ETIQA GENERAL INSURANCE BERHAD

197001000276 (9557-T)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

ETIQA GENERAL INSURANCE BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITY

The Company is principally engaged in the underwriting of general insurance business.

There have been no significant changes in the nature of the principal activity during the financial year.

RESULTS

	RM'000
Net profit for the financial year	129,921

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

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

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2024 was as follows:

	RM'000
In respect of financial year ended 31 December 2024, final dividend of:	
- 26.85 per share, single-tier tax exempt dividend on 212,151,399 ordinary shares	56,963

The final dividend was declared on 16 April 2025 and paid on 17 April 2025.

MAYBANK GROUP EMPLOYEES' SHARE GRANT PLAN ("ESGP") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE GRANT PLAN ("CESGP")

The existing ESGP (“ESGP2018”) is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017, and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022, of which all the awards have been vested to eligible employees from 2021 to 2025. No new awards under ESGP2018 have been issued to staff since 2023, and the plan has officially expired on 13 December 2025.

MAYBANK GROUP EMPLOYEES' SHARE GRANT PLAN ("ESGP") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE GRANT PLAN ("CESGP") (CONTD.)

As continuation of the existing employees’ share grant plan, the shareholders at the EGM held on 3 May 2023 have approved the establishment of a new ESGP plan (“ESGP2023”). The ESGP2023 was implemented on 20 September 2023 for eligible talents and senior management. The features of the ESGP2023 are similar to the ESGP2018 with the exception being the plan period i.e. 10 years as compared to ESGP2018 of 7 years. Three (3) out of eight (8) awards have been made in 2023 to 2025, which will vest in 2026 to 2028, subject to fulfilment of the ESGP vesting conditions as well as meeting the performance criteria at the Maybank Group and individual levels.

Both ESGP2018 and ESGP2023 are administered by the Maybank Group Nomination and Remuneration Committee of the Board (NRC).

The ESGP consists of two (2) types of performance-based awards: Employees’ Share Grant Plan (“ESGP Shares”) and Cash-settled Performance-based Employees’ Share Grant Plan (“CESGP”). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group NRC.

The ESGP Shares is a form of Restricted Share Units (“RSU”) and the NRC may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme (“CRSU”) and the NRC may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

The maximum number of ordinary shares in the Malayan Banking Berhad ("Maybank") available under the ESGP should not exceed 3.5% of the total number of issued and paid-up capital of the Malayan Banking Berhad ("Maybank") at any point of time during the duration of the ESGP schemes.

The number of ESGP shares to be vested is based on a multiple of the initial grant whereby the multiple is determined according to the performance targets and/or conditions. In the event the performance targets and/or conditions are not met by the eligible employees, the ESGP shares shall not be vested to them at the end of the ESGP vesting schedule.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

En. Mohd Din Bin Merican (Chairman) (Appointed with effect from 1 January 2026)
Mr. Thomas Frank Caris Alias Reynders (Vice Chairman)
En. Mohamad Shukor Bin Ibrahim
Mr. Tan Kwang Kherng
Puan Siti Nita Zuhra Binti Mohd Nazri
Datuk Mohd Najib Bin Abdullah (Resigned with effect from 31 December 2025)

Pursuant to Article 101 of the Company’s Constitution, the Directors appointed under the Provisions of the Constitution shall not be subject to retirement by rotation under Section 205 of the Companies Act, 2016.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in note 33 and 40 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 he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	RM'000
Other emoluments	171
Fees	710
	881

DIRECTORS' INDEMNITY

The Maybank Group maintains on a group basis, a Directors' and Officers' Liability Insurance ("D&O") against any legal liability incurred by the Directors in the discharge of their duties while holding office for the Company. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The D&O policy provides coverage of RM300 million for all directors of the Maybank Group for the financial year. The total premium paid for the policy amounted to RM1.43 million, compared with RM1.38 million in FY2024.

DIRECTORS' INTERESTS

According to the register of Directors’ shareholdings kept by the Company under Section 59 of the Companies Act, 2016, the interests of Directors in office at the end of the financial year in shares and ESGP of the ultimate holding company, Maybank, during the financial year were as follows:

	Number of Ordinary Shares			
	As at 1 January 2025	**Acquired 2025**	**(Disposed) 2025**	**As at 31 December 2025**
Ultimate Holding Company				
Direct interest:				
Puan Siti Nita Zuhra Binti Mohd Nazri	2,949	13,200	-	16,149

The ultimate holding company has awarded the following ESGP shares to the following Director:

	Award date	**Number of ESGP shares awarded**	**Vesting year**
Puan Siti Nita Zuhra Binti Mohd Nazri	14 December 2018	28,000	2021
	30 September 2019	28,000	2022
	30 September 2020	28,000	2023
	30 September 2021	28,000	2024
	30 September 2022	28,000	2025
	20 September 2023	45,000	2026
	8 March 2024	45,000	2027
	30 April 2025	45,000	2028
		275,000	

The ESGP shares will be vested on the ESGP vesting date provided that all the ESGP vesting conditions are met.

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

CORPORATE GOVERNANCE

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance as disclosed from pages 8 to 23.

FINANCIAL HOLDING COMPANY

The financial holding company is Maybank Ageas Holdings Berhad ("MAHB").

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

The Directors regard MAHB, a company incorporated in Malaysia, as the Company's immediate holding company and Etiqa International Holdings Sdn. Bhd. ("EIHSB") and Maybank, companies incorporated in Malaysia, as the penultimate and ultimate holding companies respectively.

OTHER STATUTORY INFORMATION

(a) Before the Statement of Financial Position and Income Statement of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

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

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

  (i) it necessary to write-off any bad debts or the amount of the allowances for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

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

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

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

OTHER STATUTORY INFORMATION (CONTD.)

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

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

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

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

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

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

SIGNIFICANT EVENTS

There were no significant events which have occurred during the financial year other than disclosed in Note 49 to the financial statements.

SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial year that would require adjustment or disclosure in the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remunerations is as follows:

	RM'000
Ernst & Young PLT	496

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Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 March 2026.

MOHD DIN BIN MERICAN	SITI NITA ZUHRA BINTI MOHD NAZRI

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

The Board of Directors (“the Board”) of Etiqa General Insurance Berhad (“the Company”), a wholly-owned subsidiary of Maybank Ageas Holdings Berhad, the immediate holding company (“MAHB”) and its subsidiaries (collectively referred to as “the Group”), acknowledges the importance of a robust and sound Corporate Governance (“CG”) Framework in promoting integrity, accountability and transparency throughout the Group. The Board continuously refines the Company’s CG practices and processes to uphold the highest standards of conduct, as guided by the Companies Act 2016 and Bank Negara Malaysia (“BNM”) Policy Document on CG. Disclosures in this section are made pursuant to Paragraph 22 of the BNM Policy Document on CG.

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT

(a) Board Composition

As at 31 December 2025, the Board consists of five (5) Directors, comprising of:-

(i) Three (3) Independent Non-Executive Directors (“INED”);
(ii) One (1) Non-Independent Non-Executive Director (“NINED”); and
(iii) One (1) Executive Director (ED).

The composition of the Board meets the requirement of having a majority of independent directors and common directors remain in the minority as set out in the BNM Policy Document on CG. None of the INED had exceeded their respective nine-year tenure pursuant to the MAHB Group’s Policy on Tenure of Directorship which limits the tenure of an INED to a cumulative period of nine (9) years. Datuk Mohd Najib Bin Abdullah, an INED, is the Chairman of the Board, Mr. Thomas Frank Caris Alias Reynders, NINED is a nominee of Ageas Insurance International N.V. (“Ageas”), a shareholder of MAHB whilst Pn. Siti Nita Zuhra Binti Mohd Nazri is the only ED on the Board.

The Board is committed to ensuring diversity and inclusiveness in its composition and decision-making process. The Company also embraces the proposition that having a diverse Board would have a positive, value-added impact on the Company. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

The Board meets at least once every two (2) months, and the meeting dates are scheduled in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to consider urgent matters. All Directors attended more than 75% of Board meetings held during the financial year.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

The composition of the Board and the attendance of the Directors at meetings held during the financial year are as follows:

Members of the Board	Designation	Number of Board Meetings attended	%
Datuk Mohd Najib Bin Abdullah *(Chairman)*	INED[1]	12/12	100
Mr. Thomas Frank Caris Alias Reynders *(Vice Chairman)*	NINED[2]	12/12	100
En. Mohamad Shukor Bin Ibrahim	INED	12/12	100
Mr. Tan Kwang Kherng	INED[3]	12/12	100
Puan Siti Nita Zuhra Binti Mohd Nazri	ED[4]	12/12	100
Ms. Daniela Adaggi	NINED[5]	-	-

1 *Resigned as the Chairman / INED of the Company with effect from 31 December 2025. He is also a member of the Nomination and Remuneration Committee.*

2 *Appointed as Vice Chairman / NINED of the Company with effect from 1 February 2025.*

3 *He is also a member of the Risk Management Committee.*

4 *Appointed as an ED of the Company with effect from 1 January 2025.*

5 *Resigned as a NINED of the Company with effect from 31 January 2025.*

Profile of Directors

Name/Designation/Age/Nationality	Background/ Experience	Other Directorships within the Group
Datuk Mohd Najib Bin Abdullah Chairman / INED 65 years of age Malaysian	Banking and Insurance	• INED, MAHB • Chairman / INED, Etiqa Life Insurance Berhad

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

Profile of Directors (contd.)

Name/Designation/Age/Nationality	Background/ Experience	Other Directorships within the Group
Mr. Thomas Frank Caris Alias Reynders Vice Chairman / NINED 40 years of age Belgian	Actuarial and Insurance	NIL
En. Mohamad Shukor bin Ibrahim **INED** 61 years of age Malaysian	Sales and Marketing	NIL
Mr. Tan Kwang Kherng **INED** 69 years of age Singaporean	Insurance and Reinsurance	NIL
Puan Siti Nita Zuhra Binti Mohd Nazri ED 54 years of age Malaysian	Insurance	NIL

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

Profile of Directors (contd.)

Detailed profile of each Director is available on the Group's corporate website (www.etiqa.com). Directors' interests in shares and share options in the ultimate holding company, MBB or Maybank are disclosed in the Directors' Report that accompanies the Company's financial statements for the financial year ended 31 December 2025 ("FYE 2025").

(b) Roles and Responsibilities of the Board

The business and affairs of the Company are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of the Company. The Board also sets the core values, and adopts proper standards to ensure that the Company operates with integrity and complies with the relevant rules and regulations.

The roles and responsibilities of the Board are set out in the Company's Board Charter and the Terms of Reference of the Board which are available on the Group's corporate website (www.etiqa.com).

(c) Board Committees Composition and Roles & Responsibilities

The Company leverages on the Group Board Committees at MAHB, which MAHB Board had established to assist the Board in carrying out effective oversight of the operations and business affairs of the Company, namely:

(i) Nomination and Remuneration Committee;
(ii) Audit Committee of the Board; and
(iii) Risk Management Committee

(i) Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") consists of a majority of INEDs and is chaired by an INED.

The primary objective of the NRC is to support the Board of the Group in discharging their duties and responsibilities in the appointments, removals, composition, performance evaluation and development, fit and proper assessments concerning the Board, Chief Executive Officers ("CEOs"), Shariah Committee members[1], Senior Officers[2] and Company Secretary of the Group. In addition, the NRC oversees the design and operation of the remuneration system, and periodically reviews the appropriate remuneration of the Board, CEOs, Shariah Committee members[1] and Senior Officers[2] of the Group.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(i) Nomination and Remuneration Committee (contd.)

The NRC also establishes a formal and transparent procedure for the nomination and appointment of Directors, CEOs, Shariah Committee members[1], Senior Officers[2] and Company Secretary of the Group.

The Board via the NRC assesses the independence of INEDs prior to their appointments and re-appointments, as part of the annual Fit and Proper Assessment exercise. Pursuant to the NRC's recommendation based on the assessment undertaken for the financial year, the Board is satisfied that all the INEDs of the Company have met the independence criteria, as set out in BNM Policy Document on CG as well as the MAHB Group's Policy on Directors' Independence. Once every three (3) years, the NRC would engage an external consultant to conduct the annual Board Effectiveness Evaluation on the overall effectiveness of the Board, Board Committees, and individual Directors.

The NRC plays a major role in the recruitment and selection process of potential candidates, which includes procuring from time to time the curriculum vitae of prospective candidates discreetly to ensure that the Board always have a steady pool of talent whenever there is a need for appointment of Directors. This is not only to ensure continuity in meeting its long term goals but also to ensure the knowledge, experience and skillset of the Board members, both individually and collectively, are well suited to meet the demands of the ever-changing landscape of the insurance industry.

In addition, the NRC is also responsible to implement a formal and transparent procedure for developing a remuneration framework for Directors, CEO, Shariah Committee members[1], Senior Officers[2] and Other Material Risk Takers of the Group, and also to ensure compensation is competitive and consistent with the Group's culture, objectives and strategy as well as the industry standards.

The roles and responsibilities of the NRC are as detailed in its Terms of Reference which is available on the Group's corporate website (www.etiqa.com).

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1 *The word 'Shariah Committee' shall refer to the Group Shariah Committee which reports to Etiqa Family Takaful Berhad and Etiqa General Takaful Berhad, wholly-owned subsidiaries of MAHB.*

2 *The word 'Senior Officers' shall refer to Senior Officers of MAHB Group which includes the following: (i) Senior Management Committee and Senior Management Team members (including Principal Officer of Labuan entities); (ii) Direct reports to the CEOs (where relevant); (iii) Chief Compliance Officer; (iv) Chief Internal Auditor; and (v) Appointed Actuary, as defined in Paragraph 5.2 of the Fit and Proper Criteria Policy Document, or such revisions by Bank Negara Malaysia ("BNM") from time to time.*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(i) Nomination and Remuneration Committee (contd.)

The composition of the NRC and the attendance of its members at meetings held during the financial year are as follows:

Members of the NRC	Designation	Number of NRC Meetings attended	%
Cik Che Zakiah Binti Che Din *(Chairperson)*	INED	10/10	100
Datuk Mohd Najib Bin Abdullah	INED	10/10	100
Mr. Glenn John Williams	NINED[1]	4/4	100
Dato' Majid Bin Mohamad	INED[2]	10/10	100
Puan Fauziah Binti Hisham	INED[3]	6/6	100
Mr. Gary Lee Crist	NINED[4]	5/6	83
Ms. Daniela Adaggi	NINED[5]	-	-

1 *Appointed as a member of the NRC with effect from 1 July 2025.*

2 *Ceased as a member of the NRC with effect from 30 November 2025.*

3 *Ceased as a member of the NRC with effect from 1 July 2025 following her appointment as the Chairman of the Malayan Banking Berhad ("MBB" or "Maybank") NRC on the same date.*

4 *Ceased as a member of the NRC with effect from 30 June 2025.*

5 *Ceased as a member of the NRC with effect from 1 January 2025.*

(ii) Audit Committee of the Board

The Audit Committee of the Board ("ACB") consists of a majority of INEDs and is chaired by an INED.

ACB supports the Board in ensuring reliable and transparent financial reporting processes, oversees and monitors the effectiveness of the internal and external audit functions, reviews related-party transactions and conflicts of interest situations, assess the suitability, objectivity and independence of the Group's appointed external auditors and independently assess the integrity of organisational wide management practices through the review of audit findings raised by the internal auditors, external auditors and/or regulators, ensuring that corrective actions, where necessary, are resolved in a timely manner to ensure the Group's operations run in an effective and efficient manner as well as to safeguard Group's assets and stakeholders' interests.

The roles and responsibilities of the ACB are set out in its Terms of Reference which is available on the Group's corporate website (www.etiqa.com).

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(ii) Audit Committee of the Board (contd.)

The composition of the ACB and the attendance of its members at meetings held during the financial year are as follows:

Members of the ACB	Designation	Number of ACB Meetings attended	%
Cik Nora Junita Binti Mohd Hussaini *(Chairman)*	INED[1]	9/9	100
Mr. Wong Shu Yoon	INED[2]	9/9	100
Mr. Glenn John Williams	NINED[3]	4/4	100
Mr. Gary Lee Crist	NINED[4]	5/5	100
Professor Dr. Azman Bin Mohd Noor	INED[5]	5/5	100

1 *Re-designated from a member to the Chairman of the ACB with effect from 1 January 2025.*

2 *Ceased as a member of the ACB with effect from 31 December 2025.*

3 *Appointed as a member of the ACB with effect from 1 July 2025.*

4 *Ceased as a member of the ACB with effect from 30 June 2025*

5 *Ceased as a member of the ACB with effect from 14 June 2025.*

(iii) Risk Management Committee

The Risk Management Committee (“RMC”) consists of a majority of INEDs and is chaired by an INED.

RMC assists the Board in risk management by upholding the principles set out in the Enterprise Risk Management Framework and ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the RMC is responsible for reviewing, endorsing or/and approving policies and frameworks to identify, monitor, manage and control material risks impacting the Group under the key risk categories of financial, insurance, operational and enterprise risks.

The roles and responsibilities of the RMC are set out in its Terms of Reference which is available on the Group’s corporate website (www.etiqa.com).

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(iii) Risk Management Committee (contd.)

The composition of the RMC and the attendance of its members at meetings held during the financial year are as follows:

Members of the RMC	Designation	Number of RMC Meetings attended	%
En. Mohd Din Bin Merican *(Chairman)*	INED[1]	9/9	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED	9/9	100
En. Mohamad Shukor Bin Ibrahim	INED[2]	9/9	100
Mr. Tan Kwang Kherng	INED	9/9	100
Mr. Ajay Kumar Garg	NINED[3]	5/5	100
Mr. Emmanuel Gerard C. Van Grimbergen	NINED[4]	4/4	100

1 Ceased as the Chairman and member of the RMC with effect from 31 December 2025
2 Ceased as a member of the RMC with effect from 31 December 2025.
3 Appointed as a member of the RMC with effect from 1 July 2025
4 Ceased as a member of the RMC with effect from 30 June 2025.

(d) Directors' Training

The Board acknowledges the importance of continuing education for its Directors to ensure they are well equipped with the necessary skills and knowledge to perform their duties and meet the challenges facing the Board.

During the financial year, all the Board members have attended various training programmes and workshops on issues relevant to the Group, including key training programmes for new Directors, namely the Induction Programme, Financial Institutions Directors’ Education (“FIDE”) and in-house training programme by international speakers and Senior Management Committee members/Head of Departments.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(i) Induction Programme

A comprehensive induction programme has also been established and coordinated by the Company Secretary to ease new Directors into their new role and to assist them in their understanding of the Group's business strategy and operational matters. New Directors are required to attend the programme as soon as possible after they have been appointed. The programme includes intensive one-on-one session with the Senior Management Committee members/Head of Departments, wherein new Directors would be briefed and brought up to speed on the challenges and issues faced by the Group.

(ii) Training Attended by Directors

The Board continues to assess the training needs of its Directors and identify key areas of focus for training programmes vide continuous feedback after the in-house training programme and the Board Effectiveness Evaluation assessment conducted for each financial year.

Training attended by the Directors during the financial year were as follows:

Training attended by Directors	DN[1]	TFC[2]	MS[3]	JT[4]	SNZ[5]
A. In-house Training					
1. Etiqa: Responsibilities & Liabilities of Directors and Officers and Corporate Governance, Messrs. Wong & Partners	√	√	√	√	
2. Etiqa: FY2025 Annual MAHB Board Risk Landscape Workshop, MAHB Risk Management Department	√	√	√	√	
3. Etiqa: The Insurance Horizon: Trends Shaping SEA's Future, Institute of Corporate Directors Malaysia (ICDM)	√		√		√
4. Etiqa: MAHB Offsite Strategy Meeting 2025 – Optimising Capital & Resources – IT Highlights & Readiness, Milliman Southeast Asia	√		√	√	√
5. Etiqa: Takaful Governance for Boards, Shariah & Strategy, The International Center for Education in Islamic Finance (INCEIF) University and ISRA Consulting	√		√		√
6. Etiqa: The Nexus of Regulation & Board Governance, Achieving Cyber Resilience, Ernst & Young (EY) Consulting Sdn. Bhd.	√		√	√	
7. Etiqa: E-Invoicing for Directors: Myinvois & MyTax Portal Walkthrough with EY Malaysia, Ernst & Young Consulting Sdn. Bhd.			√	√	
8. Etiqa: Etiqa Sustainability Day 2025 – The ESG Reset Panel Session: Reinvent, Rebrand or Retreat?, Corporate Strategy Office, MAHB			√		√
9. Maybank: Maybank Annual Board Risk & Compliance Workshop 2025, Group Risk, PwC, Oliver Wyman & Deloitte	√		√	√	√

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Training Attended (contd.)

Training attended by Directors	DN[1]	TFC[2]	MS[3]	JT[4]	SNZ[5]
10. Maybank: Corporate Governance Excellence: Navigating Governance in Groups, Asia School of Business (ASB)				√	
11. Maybank: Annual Cybersecurity Awareness, Accenture Cybersecurity Global			√	√	√
12. Maybank: Cyber Risk & Security Awareness Session, Mandiant & Trellix			√		
13. Maybank: Strategic Talent Accelerated Readiness (STAR) Program Module 2, Institut Européen d'Administration des Affaires					√
14. Maybank: Strategic Talent Accelerated Readiness (STAR) Module 3 – The Future Forward Thinking, Institut Européen d'Administration des Affaires					√
15. Maybank: Managers' Summit 2025, Maybank Group					√
16. Ageas Academy: Financial Excellence course on IFRS17 and Solvency II, Ageas Group		√			
17. Ageas Group: Responsible Artificial Intelligence (AI), Ageas Group		√			
18. Ageas Group: Ageas Partnership Days, Ageas Group	√				
19. Ageas Group: MicrosoftCo-Pilot Training, Superhub		√			
20. Ageas Group: Ageas: Data and AI Conference, Ageas Group		√			
21. Ageas Group: Pricing and Underwriting Conference, Ageas Group		√			
22. Ageas Group: Claims and Fraud Conference, Ageas Group		√			
23. Ageas Group: Customer Excellence Conference, Ageas Group		√			
B. External Trainings					
1. Megatrends Day Forum, Khazanah Nasional Berhad	√				
2. What To Expect From Global Financial Services Regulation In 2025, Ernst & Young Consulting Sdn. Bhd.	√				
3. Ethical Finance ASEAN 2025 : Driving Inclusivity & Sustainability, Global Ethical Finance Initiative (GEFI) and the Asian Institute of Chartered Bankers (AICB)	√				
4. Post-COP30 Briefing,	√				
5. Why It's Time To Take Another Look At Your Governance And Risk Management Frameworks, Ernst & Young LLP	√				
6. The Future-Ready Enterprise Ecosystem, International Institute for Management Development	√				
7. FIDE Forum: FIDE Modules A & B (Insurance), FIDE Forum		√			√
8. Moody's RMS: Implementation trend of AI/GenAI in the reinsurance industry, RMS and Exposure Accumulation (P&C), How reinsurers can leverage climate risk management to promote business development and servicing clients" by Moody's		√			

1 DN - Datuk Mohd Najib Bin Abdullah

2 TFC – Thomas Frank Caris Alias Reynders

3 MSI – En. Mohamad Shukor Bin Ibrahim

4 TKT – Tan Kwang Kherng

5 SNZ – Siti Nita Zuhra Binti Mohd Nazri

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(3) INTERNAL CONTROL FRAMEWORK

The Board exercises overall responsibility on the Company's internal controls and its effectiveness. The Board recognises that risks cannot be eliminated completely; as such, the systems and processes put in place are aimed at minimising and managing risk. The Company has established internal controls which cover all levels of personnel and business processes to ensure the Company’s operations run in an effective and efficient manner as well as to safeguard the assets of the Company and stakeholders’ interests. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures that corrective action, where necessary, is taken in a timely manner. As a custodian of public funds, the Company’s dealings with the public are always conducted fairly, honestly and professionally.

(4) REMUNERATION - QUALITATIVE DISCLOSURES

(a) Board Performance

In line with good corporate governance, the Board via NRC has set out its intention to periodically review the remuneration of Non-Executive Directors (“NEDs”) as per Maybank’s Remuneration Policy for Directors.

The Board believes that one area that the Board needs to focus on in order to remain effective in discharging its duties and responsibilities is the setting of a fair and competitive remuneration package which commensurates with the level of expertise, skills, commitment and responsibilities undertaken, with being a director of a financial institution.

The remuneration package of NEDs consists of the following:

Fees and meeting allowances – Directors’ fees and meeting allowances for NEDs are based on a fixed sum as determined by the NRC and Board, and subsequently approved by the shareholder.

(b) Senior Management Appointment and Performance

The NRC recommends and assesses the nominee for the position of CEO and re-appointment of CEO as well as oversees the appointment and succession planning of Senior Management.

The NRC is responsible to oversee the performance evaluation of CEO and Senior Management.

The NRC is also responsible to ensure all Key Responsible Persons ("KRPs") fulfil the fit and proper requirements, in line with the Fit and Proper Policy for KRPs.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES

(a) NEDs' Remuneration

The NEDs' Remuneration for the financial year are as follows:

Remuneration	Per Annum (RM)
(i) Fees	
▪ Board:	
- Chairman	190,000
- Member	130,000
▪ Committee:	
- Chairman	34,000
- Member	30,000
(ii) Meeting Allowance	
▪ per meeting attended	2,200

(b) Disclosure of Directors' and CEO's Remuneration

The details of Directors' and CEO's Remuneration for FYE 2025 are disclosed in Notes 32(b) and 33 to the financial statements.

(c) Remuneration Policy in respect of Officers of the Company

The Company adopts a total rewards management approach to our remuneration and related practices. Aligned with our business and people strategies, the aim is to create long-term sustainable value for our shareholders, customers and other stakeholders.

Through our integrated Talent Management Framework and Total Rewards Framework, we drive employee engagement with timely and differentiated rewards, benefits and career development/progression opportunities. This enables us to attract and retain top talent, and to deliver exponential business results responsibly.

The frameworks is anchored on the principles of pay for performance and affordability, ensuring our workforce is rewarded equitably, reasonably and in line with relevant indices. We are driven to remaining competitive against our peers, while differentiating our rewards by being inclusive, fair and relevant.

Focused on accelerating our environmental, social and governance (ESG) as well as sustainability commitments, we have embedded ESG considerations into our total rewards management through rigorous governance, performance metrics, and prudent risk management. We remain committed to supporting the well-being and dignity of our employees through fair remuneration. In Malaysia, all employees, including eligible contract staff, are paid at or above the living wage threshold of RM3,100 per month, enabling them to enjoy a decent standard of living.

Our remuneration policies and practices are periodically reviewed to align with regulatory requirements and to promote a high-performance culture.

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

Component of remuneration

Our comprehensive Total Rewards Framework is supported by three pillars: total compensation, benefits and well-being, and development and career opportunities.

i) Total Compensation

The Group's Compensation Policy ensures competitive pay benchmarked against market standards. Through annual salary reviews, variable bonuses and long-term incentives for eligible senior management and above, we retain, motivate and reward our talents.

Our holistic approach to compensation encompasses fixed and variable pay, calibrated to align with the Company's long-term performance goals and objectives while motivating employees and rewarding their achievements as well as contributions.

Fixed Pay

We attract and retain talents with competitive and equitable pay, which is reviewed annually using internal and external benchmarking against relevant peers and locations. The review considers market dynamics, individual responsibilities, functions and roles, performance, skillsets and competencies.

Variable Bonus/Incentive

Bonuses and incentives reflect a pay-for-performance culture in line with the Company's core values. These bonuses/incentives are based on the Group's overall performance as well as that of the business/corporate functions and individuals. A balanced scorecard is used, comprising financial and non-financial KPIs to drive behaviours and performance that create long-term shareholder value.

Long-term Incentive Award

A significant component of senior management's total compensation, the award is integral to long-term risk management and to meeting the Group's strategy.

Variable Pay Awards

Complement the Group's risk management and performance goals through deferral and clawback policies.

- Deferral Policy: Bonuses/incentives exceeding certain thresholds are deferred over a period of time and lapse upon termination of employment, including resignation, except in the event of ill health, disability, redundancy, retirement or death.
- Clawback Provision: The Company may adjust or clawback bonuses or long-term incentive awards if deemed appropriate for risk management purposes, financial misstatement, fraud, gross negligence or wilful misconduct.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

Component of remuneration (contd.)

ii) Benefits, Well-being and Recognition

The Company remains committed to fostering a safe, inclusive and empowering workplace where employees can thrive. Our comprehensive benefits support holistic well-being, including extensive medical coverage, with no age limit for children with disabilities; parental, sabbatical and volunteerism leave; competitive employee financing including housing, electric vehicle and solar financing; and insurance and retirement protection. Employees are further supported through a flexible benefits scheme that allows personalisation and a staff welfare fund for urgent medical or disaster-related needs. In 2025, we intensified our focus on well-being through comprehensive awareness efforts and preventive health initiatives, creating stronger foundations for our people's growth.

As part of the Company's commitment to a high-performance, values-driven culture, the SPOT Award was introduced to recognise impactful behaviours as they happen. The immediate acknowledgement of contributions comprises real-time recognition such as mini celebrations and gift vouchers, complementing the Company's formal reward structures. It reinforces a culture where the employees feel valued for the difference they make.

iii) Development & Career Opportunities

We cultivate a learning culture that supports employees' growth and enables them to contribute effectively throughout their careers. Our learning and development programmes are designed to be relevant, accessible and aligned with the Group's strategic priorities. They provide opportunities for employees to strengthen technical capabilities, enhance leadership competencies and build future-ready skills to navigate a dynamic operating environment.

Our development approach integrates formal learning with on-the-job experience, coaching and mentorship, ensuring employees gain the knowledge and practical exposure required to perform and progress.

Internal mobility is core to our talent development and succession strategy, supporting leadership readiness and the continuity of critical roles across the Group. Guided by our enterprise mobility framework, employees are encouraged to broaden and deepen their skills through movements within and across functions, sectors and countries. Exposure to different environments and business models enables them to acquire both technical and leadership capabilities, as well as versatility for future roles. This approach strengthens our succession pipeline, enhances organisational resilience and supports long-term capability building across the Group.

We remain committed to providing employees with the development opportunities, platforms and mobility pathways needed to pursue meaningful career progression, ensuring an agile and competitive workforce, aligned with the Group's long-term aspirations.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

LONG-TERM INCENTIVE PLAN ("LTIP")

Employees' Share Grant Plan ("ESGP")

To align with our LTIP and strategic objectives of rewarding sustainable performance, retaining key talent and strengthening our ESG commitments, we launched our ESGP in December 2018. Until its expiry in December 2025, five awards were granted annually from 2018 to 2022, with all the tranches vested to eligible employees between 2021 and 2025.

Subsequently, a new 10-year ESGP scheme was introduced on 20 September 2023, sustaining our LTIP strategy until 2033. Three awards were granted under the new ESGP scheme in 2023, 2024, and 2025, which will vest in 2026, 2027, and 2028, contingent upon the fulfilment of both Group and individual-level performance criteria and vesting conditions.

Performance Measures

ESG KPIs have been integrated into the vesting criteria of the LTIP alongside financial metrics such as return on equity ("ROE") and our relative total shareholder return ("TSR"). This ensures our incentive structures drive long-term shareholder value and a sustainable future for our business and communities.

Governance & Controls – Remuneration Practices

We maintain strong corporate governance practices with remuneration policies and practices that comply with all statutory and regulatory requirements, reinforced by robust risk management and controls.

Performance and remuneration control functions are assessed independently of business units to avoid conflicts of interest. The remuneration of employees in control functions is predominantly fixed, reflecting their responsibilities. Annual reviews against internal and market benchmarks to ensure competitiveness.

Our KPIs emphasise outcome-based performance while integrating risk governance and compliance goals for senior officers and other material risk takers ("OMRTs"). These help to shape our organisational culture and drive risk and compliance agendas. Input from control functions and Board committees is incorporated into the respective functional areas and individual performance results.

Senior Officers and Other Material Risk Takers

Following annual reviews, the remuneration of senior officers and OMRTs are recommended by the Nomination and Remuneration Committee to the Board for approval. This ensures alignment with risk management and sustainability goals, while maintaining fairness and transparency in deferred compensation.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(c) Remuneration Policy in respect of Officers of the Company (contd.)

LONG-TERM INCENTIVE PLAN (LTIP) (contd.)

Senior Officers and Other Material Risk Takers (contd.)

Total Value of remuneration awards for the Financial Year (RM'000)	Senior Officers		OMRTs	
	Unrestricted	Restricted	Unrestricted	Restricted
Fixed Compensation				
Cash	6,576 (13 headcount)	-		-
Shares and share-linked instrument	-	-	-	-
Others	-	-	-	-
Variable Compensation				
Cash	2,391 (13 headcount)	-	-	-
*Shares and share-linked instrument	1,614 (11 headcount)^	Refer to note below*	-	-
Others	-	-	-	-
Definition	Senior Officers are defined as Chief Executive Officer (CEO); Direct Reports to the CEO and Appointed Actuary.		OMRTs are defined as employees who can materially commit or control significant amounts of a financial institution's resources or whose actions are likely to have a significant impact on its risk profile or those among the most highly remunerated officers.	

Notes:

* In FY2025, a total of 222,534 units of Maybank shares (based on On-Target performance levels) under the Maybank Group ESGP/Cash-settled Employees' Share Grant Plan (CESGP) were awarded to 11 Senior Officers. The number of ESGP/CESGP units to be vested/paid by 2028 would be conditional upon the said employees fulfilling the vesting/payment criteria.

^ A total of 157,600 units of ESGP/CESGP granted in September 2022 have vested to 11 Senior Officers in 2025. ESGP values are based on statutory guidelines for taxable gains calculation while CESGP value is based on volume weighted average market price (VWAMP) for the five market days immediately preceding the CESGP vesting date.

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia))

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Mohd Din Bin Merican and Siti Nita Zuhra Binti Mohd Nazri, being two of the Directors of Etiqa General Insurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 29 to 164 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of the results and the cash flows of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 March 2026.

MOHD DIN BIN MERICAN

SITI NITA ZUHRA BINTI MOHD NAZRI

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Nor Fazihah Binti Ahmad, being the officer primarily responsible for the financial management of Etiqa General Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 164 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed NOR FAZIHAH BINTI AHMAD
at Kuala Lumpur in Wilayah Persekutuan
on 26 March 2026

NOR FAZIHAH BINTI AHMAD
(MIA 15973)
Head, Finance

Before me,

PESURUHJAYA SUMPAH
W 904
ROSLI BIN SAAD
01.01.2025 - 31.12.2027
MALAYSIA

Commissioner for Oaths

50A-1, Jalan Kemuja
Bangsar Utama,
59000 Kuala Lumpur

Shape the future
with confidence

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197001000276 (9557-T)

**Independent auditors' report to the member of
Etiqa General Insurance Berhad
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Etiqa General Insurance Berhad ("the Company"), which comprise the statement of financial position as at 31 December 2025, and income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information, as set out on pages 29 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

197001000276 (9557-T)

**Independent auditors' report to the member of
Etiqa General Insurance Berhad (cont'd.)
(Incorporated in Malaysia)**

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd.)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

197001000276 (9557-T)

Independent auditors' report to the member of
Etiqa General Insurance Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

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

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

- 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 the directors.

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

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

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

Shape the future
with confidence

197001000276 (9557-T)

**Independent auditors' report to the member of Etiqa General Insurance Berhad (cont'd.)
(Incorporated in Malaysia)**

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 March 2026

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Property, plant and equipment	3	18,274	18,488
Investment properties	4	353,130	353,080
Right-of-use assets	5	4,114	5,070
Intangible assets	6	15,302	19,032
Investment in subsidiary	7	* -	* -
Investments	8	2,172,142	2,058,672
Financing receivables	10	29,660	30,354
Reinsurance contract assets	11	3,604,012	4,128,347
Insurance contract assets	17	174,953	15,261
Other assets	12	62,017	62,891
Derivative assets	13	737	-
Current tax assets	14	16,006	16,006
Cash and bank balances		12,959	44,476
Total Assets		6,463,306	6,751,677
Equity			
Share capital	15	229,879	229,879
Reserves	16	1,183,674	1,096,835
Total Equity		1,413,553	1,326,714
Liabilities			
Insurance contract liabilities	17	4,275,475	4,603,918
Reinsurance contract liabilities	11	489,456	533,691
Derivative liabilities	13	-	119
Deferred tax liabilities, net	18	89,875	83,199
Other liabilities	19	168,009	192,298
Current tax liabilities		26,938	11,738
Total Liabilities		5,049,753	5,424,963
Total Equity and Liabilities		6,463,306	6,751,677

* Representing RM 1

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

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Insurance revenue	20	2,350,924	2,216,470
Insurance service expenses	21	(967,243)	(1,713,762)
Net expenses from reinsurance contracts held	22	(1,287,585)	(456,182)
Insurance service result		96,096	46,526
Interest income from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	23	70,802	68,539
Net fair value gains on financial assets measured at FVTPL	24	6,852	30,210
Net fair value gains on derecognition of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")	25	2,415	1,806
Other investment income	26	16,606	35,464
Reversal of impairment loss on financial assets	27	134	134
Net foreign exchange losses	28	(1,255)	(2,046)
Net investment income	29b	95,554	134,107
Finance expense from insurance contracts issued	29a	(132,761)	(117,673)
Finance income from reinsurance contracts held	30	118,317	100,983
Net insurance financial result		(14,444)	(16,690)
Total net investment income and net insurance financial result	29b	81,110	117,417
Other income/(expenses), net	31	2,301	(358)
Profit before taxation		179,507	163,585
Taxation	34	(49,586)	(49,653)
Net profit for the financial year		129,921	113,932
Basic and diluted earnings per share (sen)	35	61.24	53.70

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Net profit for the financial year		129,921	113,932
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Net fair value gains on investments in debt securities at FVOCI		18,890	9,823
Net fair value gains on derecognition of financial assets measured at FVOCI	25	(2,415)	(1,806)
Tax effect relating to these items	34	(3,954)	(1,924)
		12,521	6,093
Currency translation differences		(70)	(2,131)
Items that will not be subsequently reclassified to profit or loss			
Net fair value gains on investments in equity securities at FVOCI		1,882	8,782
Tax effect relating to these items	34	(452)	(2,108)
		1,430	6,674
Other comprehensive income for the financial year, net of tax		13,881	10,636
Total comprehensive income for the financial year		143,802	124,568

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

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		<--------------	Non-distributable	------------->			
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Revaluation Reserve RM'000	Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2025		229,879	19,916	76,391	16,155	984,373	1,326,714
Net profit for the financial year		-	-	-	-	129,921	129,921
Other comprehensive income/(loss) for the financial year		-	13,951	-	(70)	-	13,881
Total comprehensive income/(loss) for the financial year		-	13,951	-	(70)	129,921	143,802
Reclassification upon disposals of equity securities		-	(9,550)	-	-	9,550	-
Dividend on ordinary shares	36	-	-	-	-	(56,963)	(56,963)
At 31 December 2025		229,879	24,317	76,391	16,085	1,066,881	1,413,553
At 1 January 2024		229,879	7,149	76,391	18,286	968,137	1,299,842
Net profit for the financial year		-	-	-	-	113,932	113,932
Other comprehensive income/(loss) for the financial year		-	12,767	-	(2,131)	-	10,636
Total comprehensive income/(loss) for the financial year		-	12,767	-	(2,131)	113,932	124,568
Dividend on ordinary shares	36	-	-	-	-	(97,696)	(97,696)
At 31 December 2024		229,879	19,916	76,391	16,155	984,373	1,326,714

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		179,507	163,585
Adjustments for:			
Amortisation of intangible assets	6	5,154	6,462
Net amortisation of premium on investments	26	1,968	876
Depreciation of property, plant and equipment	3	3,071	3,323
ROU expenses:			
Depreciation	5	2,055	2,079
Interest on lease liabilities	5	94	117
Fair value (gains)/losses on:			
Investments	24	(991)	(17,500)
Investment properties	26	3,505	(15,018)
Gain on disposal of property, plant and equipment	31	(52)	(5)
Net foreign exchange losses	28	1,255	2,046
Allowance for/(reversal of) impairment losses on:			
Investments	27	78	(190)
Financing receivables	27	(212)	56
Insurance contract assets	30	(2,210)	1,881
Reinsurance contract assets		(5,699)	(274)
Other assets	31	-	(1)
Bad debts (recovered)/written-off		(11)	158
Gain on disposal of investments	24,25	(8,276)	(14,516)
Interest income	23,26	(74,155)	(72,375)
Dividend income	26	(9,483)	(8,621)
Rental income	26	(14,326)	(14,100)
Operating cash flows before working capital changes		81,272	37,983
Changes in working capital:			
(Increase)/decrease in:			
Deposit with financial institution		16,950	(44,218)
Reinsurance contract assets		530,020	(1,155,729)
Insurance contract assets		(157,457)	167,926
Financing receivables		906	(1,151)
Other assets		1,111	(1,547)
Increase/(decrease) in:			
Insurance contract liabilities		(328,443)	1,023,760
Reinsurance contract liabilities		(44,235)	107,134
Related parties		(5,551)	4,874
Other liabilities		(17,188)	43,892
Carried forward		77,385	182,924

STATEMENT OF CASH FLOWS (CONTD.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)			
Brought forward		77,385	182,924
Interest income received		73,963	71,177
Dividend received		9,513	8,731
Rental income received		14,176	14,086
Currency translation reserve		(70)	(2,131)
Cash generated from operations		174,967	274,787
Tax paid		(32,115)	(31,213)
Net cash generated from operating activities		142,852	243,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		692,018	395,504
Purchase of investments		(799,576)	(508,027)
Proceeds from disposal of property, plant and equipment		80	121
Purchase of property, plant and equipment	3	(2,885)	(6,458)
Purchase of intangible assets	6	(1,424)	(2,520)
Addition to investment properties	4	(3,555)	(142)
Net cash used in investing activities		(115,342)	(121,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	36	(56,963)	(97,696)
Payment of lease liabilities	5	(2,064)	(2,068)
Net cash used in financing activities		(59,027)	(99,764)
Net increase in cash and cash equivalents		(31,517)	22,288
Cash and cash equivalents at beginning of financial year		44,476	22,188
Cash and cash equivalents at end of financial year		12,959	44,476
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's fund		10	23
General insurance fund		12,949	44,453
		12,959	44,476

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No.1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The immediate, penultimate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB"), Etiqa International Holdings Sdn. Bhd. ("EIHSB") and Malayan Banking Berhad ("Maybank") respectively, all of which are incorporated in Malaysia. Maybank is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is the underwriting of general insurance business.

There were no significant changes in the nature of the principal activity of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 March 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation and presentation of the financial statements

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies and presentation adopted by the Company for the financial statements are consistent with those used in the financial year ended 31 December 2024 except for those disclosed in Note 2.3.

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

(b) Basis of measurement

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of material accounting policy information.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) unless otherwise stated.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of the financial statements (contd.)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

i) Estimates of future cash flows

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total premiums, number of policies or number of claims.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of the financial statements (contd.)

(d) Use of estimates and judgements (cont.d)

ii) Discount rates

For general business, insurance contracts liabilities are calculated by using risk-free discount rates.

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

	Portfolio duration									
	1 year		3 year		5 year		10 year		15 year	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Insurance contracts issued										
Ringgit Malaysia	2.8%	3.3%	3.1%	3.5%	3.3%	3.7%	3.6%	3.9%	3.9%	4.0%
Reinsurance contracts certificates held										
Ringgit Malaysia	2.8%	3.3%	3.1%	3.5%	3.3%	3.7%	3.6%	3.9%	3.9%	4.0%

iii) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance and reinsurance contracts.

Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustment for non-financial risks as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is the 75th percentile, in line with the regulatory requirement of BNM under the RBC Framework for Insurers.

iv) 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 Note 2.1(d)(i) to Note 2.1(d)(iii). 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 Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose General Insurance contracts issued and reinsurance contracts held separately. This disaggregation has been determined based on how the Company is managed.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.1 Basis of preparation and presentation of the financial statements (contd.)

(d) Use of estimates and judgements (cont.d)

v) **Valuation of investment properties, as referred in Note 2.2(ii).**

vi) **Impairment losses on financial assets, as referred in Note 2.2(vii)(a).**

2.2 Summary of material accounting policy information

(i) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment are recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an indefinite useful life and, therefore is not depreciated.

Work-in-progress is also not depreciated as this asset is not available for use. When work-in-progress is completed and the asset is available for use, it is reclassified to the relevant category of property, plant and equipment and depreciation of the asset begins.

Buildings on leasehold land are depreciated over 50 years or the remaining period of the respective leases, whichever is shorter.

Depreciation on property, plant and equipment is computed on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings on freehold land	2%
Furniture, fittings, equipment and renovations	11% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	10%
Motor vehicles	25%

The residual values, useful lives and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(i) Property, plant and equipment and depreciation (contd.)

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

(ii) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflect market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered professional independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and/or periodic intervening valuations by internal professionals, as appropriate. The Board determines the policies and procedures for recurring and non-recurring fair value measurement and takes responsibility in the selection of independent valuers.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise, including the corresponding tax effect.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to self-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from self-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(i) up to the date of change in use. Where the fair value of the property exceeds its carrying amount, the difference or revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ii) Investment properties (contd.)

Investment property under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable). IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations are performed using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

(iii) Leases

(a) Classification

At inception of a contract, the Company assesses whether a contract is, or contains, a lease arrangement based on whether the contract conveys to the user ("the lessee") the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices. The Company combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

(b) Recognition and initial measurement

(1) The Company as 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 of use of the underlying assets.

(i) Right-of-use ("ROU") 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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option, unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Leases (contd.)

(b) Recognition and initial measurement (contd.)

(1) The Company as lessee (contd.)

(i) Right-of-use ("ROU") assets (contd.)

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

Premises	2 to 5 years

Right-of-use assets are subject to impairment assessment. The impairment policy for ROU assets are in accordance with impairment of non-financial assets as described in Note 2.2 (vii)(b).

(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 a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. The Company applies an Incremental Borrowing Rate (‘IBR’) determined by reference to the Group’s external borrowing costs, adjusted for lease term, security, economic environment and entity-specific credit risk at commencement date. 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Leases (contd.)

(b) Recognition and initial measurement (contd.)

(2) Short-term leases, leases of low-value assets and variable payments

(i) <u>Leases with a lease term of 12 months or shorter;</u>

The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date that do not have renewable clause options and purchase options.

(ii) <u>Leases for low-value assets which are less than RM10,000; and</u>

The Company also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value and are recognised as expense in profit or loss on a straight-line basis over the lease term.

(iii) <u>Leases with variable lease payments</u>

Variable lease payments of the Company does not contain any component of fixed rent in the clauses of the contract.

The Company is to recognise the lease payments, when incurred, in profit or loss for the leases that do not meet the ROU assessment and for which it has applied the exemptions as permitted by the standard.

(3) Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Leases (contd.)

(c) Lease modifications

The Company shall account for a lease modification as a separate lease if both:

(i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(iv) Intangible assets

Intangible assets include software development costs, computer software and licenses. Intangible assets acquired separately are measured on initial recognition at fair value. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at each reporting date.

Amortisation is charged to profit or loss. Work-in-progress are also not amortised as these assets are not available for use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iv) Intangible assets (contd.)

(a) Software development costs

Software development costs are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. During the period in which the asset is not yet in use, it is tested for impairment annually.

(b) Computer software and licenses

Computer software and licenses are initially stated at cost. Following initial recognition, the assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Subsequently, expenditure in relation to computer software and licenses are capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

Impairment is assessed whenever there is indication of impairment. The amortisation period and method are also reviewed at least at each reporting date.

These assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(c) Amortisation period

The Company's intangible assets are amortised on a straight-line basis over their estimated useful lives.

	Useful lives
Computer software and licenses	10 years

(v) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement

Financial assets are classified at initial recognition at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition depending on the business model for managing the financial assets and the contractual cash flows characteristics as below:

(i) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support Insurance contract liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholder and future business development.

The Company does not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

- the expected frequency, value and timing of sales are also important aspects of the Company's assessment.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stressed case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Change in business model is not expected to be frequent; but should such event take place, it must be:

i) Determined by the Company's senior management as a result of external or internal changes;
ii) Significant to the Company's operations; and
iii) Demonstrable to external parties.

A change in the Company's business model will occur only when the Company begin or ceases to perform an activity that is significant to its operations. A change in the objective of the business model must be effected before the reclassification date.

(ii) The Solely Payments of Principal and Interest ("SPPI") test

As a second step of its classification process, the Company assesses the contractual terms to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets

The categories include financial assets at FVTPL, FVOCI and AC.

(a) Financial assets at FVTPL

Financial assets in this category are those financial assets that are held for trading or financial assets that qualify for neither held at AC nor at FVOCI. This category includes debt instruments whose cash flow characteristic fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

(b) Financial assets at FVOCI

Financial assets in this category are those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and interest.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(b) Financial assets at FVOCI (contd.)

(i) Financial assets at FVOCI (debt instruments)

Financial assets at FVOCI for debt instruments are measured at fair value. Exchange differences, interest and dividend income on financial assets at FVOCI are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Other net gains and losses are recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

(ii) Financial assets at FVOCI (equity instruments)

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Company can elect to classify as equity instruments designated at fair value through other comprehensive income when they meet the definition and is not held for trading. The classification is determined on an instrument-by-instrument (i.e share-by-share) basis. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the Company are to transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(c) Financial assets at AC

Financial assets in this category are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest.

Subsequent to initial recognition, financial assets at AC are measured at amortised cost using effective interest method. Exchange differences, interest and dividend income on financial assets at AC are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. On derecognition, any gains or losses is recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(b) Derecognition of financial assets

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company has transferred substantially all the risks and rewards of the financial asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

(c) Write off of financial assets

An estimate is made for doubtful debts based on a review of all outstanding balances as at reporting date. Any financial assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business will be written down to an amount which they might be expected so to realise.

The amount written off for bad debts in the financial statements of the Company are expensed to profit or loss.

(vi) Fair value of financial assets

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market prices for assets at the close of business at the reporting date.

For financial assets in both quoted and unquoted unit and real estate investment trusts, fair value is determined by reference to published prices. Investments in unquoted equity instrument that do not have quoted market prices in an active market, the fair value are measured based on the net asset method by referencing to the annual financial statement of the entity that the Company invested in.

For non-exchange traded financial assets such as unquoted fixed income securities, fair values are determined based on over-the-counter quotes at the reporting date. These are based on market observable inputs such as benchmark market rates of interest, reported trades and broker-dealer quotes available for these investments.

Over-the-counter derivatives comprise foreign exchange forward contracts, currency swap contracts and options. Over-the-counter derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vi) Fair value of financial assets (contd.)

The fair value of floating rate and over-night deposits with financial institutions is their carrying value which is the cost of the deposit/placement.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instruments or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment, except in the case of financial assets at FVTPL where the transaction costs are recognised in profit or loss.

(vii) Impairment

(a) Financial assets

The Company assesses the impairment of financial assets based on an Expected Credit Loss ("ECL") model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments, financial guarantee contracts, which will include loans, advances, financing, insurance receivables, debts instruments and deposits held by the Company. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases* .

ECL would be recognised from the point at which financial assets are originated or purchased. A 12-month ECL must be recognised initially for all assets subject to impairment.

The measurement of expected loss will involve increased complexity and judgement that include:

(i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Company will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Impairment (contd.)

(a) Financial assets (contd.)

(i) Determining a significant increase in credit risk since initial recognition (contd.)

3 Stage approach	Stage 1 Performing	Stage 2 Under-performing	Stage 3 Non-performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

(ii) Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward-looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

<u>Financing receivables</u>

The Company calculates ECL by incorporating forward-looking information through three macroeconomic scenarios - Base, Upside and Downside. These scenarios collectively represent an unbiased, probability-weighted range of potential economic outcomes:

- Base Scenario: Assumes the continuation of current macroeconomic conditions.
- Upside and Downside Scenarios: Represent optimistic and pessimistic economic projections relative to the Base Scenario, determined through expert judgment and comprehensive analysis.

The forward-looking ECL assessment integrates specific macroeconomic variables selected based on historical data from the Company's insurance receivables portfolio. For the Corporate Portfolio, these variables include Crude Oil Price, Producer Price Growth and Real GDP Growth. For the Retail Portfolio, these variables include Real GDP Growth, Unemployment Rate and Real Personal Disposable Income Growth.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Impairment (contd.)

(a) Financial assets (contd.)

(ii) Forward-looking information and ECL measurement (contd.)

The ECL estimate involves comprehensive evaluations of current and forecasted Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and relevant discount factors, adjusted to incorporate expert judgment and anticipated macroeconomic conditions.

<u>Financial assets at FVOCI and AC</u>

In accordance to the three-stage approach, all newly purchased financial assets shall be classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk ("SICR"), and Stage 2 to Stage 3 when there is an objective evidence of impairment. Financial assets which have experienced a SICR since initial recognition are classified as Stage 2, and are assigned a lifetime ECL.

Financial assets which have not experienced a SICR since initial recognition are classified as Stage 1, and assigned a 12-month ECL. All financial assets are assessed for objective evidence of impairment except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Local federal government and local central bank issued bonds, Treasury Bills and Notes. Low credit risk on the basis that both federal government and central bank have strong capacity in repaying the instruments upon maturity. In addition, there is no past historical loss experiences arising from these government securities in all jurisdiction.

The macroeconomic factors used for the forecast are GDP Growth, Unemployment Rate, Equity Index, Energy Index, Non-Energy Index and Proportion of Rating Downgrade.

(b) Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the asset’s recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying value of an asset exceeds its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Impairment (contd.)

(b) Non-financial assets (contd.)

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount nor does it exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(viii) Insurance and reinsurance contracts classification

<u>Insurance contracts</u>

The Company issues contracts that contain insurance risk or both insurance risk and financial risk.

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

An insurance contract is a contract under which an entity has accepted 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. As a general guideline, the Company defines whether significant insurance risk has been accepted by comparing benefits paid or payable on the occurrence of an insured event against benefits paid or payable if the insured event had not occurred. If the ratio of the former exceeds the latter by 5% or more, the insurance risk accepted is deemed to be significant.

The Company also cedes insurance risk in the normal course of its business. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. For both ceded and assumed reinsurance, premiums, claims and benefits paid or payable are presented on a gross basis.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Insurance and reinsurance contracts classification (contd.)

Reinsurance contracts

Reinsurance arrangements entered into by the Company, that meet the classification requirements of insurance contracts as described above are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Reinsurance assets represent amounts recoverable from reinsurers for insurance contracts liabilities which have yet to be settled at the reporting date. Amounts recoverable from reinsurers are measured consistently with the amounts associated with the underlying insurance contracts and the terms of the relevant reinsurance arrangement.

At each reporting date, or more frequently, the Company assesses whether objective evidence exists that reinsurance assets are impaired. The impairment loss is recognised in profit or loss.

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

(ix) Insurance and reinsurance contracts accounting treatment

(a) Separating components from insurance and reinsurance contracts

The Company assesses its General insurance and inwards reinsurance contracts to determine whether they contain distinct components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) insurance contracts. Currently, the Company's products do not include distinct components that require separation.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(b) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. In determining the level of aggregation, the Company identifies a contracts as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment 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 contracts for accounting purposes may differ from what is considered as a contracts for other purposes (i.e. legal or management). For reinsurance contract held, the basis depends on the type of reinsurance arrangement. There is no group for level of aggregation purposes that contain contracts issued more than one year apart.

The Company has defined portfolios of insurance contracts issued and reinsurance contracts held based on its product lines due to the fact that the products are subject to similar risks and managed together.

In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue portfolios of insurance contracts are divided into:

- 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.

The reinsurance contracts held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition.
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition.
- A group of the remaining contracts in the portfolio.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(c) Recognition

The Company recognises groups of insurance contracts that 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 is due, or when the first payment is received if there is no due date.
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group of contract is onerous.

The Company recognises a group of reinsurance contracts held at:

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

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

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

Only insurance contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(d) Onerous groups of contracts

The Company assumes no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

The Company's assessment of the facts and circumstances of onerousness leverages on:

(i) the Expected Ultimate Combined Ratio (consists of losses, expenses and risk adjustment) available from the valuation or pricing/underwriting exercise when appropriate.

(ii) information within the Company about contracts known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes).

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly as disclosed in Note 2.2(ix)(k)(ii).

(e) Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(e) Contract boundary (contd.)

- Both of the following criteria are satisfied:
  (i) 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.

  (ii) The pricing of the premiums for coverage 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 contracts are not recognised. Such amounts relate to future insurance contracts.

(f) Measurement - Insurance contracts

<u>Contracts measured under Premium Allocation approach ("PAA")</u>

<u>Initial measurement</u>

The Company may apply the PAA to the insurance contracts that it issues and reinsurance contracts that it holds, provided that:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. PAA eligibility is assessed at the inception of the group of insurance contracts and does not need to be reassessed at subsequent measurement.

For contracts with the contract boundary of 12 months or less, following simplifications apply:

- The Company shall assume that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise; and

- While the Company can further subdivide groups of contracts if this is consistent with internal management and reporting purposes, this policy does not require any further subdivision.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(f) Measurement - Insurance contracts (contd.)

Contracts measured under Premium Allocation approach ("PAA") (contd.)

Initial measurement (contd.)

The Company have performed an eligibility assessment, and it was concluded that they qualify for PAA since there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for contracts longer than 1 year.

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

Subsequent measurement

For a group of contracts that apply the PAA the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, unless if the payments are recognised as an expense; and
- Plus or minus any amount arising from the derecognition at that date of the asset or liability is recognised for insurance acquisition cash flows.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, which reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(f) Measurement - Insurance contracts (contd.)

Contracts measured under Premium Allocation approach ("PAA") (contd.)

Subsequent measurement (contd.)

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

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

For the determination of discount rates used, please refer to Note 2.1(d)(ii).

(g) Measurement - Reinsurance contracts

Initial measurement

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

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, 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 Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts, the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(g) Measurement - Reinsurance contracts (contd.)

Initial measurement (contd.)

Where the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

Subsequent measurement

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

Any change in the fulfilment cash flows of a retroactive reinsurance contracts held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit or loss of the reinsurance contract held.

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.

Where the Company has established a loss-recovery component, 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.

(h) Insurance receivable and payables

The liability for remaining coverage disclosed under insurance contracts liabilities are including insurance receivable and payables.

i) Liability for remaining coverage - insurance receivable

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of premiums due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in
Insurance receivables are derecognised following the derecognition criteria for financial instruments.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(h) Insurance receivable and payables (contd.)

i) Liability for remaining coverage - insurance receivable (contd.)

The impairment on insurance receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance and reinsurance receivables are grouped based on different sales channel and different reinsurance premium type's arrangement respectively. The impairment is calculated on the total outstanding balance including all ageing buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the ageing bucket which forms the base of the roll rate. Forward-looking information has been included in the calculation of ECL.

ii) Liability for remaining coverage - Insurance payable

Insurance payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(i) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(j) Insurance acquisition cash flows

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

The Company uses a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

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 Company expects to derecognise all assets for insurance acquisition cash flows within insurance coverage period.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:
- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(k) Presentation

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

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

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

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

(i) Insurance revenue

<u>Contracts measured under PAA</u>

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

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

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

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, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- Amounts related to tax that are specifically chargeable to the policyholders.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- Amount related to insurance acquisition cash flows.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(k) Presentation (contd.)

(ii) Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

(i) the loss component; and
(ii) the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. 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 (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

(iii) Loss-recovery components

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

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.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Insurance and reinsurance contracts accounting treatment (contd.)

(k) Presentation (contd.)

(iii) Loss-recovery components (contd.)

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 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.

(iv) Net income or expense from reinsurance contracts held

The Company presents the net amounts of income or expense expected to be recovered/paid from/to reinsurers on the face of the income statement.

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 commissions from an allocation of reinsurance premiums presented on the face of the income statement. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

(v) Insurance finance income and expenses

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

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

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- Interest accreted on the Liability Incurred Claims ("LIC"); and
- The effect of changes in interest rates and other financial assumptions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. During the financial year and as at the reporting date, the Company did not classify any of its financial liabilities at FVTPL.

The Company's other financial liabilities include other payables.

Other payables

Other payables (i.e amount due to) are subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (i.e. the present value of the cash flows under the new loan (including any fees paid) has a variance of 10% or more as compared to the present value of the remaining cash flows of the existing loan), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(xi) Other revenue recognition

Revenue from contracts with customers

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when/as the Company's control of the goods or services is transferred to the customer. Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xi) Other revenue recognition (contd.)

Revenue from contracts with customers (contd.)
For each separate performance obligation, the Company will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point in time.

When/as a performance obligation is satisfied, the Company shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

Other revenue

(a) Interest income

Interest income is recognised using the effective interest yield method over the term of the underlying investments.

(b) Dividend income

Dividend income is recognised at a point in time when the Company's right to receive payment is established.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(xii) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions ("SOCSO") are recognised as an expense in profit or loss in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as an expense in profit or loss when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised as an expense in profit or loss when the absences occur.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xii) Employee benefits (contd.)

(b) Long-term employee benefits

Long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which employees render the related services.

The cost of long-term employee benefits is accrued to match the services rendered by employees of the Company using the recognition and measurement bases similar to that for defined contribution plans disclosed in Note 2.2(xii)(c), except that the remeasurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

(c) Defined contribution plans

As required by law, the Company makes contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss when incurred.

(d) Share-based compensation

(1) <u>Employees' Share Grant Plan ("ESGP shares")</u>

The ESGP Shares is awarded to eligible Executive Directors and employees of participating companies within the Maybank Group (excluding dormant subsidiaries). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of the NRC.

The total fair value of ESGP shares granted to eligible employees is recognised as an employee cost with a corresponding increase in amount due to Maybank. The fair value of ESGP shares is measured at grant date, taking into account, the market and non-market vesting conditions upon which the ESGP shares were granted. Upon vesting of ESGP shares, Maybank will recognise the impact of the actual numbers of ESGP shares vested as compared to original estimates.

(2) <u>Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")</u>

The CESGP is awarded to the eligible Executive Directors and employees of participating companies within the Maybank Group, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries. Upon vesting, the cash amount equivalent to the value of the Maybank Reference Shares will be transferred to the eligible employees.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xii) Employee benefits (contd.)

(d) Share-based compensation (contd.)

(2) Cash-settled Performance-based Employees' Share Grant Plan ("CESGP") (contd.)

The total fair value of CESGP shares granted to eligible employees is recognised as an employee cost, with a corresponding increase in Maybank's liability over the vesting period and taking into account the probability that the CESGP will vest. The fair value of CESGP shares is measured at grant date, taking into account, the market and non-market vesting conditions upon which the CESGP shares were granted. Upon vesting of CESGP shares, Maybank will recognise the impact of the actual numbers of CESGP shares vested as compared to the original estimates.

(xiii) Foreign currencies

(a) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in a foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiii) Foreign currencies (contd.)

(b) Foreign currency transactions and balances (contd.)

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the Company's financial statements are translated into RM as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing as at the reporting date;
- income and expenses are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

The principal exchange rate for every unit of foreign exchange currency ruling at the reporting date used for translation of foreign operations is as follows:

	31.12.2025	31.12.2024
Brunei Dollar	3.16	3.29

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.3 New and amended standards and interpretations

On 1 January 2025, the Company adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2025:

	Effective for annual periods
MFRS 121 *The Effects of Changes in Foreign Exchange Rates* (Amendments to MFRS 121) *Lack of Exchangeability*	1 January 2025

Other than above, the adoption of the above Amendments to Standards did not have any significant financial impact to the Company's financial statements.

2.4 Standards and annual improvements to standards issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standard Board ("MASB"), but which are not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these Standards and Amendments to Standards, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
Amendments that are part of Annual Improvements - Volume 11:	
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2026
Amendments to MFRS 7 *Financial Instruments: Disclosures*	1 January 2026
Amendments to MFRS 9 *Financial Instruments*	1 January 2026
Amendments to MFRS 10 *Consolidated Financial Statements*	1 January 2026
Amendments to MFRS 107 *Statement of Cash Flows*	1 January 2026
(Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures)*	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures)*	1 January 2026
MFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to MFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)	1 January 2027

The adoption of the above pronouncements are not expected to have a significant impact on the Company, except for MFRS 18 which the Company is in the process of assessing the financial impact of this Standard on its financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

2025	**Properties # RM'000**	**Furniture, fittings, equipment and renovations RM'000**	**Computers and peripherals RM'000**	**Electrical and security equipment RM'000**	**Motor vehicles RM'000**	**Work-in-progress RM'000**	**Total RM'000**
Cost							
At 1 January 2025	777	35,011	12,291	10,420	378	3,114	61,991
Additions	-	1,307	1	182	230	1,165	2,885
Disposal	-	-	(40)	-	(378)	-	(418)
Reclassification	-	2,888	-	-	-	(2,888)	-
At 31 December 2025	777	39,206	12,252	10,602	230	1,391	64,458
Accumulated Depreciation							
At 1 January 2025	384	28,070	8,053	6,619	377	-	43,503
Depreciation charge for the financial year (Note 32)	8	1,600	896	562	5	-	3,071
Disposal	-	-	(12)	-	(378)	-	(390)
At 31 December 2025	392	29,670	8,937	7,181	4	-	46,184
Net Book Value							
At 31 December 2025	385	9,536	3,315	3,421	226	1,391	18,274

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

2024	**Properties # RM'000**	**Furniture, fittings, equipment and renovations RM'000**	**Computers and peripherals RM'000**	**Electrical and security equipment RM'000**	**Motor vehicles RM'000**	**Work-in-progress RM'000**	**Total RM'000**
Cost							
At 1 January 2024	777	30,209	13,103	10,154	378	2,139	56,760
Additions	-	2,117	259	113	-	3,969	6,458
Disposal	-	(42)	(1,071)	-	-	(114)	(1,227)
Reclassification	-	2,727	-	153	-	(2,880)	-
At 31 December 2024	777	35,011	12,291	10,420	378	3,114	61,991
Accumulated Depreciation							
At 1 January 2024	376	26,660	7,911	5,968	377	-	41,292
Depreciation charge for the financial year (Note 32)	8	1,452	1,212	651	-	-	3,323
Disposal	-	(42)	(1,070)	-	-	-	(1,112)
At 31 December 2024	384	28,070	8,053	6,619	377	-	43,503
Net Book Value							
At 31 December 2024	393	6,941	4,238	3,801	1	3,114	18,488

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Properties consist of:

	Freehold land RM'000	Buildings on freehold land RM'000	Total RM'000
2025			
Cost			
At 1 January 2025 / 31 December 2025	367	410	777
Accumulated Depreciation			
At 1 January 2025	-	384	384
Depreciation charge for the financial year	-	8	8
At 31 December 2025	-	392	392
Net Book Value			
At 31 December 2025	367	18	385
2024			
Cost			
At 1 January 2024 / 31 December 2024	367	410	777
Accumulated Depreciation			
At 1 January 2024	-	376	376
Depreciation charge for the financial year	-	8	8
At 31 December 2024	-	384	384
Net Book Value			
At 31 December 2024	367	26	393

4. INVESTMENT PROPERTIES

	Freehold land and buildings	Leasehold land and buildings	Total
	<------- At valuation	-------->	
	RM'000	RM'000	RM'000
2025			
At 1 January 2025	188,140	164,940	353,080
Addition, at cost (Note 46(e))	3,555	-	3,555
Fair value adjustment (Note 26)	(3,475)	(30)	(3,505)
At 31 December 2025	188,220	164,910	353,130
2024			
At 1 January 2024	183,100	154,820	337,920
Addition, at cost (Note 46(e))	142	-	142
Fair value adjustment (Note 26)	4,898	10,120	15,018
At 31 December 2024	188,140	164,940	353,080

The rental income and rental-related expenses in relation to the investment properties are as disclosed below:

	2025	2024
	RM'000	RM'000
Rental income (Note 26)	12,813	12,525
Rental-related expenses (Note 26)	(4,257)	(4,536)
	8,556	7,989

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Investment properties are stated at fair value in accordance with the policies as described in Note 2.2(ii) which had been determined based on valuations that reflect market conditions at the end of the reporting period.

The fair value of investment properties is classified under Level 3 of the fair value hierarchy as disclosed in Note 46(c). The fair value gains are recognised in profit or loss, and disclosed in Note 26.

5. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The movement of right-of-use assets is disclosed as follows:

Premises

	Total
2025	**RM'000**
Cost	
At 1 January 2025	16,737
Contract renewal	1,099
At 31 December 2025	17,836
Accumulated Depreciation	
At 1 January 2025	11,667
Depreciation charge for the financial year (Note 32)	2,055
Terminations	-
At 31 December 2025	13,722
Net Book Value	
At 31 December 2025	4,114
2024	
Cost	
At 1 January 2024	15,776
Additions	612
Contract renewal	1,241
Terminations	(892)
At 31 December 2024	16,737
Accumulated Depreciation	
At 1 January 2024	10,342
Depreciation charge for the financial year (Note 32)	2,079
Terminations	(754)
At 31 December 2024	11,667
Net Book Value	
At 31 December 2024	5,070

5. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONTD.)

The movement of lease liabilities is disclosed as follows:

Premises

2025	**Total RM'000**
Lease liabilities	
At 1 January 2025	5,168
Interest on lease liabilities (Note 32)	94
Contract renewal	1,093
Payment of lease liabilities	(2,064)
At 31 December 2025 (Note 19)	4,291
Lease liabilities by remaining maturity:	
Less than 12 months	1,957
More than 12 months	2,334
Total (Note 19)	4,291
2024	
Lease liabilities	
At 1 January 2024	5,518
Additions	504
Interest on lease liabilities (Note 32)	117
Contract renewal	1,237
Terminations	(140)
Payment of lease liabilities	(2,068)
At 31 December 2024 (Note 19)	5,168
Lease liabilities by remaining maturity:	
Less than 12 months	2,020
More than 12 months	3,148
Total (Note 19)	5,168

6. INTANGIBLE ASSETS

	Computer software and licenses RM'000	Computer software development RM'000	Total RM'000
2025			
Cost			
At 1 January 2025	80,128	-	80,128
Additions	814	610	1,424
Reclassification	517	(517)	-
At 31 December 2025	81,459	93	81,552
Accumulated Amortisation			
At 1 January 2025	61,096	-	61,096
Amortisation charge for the financial year (Note 32)	5,154	-	5,154
At 31 December 2025	66,250	-	66,250
Net Book Value			
At 31 December 2025	15,209	93	15,302
2024			
Cost			
At 1 January 2024	77,608	-	77,608
Additions	2,520	-	2,520
At 31 December 2024	80,128	-	80,128
Accumulated Amortisation			
At 1 January 2024	54,634	-	54,634
Amortisation charge for the financial year (Note 32)	6,462	-	6,462
At 31 December 2024	61,096	-	61,096
Net Book Value			
At 31 December 2024	19,032	-	19,032

7. INVESTMENT IN SUBSIDIARY

	2025	2024
Unquoted shares, at cost	RM1	RM1
No. of shares (unit)	1	1

Details of the subsidiary of the Company are as follows:

Name of company	Country of incorporation	Effective interest (%) 2025	Effective interest (%) 2024	Principal activity
Double Care Sdn. Bhd. ("DCSB")	Malaysia	100.00	100.00	In liquidation

On 26 October 2009, the Company passed a Special Resolution to commence winding up of DCSB. A tax clearance letter has been obtained from Inland Revenue Board of Malaysia on 23 April 2012. As soon as the affairs of DCSB are totally wound-up, DCSB would call for a final meeting to complete the member's voluntary winding-up process.

8. INVESTMENTS

	2025 RM'000	2024 RM'000
Malaysian government papers	191,474	224,272
Equity securities	326,852	272,242
Debt securities	1,323,661	1,252,891
Unit and property trust funds	10,736	-
Structured products (Note 9)	12,146	29,701
Negotiable Instrument Certificate of Deposit ("NICD")	44,657	-
Deposits with financial institutions	262,616	279,566
	2,172,142	2,058,672

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

	2025 RM'000	2024 RM'000
Fair value through profit or loss ("FVTPL") (Note a)		
- Designated upon initial recognition	67,896	89,805
- Held for trading ("HFT")	294,319	224,168
	362,215	313,973
Fair value through other comprehensive income ("FVOCI") (Note b)	1,547,311	1,465,133
Amortised cost ("AC") (Note c)	262,616	279,566
	2,172,142	2,058,672

8. INVESTMENTS (CONTD.)

The following investments mature after 12 months:

	2025 RM'000	2024 RM'000
FVTPL		
- Designated upon initial recognition	55,750	60,105
FVOCI	1,460,875	1,317,246
	1,516,625	1,377,351

(a) FVTPL

(i) Designated upon initial recognition

	2025 RM'000	2024 RM'000
At fair value		
Debt securities:		
Unquoted in Malaysia	55,750	60,104
Structured products (Note 9)	12,146	29,701
Total financial assets designated as FVTPL upon initial recognition	67,896	89,805

(ii) HFT

	2025 RM'000	2024 RM'000
At fair value		
Equity securities:		
Quoted in Malaysia	193,787	139,202
Unquoted in Malaysia	89,796	84,966
Unit and property trust funds:		
Quoted in Malaysia	10,736	-
Total HFT financial assets	294,319	224,168
Total FVTPL financial assets	362,215	313,973

8. INVESTMENTS (CONTD.)

(b) FVOCI

At fair value		
Malaysian government papers	191,474	224,272
Equity securities:*		
Quoted in Malaysia	43,269	48,074
Debt securities:		
Unquoted in Malaysia	1,235,486	1,179,851
Unquoted outside Malaysia	32,425	12,936
NICD	44,657	-
Total FVOCI financial assets	1,547,311	1,465,133

* The Company has elected to recognise these equity investments at fair value through other comprehensive income as these investments are held as long term strategic investments that are not expected to be sold in the short term to medium term. Gains or losses on the derecognition of these equity investments are not transferred to profit or loss.

During the year, the Company has disposed of certain equity securities from its portfolio of FVOCI financial assets as the securities no longer aligned with the long term investment strategies of the Company as high dividend yielding stocks. The total fair value on the date of sales (gross of tax) are RM22,243,557 and the realised gains recognised from the disposal of these securities amounted to RM12,566,331.

(c) AC

Deposits and placements with:		
Licensed financial institutions	262,616	269,566
Other licensed financial institutions	-	10,000
Total AC financial assets	262,616	279,566

The carrying amounts of financial assets measured at AC are reasonable approximations of fair values due to the short term maturity of the financial assets.

Total investments	2,172,142	2,058,672

Fair Value of Investments

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 46(b).

9. STRUCTURED PRODUCTS

Structured products of the Company are classified as at FVTPL. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The carrying amount of structured products is presented as follows:

	<---------- 2025 ----------->		<--------------2024------------->	
	Principal/ Notional Amount RM'000	**Net Carrying Amount RM'000**	**Principal/ Notional Amount RM'000**	**Net Carrying Amount RM'000**
Financial assets at FVTPL				
Structured deposits	12,000	12,146	30,000	29,701
Total structured products (Note 8)		12,146		29,701

The fair value of structured products of the Company is derived based on valuation techniques from market observable inputs. They are revalued at the reporting date using such values as provided by the respective counterparties and as validated by the Company.

10. FINANCING RECEIVABLES

	2025 RM'000	**2024 RM'000**
Staff loans - secured	29,388	30,899
Non-staff loans - secured	4,792	4,187
	34,180	35,086
Allowance for impairment losses (Note 43(i))	(4,520)	(4,732)
	29,660	30,354
Of which, receivable after 12 months	25,832	26,326

The carrying amount of loans approximates fair value as these loans are issued at interest rates that are comparable to instruments in the market with similar characteristics and risk profiles and, accordingly, the impact of discounting thereon is not material. The impact of discounting on staff loans is not material.

The weighted average effective interest rates during the financial year were as follows:

	2025 Per annum	**2024 Per annum**
Staff loans	1.33%	1.98%
Non-staff loans	4.60%	4.85%

11. REINSURANCE CONTRACT ASSETS/(LIABILITIES)

Composition of Statement of Financial Position

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

		31.12.2025			31.12.2024	
	Asset RM'000	Liability RM'000	Net RM'000	Asset RM'000	Liability RM'000	Net RM'000
Reinsurance contracts held						
Motor	705	(14,303)	(13,598)	2,210	(19,861)	(17,651)
Fire	1,697,189	(138,654)	1,558,535	1,717,853	(93,744)	1,624,109
Marine, Aviation, Cargo and Transit	1,760,064	(74,736)	1,685,328	2,094,422	(128,629)	1,965,793
Miscellaneous	146,054	(261,763)	(115,709)	313,862	(291,457)	22,405
Total Reinsurance contracts held	3,604,012	(489,456)	3,114,556	4,128,347	(533,691)	3,594,656

11. REINSURANCE CONTRACT ASSETS/(LIABILITIES)

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising business ceded to reinsurers is disclosed in the table below:

	Note	2025					2024				
		ARC		AIC for contracts under PAA			ARC		AIC for contracts under PAA		
		Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustments for non-financial risks RM'000	Total RM'000	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustments for non-financial risks RM'000	Total RM'000
Reinsurance contract assets as at 1 January		1,129,631	-	2,678,470	320,246	4,128,347	483,484	-	2,282,023	206,846	2,972,353
Reinsurance contract liabilities as at 1 January		(993,735)	-	421,630	38,414	(533,691)	(487,009)	-	54,538	5,914	(426,557)
Net balances as at 1 January		135,896	-	3,100,100	358,660	3,594,656	(3,525)	-	2,336,561	212,760	2,545,796
Allocation of reinsurance premium:											
Changes in the assets for remaining coverage		(1,544,594)	-	-	-	(1,544,594)	(1,469,252)	-	-	-	(1,469,252)
Amounts recoverable from reinsurers:											
Amounts recoverable for incurred claims and other expenses		-	-	690,213	132,574	822,787	-	-	901,199	113,726	1,014,925
Changes that relate to past services - adjustment to AIC		-	-	(431,604)	(134,174)	(565,778)	-	-	(25,537)	23,682	(1,855)
Net (expenses)/income from reinsurance contracts held	22	(1,544,594)	-	258,609	(1,600)	(1,287,585)	(1,469,252)	-	875,662	137,408	(456,182)
Finance income from reinsurance contracts held	30	-	-	106,748	11,569	118,317	-	-	92,491	8,492	100,983
Cash flows											
Premiums paid net of ceding commission		1,554,626	-	-	-	1,554,626	1,608,673	-	-	-	1,608,673
Amount received from reinsurers		-	-	(865,458)	-	(865,458)	-	-	(204,614)	-	(204,614)
Total cash flows		1,554,626	-	(865,458)	-	689,168	1,608,673	-	(204,614)	-	1,404,059
Net balances as at end of the year		145,928	-	2,599,999	368,629	3,114,556	135,896	-	3,100,100	358,660	3,594,656
Reinsurance contract assets as at 31 December		1,118,384	-	2,175,223	310,405	3,604,012	1,129,631	-	2,678,470	320,246	4,128,347
Reinsurance contract liabilities as at 31 December		(972,456)	-	424,776	58,224	(489,456)	(993,735)	-	421,630	38,414	(533,691)
Net balances as at 31 December		145,928	-	2,599,999	368,629	3,114,556	135,896	-	3,100,100	358,660	3,594,656

12. OTHER ASSETS

	2025 RM'000	2024 RM'000
Sundry receivables, deposits and prepayments	5,730	6,334
Income due and accrued*	18,269	17,959
Amount due from related companies** (Note 40 (b)):	2,351	2,426
Amount due from stockbrokers	502	59
Share of net assets in Malaysian Motor Insurance Pool ("MMIP")	35,165	36,113
Total other assets	62,017	62,891

* Included in the income and profits due and accrued are mainly consist of interest, rental and dividend receivables.

** Amounts due from related companies are non-trade in nature, unsecured, interest-free and are repayable in the short-term.

The carrying amounts (other than prepayments and share of net assets in MMIP) are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

13. DERIVATIVES

The table below shows the fair values of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year and are neither indicative of the market risk nor the credit risk.

	<---------------- 2025 --------------->			<---------------- 2024 --------------->		
	Principal/ Notional Amount RM'000 (Note 38)	**Asset RM'000**	**Liability RM'000**	**Principal/ Notional Amount RM'000 (Note 38)**	**Asset RM'000**	**Liability RM'000**
Hedging derivatives:						
Forward foreign exchange contracts	24,171	693	-	12,344	-	119
Cross currency swap	8,166	44	-	-	-	-
Total derivatives		737	-		-	119

The Company has an outstanding foreign exchange contract with its ultimate holding company for the year ended 31 December 2025 with an asset position amounting to RM506,000 (2024: forward foreign exchange contracts with liability position amounting to RM41,000).

The fair value of derivatives is derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 2.2(vi) and Note 46(c).

Hedging derivatives:

Forwards are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investments. The Company enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio in USD denominated debts securities.

Swaps are contractual agreements between two parties to exchange streams of payments over time, based on specified notional amounts, in relation to movements in a specified underlying index such as interest rate, foreign currency rate or equity indices. The Company uses swap contracts to hedge the principal amounts invested in foreign debt securities denominated in USD which will be settled at a specified contract rate on the maturity date of the contract.

13. DERIVATIVES (CONTD.)

Cash flow hedge

The Company used a cross currency swap to manage the variability in future cash flows on an asset that is denominated in USD Dollar by exchanging the floating currency exchange rates for fixed rates. The amount and timing of future cash flows, representing both principal and interest flows, are projected on the basis of their contractual terms and other relevant factors. The aggregate principal balance and interest cash flows over time form the basis for identifying gains and losses on the effective portion of derivatives designated as cash flow hedges of forecast transactions. The effective portion of the gains and losses are initially recognised through other comprehensive income, in the cash flow hedge reserve, and are transferred to profit or loss when the forecast cash flows affect profit or loss. Meanwhile, any ineffective portions of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

The hedging relationship was effective for the total hedging period and as of the reporting date. As such, the unrealised gains of RM44,000 for the financial year ended 31 December 2025 from the hedging relationship as disclosed in Note 46 was recognised through other comprehensive income.

14. CURRENT TAX ASSETS

	2025 RM'000	2024 RM'000
At 1 January/ 31 December	16,006	16,006

(a) The current tax assets arise from the appeals made by the Company prior to its Conversion of Composite License to Single Licenses (“License Split”) on 28 December 2017. The Inland Revenue Board of Malaysia (“IRBM”) had raised additional assessments to the Company for Years of Assessment (“YA”) 2013 to 2016.

(b) On 24 November 2021, IRBM had raised additional assessments for YA2016 amounting to RM3,102,000 in respect to the profit commissions earned on reinsurance ceded for life business as incidental income of the Company under Section 60(8) of the Income Tax Act, 1967 and disallowing the deduction of expenses directly attributable to rental income of its investment properties.

(c) The Ministry of Finance ("MOF") has issued pronouncement on 25 February 2022 in response to letter of application submitted by Persatuan Insurans Hayat Malaysia ("LIAM") dated 7 December 2020, to conclude that the profit commission earned on reinsurance ceded for life business should not be treated under incidental income of the Company under Section 60(8) of the Income Tax Act, 1967, hence not subject to tax. The Settlement Agreement submitted and awaiting from IRBM to issue Notice of Reduced Assessment ("Form JR") for the issue once the term is mutually agreed.

14. CURRENT TAX ASSETS (CONTD.)

(c) The settlement agreement submitted and IRBM requires time to agree with the settlement hence the company will proceed to file for cause paper for remaining issue in relation to the disallowing of expense directly attributable to the rental income from investment properties by 13.4.2026.

15. SHARE CAPITAL

	<-- Number of shares-->		<-------- Amount -------->	
	2025	**2024**	**2025**	**2024**
	Units '000	**Units '000**	**RM'000**	**RM'000**
	(Note 35)	**(Note 35)**		
Issued and fully paid, at no par value				
Ordinary shares:				
At 1 January / 31 December	212,151	212,151	229,879	229,879

16. RESERVES

	Note	2025 RM'000	2024 RM'000
Non-distributable:			
FVOCI reserve	(i)	24,317	19,916
Other reserves:			
Revaluation reserve	(ii)	76,391	76,391
Currency translation reserve	(iii)	16,085	16,155
		92,476	92,546
Retained profits:			
Distributable	(iv)	1,066,881	984,373
Total reserves		1,183,674	1,096,835

(i) The FVOCI reserve of the Company arose from the change in the fair values of the financial assets which are measured at fair value through other comprehensive income.

(ii) The revaluation reserve of the Company represents the difference between the carrying amount of properties previously classified as self-occupied properties but subsequently transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.

(iii) The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from the presentation currency of the Company.

(iv) The entire distributable retained earnings may be distributed to the shareholder under the single-tier system.

17. INSURANCE CONTRACT (ASSETS)/LIABILITIES

Composition of Statement of Financial Position

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

	31.12.2025			31.12.2024		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Insurance contracts issued						
Motor	(2)	128,934	128,932	(2)	421,739	421,737
Fire	-	2,655,999	2,655,999	(14,585)	1,116,227	1,101,642
Marine, Aviation, Cargo and Transit	(14,875)	1,356,030	1,341,155	(542)	2,410,957	2,410,415
Miscellaneous	(160,076)	134,512	(25,564)	(132)	654,995	654,863
Total insurance contracts issued	(174,953)	4,275,475	4,100,522	(15,261)	4,603,918	4,588,657

17. INSURANCE CONTRACT ASSETS/LIABILITIES (CONTD.)

Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is disclosed in the table below:

2025

	Note	LRC	LIC for contracts under the PAA		
		Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000
Insurance contract liabilities as at 1 January		570,934	3,640,064	392,920	4,603,918
Insurance contract assets as at 1 January		(15,604)	341	2	(15,261)
Net balances as at 1 January		555,330	3,640,405	392,922	4,588,657
Insurance revenue					
Contracts under fair value approach		(7,578)	-	-	(7,578)
Contracts under full retrospective approach		(2,343,346)	-	-	(2,343,346)
	20	(2,350,924)	-	-	(2,350,924)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	1,234,105	148,335	1,382,440
Amortisation of insurance acquisition cash flow	(i)	205,244	-	-	205,244
Changes that relate to past services - adjustment to LIC		-	(469,396)	(151,045)	(620,441)
	21	205,244	764,709	(2,710)	967,243
Insurance service result		(2,145,680)	764,709	(2,710)	(1,383,681)
Finance expense from insurance contracts issued	29a	-	120,026	12,735	132,761
Cash flows					
Premiums received	(ii)	2,367,584	-	-	2,367,584
Claims and other insurance service expenses paid		-	(1,386,059)	-	(1,386,059)
Insurance acquisition cash flows	(iii)	(218,740)	-	-	(218,740)
Total cash flows		2,148,844	(1,386,059)	-	762,785
Net balances as at end of the year		558,494	3,139,081	402,947	4,100,522
Insurance contract liabilities as at 31 December		1,108,644	2,821,861	344,970	4,275,475
Insurance contract assets as at 31 December		(550,150)	317,220	57,977	(174,953)
Net insurance contract liabilities as at 31 December		558,494	3,139,081	402,947	4,100,522

17. INSURANCE CONTRACT ASSETS/LIABILITIES (CONTD.)

Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA (contd.)

2024

			LIC for contracts under the PAA		
	Note	LRC Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000
Insurance contract liabilities as at 1 January		680,342	2,663,146	236,670	3,580,158
Insurance contract assets as at 1 January		(286,174)	91,480	9,477	(185,217)
Net balances as at 1 January		394,168	2,754,626	246,147	3,394,941
Insurance revenue					
Contracts under fair value approach		(11,961)	-	-	(11,961)
Contracts under full retrospective approach		(2,204,509)	-	-	(2,204,509)
	20	(2,216,470)	-	-	(2,216,470)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	1,368,334	128,758	1,497,092
Amortisation of insurance acquisition cash flow	(i)	199,331	-	-	199,331
Changes that relate to past services - adjustment to LIC		-	8,998	8,341	17,339
	21	199,331	1,377,332	137,099	1,713,762
Insurance service result		(2,017,139)	1,377,332	137,099	(502,708)
Finance expense from insurance contracts issued	29a	-	107,992	9,681	117,673
Effect of movements in exchange rates		-	-	(5)	(5)
Total amount recognised in profit or loss		(2,017,139)	1,485,324	146,775	(385,040)
Cash flows					
Premiums received	(ii)	2,401,512	-	-	2,401,512
Claims and other insurance service expenses paid		-	(599,545)	-	(599,545)
Insurance acquisition cash flows	(iii)	(223,211)	-	-	(223,211)
Total cash flows		2,178,301	(599,545)	-	1,578,756
Net balances as at end of the year		555,330	3,640,405	392,922	4,588,657
Insurance contract liabilities as at 31 December		570,934	3,640,064	392,920	4,603,918
Insurance contract assets as at 31 December		(15,604)	341	2	(15,261)
Net insurance contract liabilities as at 31 December		555,330	3,640,405	392,922	4,588,657

17. INSURANCE CONTRACT ASSETS/LIABILITIES (CONTD.)

Analysis by liability for remaining coverage and the liability for incurred claims measured at PAA (contd.)

Notes:

(i) Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective groups of contracts. Please see accounting policy for details at Note 2.2(ix)(j).

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

(iii) Insurance acquisition cash flows paid after the related groups of contracts are initially recognised are adjusted to liability for remaining coverage. Insurance acquisition cash flows paid before the related groups recognised are included in assets for acquisition cash flows until the groups of contracts are recognised. Expenses attributed to insurance acquisition cash flows are disclosed in Note 32.

18. DEFERRED TAXATION

Deferred tax is recognised for temporary differences arising between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax relating to items recognised in OCI, including FVOCI financial assets, is also recognised in OCI.

	2025 RM'000	2024 RM'000
At 1 January	(83,199)	(65,023)
Recognised in:		
Profit or loss (Note 34)	(5,286)	(14,144)
Other comprehensive income (Note 34)	(4,406)	(4,032)
Transfer to retained earnings upon disposal of equity securities	3,016	-
At 31 December	(89,875)	(83,199)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax disclosed in the statement of financial position is presented on a net basis after offsetting as follows:

	2025 RM'000	2024 RM'000
Deferred tax assets	9,229	9,690
Deferred tax liabilities	(99,104)	(92,889)
	(89,875)	(83,199)

18. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets

	Provision for bonus RM'000	Impairment on insurance and reinsurance contracts RM'000	Amortisation of premiums on investments RM'000	Impairment of investments RM'000	Unrealised currency exchange RM'000	Total RM'000
2025						
At 1 January	4,493	3,418	1,604	175	-	9,690
Recognised in:						
Profit or loss	727	(2,079)	552	20	319	(461)
At 31 December	5,220	1,339	2,156	195	319	9,229
2024						
At 1 January	4,151	2,993	1,394	221	-	8,759
Recognised in:						
Profit or loss	342	425	210	(46)	-	931
At 31 December	4,493	3,418	1,604	175	-	9,690

18. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (contd.):

Deferred Tax Liabilities

	Insurance and reinsurance contracts RM'000	ROU Assets RM'000	Accelerated capital allowances RM'000	Fair value adjustment RM'000	FVOCI reserve RM'000	Unrealised currency exchange RM'000	Total RM'000
2025							
At 1 January	(26,500)	(48)	(2,054)	(57,848)	(6,291)	(148)	(92,889)
Recognised in:							
Profit or loss	(4,957)	(40)	241	(217)	-	148	(4,825)
Other comprehensive income	-	-	-	-	(4,406)	-	(4,406)
Transfer to retained earnings upon disposal of equity securities	-	-	-	-	3,016	-	3,016
At 31 December	(31,457)	(88)	(1,813)	(58,065)	(7,681)	-	(99,104)
2024							
At 1 January	(19,453)	(20)	(1,908)	(49,976)	(2,259)	(166)	(73,782)
Recognised in:							
Profit or loss	(7,047)	(28)	(146)	(7,872)	-	18	(15,075)
Other comprehensive income	-	-	-	-	(4,032)	-	(4,032)
At 31 December	(26,500)	(48)	(2,054)	(57,848)	(6,291)	(148)	(92,889)

19. OTHER LIABILITIES

	2025 RM'000	2024 RM'000
Lease liabilities (Note 5)	4,291	5,168
Provision for restoration costs	1,225	1,225
Amounts due to related companies* (Note 40 (b)):		
- Ultimate holding company	1,678	7,489
- Immediate holding company	4,518	3,958
- Penultimate holding company	58	56
- Other related companies	511	884
Amount due to subsidiary* (Note 40 (b))	1,596	1,600
Provision for land development costs	-	160
Sundry payables and accrued liabilities**	154,132	171,758
Total other liabilities	168,009	192,298

The movement of provision for land development costs is disclosed as follows:

	2025 RM'000	2024 RM'000
At 1 January	160	160
Payment for development	(160)	-
At 31 December	-	160

*Amounts due to related companies and subsidiary are non-trade in nature, unsecured, interest-free and are repayable in the short-term.

**Included in the sundry payables and other liabilities are mainly consist of provision for bonus, accrual, Malaysia Competition Commission (“MyCC”) penalty provision, creditors - transit control account, service tax payable and other accrued expenses.

The carrying amounts of financial liabilities are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

20. INSURANCE REVENUE

	2025 RM'000	2024 RM'000
Contracts measured under PAA		
Release of premiums	2,350,924	2,216,470
Total insurance revenue (Note 17)	2,350,924	2,216,470

21. INSURANCE SERVICE EXPENSES

	2025 RM'000	2024 RM'000
Incurred claims and other insurance service expenses	(1,382,440)	(1,497,092)
Changes that relate to past services - adjustment to LIC	620,441	(17,339)
Insurance acquisition cash flow amortisation*	(205,244)	(199,331)
Total insurance service expenses (Note 17)	(967,243)	(1,713,762)

* Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of certificates. Please see extracts from accounting policy for details on Note 2.2(ix)(j).

22. NET EXPENSES FROM REINSURANCE CONTRACTS HELD

		2025 RM'000	2024 RM'000
Changes in the assets for remaining coverage			
Net cost/gain recognised in profit or loss	(i)	(1,544,594)	(1,469,252)
Allocation of reinsurance premiums		(1,544,594)	(1,469,252)
Amounts recoverable for incurred claims and other expenses incurred in the period		822,787	1,014,925
Changes in amounts recoverable for incurred claims		(565,778)	(1,855)
Amounts recoverable from reinsurers		257,009	1,013,070
Net expenses from reinsurance contracts held (Note 11)		(1,287,585)	(456,182)

(i) Net cost/gain recognised in profit or loss during the coverage period of the corresponding groups of reinsurance contracts held based on established coverage units. Refer to Note2.2(ix)(g).

23. INTEREST INCOME FROM FINANCIAL ASSETS NOT MEASURED AT FVTPL

	2025 RM'000	2024 RM'000
Interest income		
Financial Assets at FVOCI		
Investment		
Malaysian government papers	6,984	9,423
Debt securities	52,324	50,612
NICD	650	-
Financial Assets at AC		
Investment		
Deposit with financial institutions	10,409	7,932
Financing receivables		
Staff loans	412	556
Non-staff loans	23	16
Total interest income from financial assets not measured at FVTPL	70,802	68,539

24. NET FAIR VALUE GAINS ON FINANCIAL ASSETS MEASURED AT FVTPL

	2025 RM'000	2024 RM'000
Realised gains/(losses) on financial assets, net	5,861	12,710
Fair value gains/(losses) on:		
Debt securities	1,090	656
Equity securities	(954)	17,005
Derivatives	855	(161)
Total net fair value gains on financial assets measured at FVTPL	6,852	30,210

25. NET FAIR VALUE GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	2025 RM'000	2024 RM'000
Fair value gains on:		
Debts securities	1,727	1,686
Malaysian government papers	688	120
Total net fair value gains on derecognition of financial assets measured at FVOCI	2,415	1,806

26. OTHER INVESTMENT INCOME

	2025 RM'000	2024 RM'000
Dividend income:		
Equity securities	9,368	8,542
Unit and property trust	115	79
Fair value (losses)/gains:		
Investment properties (Note 4)	(3,505)	15,018
Interest income from financial assets measured at FVTPL:		
Investment	3,353	3,836
Rental income		
- Investment properties (Note 4)	12,813	12,525
- Others	1,513	1,575
Rental related expenses		
- Investment properties (Note 4)	(4,257)	(4,536)
- Others	(77)	(15)
Net amortisation of premiums	(1,968)	(876)
Investment related expenses, net	(749)	(684)
Total other investment income	16,606	35,464

27. REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2025 RM'000	2024 RM'000
(Allowance for)/reversal of impairment loss on:		
- investments (Note 43 (i))	(78)	190
- financing receivables (Note 43 (i))	212	(56)
Total reversal of impairment loss on financial assets	134	134

28. NET FOREIGN EXCHANGE LOSSES

	2025 RM'000	2024 RM'000
Net realised gains/(losses)	725	(2,013)
Net unrealised losses	(1,980)	(33)
Total net foreign exchange losses	(1,255)	(2,046)

29. FINANCE EXPENSE FROM INSURANCE CONTRACTS ISSUED

	Note	2025 RM'000	2024 RM'000
Insurance contracts			
Finance expense from insurance contracts issued			
Interest accreted using current financial assumptions		(116,539)	(117,267)
Effect of changes in interest rates and other financial assumptions		(16,222)	(406)
Total finance expense from insurance contracts issued (Note 17)		(132,761)	(117,673)
Amount recognised in profit or loss		(132,761)	(117,673)

30. FINANCE INCOME FROM REINSURANCE CONTRACTS HELD

	Note	2025 RM'000	2024 RM'000
Reinsurance contracts			
Finance income from reinsurance contract held			
Interest accreted using current financial assumptions		98,913	100,431
Effect of changes in interest rates and other financial assumptions		13,705	278
Changes in non-performance risks of reinsurer		5,699	274
Total finance income from reinsurance contracts (Note 11)		118,317	100,983
Amount recognised in profit or loss		118,317	100,983
Net investment income and net insurance financial result:			
Represented by:			
Amount recognised in profit or loss			
Net investment income		95,554	134,107
Finance expense from insurance contract	29a	(132,761)	(117,673)
Finance income from reinsurance contracts	30	118,317	100,983
		81,110	117,417

31. OTHER INCOME/(EXPENSES), NET

	2025 RM'000	2024 RM'000
(A) Other Income		
Reversal of impairment loss on other assets	-	1
Realised gain on disposal of property, plant and equipment	52	6
Sundry income	5,586	2,336
Total other Income	5,638	2,343
(B) Total other expenses (Note 32)	(3,337)	(2,701)
Total other income/(expenses), net	2,301	(358)

32. OTHER EXPENSES

An analysis of the expenses incurred by the Company during the year shown in the table below:

	2025 Insurance service expenses*				**2024** Insurance service expenses*			
	Expenses attributed to insurance acquisition cash flows RM'000	**Other directly attributable expenses RM'000**	**Other expenses RM'000**	**Total RM'000**	**Expenses attributed to insurance acquisition cash flows RM'000**	**Other directly attributable expenses RM'000**	**Other expenses RM'000**	**Total RM'000**
Commission expenses (A)	131,212	548	-	131,760	139,600	550	-	140,150
Other expenses								
Employee benefits expense (a)	46,418	59,082	3,855	109,355	42,174	59,084	2,072	103,330
Directors' remuneration (Note 33)	-	-	881	881	-	-	1,082	1,082
Auditors' remuneration:								
- statutory audits	236	215	17	468	337	375	24	736
- regulatory related services	12	14	2	28	8	19	1	28
Amortisation of intangible assets (Note 6)	2,452	2,702	-	5,154	2,848	3,614	-	6,462
Auto assist service	-	3,953	-	3,953	-	4,287	-	4,287
Other finance costs	1,777	3,817	(1,540)	4,054	1,542	3,572	19	5,133
Depreciation of property, plant and equipment (Note3)	1,482	1,582	7	3,071	973	2,342	8	3,323
Right-of-use expenses (Note 5):								
-Depreciation	-	2,055	-	2,055	-	2,079	-	2,079
-Lease liabilities interest	-	94	-	94	-	117	-	117
-Termination expenses	-	-	-	-	-	(145)	-	(145)
Other management fees	662	1,523	-	2,185	263	757	-	1,020
Outside services & others	71	297	-	368	45	205	-	250
Professional fees	9,206	1,307	1	10,514	8,871	1,161	7	10,039
Short term leases	2,113	2,826	39	4,978	2,065	2,635	28	4,728
Low value assets	6	144	-	150	4	130	-	134

32. OTHER EXPENSES (CONTD.)

An analysis of the expenses incurred by the Company during the year shown in the table below (contd.):

	2025				2024			
	Insurance service expenses*				Insurance service expenses*			
	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Office facilities expenses	97	103	1	201	230	284	3	517
Electronic data processing expenses	1,544	1,642	-	3,186	1,975	2,437	-	4,412
Expensed assets	1	1	-	2	-	1	-	1
Information technology outsourcing	3,594	3,825	-	7,419	518	640	-	1,158
Postage and stamp duties	54	503	8	565	53	276	11	340
Printing and stationery	34	175	-	209	56	151	-	207
Promotional and marketing costs	14,147	770	649	15,566	11,234	658	1,105	12,997
Training expenses	722	809	58	1,589	332	324	1	657
Utilities, assessment and maintenance	380	690	11	1,081	448	842	14	1,304
Entertainment	-	-	422	422	-	-	397	397
Travelling expenses	409	535	7	951	429	590	4	1,023
Legal fees	33	(52)	-	(19)	76	108	-	184
License, subscription and levies	454	2,596	3	3,053	512	2,601	2	3,115
Contract staff services	920	1,784	14	2,718	706	1,586	1	2,293
Policy related expenses	195	1,128	18	1,341	205	873	6	1,084
Others	75	80	-	155	141	174	-	315
Total other expenses (B)	87,094	94,200	4,453	185,747	76,045	91,777	4,785	172,607
<u>Other operating expenses</u>								
Sundry expenditure/(income), net	553	1,359	(1,116)	796	686	(393)	(2,084)	(1,791)
Total other operating expenses (C)	553	1,359	(1,116)	796	686	(393)	(2,084)	(1,791)
Total other expenses (A) + (B) + (C)	218,859	96,107	3,337	318,303	216,331	91,934	2,701	310,966

32. OTHER EXPENSES (CONTD.)

	2025 RM'000	2024 RM'000
Represented by:		
Insurance service expenses	314,966	308,265
Other expenses (Note 31)	3,337	2,701
	318,303	310,966

* Insurance service expenses included acquisition and maintenance expenses which are directly attributable to group of Insurance contracts. Insurance acquisition cash flow is subjected to amortisation in accordance to Note 2.2(ix)(f).

	2025 RM'000	2024 RM'000
(a) Employee Benefits Expense:		
Wages, salaries and bonuses	82,710	76,830
EPF	12,963	11,759
SOCSO	660	609
ESGP	2,406	1,467
Other benefits	10,616	12,665
	109,355	103,330

Included in employee benefit expense above are remuneration of CEO of the Company amounting to RM2,207,000 (2024: RM1,867,000) further disclosed below.

(b) The details of CEO's remuneration during the year are as follows:

	2025 RM'000	2024 RM'000
Salary	994	954
Bonus	560	450
EPF	256	232
ESGP	297	140
Other emoluments	100	91
	2,207	1,867

33. DIRECTORS' FEES AND REMUNERATION

	2025 RM'000	2024 RM'000
Directors of the Company		
Executive director:		
Fees	130	-
Other emoluments	31	-
	161	-
Non-executive directors:		
Fees	580	870
Other emoluments	140	212
	720	1,082
Total directors' fees and remuneration	881	1,082

The total remuneration of the directors of the Company are as follows:

	Fees RM'000	Other emoluments RM'000	Total RM'000
2025			
Executive director:			
Puan Siti Nita Zuhra Binti Mohd Nazri	130	31	161
	130	31	161
Non-executive directors:			
Mr. Thomas Frank Caris Alias Reynders (appointed w.e.f 1 February 2025)	119	31	150
En. Mohamad Shukor Bin Ibrahim	130	36	166
Mr. Tan Kwang Kherng	130	42	172
Datuk Mohd Najib Bin Abdullah (resigned w.e.f. 31 December 2025)	190	31	221
Ms. Daniela Adaggi (resigned w.e.f. 31 January 2025)	11	-	11
	580	140	720
Total remuneration of the directors of the Company	710	171	881

33. DIRECTORS' FEES AND REMUNERATION (CONTD.)

	Fees RM'000	Other emoluments RM'000	Total RM'000
2024			
Non-executive directors:			
Datuk Mohd Najib Bin Abdullah	186	30	216
En. Mohamad Shukor Bin Ibrahim	126	35	161
Mr. Tan Kwang Kherng	126	38	164
Mr. Frank Johan Gerard Van Kempen (resigned w.e.f 16 July 2024)	66	12	78
Ms. Daniela Adaggi	126	27	153
Datuk Normala @ Noraizah Binti A.Manaf (resigned w.e.f 31 December 2024)	125	27	152
Cik Serina Binti Abdul Samad (retired w.e.f 1 December 2024)	115	43	158
	870	212	1,082
Total remuneration of the directors of the Company	870	212	1,082

34. TAXATION

Tax expense

The major components of income tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	2025 RM'000	2024 RM'000
Profit or loss		
Income tax:		
Current financial year		
- Malaysia	42,826	29,863
Under provision of taxation in prior financial year	1,474	5,646
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 18)	5,286	14,144
Income tax expense recognised in profit or loss	49,586	49,653

34. TAXATION (CONTD.)

	2025 RM'000	2024 RM'000
Statement of Comprehensive Income		
Income tax related to other comprehensive income:		
- Fair value changes on equity securities at FVOCI		
Realised (Note 18)	(3,016)	-
Deferred income tax related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI (Note 18)	3,954	1,924
- Fair value changes on equity securities at FVOCI		
Unrealised (Note 18)	452	2,108
	1,390	4,032

Reconciliation between tax expense and accounting profit

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

	2025 RM'000	2024 RM'000
Profit before taxation	179,507	163,585
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	43,082	39,260
Income not subject to tax	(2,542)	(1,529)
Expenses not deductible for tax purposes	7,572	6,276
Under provision of taxation in prior financial year	1,474	5,646
Tax expenses for the financial year	49,586	49,653

Domestic income tax for the Shareholder's fund and General fund for the current year are calculated on the estimated assessable profit for the financial year at the Malaysian at the statutory rate of 24%.

37. OPERATING LEASE COMMITMENTS

The Company as a lessor

The Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2025 RM'000	2024 RM'000
Not later than one year	12,026	11,434
Between one and five years	44,960	44,458
	56,986	55,892

Rental income on investment properties recognised in the profit or loss during the financial year is disclosed in Note 4 and Note 26.

38. OTHER COMMITMENTS AND CONTINGENCIES

	2025 RM'000	2024 RM'000
Approved and contracted for:		
Property, plant and equipment	802	150
	802	150
Approved but not contracted for:		
Property, plant and equipment	2,074	5,756

	2025 Full commitment RM'000	2024 Full commitment RM'000
Derivative financial instruments:		
Forward foreign exchange contracts (Note 13):		
Less than a year	24,171	12,344
Cross currency swap (Note 13):	-	-
Less than a year	8,166	-
	32,337	12,344

37. OPERATING LEASE COMMITMENTS

The Company as a lessor

The Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2025 RM'000	2024 RM'000
Not later than one year	12,027	11,434
Between one and five years	44,962	44,458
	56,989	55,892

Rental income on investment properties recognised in the profit or loss during the financial year is disclosed in Note 4 and Note 26.

38. OTHER COMMITMENTS AND CONTINGENCIES

	2025 RM'000	2024 RM'000
Approved and contracted for:		
Property, plant and equipment	802	150
Bank guarantees:		
- in respect of performance bonds (Note a)	81	230
- in respect of security deposits (Note b)	4,740	5,211
	5,623	5,591
Approved but not contracted for:		
Property, plant and equipment	2,074	5,756

38. OTHER COMMITMENTS AND CONTINGENCIES (CONTD.)

Bank guarantees:

a) Performance bonds

Bank guarantees were provided to the Company to policyholders in respect of bond insurance business, amounting to RM81,284 (2024: RM230,000). These guarantees were issued to secure the contractual obligations of the policyholders. As at the reporting date, the Company does not consider it probable that a claim will be made under these guarantees.

b) Security deposits

Bank guarantees in the form of security deposits were placed with regulators, amounting to approximately RM1,580,000 (SGD500,000) with the Monetary Authority of Singapore and approximately RM3,160,000 (BND1,000,000) with the Monetary Authority of Brunei Darussalam. These guarantees are held to satisfy regulatory requirements. As at the reporting date, the Company does not consider it probable that a claim will be made under these guarantees.

All of the guarantees issued to the Company for performance bonds and security deposits were made under bank guarantee facilities (with facilities amount of up to RM15 million) obtained from Maybank.

	2025 Full commitment RM'000	2024 Full commitment RM'000
Derivative financial instruments:		
Forward foreign exchange contracts (Note 13):		
Less than a year	24,171	12,344
Cross currency swap (Note 13):		
Less than a year	8,166	-
	32,337	12,344

39. SHARE-BASED COMPENSATION

The existing ESGP (“ESGP2018”) is governed by the ESGP By-Laws approved by Maybank's shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017, and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022, of which all the awards have been vested to eligible employees from 2021 to 2025. No new awards under ESGP2018 have been issued to staff since 2023, and the plan has officially expired on 13 December 2025.

The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group NRC.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the NRC may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and the NRC may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

Other principal features of the ESGP are as follows:

(i) The employees eligible to participate in the ESGP must be on the payroll of the Participating Maybank Group and have not served a notice of resignation or received a notice of termination. Participating Maybank Group includes the Bank and its overseas branches and subsidiaries, but excluding dormant subsidiaries.

(ii) The entitlement under the ESGP for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of Maybank in a general meeting.

(iii) The existing ESGP (“ESGP2018”) is valid for a period of seven (7) years from the effective date. No new awards under ESGP2018 have been issued to staff since 2023, and the plan has officially expired on 13 December 2025. The number of ESGP shares to be vested is based on a multiple of the initial grant whereby the multiple is determined according to the performance targets and/or conditions. In the event the performance targets and/or conditions are not met by the eligible employees, the ESGP shares shall not be vested to them at the end of the ESGP vesting schedule. As continuation of the existing employees’ share grant plan, a new ESGP plan (“ESGP2023”) has been established in 2023 and is valid for a period of ten (10) years from the effective date.

39. SHARE-BASED COMPENSATION (CONTD.)

Notwithstanding the above, Maybank may terminate the ESGP at any time during the duration of the scheme subject to consent of Maybank's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination.

40. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors and the Chief Executive Officer of the Company.

The Company have related party relationships with its holding companies and their related companies, subsidiaries, associates, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholder.

Related party transactions have been entered into in the normal course of business under normal trade terms.

(a) Significant transactions of the Company with related parties during the financial year were as follows:

	2025 RM'000	2024 RM'000
Income/(expenses):		
Ultimate holding company:		
Gross premium income	26,986	31,073
Commissions and fees expenses	(24,554)	(21,443)
Claims paid	(336)	(336)
Hedging Cost	(1)	-
Interest income	200	235
Rental income	504	489
Shared services cost	(1,640)	(570)
Other expenses	(740)	(1,039)
ESGP	(1,489)	(1,226)
Immediate holding company:		
Gross premium income	9	10
Dividend paid (Note 36)	(56,963)	(97,696)
Rental income	506	443
Shared services cost	(49,883)	(25,491)
Remuneration of a seconded employee	(92)	(77)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(a) Significant transactions of the Company with related parties during the financial year were as follows (contd.):

	2025 RM'000	2024 RM'000
Income/(expenses) (contd.):		
Penultimate holding company:		
Gross premium income	5	4
Reimbursement of expenses/(income)	(610)	(810)
Rental income	122	59
Shared services (cost)/income	(328)	52
Fellow subsidiaries within the MAHB Group:		
Gross premium income	4,136	9,033
Premium ceded to reinsurers	(1,276)	(371)
Commissions and fee expenses	(1,133)	(2,568)
Reinsurance commission expenses	(4)	(47)
Claims paid	(6,920)	(7,773)
Claims recovery from reinsurers	4,244	1,182
Claims received	163	-
Other income	86	120
Rental income	9,466	9,638
Rental expense	(2,143)	(2,180)
Shared services income	15,814	23,296
Other related companies within the Maybank Group:		
Gross premium income	3,370	3,202
Interest income	6,385	4,809
Claims paid	(973)	(66)
Commissions expenses	(1,106)	-
Management fee	-	(4)
Information technology outsourcing	(7,443)	(5,711)
Other related companies within the EIHSB Group:		
Gross premium income	1	-
Consultation fee	(695)	(779)
Shared services cost	(287)	(612)
Companies related to a company with significant influence over the Maybank Group:		
Gross premium income	31,813	27,503
Claims paid	(643)	(336)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(b) Included in the statement of financial position of the Company are amounts due from/(to) related companies represented as follows:

	Note	2025 RM'000	2024 RM'000
Ultimate holding company:			
Fixed and call deposits		7,485	7,361
Derivatives		506	(41)
Bank balances		8,947	40,379
Income due and accrued		38	45
Outstanding premiums		1	158
Claim liabilities		(3,086)	(12,059)
Provision for custodian fee		(36)	(33)
Bank guarantees	38	(4,821)	(5,441)
Amount due to ultimate holding company	19	(1,678)	(7,489)
Immediate holding company:			
Amount due to immediate holding company	19	(4,518)	(3,958)
Penultimate holding company:			
Amount due to penultimate holding company	19	(58)	(56)
Fellow subsidiaries within the EIHSB Group:			
Amount due to other related companies	19	(416)	(844)
Fellow subsidiaries within the MAHB Group:			
Amount due to reinsurers and cedants		(36,133)	(32,422)
Claims liabilities		(11,005)	(15,094)
Reinsurance assets		1,941	1,941
Amount due from other related companies	12	2,351	2,184
Amount due to other related companies	19	(95)	(40)
Other related companies within the Maybank Group:			
Fixed and call deposits		173,755	203,472
Income due and accrued		361	365
Claims liabilities		(2,036)	(113)
Amount due from other related companies	12	-	242

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(b) Included in the statement of financial position of the Company are amounts due from/(to) related companies represented as follows (contd.):

	Note	2025 RM'000	2024 RM'000
Companies related to a company with significant influence over the MAHB Group:			
Outstanding claim recovery		3,960	2,417
Companies related to a company with significant influence over the Maybank Group:			
Outstanding premiums		1	-
Claims liabilities		(17,964)	(42,741)
Subsidiary:			
Amount due to Subsidiary	19	(1,596)	(1,600)

The balances with related companies are subject to normal trade terms and are as disclosed in Notes 12 and 19.

(c) Key management personnel compensation

(i) The remuneration of key management personnel during the years were as follows:

	2025 RM'000	2024 RM'000
Short-term employee benefits		
- Salaries, allowances and bonuses	1,585	1,404
- Fees	710	870
- Contribution to EPF	256	232
- ESGP	297	140
- Other emoluments	240	303
	3,088	2,949

(ii) The numbers of shares awarded for ESGP to key management personnel are as follows:

	2025 '000	2024 '000
At 1 January	118	101
Awarded	45	45
Vested	(29)	(15)
Additional/(forfeited)	1	(13)
At 31 December	135	118

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK

The MAHB Group Enterprise Risk Management Framework ("ERM Framework") is intended to institutionalise vigilance and awareness of the management of risk across MAHB Group. It encapsulates the governance structure to support the Risk Management process and to ensure strong risk management. It defines the risk related roles and responsibilities of the different Boards, Committees and Departments for the legal entities within Maybank Ageas Holdings Berhad ("MAHB"), being Etiqa General Insurance Berhad ("EGIB"), Etiqa Family Takaful Berhad ("EFTB"), Etiqa Life Insurance Berhad ("ELIB"), Etiqa General Takaful Berhad ("EGTB"), Etiqa Life International (L) Ltd. ("ELIL"), Etiqa Offshore Insurance (L) Ltd. ("EOIL") and Etiqa Insurance Pte. Ltd. ("EIPL"), collectively known as "the MAHB Group".

The key building blocks have been set which serve as the foundation for effective risk management and executed in accordance with the standards and risk appetite set by the Board.

The overall risk management process is viewed in a structured and disciplined approach to align strategies, policies, processes, technology and knowledge with the purpose of evaluating and managing the uncertainties the organisation faces as it creates value.

Principles

Strong risk culture serves as the foundation upon which a robust enterprise wide risk management structure is built. The approach to risk management is premised on the following broad principles:

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Principles (contd.)

- Maintains a Risk Taxonomy for Assessing Risk
- Establish Risk Appetite and Strategy
- Assign Adequate Capital
- Select an Appropriate Risk Response Action
- Ensure Governance and Oversight Function
- Establish Risk Management Practices and Processes
- Identify and Quantify Unfavourable Effects Through Stress Testing
- Ensure Sufficient Resources and System Infrastructures

There are Risk Frameworks, Policies, Guidelines and Procedures that document the key expectations for the proper coping with each risk type the organisation faces.

Risk Culture

At the heart or foundation of the ERM structure is the risk culture. It is a vital component in strengthening risk governance and forms a fundamental tenet of strong risk management. If an institution lacks the right culture and strong leadership at the top, the other elements in the structure will be somewhat irrelevant.

Risk culture stems from the conduct of staff, businesses and the organisation as a whole in ensuring that customers, either internal or external, are treated fairly and their interest upheld at all times.

Risk culture aligns businesses objectives and attitude towards risk taking and risk management through the risk appetite by establishing the way in which risks are identified, measured, controlled, monitored and reported.

Risk culture can be strengthened by having a strong tone from the top that establishes the expected risk behaviour, and then operationalised by the tone from the middle. Both levels are responsible to articulate and exemplify the underlying values that support the desired risk culture. This is driven by a clear vision for an effective approach to risk, ingrained at all levels and built into the behaviour of each individual.

Embedding a strong risk culture goes beyond compliance to policies, core values, code of ethics and conduct. It is essentially about the belief, emotion and behaviour that ‘risk is everyone’s responsibility’ and should permeate in the attitude of each individual.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Coverage

MAHB Group maintains a Risk Taxonomy for assessing risk, which is derived from several risk analysis exercises conducted each year. New risks if any, are added as they are identified through:

- Annual Enterprise Risk Assessment (with methodology of Risk Landscape Survey)
- New Business/Product Approval process as governed by the New Product Approval
- Forward-looking stress testing
- Inputs from the Senior Management and the Board of Directors.

Risk Appetite

The establishment of the risk appetite is an integral component of a robust risk management framework and should be driven by both top-down Board leadership and bottom-up involvement of management at all levels. The risk appetite should enable the Board of Directors and the Senior Management to communicate, understand and assess the types of risks that MAHB Group is willing to accept in pursuit of its business and strategic goals while taking into consideration the constraints under a stressed environment.

Developing and setting the risk appetite must be integrated into the strategic planning process and should be dynamic as well as responsive to changing internal and external drivers such as business and market conditions, stakeholders' expectations and internal capabilities. The articulation of the risk appetite is done through a set of risk appetite statements, which include a comprehensive view of material risks selected on the basis of having more strategic focus on the risks that will significantly impact our capital, liquidity, asset quality, profitability and ultimately MAHB Group's strategic objectives and reputation. This forms the link in which risk limits and controls are set to manage risk exposures arising from business activities. An effective risk appetite can also act as a powerful reinforcement to a strong risk culture.

Adequate Capital

Capital Management is the key element for ensuring that MAHB Group has adequate capital to meet its capital requirements on an on-going basis, fulfilling the regulatory requirements on Internal Capital Adequacy Assessment Processes ("ICAAP") that all Insurers/Takaful Operators must operate at capital levels above the Individual Target Capital Level ("ITCL") at all times, which means that in the event that the ITCL is breached, MAHB Group must have an actionable plan to restore the capital level within a reasonable timeframe. The Capital Management Framework documents all principles MAHB Group follows to ensure a sound Capital Management approach.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Response

Risk response refers to the actions taken to address inherent risk and potential risk which have been identified in the MAHB Group’s product offerings, investment decisions, operating processes and business strategies. It involves evaluating the likelihood and potential impact of risks and deciding on the best course of action to take. Generally, there are four (4) possible responses to risk:-

When strategising the response action, it is important to thoroughly consider whether the risk that MAHB Group is willing to assume is reasonable. In general, if MAHB Group is unable to manage and mitigate the risk then the risk should be avoided, unless the cost and benefit trade-off of assuming such risks brings greater value to MAHB Group. In a nutshell, the risk responses chosen must be realistic, taking into account the costs of the responses as well as the impact to MAHB Group.

Governance and Risk Oversight

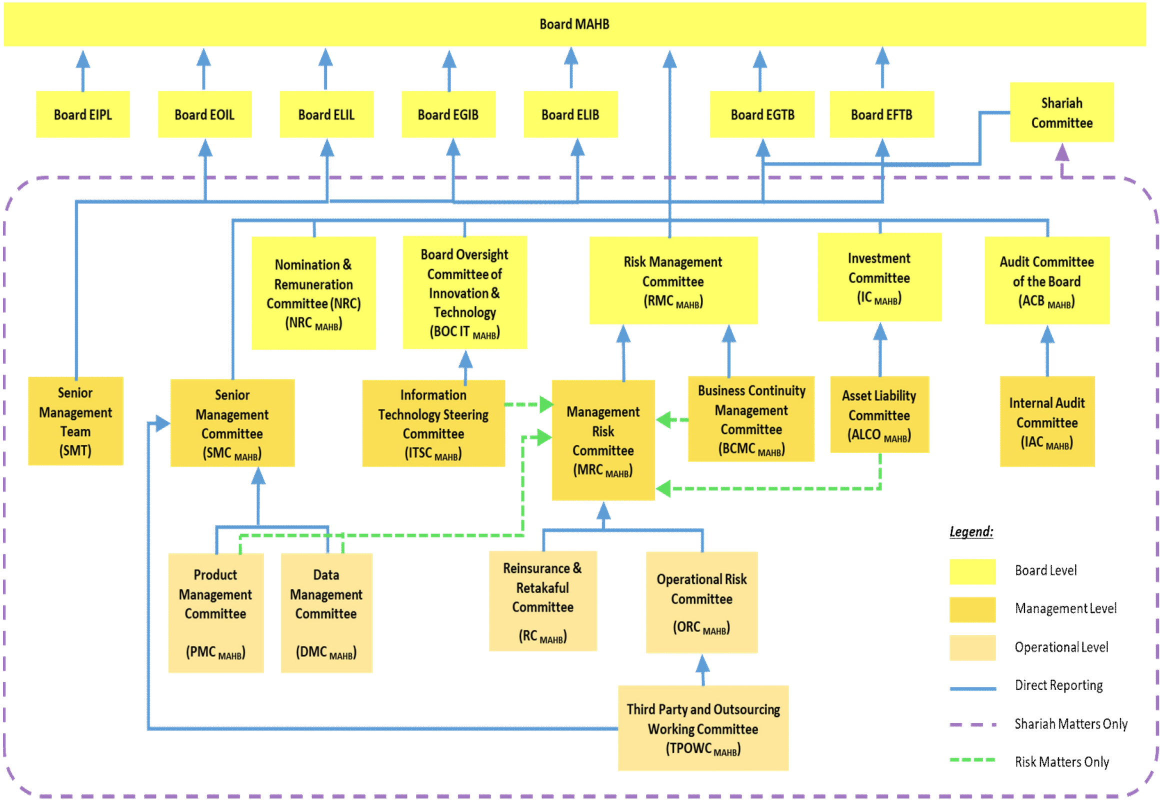
A governance structure should be clear, effective, and robust and include the roles of the Board, Risk Committees, and Senior Management with well-defined, transparent, and consistent lines of responsibility.

The risk governance model provides a formalised, transparent and effective governance structure which promotes active involvement of the Board of Directors and the Senior Management in the risk management process to ensure a uniform view of risk across MAHB Group. It also places accountability and ownership while facilitating an appropriate level of independence and segregation of duties between the lines of defence.

MAHB Group's risk governance structure outlines the organisation, hierarchy and the scope of responsibilities of all the risk governance bodies in the risk management function. The roles and responsibilities of each committee in risk governance are clarified in their respective Terms of Reference ("TOR").

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Governance and Risk Oversight (contd.)



Note:
1) This is a representation of overall risk governance bodies within MAHB. There exist other committees not captured in this diagram as any risk matters that require risk focused supervision shall be escalated to the risk governance bodies for deliberations as captured above.

2) As for Shariah risk matters, the oversight responsibility resides with the Shariah Committee which reports to the Entities' Board respectively.

3) ELIL is undergoing its exit strategy and full closure is tentatively to be completed by the end of 2026.

Lines of Defence

In general, the role of the 1st line involves the execution of activities and ownership of risk, while the 2nd line is responsible for establishing policies and risk structure. The 3rd line is responsible for providing independent risk assurance.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board

The MAHB Board, together with the respective Etiqa Entities' Boards, have the final responsibility for all business activities, including risk management. The Boards are the ultimate decision-making body for MAHB Group. The Boards have delegated specific matters to sub-board committees, such as risk matters to the Risk Management Committee ("RMC"), audit matters to the Audit Committee Board ("ACB") and investment matters to the Investment Committee ("IC").

Board Oversight Committee of Innovation & Technology ("BOC IT")

BOC IT is responsible to review the innovations enabled by technology; Financial and Operational Excellence ("FOX") opportunities enabled by technology; critical/significant innovation and technology projects, initiatives and opportunities; approve operational and regulatory related activities, and ensure all IT initiatives are adequately funded and resourced.

The following management level committees are established to support the Board in terms of risk governance on the business activities.

Senior Management Committee ("SMC") and Senior Management Team ("SMT")

The SMC and SMT are responsible to assure the Boards that the Etiqa entities take adequate decisions regarding risks and return and to make sure adequate controls exist and are fully operational; and, ensure that the management of risk is in line with the approved risk appetite, strategy, risk frameworks, policies, procedures and risk management practices and processes established.

Management Risk Committee ("MRC")

The MRC is the advisor to the RMC concerning all risk related topics, including limits, exposures and methodologies.

MRC to review and recommend new and revised MAHB Group Risk frameworks/policies where control of documents is determined as material for RMC and Board endorsement/approval, whichever relevant. Also, to review and recommend the MAHB Group’s annual Risk Appetite Statements (RAS) and Key Risk Indicators (KRIs), for RMC and Board endorsement/approval, whichever is relevant.

Asset Liability Committee ("ALCO")

The ALCO is responsible for formulating and overseeing the investment strategy and managing asset-liability mismatches, liquidity and market risks. It will carry out its responsibilities within the limits set by the MRC such as following the Risk Appetite and Asset Liability Management constraints. Also, it is responsible for reviewing and recommending the reallocation of the investment portfolio and the classifications of the financial assets based on considerations of capacity and intent.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Information Technology Steering Committee ("ITSC")

ITSC is to establish and review long-term strategic IT plans of the organisation; identify potential IT strategies and improve business operating model; ensure the alignment of IT initiatives and business strategies; ensure adequacy of IT infrastructure to support business-as-usual and new projects, and addressing risks of technology obsolescence.

Internal Audit Committee ("IAC")

The IAC is responsible to deliberate the audit findings highlighted in the internal and external auditors' reports as well as internal investigation reports; and to deliberate and ensure adequacy and timeliness of the remedial actions.

The following Operational Level Committees are established to support the Management Level Committees at MAHB level in the discharge of their duties.

Business Continuity Management Committee ("BCMC")

The BCMC is responsible to ensure that the Business Continuity Management ("BCMC") framework (Maybank GNFR Framework), policy and procedure are embedded, promoted and implemented in each service areas within MAHB Group. It also provides centralised co-ordination of the response to, and recovery from, any incident, or situation that causes potential or significant disruption to MAHB Group in delivering its products and services.

The following Operational Level Committees are established to support the Management Level Committees at MAHB level in the discharge of their duties.

Operational Risk Committee ("ORC")

ORC serves as the advisor to MRC concerning group wide operational risk related topics in day-to-day activities and practices, ensuring sound risk governance standards through effective implementation of Operational Risk Policy and other risk governing documents.

Product Management Committee ("PMC")

The PMC's prime objective is to oversee, coordinate and manage the whole process of product development and product management for specific product lines including the monitoring of the implementation, and post-implementation performance of the Insurance and Takaful Products.

Data Management Committee ("DMC")

DMC serves as the advisor to SMC and MRC concerning MAHB Group-wide data management need and information risk-related topics in day-to-day activities and practices, ensuring sound governance standards through effective implementation of risk-related governing frameworks, policies and mandates set.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Reinsurance & Retakaful Committee ("RC")

The primary objective of the RC is to function as the governance body to provide decision and guidance in relation to the reinsurance/retakaful management of the Insurance policies and Takaful certificates. The scope of the RC covers General Reinsurance/Retakaful, Inward/Outward Reinsurance/Retakaful and deliberation in relation to the arrangement for catastrophe protection for Life/Family Takaful.

Third Party & Outsourcing Working Committee ("TPOWC")

TPOWC is responsible to deliberate and make recommendations on overall third party and outsourcing related topics and also to ensure sound governance through effective implementation of third party and outsourcing governing policies and procedures for all the operating Entities in Malaysia (ELIB, EGIB, EFTB, and EGTB and Labuan entities EOIL and ELIL) including oversight function on EIPL third-party and outsourcing-related matters.

Fire Committee ("FC")

FC is responsible to verify the premium/contribution rate level is adequate and complies with BNM guidelines (aligned with Fire Pricing Policy document); Approve Fire Underwriting Guidelines in line with Company’s business strategy and risk appetite; Approve pricing and re-pricing within FC’s authority; To monitor the monthly performance indicators and propose corrective actions; To ensure customers are treated fairly as per item no 12 'Fair Business Practices and Adequate Disclosure' under the BNM Phase Liberalisation of Motor & Fire Tariffs policy document; On the advice of the Pricing Department, report deviation from Fire Pricing Policy to MRC.

Motor Committee ("MC")

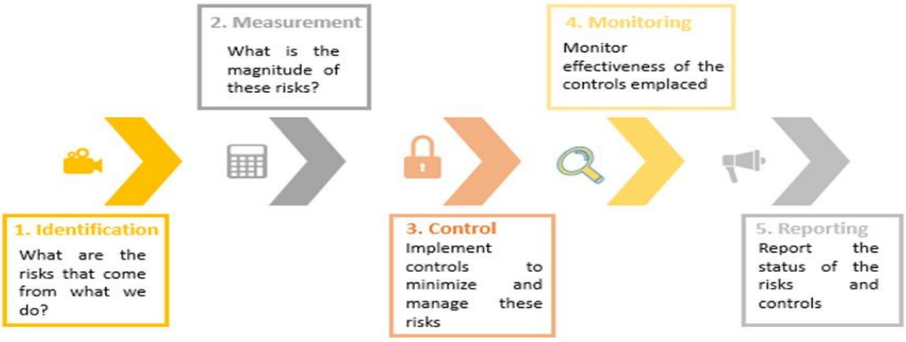
MC is responsible to verify the adequacy of premium/contribution level in complying with BNM guidelines (aligned with Motor Pricing Policy document); Discuss, deliberate and approve Motor Underwriting Guidelines in line with Company’s business strategy and risk appetite; Discuss, deliberate and approve pricing and re-pricing within MC’s authority; To ensure customers are treated fairly as per item no 12 ‘Fair Business Practices and Adequate Disclosure’ under the BNM Phase Liberalisation of Motor & Fire Tariffs policy document.

Risk Management Practices and Processes

A robust process should be in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the business. The practices and processes are to be reflective of the nature, size and complexity of the various business activities. The five (5) main stages of the risk management process which form a continuous cycle are depicted below:

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Management Practices and Processes (contd.)



Stress Test

Stress Test is used to identify and quantify possible events or future changes in the financial and economic condition that could have unfavourable effects on MAHB Group's exposure. This involves an assessment of MAHB Group's capability to withstand such changes in relation to the capital and earnings to absorb potentially significant losses.

Stress Test is conducted on a periodic basis or when required to better understand the risk profile, evaluate business risk and thus, taking appropriate measures to address these risks accordingly.

Resources and System Infrastructure

Any good risk management infrastructure requires a highly robust management information system as well as adequate resources as these are the foundation and enabler to an effective risk management practices and processes. Hence, MAHB Group should equip itself with the necessary resources, infrastructure and support to perform its roles efficiently.

Resources

To execute the risk principles, objectives, strategies and processes at various hierarchical levels within the governance model, all risk functions should be adequately staffed with the relevant personnel to carry out their responsibilities independently and effectively.

The personnel within Risk Management should possess the requisite skills, qualifications, experience and competencies compatible with the nature, scale and complexity of business activities.

The personnel should be equipped with the required knowledge to understand the various activities and risk profile of businesses and challenge these lines in all facets of risk-taking activities.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

System Infrastructure

With the current complexity of business operations and activities, it is critical to have a comprehensive and integrated system infrastructure to support an enterprise-wide or consolidated view of risk. The system infrastructure should be able to provide adequate and effective data aggregation capabilities at all times, with accurate, complete, timely and adaptable data to facilitate effective risk management practices and processes.

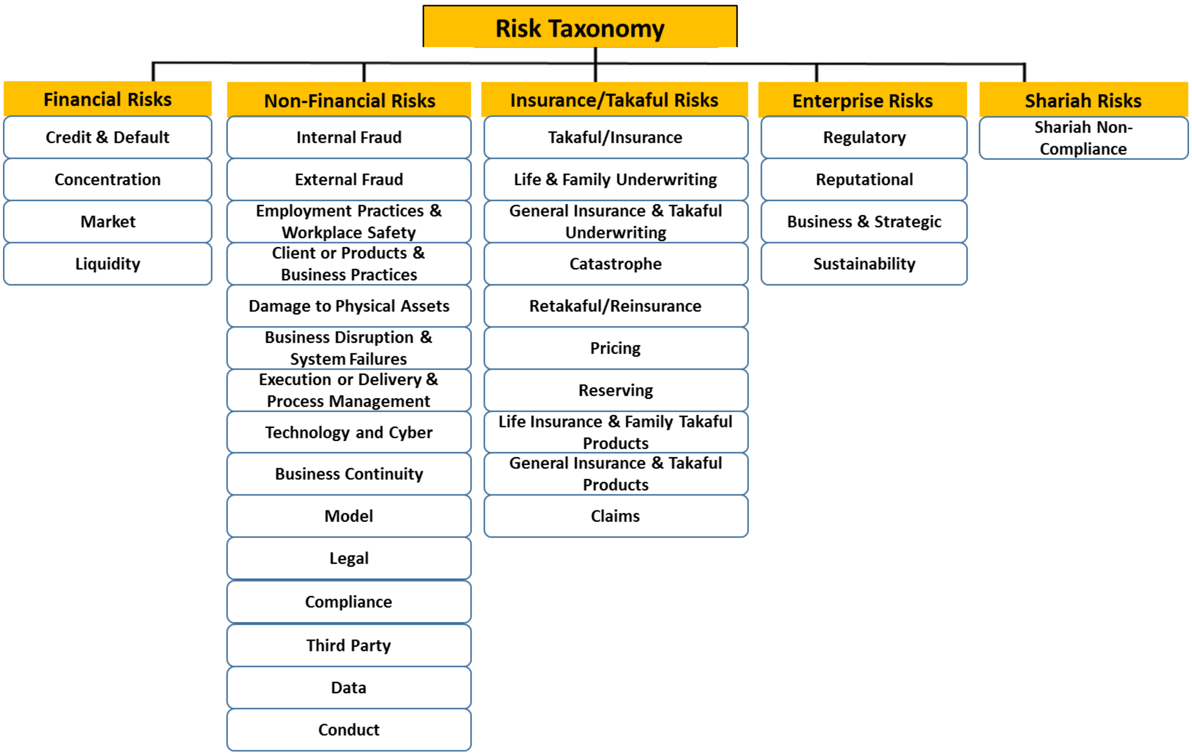
Through the established infrastructure, the roles and responsibilities required for effective management of risk can be performed appropriately.

In addition, effective measures and systems should be in place to facilitate the generation and exchange of information within MAHB Group. This is important to ensure a swift response to changes in the operating environment and developments in business strategies.

Risk Taxonomy

MAHB Group Risk Management Department works hand-in-hand with Compliance Department, Legal Department and Shariah Division on risk-related matters.

The following are the risk types that are applicable to the businesses and operations, which consist of Financial Risk, Insurance/Takaful Risk, Non-Financial Risk, Enterprise Risk and Shariah Risk.



42. INSURANCE RISK

Insurance risk is the risk of loss of adverse change arising from the underwritten insurance businesses. This can be due to adverse deviation in portfolio experience as well as underlying assumptions/expectations on which product, pricing, underwriting, claims, reserving and reinsurance have been made.

Reinsurance offers financial protection to insurers against large and catastrophic events. It allows efficient use of capital to support future business growth, whilst reducing the volatility of financial results and solvency. Risks associated with reinsurance companies are the counterparty risk of reinsurers and retakaful operators failing to honour their obligations. The Company monitors the reinsurers' creditworthiness on a monthly basis.

The Company has established appropriate policies and monitoring metrics combined with authority limits as part of risk mitigation activities embedded in the business operations. Annual internal audit reviews are performed to ensure compliance with the Company's guidelines and standards.

(i) Underwriting Risk

Underwriting risk reflects the risk of loss or adverse impact arising from adverse changes in the actual outcome from the initial underwriting assessment/evaluation, selection, and terms set against underlying assumptions/expectations derived in pricing and reserving process.

(ii) Pricing Risk

Pricing risk relates to risk of loss or adverse impact arising from inadequate premium charged resulting in higher than expected losses and expenses.

(iii) Reinsurance Risk

Reinsurance risk reflects possible loss or adverse impact arising from the reinsurance. The scope of this risk category includes reinsurer and risk mitigating contracts, such as reinsurance arrangements. It does not include the defaults for financial instruments, which are covered under Credit & Default Risk (in Financial Risk Taxonomy).

42. INSURANCE RISK (CONTD.)

(iv) Products Risk

Products risk is a risk of loss or adverse impact arising from the development of new products and management of new and existing products. Product related risks including enterprise risks, insurance risks, financial risks, operational and IT risks, technology risks, legal risks, compliance risks, AML/CFT risks and Shariah risks.

(v) Reserving Risk

Reserving risk is the risk of loss or adverse impact arising from the inadequate reserves due to unanticipated loss developments.

(vi) Catastrophe Risk

Catastrophe risk is the risk of loss or adverse changes in the value of underwritten insurance liabilities businesses due to over-exposures to extreme or exceptional events (e.g. pandemic outbreaks, flood, etc.), which can cause an accumulated loss or a single large loss.

(vii) Claims Risk

Risk of loss or adverse impact arising from the claims management process which is expected to affect client satisfaction and the Company's reputation.

(i) The table below discloses the general insurance revenue and allocation of reinsurance premiums by line of business:

	2025			2024		
	Insurance revenue RM'000	Allocation of reinsurance premiums RM'000	Net RM'000	Insurance revenue RM'000	Allocation of reinsurance premiums RM'000	Net RM'000
Malaysia						
Motor	398,543	(19,164)	379,379	367,805	(17,330)	350,475
Fire	585,104	(413,569)	171,535	437,145	(285,912)	151,233
Marine, Aviation, Cargo and Transit	880,079	(816,768)	63,311	906,791	(840,928)	65,863
Miscellaneous	480,303	(294,302)	186,001	494,249	(323,499)	170,750
	2,344,029	(1,543,803)	800,226	2,205,990	(1,467,669)	738,321

42. INSURANCE RISK (CONTD.)

(i) The table below discloses the general insurance revenue and allocation of reinsurance premiums by line of business: (contd.)

	<---- 2025 ----		---->	<---- 2024 ----		---->
	Insurance revenue RM'000	Allocation of reinsurance premiums RM'000	Net RM'000	Insurance revenue RM'000	Allocation of reinsurance premiums RM'000	RM'000
Singapore						
Fire	6,895	(791)	6,104	10,480	(1,583)	8,897
	6,895	(791)	6,104	10,480	(1,583)	8,897
Total	2,350,924	(1,544,594)	806,330	2,216,470	(1,469,252)	747,218

(ii) Key assumptions and methods

The Liability for Incurred Claims ("LIC") is estimated as the fulfilment cash flows related to incurred claims. It includes an explicit risk adjustment for non-financial risk and the future cash flows are adjusted for the time value of money by discounting the cash flows using the risk-free yield curves. The future incurred claims are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience, where appropriate, can be used to project future claims development and, hence, the ultimate costs of claims. Historical claims development is analysed by accident period and lines of business. Certain lines of business are also further analysed by type of claim.

42. INSURANCE RISK (CONTD.)

(ii) Key assumptions and methods (contd.)

The assumptions used in the projection methodologies, including future rates of claims inflation, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect any one-off occurrences, changes in external or market factors such as the public perspective towards claiming, legislative changes, judicial decisions and economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Risk adjustment reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the incurred claim cash flows that arises from non-financial risk. The inherent uncertainties in estimating the incurred claim cash flows can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance and reinsurance contracts. The target confidence level is 75th percentile, in line with the regulatory requirement of Bank Negara Malaysia under the Risk-Based Capital Framework for Insurers.

The methodology used in deriving the unallocated loss adjustment expense ("ULAE") is the same as last year. A loading is applied directly to the best estimates for loss and allocated loss adjustment expense to provide for the ULAE.

Unallocated loss adjustment expense	**2025**	**2024**
Malaysia - ULAE ratio	3.0%	3.5%

(iii) Sensitivity analysis

Using the methods described above, the claims development is extrapolated for each accident year based on the observed development in earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historical claims.

Illustrative results of sensitivity testing for the general insurance fund’s claim liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the insurance contract liabilities and consequently, the observed net claims ratio for the financial year. Accordingly, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on insurance service result before reinsurance contracts held.

42. INSURANCE RISK (CONTD.)

(iii) Sensitivity analysis (contd.)

	Change in assumptions	Impact on insurance service result before reinsurance contracts held RM'000	Impact on insurance service result RM'000	Impact on equity before reinsurance contracts held* RM'000	Impact on equity* RM'000
		<----------------- Increase/(decrease)		----------------->	
2025					
Net incurred claims ratio	+ 5%	(114,903)	(32,859)	(87,327)	(24,973)
	- 5%	114,903	32,859	87,327	24,973
Interest rate	+100 basis points	26,939	5,421	20,474	4,120
	-100 basis points	(27,672)	(5,582)	(21,031)	(4,242)
2024					
Net incurred claims ratio	+ 5%	(109,147)	(29,924)	(82,952)	(22,742)
	- 5%	109,147	29,924	82,952	22,742
Interest rate	+100 basis points	27,083	5,196	20,583	3,949
	-100 basis points	(27,759)	(5,348)	(21,097)	(4,064)

The methods used and significant assumptions made for deriving sensitivity information did not change from the previous year.

* Impact on equity is stated after tax of 24%.

(iv) Claims development table

The following tables show estimated incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting year, together with cumulative payments to date. The management believes the estimate of total claims outstanding as at the financial year end are adequate. The Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

42. INSURANCE RISK (CONTD.)

(iv) Claims development table (contd.)

Gross claims development

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

	Before	<------	------	------	Accident Year	------	------>	
Gross undiscounted liabilities for incurred claims	**2020**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs								
(gross of reinsurance, undiscounted)								
At the end of accident year		1,145,769	1,548,817	1,009,870	1,090,171	1,569,735	1,337,899	
1 year later		1,466,726	1,215,363	996,849	1,171,425	1,138,861	-	
2 years later		1,626,457	1,140,042	827,646	1,121,065	-	-	
3 years later		1,129,251	1,209,778	786,316	-	-	-	
4 years later		1,112,267	1,294,256	-	-	-	-	
5 years later		1,066,302	-	-	-	-	-	
Cumulative gross claims and other directly attributable expenses paid (A)		1,066,302	1,294,256	786,316	1,121,065	1,138,861	1,337,899	
Estimate of gross cumulative payments to date:								
At the end of accident year		162,538	662,915	144,758	158,700	165,910	195,610	
1 year later		250,530	869,352	312,456	296,253	462,879	-	
2 years later		391,119	969,907	385,418	640,144	-	-	
3 years later		702,798	1,034,035	498,413	-	-	-	
4 years later		712,725	1,050,175	-	-	-	-	
5 years later		975,759	-	-	-	-	-	
Gross cumulative payments (B)		975,759	1,050,175	498,413	640,144	462,879	195,610	
Gross cumulative claims liabilities - accident years (A) - (B)	281,642	90,543	244,081	287,903	480,921	675,982	1,142,289	3,203,361
Unallocated loss adjustment expenses	100	86	278	669	831	2,495	5,782	10,241
Gross cumulatives claims liabilities for Brunei, Treaty and MMIP								21,608
Effect of discounting	-	(27)	(965)	(1,238)	(6,848)	(19,775)	(44,619)	(73,472)
Effect of the risk adjustment margin for non-financial risks	34,588	11,060	38,361	34,118	59,288	72,592	150,331	400,338
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								2,608
Trade balances								(22,656)
Gross LIC for the contracts originated	316,330	101,662	281,755	321,452	534,192	731,294	1,253,783	3,542,028

42. INSURANCE RISK (CONTD.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

Gross undiscounted liabilities for incurred claims 2024	**Before 2019 RM'000**	**<---- Accident Year ----> 2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**	**Total RM'000**
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)								
At the end of accident year		998,183	1,145,769	1,548,817	1,009,870	1,090,171	1,569,735	
1 year later		1,053,315	1,466,727	1,215,363	996,849	1,171,425	-	
2 years later		1,096,687	1,626,457	1,140,042	827,646	-	-	
3 years later		1,094,627	1,129,251	1,209,778	-	-	-	
4 years later		1,098,390	1,112,267	-	-	-	-	
5 years later		1,016,133	-	-	-	-	-	
Cumulative gross claims and other directly attributable expenses paid (A)		1,016,133	1,112,267	1,209,778	827,646	1,171,425	1,569,735	
Estimate of gross cumulative payments to date:								
At the end of accident year		254,960	162,538	662,915	144,758	158,700	165,911	
1 year later		474,617	250,530	869,352	312,456	296,253	-	
2 years later		663,409	391,119	969,907	385,418	-	-	
3 years later		766,493	702,798	1,034,035	-	-	-	
4 years later		834,929	712,725	-	-	-	-	
5 years later		846,807	-	-	-	-	-	
Gross cumulative payments (B)		846,807	712,725	1,034,035	385,418	296,253	165,911	
Gross cumulative claims liabilities - accident years (A) - (B)	214,278	169,326	399,542	175,743	442,228	875,172	1,403,824	3,680,113
Unallocated loss adjustment expenses	139	297	262	466	1,098	2,160	6,379	10,801
Gross cumulatives claims liabilities for Brunei, Treaty and MMIP								27,654
Gross cumulatives claims liabilities - prior accident years								-
Effect of discounting	(284)	(260)	(1,616)	(2,873)	(7,047)	(26,479)	(46,566)	(85,125)
Effect of the risk adjustment margin for non-financial risks	17,883	22,444	47,641	20,366	49,770	96,446	135,186	389,736
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								3,187
Trade balances								6,961
Gross LIC for the contracts originated	232,016	191,807	445,829	193,702	486,049	947,299	1,498,823	4,033,327

42. INSURANCE RISK (CONTD.)

(iv) Claims development table (contd.)

Net claims development

	Before <-------	-------	-------	Accident Year	-------	------->		
Net undiscounted liabilties for incurred claims	**2020**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
2025	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs (net of reinsurance, undiscounted)								
At end of accident year		267,388	234,364	309,715	338,632	437,544	455,646	
1 year later		254,104	219,147	303,699	338,522	432,593	-	
2 years later		248,555	215,770	301,918	329,723	-	-	
3 years later		252,562	217,145	311,315	-	-	-	
4 years later		244,258	215,936	-	-	-	-	
5 years later		241,818	-	-	-	-	-	
Cumulative net claims and other directly attributable expenses paid (A)		241,818	215,936	311,315	329,723	432,593	455,646	
Estimate of gross cumulative payments to date:								
At the end of accident year		114,009	67,496	115,987	147,988	159,753	187,634	
1 year later		180,292	149,100	207,893	230,250	306,487	-	
2 years later		198,345	176,616	238,029	278,388	-	-	
3 years later		219,068	190,931	266,518	-	-	-	
4 years later		226,972	197,816	-	-	-	-	
5 years later		235,009	-	-	-	-	-	
Net cumulative payments (B)		235,009	197,816	266,518	278,388	306,487	187,634	
Net cumulative claims liabilities-accident years (A) - (B)	7,909	6,809	18,120	44,797	51,335	126,106	268,012	523,088
Unallocated loss adjustment expenses	100	86	278	669	831	2,495	5,782	10,241
Net cumulatives claims liabilities for Brunei, Treaty and MMIP								21,441
Effect of discounting	-	(26)	(187)	(668)	(1,406)	(4,567)	(9,241)	(16,095)
Effect of the risk adjustment margin for non-financial risks	776	477	1,262	2,815	3,261	7,424	15,705	31,720
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								2,599
Trade balances								406
Net LIC for the contracts originated	8,785	7,346	19,473	47,613	54,021	131,458	280,258	573,400

42. INSURANCE RISK (CONTD.)

(iv) Claims development table (contd.)

Net claims development (contd.)

Net undiscounted liabilties for incurred claims 2024	**Before 2019 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**	**Total RM'000**
		<-------	-------	**Accident Year**	-------	-------	------->	
Estimate of ultimate claim costs (net of reinsurance, undiscounted)								
At end of accident year		283,921	267,388	234,364	309,715	338,632	437,544	
1 year later		284,297	254,104	219,147	303,699	338,522	-	
2 years later		291,643	248,555	215,770	301,918	-	-	
3 years later		294,194	252,562	217,145	-	-	-	
4 years later		297,991	244,258	-	-	-	-	
5 years later		294,575	-	-	-	-	-	
Cumulative net claims and other directly attributable expenses paid (A)		294,575	244,258	217,145	301,918	338,522	437,544	
Estimate of gross cumulative payments to date:								
At the end of accident year		131,115	114,009	67,496	115,987	147,988	159,753	
1 year later		208,718	180,292	149,100	207,893	230,250	-	
2 years later		239,700	198,345	176,616	238,029	-	-	
3 years later		256,387	219,068	190,931	-	-	-	
4 years later		269,823	226,972	-	-	-	-	
5 years later		276,596	-	-	-	-	-	
Net cumulative payments (B)		276,596	226,972	190,931	238,029	230,250	159,753	
Net cumulative claims liabilities-accident years (A) - (B)	7,535	17,979	17,286	26,214	63,889	108,272	277,791	518,966
Unallocated loss adjustment expenses	139	297	262	466	1,098	2,160	6,379	10,801
Net cumulatives claims liabilities for Brunei, Treaty and MMIP								27,479
Effect of discounting	(10)	(63)	(159)	(517)	(1,931)	(4,281)	(10,628)	(17,589)
Effect of the risk adjustment margin for non-financial risks	688	1,208	1,076	1,677	3,740	6,499	16,198	31,086
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								3,177
Trade balances								647
Net LIC for the contracts originated	8,352	19,421	18,465	27,840	66,796	112,650	289,740	574,567

43. FINANCIAL RISKS

(i) Credit & Default Risk

Credit & Default Risk refers to the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms. It stems primarily from lending, trading and investment activities from both on and off-balance sheet transactions.

Credit Spread Risk and ultimately default risk result from the intrinsic quality of the issuer of debt securities and the impact it has on the value of asset of these instruments. Changes in the level or in the volatility of spreads as a result of changes in the underlying credit quality define the risk of investment default.

Credit risk arises when a counterparty is no longer able to pay its contractual obligations. Key areas of credit risk include counterparty risk, country risk, concentration risk, settlement risk and issuer risk. The Company's exposure to credit risk arises mainly from assets (fixed income and equities), trade receivables and reinsurance.

The Company measures and manages credit risk following the philosophies and principles below:

(a) The Risk Management and Investment Management Department actively monitor the counterparty exposure to prevent undue concentration by ensuring its credit portfolio is diversified and marketable;

(b) The Asset Management Research Team adopts a prudent position in the selection of fixed income investments;

(c) The Risk Management Department establishes limits on maximum credit exposures. The credit limit for a counterparty is based on the counterparty's credit quality and aligned to the risk appetite; and

(d) The Risk Management Department uses Key Risk Indicators (“KRI”) to alert the management of any impending problems in a timely manner.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments and contract asset. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

	2025 RM'000	2024 RM'000
Financial assets at FVTPL		
Debt securities	67,896	89,805
Financial assets at FVOCI		
Malaysian government papers	191,474	224,272
Debt securities	1,267,911	1,192,787
NICD	44,657	-
Financial assets at AC		
Deposits and placements with:		
Licensed financial institutions	262,616	269,566
Other licensed financial institutions	-	10,000
Financing receivables	29,660	30,354
Reinsurance contract assets & Insurance contract assets*	586,164	396,101
Other assets**	26,350	26,719
Derivative assets	737	-
Cash and bank balances***	12,959	44,476
	2,490,424	2,284,080

* Including receivables from reinsurers and outstanding premiums net of impairment.

** Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.

*** Excluding petty cash

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit quality of financial assets

The four (4) risk categories as set out and defined below, from very low to high apart from impaired, described the credit quality of the Company's financial assets. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

Risk Category	Probability of default ("PD") grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1 – 5	AAA to A-	AAA to AA1
Low	6 – 10	A- to BB+	AA1 to A3
Medium	11 – 15	BB+ to B+	A3 to BB1
High	16 – 21	B+ to CCC	BB1 to C

Risk categories are as described below:

Very low : Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.

Low : Obligors rated in this category have a good capacity to meet financial commitments with low credit risk.

Medium : Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.

High : Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

Other than the above rated risk categories, other categories used internally are as follows:

Impaired/ default : Obligors with objective evidence of impairment as a result of one or more events that have an impact on the estimated future cash flows of the obligors that can be reliably estimated. The detailed definition is further disclosed in Note 2.2(vii)(a).

Unrated : Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of rating models.

Sovereign : Refer to obligors which are governments and/or government-related agencies.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit exposure by rating

The table below provides information regarding the credit exposure of the Company by classifying assets according to the risk categories:

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2025							
Financial assets at FVTPL							
Debt Securities	-	12,146	-	55,750	-	-	67,896
Financial assets at FVOCI							
Malaysian government papers	191,474	-	-	-	-	-	191,474
Debt securities	141,521	410,898	690,137	25,355	-	-	1,267,911
NICD	-	44,657	-	-	-	-	44,657
Financial assets at AC							
Deposits and placements with:							
Licensed financial institutions	-	262,616	-	-	-	-	262,616
Financing receivables	-	-	-	-	-	29,660	29,660
Reinsurance contract assets & Insurance contract assets*	-	19,346	-	31	-	566,787	586,164
Other assets**	3,248	5,750	8,291	532	-	8,529	26,350
Derivative assets	-	737	-	-	-	-	737
Cash and bank balances***	-	12,959	-	-	-	-	12,959
	336,243	769,109	698,428	81,668	-	604,976	2,490,424

* Including receivables from reinsurers and outstanding premiums net of impairment.
** Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
*** Excluding petty cash

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit exposure by rating (contd.)

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2024							
Financial assets at FVTPL							
Debt Securities	-	29,700	-	60,105	-	-	89,805
Financial assets at FVOCI							
Malaysian government papers	224,272	-	-	-	-	-	224,272
Debt securities	160,452	425,289	572,646	34,400	-	-	1,192,787
Financial assets at AC							
Deposits and placements with:							
Licensed financial institutions	-	269,566	-	-	-	-	269,566
Other licensed financial institutions	-	10,000	-	-	-	-	10,000
Financing receivables	-	-	-	-	-	30,354	30,354
Reinsurance contract assets & Insurance contract assets*	-	36	20,938	12	-	375,115	396,101
Other assets**	3,551	5,930	7,292	856	-	9,090	26,719
Cash and bank balances***	-	44,471	-	5	-	-	44,476
	388,275	784,992	600,876	95,378	-	414,559	2,284,080

* Including receivables from reinsurers and outstanding premiums net of impairment.
** Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
*** Excluding petty cash

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account

Significant increase in credit risk

The Company applies the General Approach or "three-stage" approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate (“EIR”) method with the forward looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date. These include the establishment of staging criteria to each stage, debt rating deterioration threshold and a waterfall approach to determine the credit rating as at origination date and as at reporting date in accordance to the Maybank Group's ECL model for debt securities portfolio.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of default for new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets which is applicable to the Company. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Company is required to estimate the probability of default occurring in the 12 months after the reporting date and in each subsequent year throughout the expected lives of the financial instruments. The lifetime ECL allowance measured for the Company during the year were mainly in respect of debt securities as Watchlist ("WL") or which have been downgraded as at the reporting date.

For a financial asset which is determined to be a credit-impaired debt security under Stage 3, the ECL calculation will be based on objective evidence of impairment.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the Company's financial assets measured by credit quality, based on the Company's risk categories.

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
2025				
Financial assets at FVOCI				
Sovereign	332,995	-		332,995
Very low	455,555	-		455,555
Low	630,449	59,688		690,137
Medium	25,355	-		25,355
Total carrying amount	1,444,354	59,688	-	1,504,042
Total ECL	(397)	(413)	-	(810)
2024				
Financial assets at FVOCI				
Sovereign	384,724	-	-	384,724
Very low	425,289	-	-	425,289
Low	510,260	62,386	-	572,646
Medium	34,400	-	-	34,400
Total carrying amount	1,354,673	62,386	-	1,417,059
Total ECL	(96)	(636)	-	(732)

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

Movements in allowances for impairment losses for financial assets at FVOCI are as follows:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
2025				
Financial assets at FVOCI				
At 1 January	96	636	-	732
Allowance made/(Write-back)	195	(222)	-	(27)
New financial assets originated or purchased	122	-	-	122
Financial assets that have been derecognised	(16)	(1)	-	(17)
Allowance for/(reversal) of impairment loss (Note 27)	301	(223)	-	78
At 31 December	397	413	-	810
2024				
Financial assets at FVOCI				
At 1 January	243	679	-	922
Write-back	(135)	(43)	-	(178)
New financial assets originated or purchased	16	-	-	16
Financial assets that have been derecognised	(28)	-	-	(28)
Reversal of impairment loss (Note 27)	(147)	(43)	-	(190)
At 31 December	96	636	-	732

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Other financial assets - Reconciliation of allowance account

The Company applied the Simplified Approach where the ECL is measured at initial recognition of the financial assets using a provision matrix based on historical data or also known as the roll rate approach. Estimation of credit losses will use a provision matrix where insurance and reinsurance receivables are grouped based on different sales channels and different reinsurance arrangements respectively with forward looking elements being applied to it.

Movements in gross carrying value and allowances for impairment losses recognised for not credit-impaired and credit impaired financial assets are as follows:

	Not Credit Impaired			Credit-Impaired			Total		
	Financing receivables RM'000	Reinsurance contract assets & Insurance contract assets* RM'000	Other assets** RM'000	Financing receivables RM'000	Reinsurance contract assets & Insurance contract assets* RM'000	Other assets** RM'000	Financing receivables RM'000 (Note 10)	Reinsurance contract assets & Insurance contract assets* RM'000	Other assets** RM'000
Gross carrying amount									
At 1 January 2024	29,436	318,743	20,745	4,499	60,700	-	33,935	379,443	20,745
Increase/(decrease)	972	(8,300)	5,974	179	29,177	-	1,151	20,877	5,974
At 31 December 2024	30,408	310,443	26,719	4,678	89,877	-	35,086	400,320	26,719
Increase/(decrease)	(722)	220,150	(369)	(185)	(32,287)	-	(907)	187,863	(369)
At 31 December 2025	29,686	530,593	26,350	4,493	57,590	-	34,179	588,183	26,350
ECL									
At 1 January 2024	177	628	1	4,499	1,992	-	4,676	2,620	1
Increase/(decrease)	(123)	(161)	(1)	179	1,760	-	56	1,599	(1)
At 31 December 2024	54	467	-	4,678	3,752	-	4,732	4,219	-
Increase/(decrease)	(28)	(159)	-	(184)	(2,041)	-	(212)	(2,200)	-
At 31 December 2025	26	308	-	4,494	1,711	-	4,520	2,019	-

* Including receivables from reinsurers and outstanding premiums net of impairment.

** Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Other financial assets - Reconciliation of allowance account

Movements in allowances for impairment losses for other financial assets are as follows:

	Financing receivables RM'000 (Note 10)	Reinsurance contract assets & Insurance contract assets RM'000	Other assets RM'000	Total RM'000
2025				
ECL				
At 1 January	4,732	4,219	-	8,951
Net adjustment of loss allowance	(212)	(2,200)	-	(2,412)
At 31 December	4,520	2,019	-	6,539
2024				
ECL				
At 1 January	4,676	2,620	1	7,297
Net adjustment of loss allowance	56	1,599	(1)	1,654
At 31 December	4,732	4,219	-	8,951

Financial effects of collateral held

The main types of collateral held as security by the Company to mitigate credit risk are as follows:

Type of financing receivables	Type of collaterals
Secured staff/non-staff loans	Charges over residential properties and motor vehicles

The financial effect of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables is 100% as at 31 December 2025 (2024: 100%). Financing receivables after accounting for ECL, amounted to RM29,660,000 as at 31 December 2025 (2024: RM30,354,000) are collateralised.

43. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk

Liquidity risk is the risk of an adverse impact to the firm's financial condition or overall safety and soundness that could arise from their inability (or perceived inability) or unexpected higher cost to meet obligations. Generally, there are two types of liquidity risks; 1) funding liquidity risk and 2) market liquidity risk.

Funding liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the Company.

Market liquidity risk is the risk that the Company cannot easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

The objective of liquidity risk management is to have sufficient availability of cash to meet policyholders' liabilities, such as claims and financial obligations to other contract holders without endangering the business financials due to constraints on liquidating assets.

The Company measures and manages liquidity risk following the philosophies and principles below:

(a) The Risk Management and Investment Management Departments are actively monitoring the cash flows associated and derived from assets and liabilities of the Company through the ALCO platform;

(b) The Investment Management Department ensures that reasonable liquidity is maintained in the for assets held at all times; and

(c) The Risk Management Department uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner.

Maturity Profiles

The following table summarises the maturity profiles of the financial assets and financial liabilities and insurance assets of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows of the recognised insurance liabilities.

43. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2025						
Financial assets:						
FVTPL	362,215	14,403	60,769	-	294,319	369,491
FVOCI	1,547,311	107,424	905,360	938,483	43,269	1,994,536
AC	262,616	262,616	-	-	-	262,616
Financing receivables	29,660	2,168	13,355	17,348	-	32,871
Reinsurance contract assets, net*	2,973,765	2,086,578	953,398	34	-	3,040,010
Other assets***	26,350	26,350	-	-	-	26,350
Derivative assets	737	737	-	-	-	737
Cash and bank balances	12,959	-	-	-	12,959	12,959
Total assets	5,215,613	2,500,276	1,932,882	955,865	350,547	5,739,570
Insurance contract liabilities, net**	3,542,288	2,446,117	1,178,078	1,392	-	3,625,587
Other liabilities	168,009	164,537	2,321	-	-	166,858
Total liabilities	3,710,297	2,610,654	1,180,399	1,392	-	3,792,445

* Includes AIC and receivables from reinsurers, net of impairment
** Includes LIC and receivables from co-insurers, net of impairment
*** Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.

Other non-financial assets and liabilities of the Company are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

43. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Financial assets:						
FVTPL	313,973	32,615	69,454	-	224,168	326,237
FVOCI	1,465,133	159,811	768,638	997,723	48,074	1,974,246
AC	279,566	279,566	-	-	-	279,566
Financing receivables	30,354	3,139	13,274	18,523	-	34,936
Reinsurance contract assets, net*	3,468,185	3,049,459	890,635	27	-	3,940,121
Other assets***	26,719	26,719	-	-	-	26,719
Derivative assets	-	-	-	-	-	-
Cash and bank balances	44,476	-	-	-	44,476	44,476
Total assets	5,628,406	3,551,309	1,742,001	1,016,273	316,718	6,626,301
Insurance contract liabilities, net**	4,033,328	3,018,136	1,108,547	1,122	-	4,127,805
Derivative liabilties	119	119	-	-	-	119
Other liabilities	192,298	188,007	4,392	-	-	192,399
Total liabilities	4,225,745	3,206,262	1,112,939	1,122	-	4,320,323

* Includes AIC and receivables from reinsurers, net of impairment
** Includes LIC and receivables from co-insurers, net of impairment
*** Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
Other non-financial assets and liabilities of the Company are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk

Market risk is the risk of losses on financial investments caused by adverse price movements.

There are four primary sources of risk that affect the overall market:

(a) Foreign exchange risk;
(b) Interest rates risk (including the credit spread risk);
(c) Equity price risk; and
(d) Property risk

The Company has three main key features with respect to their market risk management practices and policies:

(i) The Company's policies on asset allocation, portfolio limit structure and diversification benchmarks have been set in line with the Group's risk management policies and risk appetite after taking into consideration of regulatory requirements with respect to the maintenance of assets and solvency.

(ii) Compliance to the policies are monitored, and exposures and breaches are reported as soon as practicable.

(iii) Strict controls exist for derivative transactions; such transactions are only permitted for hedging purposes and not for speculative purposes.

(a) Foreign Exchange Risk

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

The Company's primary transactions are carried out in RM and its exposure to foreign exchange risk arises principally with respect to Singapore Dollar, Brunei Dollar and US Dollar.

As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013 and hence, primarily denominated in the same currency (the local "RM") as its insurance contract liabilities.

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

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

Interest rate risk arises from exposures to interest rate related assets and liabilities. It is also known as asset-liability mismatch risk. It is mainly driven by the volatility of future cash flows. The quantum is also proxied to the duration mismatch between the assets and the liabilities of the Company.

The Company measures and manages the interest rate risk mainly based on the following four philosophies and principles:

(a) Risk Management Department sets the limits for asset duration in line with the Company's risk appetite;

(b) Investment Management Department actively aim to match the asset duration with the liability duration, without compromising credit quality;

(c) The Risk Management uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner; and

(d) Risk Management Department monitors the asset duration in accordance with the limits set, as well as the duration gap to the liability duration.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company’s interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The policy also requires it to manage the maturities of interest bearing financial assets.

The Company’s exposure to interest rate risk sensitive insurance and reinsurance contracts and financial instruments are, as follows

		<----------2025--------->		<-----------2024---------->	
	Changes in interest rates	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**
		<----------- (Decrease)/increase ------------>			
Financial Instruments at FVTPL	+100 basis points	(1,982)	(1,506)	(2,318)	(1,762)
	-100 basis points	1,476	1,122	2,634	2,002
Financial Instruments at FVOCI	+100 basis points	(83,478)	(63,443)	(86,937)	(66,072)
	-100 basis points	94,903	72,126	95,697	72,730
Financial Instruments at AC	+100 basis points	(33)	(25)	(61)	(46)
	-100 basis points	31	24	56	42

* Impact on equity is after tax of 24%.

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest Rate Risk (contd.)

Changes in credit spread on financial instruments have no impacts to General's insurance contracts liabilities as these are discounted using risk-free interest rates (i.e Malaysian Government Securities)

(c) Equity Price Risk

Equity price risk is the risk that the fair value of an equity instrument or insurance contract or reinsurance contract assets and/or liabilities would fluctuate because of changes in its market prices whether those changes are caused by factors specific to the individual equity instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in equities' market prices and unit trust Net Asset Value ("NAV") to equity.

The Company's risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector, and market, having regard also to such limits stipulated by BNM. A cut loss mechanism is also put in place to minimise the loss that may occur over time.

The Company’s exposure to equity price risk sensitive insurance and reinsurance contracts and equity instruments are, as follows:

	Changes in Market Indices	Impact on carrying value RM'000	Impact on other comprehensive income RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<------------------- Increase/(decrease)			-------------------->
2025					
Financial Instruments	+10%	20,452	-	20,452	15,544
at FVTPL	-10%	(20,452)	-	(20,452)	(15,544)
Financial Instruments	+10%	4,327	4,327	-	3,288
at FVOCI	-10%	(4,327)	(4,327)	-	(3,288)
2024					
Financial Instruments	+10%	13,920	-	13,920	10,579
at FVTPL	-10%	(13,920)	-	(13,920)	(10,579)
Financial Instruments	+10%	4,807	4,807	-	3,654
at FVOCI	-10%	(4,807)	(4,807)	-	(3,654)

* Impact on equity is after tax of 24%.

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(d) Property Risk

Property risk is the possibility of financial loss occurring as the result of owning a real estate investment. Property risk might arise from such things as liability, legal issues, partner problems that can force a sale, fire or theft, loss of rental income and purchasing property with an imperfect title.

(iv) Concentration Risk

Concentration risk as its name suggests, is the risk of over concentration in any type of market risk, liquidity risk and credit risk. Risk concentration can materialise from excessive exposures to single counterparty and persons connected to it, a particular instrument or a particular market segment / sector.

The Company's quantitative controls to manage concentration risk is through diversification. A minimum level of diversification is realised by observing the single counterparty limits. The single counterparty exposure limit represents maximum concentration of a particular counterparty. The limit exists for each asset class as well as across all investment assets, reinsurance and derivative counterparty.

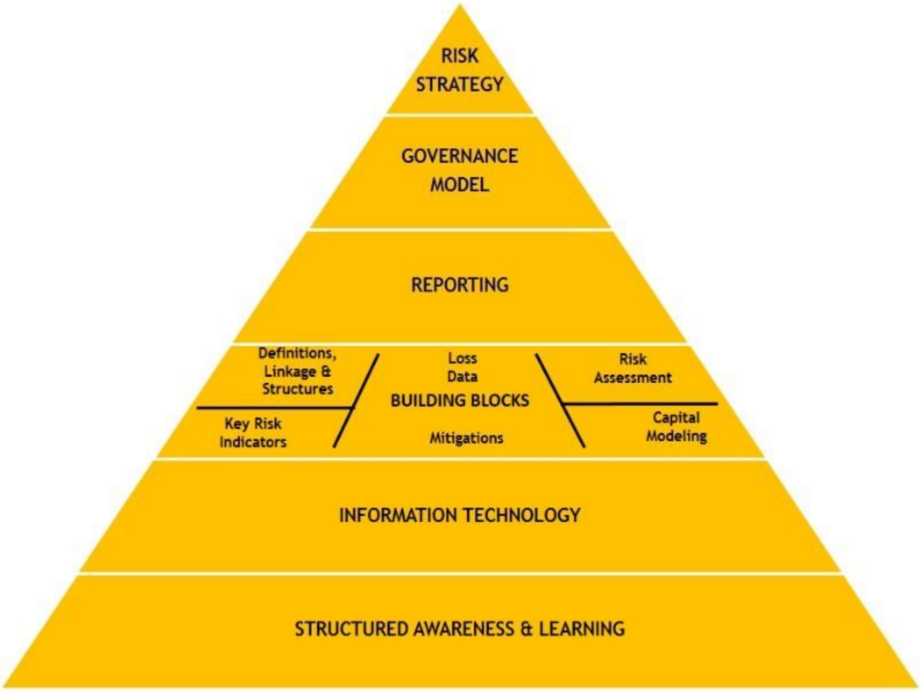
44. NON-FINANCIAL RISKS (OPERATIONAL RISKS)

Non-financial risk management is a discipline of systematically identifying the causes of failures in the organisation’s day-to-day operations, assessing the risk of loss and taking the appropriate action to minimise the impact of such loss.

Non-financial risk is the risk of loss arising from operational events and/or external factors that could result in monetary losses or negative impact in brand value and stakeholder’s perception.

Non-financial risk management methodology comprise of the components summarised in diagram below.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)



The nature and extent of operational risk can shift quickly in response to changes in people, organisational structure, processes, systems, products, customers or business environments. Hence, continuous review and monitoring of the risks and the control effectiveness is vital for an effective non-financial risk management.

To facilitate this process, specific tools and methodologies are employed to identify, assess and measure, control, monitor and report the operational risks that affect the MAHB Group.

Non-Financial Risk Taxonomy

(i) Internal Fraud

Losses due to illegal acts (explicitly prohibited by internal policies/guidelines or external regulations/law provisions) committed by employees. It also includes fraudulent activities/theft perpetrated by employees or in collusion with external party against the company/organisation.

(ii) External Fraud

Losses due to fraudulent activities/theft perpetrated by third party against the company/organisation. External fraud could arise from system security risk, i.e. failure to provide a secure system platform or an activity/incident that can and will threaten the integrity of a system, which will in turn affect the reliability and privacy of data.

(iii) Employment Practices and Workplace Safety

(a) Employee relations - failure to maintain positive employer-employee relationships that contributes to unsatisfactory productivity, demotivation and low morale;

(b) Safe environment - failure in the provision of a safe working environment from events that could endanger the safety of the employees; and

(c) Diversity and discrimination - failure to provide equalities in the employment practice.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(iv) Client or Products and Business Practices

In general, this risk category covers information risk as well as conduct risk, and it is sub-divided into five risk types, namely suitability disclosure and fiduciary, improper business or market practices, product flaws, selection sponsorship and exposure and advisory activities.

(v) Damage to Physical Assets

Damage to physical assets due to force of nature, or events which are not within due control of human. It also includes accidents and public safety that relates to failure in the provision of a safe environment from events that could endanger the safety of the general public from significant danger, injury/harm, or damage.

(vi) Business Disruption and System Failures

Failure in the provision of an effective information technology infrastructure (e.g. hardware, networks, software) to support the current and future needs of the business in an efficient, cost-effective and well controlled manner.

(vii) Execution or Delivery and Process Management

The risk relates to transaction capture or execution and maintenance, monitoring and reporting, customer intake and documentation, customer or client account management, vendors and suppliers.

Note: all risk types have an element of compliance risk (i.e. inability to comply with existing regulation, such as conduct risk). Regulatory risk under enterprise risk is linked with Changing Regulations and the risk they represent to sustainability of the current Business Model.

(viii) Technology and Cyber Risk

Risk which impacts confidentiality, availability and integrity of information and services related to information technology, be it hosted on-premises or in cloud. This includes risks that customers or the business units may suffer on service disruptions or may incur losses arising from system defects such as failures, faults, incompleteness in computer operations, information security breach, cyber-attacks, illegal or unauthorised use of computer systems or data breach via computer systems that was perpetrated either by internal staff or external parties, intentionally or unintentionally. Besides, cyber risk that can lead to losses due to cyber-crime and cyber terrorism is included. The consequences are potential breach of customers' data / information, jeopardize data integrity, regulation and reputational impact.

(ix) Business Continuity Risk

Risk of loss due to force of nature (e.g. avalanche, earthquake, flood, forest fire, hurricane, lightning, tornado, tsunami, and volcanic eruption), or events which are not within due control of human (e.g. terrorism, vandalism) or epidemic of infectious disease (e.g. H1N1, SARS, cholera) which could impact the continuity of MAHB and its entities' operations.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(x) Model Risk

Model risk is the risk arising from a model that does not operate as intended resulting in adverse consequences (e.g. financial loss, poor business or strategic decisions, reputational damage) arising from inappropriate decisions based on incorrect or misused model outputs.

(xi) Legal Risk

Risk of loss which is primarily caused by a defective transaction, a claim (including a defence to a claim or a counterclaim) being made or some other event occurring which results in a liability or other loss, failing to take appropriate measures to protect assets owned, change in legislation or case law or failure to comply with regulatory requirements.

(xii) Compliance Risk

Risk of legal or regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

(xiii) Data Risk

Risk of loss of data/information that could lead to financial risk, operational risk, reputational risk, legal risk and regulatory sanctions.

(xiv) Third Party Risk

Risk of loss due to internal control failure of third parties or failure of third parties performing in a manner consistent with their contracted scope of engagement with MAHB Group for the provision of the intended services/deliverables.

(xv) Conduct Risk

The risk of an organisation or an individual’s activities having a detrimental impact on customers or negatively impacting the market and/or shareholder value.

45. ENTERPRISE RISK

Risk of loss or adverse impact arising from business/strategic, industry, corporate governance and systemic risk. Enterprise risk covers external and internal factors that can impact the Company's ability to meet its current business plan for achieving ongoing growth and value creation. It includes changes in the external environment including regulatory, economic environment, competitive landscape or the way people (customers or staff) behave. It can also be due to poor internal decision making and management or due to loss of reputation. Enterprise risk will be exacerbated when there is a disruption to financial services that is caused by an impairment of all or parts of the financial system, with the potential to have serious negative consequences to the real/entire economy.

45. ENTERPRISE RISK (CONTD.)

(i) Regulatory Risk

Losses with regard to regulatory changes impacting, for example allowable product features, underwriting practices, profit sharing and solvency, which may affect the volume or quality of new sales or the profitability of in force business. Regulatory changes include all external compliance aspects such as tax environment and legislation.

Changing regulations (local and foreign countries in which the MAHB Group has operations) threaten the competitive position and the capacity to efficiently conduct business. This can result in increased competitive pressures and significantly affect the ability to efficiently conduct business.

(ii) Business and Strategic Risk

Risk of current or prospective impact on earnings, capital, reputation or standing arising from changes in the environment the MAHB Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Risk of failure in directing and managing the business and affairs towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iii) Reputational Risk

Reputational risk is damaged by one or more than one reputation event, as reflected from negative publicity about the business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence, resulting in costly litigation, or lead to a decline in its customer base, business or revenue.

Reputational risk can have severe impact on overall value either directly, by causing an increase in lapses, or indirectly through the inability of future value generation as a result of not being able to attract and keep new customers, distribution partners and staff.

(iv) Sustainability Risk

Sustainability risks are the uncertainty in being able to sustain the growth of our organisation. It can either represent a risk on its own or have an impact on other risks and may contribute significantly to such risks, including financial, non-financial and insurance risks.

This is the risk of loss arising from the failure to address environment, social and corporate governance concerns, thus adversely impacting the sustainability of business operations or the value of assets and liabilities.

46. FAIR VALUE MEASUREMENTS

This disclosure provides information on fair value measurements for both financial instruments and non-financial assets and liabilities and is structured as follows:

(a) Valuation principles;
(b) Valuation techniques;
(c) Fair value measurements and classification within the fair value hierarchy;
(d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
(e) Movements of Level 3 financial instruments; and
(f) Sensitivity of fair value measurements to changes in unobservable input assumptions.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Company has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Company follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Company continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

The levels of the Fair Value hierarchy as defined by MFRS Accounting Standards are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1 : Active Market – Quoted price

  Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices which represent actual and regularly occurring market transactions on an arm’s length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

46. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

- Level 2 : No Active Market – Valuation techniques using observable input

  Refers to inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

  Examples of Level 2 financial instruments include corporate and government bonds, structured products, NCDs/NICDs and over-the-counter ("OTC") derivatives.

- Level 3 : No Active Market – Valuation techniques using unobservable input

  Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

  Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

(b) Valuation techniques

(i) Cash and cash equivalents and other assets/liabilities

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

(ii) Financing receivables

Financing receivables are granted at interest rates which are comparable with the rates offered on similar instruments in the market and to counter parties with similar credit profiles. Accordingly, the carrying amounts of the financing receivables approximate their fair values as the impact of discounting is not material.

(iii) Investments

Investments have been accounted for in accordance with the accounting policies as disclosed in Note 2.2(vi) and 2.2(vii)(a). The carrying amounts and fair values of investments are disclosed in Note 8 to the financial statements. Investments in unquoted equity instruments that do not have quoted market price in an active market, the fair values are measured based on the adjusted net asset method by referencing to the annual financial statements of the entity that the Company invested in.

46. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Valuation techniques (contd.)

(iv) Investment properties and IPUC

The fair values of investment properties and IPUC are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. Income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.

(c) Fair value measurements and classification within the fair value hierarchy

	Fair value measurement using Valuation techniques:			
	Level 1 Using quoted market prices RM'000	**Level 2 Using observable inputs RM'000**	**Level 3 Using significant unobservable inputs RM'000**	**Total RM'000**
2025				
<u>Assets</u>				
Investment properties	-	-	353,130	353,130
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	67,896	-	67,896
(ii) HFT				
Equity securities	193,787	-	89,796	283,583
Unit and property trust fund	10,736	-	-	10,736
Financial assets at FVOCI				
Malaysian government papers	-	191,474	-	191,474
Equity securities	43,269	-	-	43,269
Debt securities	-	1,267,911	-	1,267,911
NICD	-	44,657	-	44,657
Derivative assets	-	737	-	737
Total assets	247,792	1,572,675	442,926	2,263,393

46. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

	Fair value measurement using Valuation techniques:			
	Level 1 Using quoted market prices RM'000	**Level 2 Using observable inputs RM'000**	**Level 3 Using significant unobservable inputs RM'000**	**Total RM'000**
2024				
Assets				
Investment properties	-	-	353,080	353,080
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	89,805	-	89,805
(ii) HFT				
Equity securities	139,202	-	84,966	224,168
Unit and property trust fund	-	-	-	-
Financial assets at FVOCI				
Malaysian government papers	-	224,272	-	224,272
Equity securities	48,704	-	-	48,704
Debt securities	-	1,192,787	-	1,192,787
Total assets	187,906	1,506,864	438,046	2,132,816

(d) Transfer between Level 1 and Level 2 in the fair value hierarchy

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. The Company determines whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year. There were no transfers between Level 1 and Level 2 for the Company during the financial years ended 31 December 2025 and 2024.

46. FAIR VALUE MEASUREMENTS (CONTD.)

(e) Movements of Level 3 financial instruments and non financial assets

	Assets and financial investments measured at fair value	
2025	**Investment Properties RM'000**	**Unquoted equity securities designated at FVTPL RM'000**
At 1 January	353,080	84,966
Recognised in the profit or loss:		
Fair value (losses)/gains	(3,505)	4,830
Addition, at cost (Note 4)	3,555	-
At 31 December	353,130	89,796
Total (losses)/gains recognised in profit or loss for assets and financial instruments measured at Level 3 of the fair value hierarchy at the end of the reporting year	(3,505)	4,830
2024		
At 1 January	337,920	84,612
Recognised in the profit or loss:		
Fair value gains	15,018	354
Addition, at cost (Note 4)	142	-
At 31 December	353,080	84,966
Total gains recognised in profit or loss for assets and financial instruments measured at Level 3 of the fair value hierarchy at the end of the reporting year	15,018	354

46. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions

(i) Investment properties

All investment properties of the Company carried at fair values were classified under Level 3. The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach.

	Valuation Method	Significant unobservable inputs	Range
2025			
Building	Income capitalisation	Rental per square foot	RM 5.00 to RM 7.80
Land	Comparison	Sales price per square foot for similar properties	RM 4,400.00
Shoplots	Comparison	Sales price per square foot for similar properties	RM 1.00 to RM 930
2024			
Building	Income capitalisation	Rental per square foot	RM 5.00 to RM 7.50
Land	Comparison	Sales price per square foot for similar properties	RM 4,400.00
Shoplots	Comparison	Sales price per square foot for similar properties	RM 1.00 to RM 930

46. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd.)

(i) Investment properties (contd.)

Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates. Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

A significant increase or decrease in the unobservable input used in the valuation would result in a correspondingly higher or lower fair value of the investment properties.

(ii) Unquoted equity instruments

All unquoted equity instruments of the Company at fair values were classified under Level 3. The fair value of investments in unquoted equity instruments that do not have quoted market prices in an active market, are measured based on the adjusted net asset method by referencing to the annual financial statements of the entities that the Company invested in.

The analysis below is performed for reasonably possible movements in the net asset value:

Net asset value	Changes in variables	Impact to Investments RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<-------- Increase/(decrease)		--------->
2025	+5%	4,490	4,490	3,412
	-5%	(4,490)	(4,490)	(3,412)
2024	+5%	4,248	4,248	3,229
	-5%	(4,248)	(4,248)	(3,229)

* Impact on equity is computed after tax at the statutory tax rate.

47. REGULATORY CAPITAL REQUIREMENT

The Company Internal Capital Adequacy Assessment Process ("ICAAP") Framework is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and to ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above Individual Target Capital Level ("ITCL") and Supervisory Level. Pursuant to the Risk-Based Capital Framework issued by BNM, the Company has met the minimum CAR of 130%.

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

The total capital available of the Company as at 31 December 2025 and 31 December 2024, as prescribed under the RBC Framework is provided below:

	2025 RM'000	2024 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	229,879	229,879
Reserves, including retained earnings	969,041	901,682
	1,198,920	1,131,561
Tier 2 Capital		
Revaluation reserve	76,391	76,391
Available-for-sale reserve	24,317	19,916
Currency translation reserve	16,085	16,155
	116,793	112,462
Amount deducted from Capital	(15,302)	(19,032)
Total Capital Available	1,300,411	1,224,991

48. UPDATE ON THE MALAYSIA COMPETITION COMMISSION (“MYCC”) AGAINST THE GENERAL INSURANCE ASSOCIATION OF MALAYSIA (“PIAM”) AND ITS 22 GENERAL INSURERS

On 22 February 2017, the Malaysia Competition Commission (“MyCC”) has issued a Proposed Decision against the General Insurance Association of Malaysia (“PIAM”) and its 22 general insurers, including the Etiqa General Insurance Berhad (“the Company") for an alleged infringement of the Competition Act 2010 ("CA 2010”). The MyCC alleged that PIAM and all 22 general insurers were parties to an anti-competitive agreement to fix the parts trade discount for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops.

PIAM and all the 22 general insurers have filed their respective written representations with the MyCC. The Company, represented by its legal counsel, Messrs Raja Darryl & Loh (“RDL”) has filed its written representations with the MyCC on 25 April 2017 and has further made oral representations on 14 December 2017 and 17 June 2019 to defend its position, in line with PIAM and other general insurers.

48. UPDATE ON THE MALAYSIA COMPETITION COMMISSION ("MYCC") AGAINST THE GENERAL INSURANCE ASSOCIATION OF MALAYSIA ("PIAM") AND ITS 22 GENERAL INSURERS (CONTD.)

The MyCC on 25 September 2020 issued their final decision (which is dated 14 September 2020) under Section 40 of the CA 2010 ("Final Decision") and the financial penalty for the Company has been determined. The Company filed an appeal against the Final Decision with the Competition Appeal Tribunal ("CAT") on 14 October 2020 and a stay of the financial penalty was imposed. The Final Decision also sets out a financial penalty levied against the Company in the sum of RM3,810,328.

The CAT unanimously allowed the stay applications on 23 March 2021 that the cease and desist order as well as the financial penalty imposed be stayed pending the disposal of the appeal.

The Case Management was held on 30 August 2021 and the CAT has heard the opening written and oral submissions by the Company regarding the appeal against the Final Decision on 16 November 2021.

The hearing dates for the submission of answers from the lawyers for MyCC took place on March 17, 2022 and March 21, 2022. The objection hearings from the respective lawyers for the Insurers took place on March 24, 2022, April 6, 2022, April 7, 2022 and April 21, 2022.

The CAT on 2 September 2022 unanimously allowed the appeal filed by PIAM and the general insurance company. The entire MYCC final result dated 14 September 2020 is set aside. The Tribunal made no order as to costs.

On 6 December 2022, the Company's lawyers informed that MyCC had applied to the High Court to try and obtain permission (permission) to initiate judicial review proceedings against the CAT decision which set aside MyCC's final decision.

Counsels for all the general insurers have discussed the matter in detail and the majority have advised their respective clients to proceed with the object at the ex parte leave stage in the High Court (where the Company has also taken similar steps) – in other words, to obtain permission from the Court to appear and be heard as the alleged respondents during the ex parte leave stage and to argue against the granting of permission for which the trial date has been set on 8 May 2023.

All the lawyers representing the insurance companies appeared in the High Court on 30 November 2023 to oppose MyCC's application for permission to initiate a Judicial Review. The High Court on 16 January 2024 rejected MyCC's Application for Permission to initiate Judicial Review proceedings against the CAT decision which set aside MyCC's final decision at a cost of RM10,000.00 to all Respondents. Lawyers informed that MyCC will likely appeal to the Court of Appeal.

The MyCC's appeal has been fixed for a physical hearing before the Court of Appeal on 30 April 2026.

49. DEREGISTRATION AND CLOSURE OF ETIQA GENERAL INSURANCE BERHAD ("EGIB") BASED IN BRUNEI

On 28 November 2024, EGIB received a letter dated 27 November 2024 from Brunei Darussalam Central Bank ("BDCB") granting EGIB's request to deregister EGIB Brunei under the Insurance Order 2006, effective 14 days after the date of the BDCB's letter.

On 27 December 2024, EGIB had repatriated the fund held in Maybank Brunei amounting to BND9.27million (comprising BND8million in fixed deposit and BND1.27million in current account) back to Malaysia.

On 21 October 2025, EGIB Board approved the striking-off of EGIB Brunei from the Brunei Registry of Companies and Business Names ("ROC") following the closure of its Maybank current accounts.

On 21 November 2025, Maybank Brunei confirmed the closure of EGIB Brunei's Maybank current accounts, and by 25 November 2025, the remaining fund amounting to BND498.7K has been repatriated back to Malaysia.

EGIB is in the process of applying for the striking-off application with Brunei ROC and the completion of its closure activities is expected by 2026.