disclosure- MFRS 9

The information required to determine PD and LGD had not been collected with sufficient granularity without incurring a significant cost and effort due to the limited information for historical cost.

3. Summary of Significant Accounting Policies

3.1. Insurance and reinsurance contracts classification

The Group and the Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group and the Company determines whether significant insurance risk has been accepted by comparing benefits payable on the occurrence of an insured event with the benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk.

The Group and the Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more non-life insurance contracts issued by those entities.

3.2. Insurance and reinsurance contracts accounting treatment

3.2.1. Separating component from insurance and reinsurance contract

At initial recognition, the Group and the Company assesses its insurance and reinsurance contracts to determine whether they contain distinct non-insurance components which must be accounted for under another MFRS instead of under MFRS 17. After separating any distinct components, the Group and the Company applies MFRS 17 to all remaining components of the insurance contract. Currently, the Group and the Company's insurance contracts do not include any distinct components that require separation.

Some insurance contracts issued include experience refund arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive - either in the form of experience refund, or as claims. The minimum guaranteed amounts are highly interrelated with the insurance component of the insurance contracts and are, therefore, considered to be non-distinct investment components which are not accounted for separately. However, income and expenses relating to these investment components are not recognised in profit or loss.

In addition, the Group and the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management).

3.2.2. Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes.

Groups of insurance contracts are determined firstly by dividing the contracts written into portfolios. Portfolios comprise contracts with similar risks and managed together. However, the Group and the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management).

The insurance contracts in the portfolios are further divided based on expected profitability at inception into three categories:

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

MFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

3.2.3. Recognition

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

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

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

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group and the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held. , and

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

- The date the Group and the Company recognises an onerous group of underlying insurance contracts if the Group and the Company had entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

3.2.4. Contract Boundary

The Group and the Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company can compel the policyholder to pay the premiums, or in which the Group and 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 Group and the Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - The Group and the Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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

3.2.5. Measurement - General Measurement Model (“GMM”)

3.2.5.1. Insurance contracts - initial measurement

Under the GMM, the Group and Company measures a group of insurance contracts as the total of:

- Fulfilment cash flows; and
- A CSM representing the unearned profit the Group and the Company will recognize as it provides insurance contract services under the insurance contracts in the group

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Group and the Company does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Group and the Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

3.2.5.2. Insurance contracts - subsequent measurement

The Group and the Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to services that will be provided under the contracts in future periods and the remaining CSM of the group at that date; and (ii) the liability for incurred claims for the Group and the Company comprising the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not reported. The Group and Company have elected to change the treatment of accounting estimates made in previous interim financial statements for the purpose of this consolidated financial statements.

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

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided. For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - the increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component or
 - any decreases in the fulfilment cash flows are allocated to the loss component reversing losses previously recognised in profit or loss.
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (these are recognised in the income statement and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group and the Company recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group and the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

3.2.5.3. Reinsurance contracts held - initial measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

- the risk adjustment for non-financial risk is determined so that it represents the amount of risk being transferred to the reinsurer
- The Group and the Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

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

The Group and the Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group and the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group and the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

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

Where the Group and the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, the net cost of purchasing reinsurance coverage is immediately recognised in profit or loss on initial recognition as an expense.

3.2.5.4. Reinsurance contracts held - subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

Where the Group and the Company has established a loss-recovery component, the Group and the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

3.2.5.5. Insurance contracts and reinsurance contracts held - modification and derecognition

The Group and the Company derecognises insurance contracts and reinsurance contracts held when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled, or expired); or
- The terms of a contract are modified and such modification would have significantly changed the accounting for the contract had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Group and the Company treat the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

3.2.5.6. Insurance acquisition cash flows

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

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised, fully or partially when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

3.2.5.7. Presentation

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related portfolios of insurance contracts issued.

The Group and the Company disaggregate the amounts recognised in the income statement into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

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

The Group and the Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

3.5.2.8. Insurance Revenue

The Group and the Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those services. The Group and the Company recognizes insurance revenue as it satisfies its performance obligations, which is providing services under groups of insurance contracts. The insurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for the Group and the Company that expects to receive considerations. The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM released based on coverage units provided.
- Amounts related to recovery of insurance acquisition cash flows for the period.

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each period based on the number of coverage units provided. At the end of the period, the CSM remaining is allocated equally to each coverage unit provided in the period and expected to be provided in future periods and recognising the amount of CSM allocated to coverage

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

units provided in the period as insurance revenue. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

3.2.5.9. Loss component

Contracts that are onerous at initial recognition are grouped separately from other contracts in the same portfolio. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group and the Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component on a systematic basis, which is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash flows plus the risk adjustment for non-financial risk at the beginning of each year.

The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts.

3.2.5.10. Net income or expense from reinsurance contracts held

The Group and the Company presents separately on the face of the income statement and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

The Group and the Company recognises an allocation of reinsurance premium paid in profit or loss as it receives services under groups of reinsurance contracts, where the services received for each period representing the total of the changes in the asset for remaining coverage that relate to services for which the Group and the Company expects to pay consideration.

Loss-recovery components

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

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. The Group and the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group and the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

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

3.2.5.11. Insurance finance income and expense

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

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

The Group and the Company recognises all insurance finance income or expenses for the period in profit or loss.

4. Significant judgements and estimates

4.1. Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

4.1.1. The methods used to measure insurance contracts

Fulfilment cash flows comprise:

- Estimates of future cash flows;
- An adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flow; and
- A risk adjustment for non-financial risk.

The Group and the Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group and the Company includes all cash flows that are within the contract boundary of a contract and relate directly to the fulfilment of the contract, including those for which the Group and the Company has discretion over the amount or timing. The cash flows include payments to, or on behalf of, the policyholders, insurance acquisition expenses arising from activities that are directly attributable to the portfolio of contracts to which the group belongs, and other costs that are incurred in fulfilling contracts such as maintenance and administration costs.

The Group and the Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Group and the Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Group and the Company's own experience, supplemented, when necessary, with data from other sources. Historical data is adjusted to reflect current conditions
- Current pricing information, when available

4.1.2. Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer. Malaysian Government Securities yield curve is used to determine the risk-free rate.

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

Discount rates applied for discounting of future cash flows are listed below:

1 Year		3 Year		5 Year		More than 10 Years	
2023	2022	2023	2022	2023	2022	2023	2022
3.28%	3.25%	3.48%	3.67%	3.61%	3.86%	3.84%	4.09%
3.38%	3.55%	3.56%	3.78%	3.80%	4.06%	4.20%	4.61%

4.1.3. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group and the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk.

The Group and the Company adopts the Confidence Level method for the estimation of risk adjustment for both liability for remaining coverage and liability for incurred claims. The confidence level is set at 75% and is reflective of the Group and the Company's own view of the risks and uncertainty over the life of the contract. 75% confidence level is considered to sufficiently capture the uncertainty in the liability and provide an appropriate degree of assurance that the valuation is sufficient without being excessive. The methods used is Mack and Bootstrapping which is a common and generally accepted actuarial method.

The risk adjustment of reinsurance contracts would only consider the non-financial risk transferred from the entity to the reinsurer, where the reinsurer may fail to fulfil its obligations under the reinsurance contract held. For proportional quota share reinsurance contracts, the risk adjustment is determined by reference to the risk adjustments for the underlying insurance contracts. For proportional surplus and non-proportional treaties, the risk adjustment will be estimated using techniques similar to direct insurance contract, i.e., the Confidence Level method.

4.1.4. Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group and the Company will recognise as it provides services in the future. The amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

equally to each coverage unit provided in the current period and expected to be provided in the future.

- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts issued, the quantity of benefits is determined by the earned premium over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

4.1.5. Assets for insurance acquisition cash flows

The Group and the Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Group and the Company did not have any insurance acquisition cash flows that incurs under its current contracts that also pertain to future renewal of that contracts.

In the current and prior year, the Group and the Company did not identify any facts and circumstances indicating that the assets may be impaired.

4.2. Changes in estimates

There were no material changes in the basis used for accounting estimates in the interim period ended 30 June 2023.

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

5. Unusual item

The assets, liabilities, equity, net income, and cash flows of the Group and of the Company in the interim period ended 30 June 2023 were not substantially affected by any item of a material and unusual nature.

6. Dividend paid

No dividend has been declared for the interim period ended 30 June 2023.

7. Events after the interim period

There were no material events after the interim period that have not been reflected in the condensed interim financial statements for the interim period.

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

8. Insurance Revenue

Group & Company

Contracts not measured under the PAA

Amounts relating to changes in liabilities for remaining coverage

- CSM recognised for services provided	15,445,781
- Change in risk adjustment for non-financial risk for risk expired	6,962,498
- Expected incurred claims and other insurance service expenses	16,387,424
- Experience adjustments related to current services	7,929,381
- Other	-

Recovery of insurance acquisition cash flows

21,449,284

68,174,368

Contracts measured under the PAA

Total insurance revenue

-

68,174,368

30.06.2022

RM

Contracts not measured under the PAA

Amounts relating to changes in liabilities for remaining coverage

- CSM recognised for services provided	21,453,204
- Change in risk adjustment for non-financial risk for risk expired	6,296,316
- Expected incurred claims and other insurance service expenses	17,422,650
- Experience adjustments related to current services	(2,848,317)
- Other	-

Recovery of insurance acquisition cash flows

13,647,216

56,667,703

Contracts measured under the PAA

Total insurance revenue

-

56,667,703

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

**9. Insurance and reinsurance contracts
Group & Company**

9.1. Movements in carrying amounts

9.1.1. Insurance contracts

(a) Analysis by remaining coverage and incurred claims

30.06.2023

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
Opening assets	-	-	-	-
Opening liabilities	62,795,997	5,161,016	146,505,885	214,462,899
Net opening balance	62,795,997	5,161,016	146,505,885	214,462,899
Changes in the statement of profit or loss and OCI				
Insurance revenue	(68,174,368)	-	-	(68,174,368)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	(1,597,850)	43,651,198	42,053,348
Amortisation of insurance acquisition cash flows	21,449,284	-	-	21,449,284
Losses and reversal of losses on onerous contracts	-	(5,374,198)	-	(5,374,198)
Adjustments to liabilities for incurred claims	-	-	(7,423,969)	(7,423,969)
Investment components and premium refunds	-	-	-	-
Insurance service result	(46,802,724)	(6,972,048)	36,304,869	(17,469,904)
Net finance expenses from insurance contracts	(5,591,798)	5,697,076	3,306,374	3,411,652
Total changes in the statement of profit or loss and OCI	(41,394,523)	(1,274,972)	39,611,243	(14,058,252)
Cash flows				
Premiums received	78,536,833	-	-	78,536,833
Claims and other insurance service expenses paid, including investment components	-	-	(26,835,432)	(26,835,432)
Insurance acquisition cash flows	(16,539,346)	-	-	(16,539,346)
Total cash flows	61,997,487	-	(26,835,432)	35,162,054

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)
Group & Company

	30.06.2023			
	Liabilities for remaining coverage		Liabilities for	
	Excluding Loss	Loss Component	incurred claims	Total
	Component			
Net closing balance as at 30.06.2023	72,398,961	3,886,045	159,281,695	235,566,701
Closing assets	(13,279,908)	59,838	10,574,843	(2,645,227)
Closing liabilities	85,678,870	3,826,207	148,706,852	238,211,929
Net closing balance as at 30.06.2023	72,398,961	3,886,045	159,281,695	235,566,701

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)
Group & Company

31.12.2022

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
Opening assets	-	-	-	-
Opening liabilities	62,573,568	4,800,020	161,360,089	228,733,677
Net opening balance	62,573,568	4,800,020	161,360,089	228,733,677
Changes in the statement of profit or loss and OCI				
Insurance revenue	(123,817,053)	-	-	(123,817,053)
Insurance service expenses				
Incurring claims and other insurance service expenses	-	(8,926,596)	70,550,991	61,624,395
Amortisation of insurance acquisition cash flows	24,217,204	-	-	24,217,204
Losses and reversal of losses on onerous contracts	-	8,969,211	-	8,969,211
Adjustments to liabilities for incurred claims	-	-	(1,227,530)	(1,227,530)
Investment components and premium refunds	-	-	-	-
Insurance service result	(99,599,849)	42,615	69,323,460	(30,233,774)
Net finance expenses from insurance contracts	774,660	318,381	2,647,429	3,740,470
Total changes in the statement of profit or loss and OCI	(98,825,189)	360,996	71,970,890	(26,493,304)
Cash flows				
Premiums received	126,577,122	-	-	126,577,122
Claims and other insurance service expenses paid, including investment components	-	-	(86,825,094)	(86,825,094)
Insurance acquisition cash flows	(27,529,503)	-	-	(27,529,503)
Total cash flows	99,047,619	-	(86,825,094)	12,222,525
Net closing balance as at 31.12.2022	62,795,997	5,161,016	146,505,885	214,462,899
Closing assets	-	-	-	-
Closing liabilities	62,795,997	5,161,016	146,505,885	214,462,899
Net Closing balance as at 31.12.2022	62,795,997	5,161,016	146,505,885	214,462,899

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)

(b) Analysis by measurement component - contracts not measured under the PAA

		30.06.2023			
Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin	Total	
Opening assets	-	-	-	-	
Opening liabilities	163,608,335	22,628,208	28,226,356	214,462,899	
Net opening balance as at 01.01.2023	163,608,335	22,628,208	28,226,356	214,462,899	
Changes in the statement of profit or loss and OCI					
<i>Changes that relate to current services</i>					
CSM recognised for services provided	-	-	(15,445,781)	(15,445,781)	
Change in risk adjustment for non-financial risk for risk expired	-	(4,250,897)	-	(4,250,897)	
Experience adjustments	16,086,434	-	-	16,086,434	
<i>Changes that relate to future services</i>					
Contracts initially recognised in the year	-	-	-	-	
Changes in estimates that adjust the CSM	15,708,156	1,304,935	(17,013,091)	-	
Changes in estimates that result in losses and reversal of losses on onerous contracts	(5,245,114)	(129,084)	-	(5,374,198)	
<i>Changes that relate to past services</i>					
Adjustments to liabilities for incurred claims	(5,879,947)	(2,605,515)	-	(8,485,461)	
Insurance service result	20,669,529	(5,680,561)	(32,458,872)	17,469,904	
Net finance expenses from insurance contracts	3,411,652	-	-	3,411,652	
Total changes in the statement of profit or loss and OCI	24,081,181	(5,680,561)	(32,458,872)	(14,058,252)	
Insurance acquisition cash flow assets derecognised					
Cash flows					
Transfer to other items in the statement of financial position	35,162,054	-	-	35,162,054	
Net closing balance as at 30.06.2023	222,851,569	16,947,648	(4,232,516)	235,566,701	
Closing assets	(1,327,743)	892,848	(2,210,332)	(2,645,227)	
Closing liabilities	224,179,313	16,054,800	(2,022,184)	238,211,929	
Net closing balance as at 30.06.2023	222,851,569	16,947,648	(4,232,516)	235,566,701	

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)
Group & Company

31.12.2022

Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin	Total
Opening assets	-	-	-	-
Opening liabilities	178,644,771	21,883,961	28,204,945	228,733,677
Net opening balance as at 01.01.2022	178,644,771	21,883,961	28,204,945	228,733,677
Changes in the statement of profit or loss and OCI				
<i>Changes that relate to current services</i>				
CSM recognised for services provided	-	-	(38,772,809)	(38,772,809)
Change in risk adjustment for non-financial risk for risk expired	-	(7,115,406)	-	(7,115,406)
Experience adjustments	13,975,201	-	-	13,975,201
<i>Changes that relate to future services</i>				
Contracts initially recognised in the year	(38,427,063)	11,247,218	(37,850,328)	10,670,483
Changes in estimates that adjust the CSM	(283,323)	1,174,605	(891,282)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,497,142)	(204,131)	-	(1,701,272)
<i>Changes that relate to past services</i>				
Adjustments to liabilities for incurred claims	(2,931,932)	(4,358,039)	-	(7,289,971)
Insurance service result	(29,164,259)	744,247	(1,813,762)	(30,233,774)
Net finance expenses from insurance contracts	1,905,297	-	1,835,173	3,740,470
Total changes in the statement of profit or loss and OCI	(27,258,962)	744,247	21,411	(26,493,304)
Insurance acquisition cash flow assets derecognised	-	-	-	-
Cash flows	12,222,525	-	-	12,222,525
Transfer to other items in the statement of financial position	-	-	-	-
Net closing balance as at 31.12.2022	163,608,335	22,628,208	28,226,356	214,462,899
Closing assets	-	-	-	-
Closing liabilities	163,608,335	22,628,208	28,226,356	214,462,899
Net closing balance as at 31.12.2022	163,608,335	22,628,208	28,226,356	214,462,899

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)

9.1.2. Reinsurance contracts

(a) Analysis by remaining coverage and incurred claims

30.06.2023				
<u>Assets for remaining coverage</u>				
Note	Excluding loss- recovery component	Loss-recovery component	Amounts recoverable on incurred claims	Total
Opening liabilities	(1,712,439)	-	67,438	(1,645,001)
Opening assets	9,140,880	581,319	100,830,879	110,553,079
Net opening balance as at 01.01.2023	7,428,441	581,319	100,898,317	108,908,078
Allocation of reinsurance premiums paid	(39,183,547)	-	-	(39,183,547)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	17,217,043	17,217,043
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(604,935)	-	(604,935)
Adjustments to assets for incurred claims	-	-	(5,329,451)	(5,329,451)
Investment components and premium refunds	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expense from reinsurance contracts	(39,183,547)	(604,935)	11,887,592	(27,900,890)
Net finance income from reinsurance contracts	(407,515)	-	2,079,435	1,671,920
Total changes in the statement of profit or loss and OCI	(39,591,063)	(604,935)	13,967,027	(26,228,971)
Cash flows				
Premiums paid	36,546,953	-	-	36,546,953
Amounts received	(7,039,881)	-	(8,276,716)	(15,316,597)
Total cash flows	29,507,072	-	(8,276,716)	21,230,355
Net closing balance as at 30.06.2023	(2,655,550)	(23,616)	106,588,628	103,909,462
Closing liabilities	(27,092)	-	(32,166)	(59,258)
Closing assets	(2,628,458)	(23,616)	106,620,794	103,968,721
Net closing balance as at 30.06.2023	(2,655,550)	(23,616)	106,588,628	103,909,462

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)
Group & Company

31.12.2022

	Assets for remaining coverage		Amounts recoverable on incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening liabilities	(325,928)		187,751	(138,177)
Opening assets	4,056,073	570,720	106,366,659	110,993,454
Net opening balance as at 01.01.2022	3,730,145	570,720	106,554,410	110,855,276
Allocation of reinsurance premiums paid	(60,059,240)	-	-	(60,059,240)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	27,410,879	27,410,879
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	10,598	-	10,598
Adjustments to assets for incurred claims	-	-	(10,728,991)	(10,728,991)
Investment components and premium refunds	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expense from reinsurance contracts	(60,059,240)	10,598	16,681,888	(43,366,754)
Net finance income from reinsurance contracts	233,886	-	1,944,970	2,178,856
Total changes in the statement of profit or loss and OCI	(59,825,354)	10,598	18,626,858	(41,187,898)
Cash flows				
Premiums paid	77,336,381	-	-	77,336,381
Amounts received	(13,812,729)	-	(24,282,952)	(38,095,681)
Total cash flows	63,523,651	-	(24,282,952)	39,240,699
Net closing balance as at 31.12.2022	7,428,441	581,318	100,898,317	108,908,077
Closing liabilities	(1,712,438)	-	67,438	(1,645,001)
Closing assets	9,140,881	581,318	100,830,879	110,553,079
Net closing balance as at 31.12.2022	7,428,441	581,318	100,898,317	108,908,077

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)

(b) Analysis by measurement component - Contracts not measured under the PAA

30.06.2023

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Opening liabilities	(2,086,974)	15,234	426,739	(1,645,001)
Opening assets	65,777,872	14,078,753	30,696,452	110,553,078
Net opening balance as at 01.01.23	63,690,898	14,093,988	31,123,191	108,908,077
Changes in the statement of profit or loss and OCI				
<i>Changes that relate to current services</i>				
CSM recognised for services received	-	-	(22,907,336)	(22,907,336)
Change in risk adjustment for non-financial risk for risk expired	-	(1,865,840)	-	(1,865,840)
Experience adjustments	2,806,673	-	-	2,806,673
<i>Changes that relate to future services</i>				
Changes in recoveries or losses on onerous underlying contracts that adjust the CSM	-	-	-	-
Changes in estimates that adjust the CSM	22,411,611	1,338,430	(23,750,041)	-
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	(516,202)	129,137	(217,870)	(604,935)
<i>Changes that relate to past services</i>				
Changes to incurred claims component	(3,657,310)	(1,672,141)	-	5,329,451
Net expenses from reinsurance contracts	21,044,772	(2,070,414)	(46,875,248)	(27,099,109)
Net finance income from reinsurance contracts	1,671,919	-	-	1,671,919
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Total changes in the statement of profit or loss and OCI	22,716,692	(2,070,414)	(46,875,248)	26,228,970
Cash flows	21,230,355	-	-	21,230,355
Net closing balance as at 30.06.2023	107,637,944	12,023,574	(15,752,057)	103,909,462
Closing liabilities	(22,689)	(829)	(35,738)	(59,258)
Closing assets	107,660,636	12,024,404	(15,716,319)	103,968,721
Net closing balance as at 30.06.2023	107,637,944	12,023,574	(15,752,057)	103,909,462

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

9. Insurance and reinsurance contracts (continued)
Group & Company

	31.12.2022			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Opening liabilities	(366,917)	33,476	195,263	(138,177)
Opening assets	72,195,568	12,347,173	26,450,710	110,993,453
Net opening balance as at 01.01.2023	71,828,651	12,380,650	26,645,974	110,855,276
Changes in the statement of profit or loss and OCI				
<i>Changes that relate to current services</i>				
CSM recognised for services received	-	-	(36,771,964)	(36,771,964)
Change in risk adjustment for non-financial risk for risk expired	-	(1,460,521)	-	(1,460,521)
Experience adjustments	5,584,124	-	-	5,584,124
<i>Changes that relate to future services</i>				
Contracts initially recognised in the year	(41,815,725)	4,026,878	37,788,847	-
Changes in recoveries or losses on onerous underlying contracts that adjust the CSM	-	-	(36,200)	(36,200)
Changes in estimates that adjust the CSM	(2,406,801)	766,331	1,640,470	-
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	298,595	(251,796)	-	46,798
<i>Changes that relate to past services</i>				
Changes to incurred claims component	(9,361,438)	(1,367,553)	-	(10,728,991)
Net expenses from reinsurance contracts	(47,701,245)	1,713,338	2,621,152	(43,366,754)
Net finance income from reinsurance contracts	322,792	-	1,856,064	2,178,856
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Total changes in the statement of profit or loss and OCI	(47,378,453)	1,713,338	4,477,216	(41,187,898)
Cash flows	39,240,699	-	-	39,240,699
Net closing balance as at 31.12.2022	63,690,898	14,093,988	31,123,191	108,908,077
Closing liabilities	(2,086,974)	15,234	426,739	(1,645,001)
Closing assets	65,777,872	14,078,753	30,696,452	110,553,079
Net closing balance as at 31.12.2022	63,690,898	14,093,988	31,123,191	108,908,077

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

10. Financial Investment and derivatives

10.1. Expected Credit Loss

The Company's ECL assessment and measurement method is set out below:

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any Cash Before Cover (CBC) are more than 30 days. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

11. Fair value estimation

11.1. Financial Instrument measured at fair value

11.1.1. Fair value hierarchy

The table below analyses financial instruments carried at fair value through FVTPL as follows:

Group

	30.06.2023			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVPTL:				
Wholesale unit trust	227,925	-	-	227,925
Corporate debt securities	-	160,416	-	160,416
REIT	3,077	-	-	3,077
Equity securities	47,091	-	-	47,091
	278,093	160,416	-	438,509

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

11.1. Fair value estimation (continued)

11.1. Financial Instrument measured at fair value (continued)

11.1.1. Fair value hierarchy (continued)

Group

	31.12.2022			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVPTL:				
Wholesale unit trust	70,114	-	-	70,114
Corporate debt securities	-	107,064	-	107,064
REIT	1,928	-	-	1,928
Equity securities	77,660	-	-	77,660
	149,642	107,064	-	256,766

Company

	30.06.2023			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVPTL:				
Wholesale unit trust	237,138	-	-	237,138
REIT	3,077	-	-	3,077
Equity securities	47,091	-	-	47,091
	287,306	-	-	287,307

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

11.1. Fair value estimation (continued)

11.1. Financial Instrument measured at fair value (continued)

11.1.1. Fair value hierarchy (continued)

Company	31.12.2022			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVPTL:				
Wholesale unit trust	187,740	-	-	187,740
REIT	1,928	-	-	1,928
Equity securities	77,660	-	-	77,660
	267,328	-	-	267,328

For investment in unit trust funds consisting of Real Estate Investment Trust ("REIT"), fair value is determined by reference to published net asset values, while the fair values of equity securities are obtained from Bursa Malaysia.

The fair value of wholesale unit trust funds, REITs and equity securities are regarded as Level 1 as the fair values are derived from prices quoted in an active market. The fair value of Malaysian Government Securities and corporate debt securities are obtained from Bond Pricing Agency Malaysia ("BPAM"). These financial instruments are regarded as Level 2 as the significant inputs are observable.

There were no changes in classification of assets under Level 1 and Level 2 of the fair value hierarchy.

11.2. Financial instruments not measured at fair value.

The following financial assets and liabilities are not carried at fair values, but their carrying values approximate fair values as they are short term in nature, or the impact of discounting is not material:

- Loans and receivables (that are classified as financial instruments)
- Cash and bank balances
- Other financial liabilities
- Other payables (that are classified as financial instruments)

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

12. Loan and other receivables

	Group	
	30.06.2023	31.12.2022
	RM	RM
Other receivable & deposits	4,305,133	14,657,072
Prepayments	191,500	205,300
Share of net assets held by Malaysian Motor Insurance Pool ("MMIP") of shares	41,981,763	41,201,022
Total loan and other receivables	46,478,396	56,063,394

	Company	
	30.06.2023	31.12.2022
	RM	RM
Other receivable & deposits	4,305,133	415,264
Prepayments	191,500	205,300
Share of net assets held by Malaysian Motor Insurance Pool ("MMIP") of shares	41,981,763	41,201,022
Total loan and other receivables	46,478,396	41,821,586

13. Other financial liabilities

	Group/ Company	
	30.06.2023	31.12.2022
	RM	RM
Cash collateral deposits received from policyholders	24,004,207	25,189,099
Interest on cash collateral deposits received from policyholders	1,653,461	1,671,605
Total	25,657,668	26,860,704

197401001891 (19002-P)

PROGRESSIVE INSURANCE BHD
(Incorporated in Malaysia)

14. Other payables

	Group	
	30.06.2023	31.12.2022
	RM	RM
Provision for bonus	4,517,746	3,706,213
Amounts payable for purchase of shares/bonds	366,323	56,075
Salaries and wages control	1,350,876	1,246,044
Other payables	8,289,709	5,362,598
Accrued expenses	1,526,857	1,993,955
Total	16,051,511	12,364,885

	Company	
	30.06.2023	31.12.2022
	RM	RM
Provision for bonus	4,517,746	3,706,213
Amounts payable for purchase of shares/bonds	366,323	56,075
Salaries and wages control	1,350,876	1,246,044
Other payables	4,496,935	3,472,177
Accrued expenses	1,526,857	1,993,955
Total	12,258,737	10,474,464

15. Regulatory capital requirements

The Company is required to comply with the mandatory capital requirements prescribed in the RBC Framework issued by BNM. Under the RBC Framework, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at 30 June 2023 and 31 December 2022, the Company has a capital adequacy ratio in excess of the minimum

The capital structure of the Company as prescribed under the RBC Framework is provided below:

Eligible Tier 1 Capital	30.06.2023	30.12.2022
	RM	RM
Share capital (paid up)	100,000,000	100,000,000
Retained Earnings	158,957,944	163,345,816
	258,957,944	263,345,816
Tier 2 Capital		
Eligible reserves	7,244,308	8,150,055
	7,244,308	8,150,055
Deduction		
Amount deducted from capital	(10,784,884)	(10,263,439)
	(10,784,884)	(10,263,439)
Total capital available	255,417,368	261,232,432