

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of shared services to its subsidiaries. The principal activities and other information relating to the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to the equity holders of the Company	<u>1,020,512</u>	<u>209,794</u>

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

In the opinion of the Directors, the results of the operations of the Group and 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:	
- 203.00 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	<u>250,241</u>

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

The amount of dividend paid by the Company since 31 December 2025 was as follows:

In respect of financial year ended 31 December 2025, interim dividend of:	
- 39.68 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	<u>99,996</u>

The interim dividend was declared on 27 August 2025 and paid on 30 September 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.

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

The number of ESGP Shares and CESGP 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 and CESGP 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:

Puan Fauziah Binti Hisham (Chairman)
Mr. Glenn John Williams (Vice Chairman) (*appointed w.e.f. 1 July 2025*)
Datuk Mohd Najib Bin Abdullah
Cik Che Zakiah Binti Che Din
Mr. Ajay Kumar Garg (*appointed w.e.f. 1 July 2025*)
Encik Mohd Din Bin Merican (*appointed w.e.f. 1 January 2026*)
Encik Shafiq Bin Abdul Jabbar (*appointed w.e.f. 1 January 2026*)
Dato' Majid Bin Mohamad (*resigned w.e.f. 30 November 2025*)
Mr. Emmanuel Gerard C. Van Grimbergen (*resigned w.e.f. 30 June 2025*)
Mr. Gary Lee Crist (*resigned w.e.f. 30 June 2025*)

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

DIRECTORS OF SUBSIDIARIES

The following is a list of Directors of the subsidiaries in office as at the date of this report:

Subsidiaries

Directors

Etiqua General Insurance Berhad ("EGIB")

Encik Mohd Din Bin Merican (Chairman)
(*appointed w.e.f. 1 January 2026*)
Mr. Thomas Frank Caris Alias Reynders
(Vice Chairman)
Encik Mohamad Shukor Bin Ibrahim
Mr. Tan Kwang Kherng
Puan Siti Nita Zuhra Binti Mohd Nazri
Datuk Mohd Najib Bin Abdullah
(*resigned w.e.f. 31 December 2025*)

Etiqua Life Insurance Berhad ("ELIB")

Datuk Mohd Najib Bin Abdullah (Chairman)
Mr. Frank Johan Gerard Van Kempen (Vice
Chairman)
Mr. Wong Pakshong Kat Jeong Colin Stewart
Dr. Ariffin Bin Datuk Yahaya
Dr Siew. Chan Cheong

DIRECTORS OF SUBSIDIARIES (CONTD.)

The following is a list of Directors of the subsidiaries in office as at the date of this report: (contd.)

Subsidiaries (contd.)

Directors (contd.)

Etiqua Family Takaful Berhad ("EFTB")

Datuk Mohd Najib Bin Abdullah (Chairman)
(appointed w.e.f. 1 January 2026)
Mr. Ajay Kumar Garg (Vice Chairman)
Mr. Wong Pakshong Kat Jeong Colin Stewart
Encik Mohamad Yasin Bin Abdullah
(appointed w.e.f. 1 January 2026)
Cik Hasnah Binti Omar
(appointed w.e.f. 1 January 2026)
Professor Dr. Azman Bin Mohd Noor
(resigned w.e.f. 14 June 2025)
Encik Malique Firdauz Bin Ahmad Sidique
*(appointed w.e.f. 2 July 2025 and
resigned w.e.f. 30 September 2025)*
Encik Mohd Din Bin Merican
(resigned w.e.f. 31 December 2025)
Dato' Majid Bin Mohamad
(resigned w.e.f. 31 December 2025)

Etiqua General Takaful Berhad ("EGTB")

Encik Mohd Din Bin Merican (Chairman)
(appointed w.e.f. 1 January 2026)
Mr. Dominik Jaqueline A. Smeets (Vice Chairman)
Mr. Wong Shu Yoon
Cik Nora Junita Binti Mohd Hussaini
Encik Mohd Amri Bin Mohd Sofian
(appointed w.e.f. 1 December 2025)
Dato' Muzaffar Bin Hisham
(resigned w.e.f. 17 May 2025)
Dato' Majid Bin Mohamad
(resigned w.e.f. 31 December 2025)

Etiqua Offshore Insurance (L) Ltd ("EOIL")

Mr. Wong Shu Yoon (Chairman)
*(re-designated as Chairman w.e.f. 1 January
2026)*
Mr. Lam Chung Yin
Dato' Majid Bin Mohamad
(resigned w.e.f. 31 December 2025)

Etiqua Life International (L) Ltd ("ELIL")

Mr. Wong Shu Yoon (Chairman)
*(re-designated as Chairman w.e.f. 1 January
2026)*
Mr. Lam Chung Yin
Dato' Majid Bin Mohamad
(resigned w.e.f. 31 December 2025)

DIRECTORS OF SUBSIDIARIES (CONTD.)

The following is a list of Directors of the subsidiaries in office as at the date of this report: (contd.)

Subsidiaries (contd.)	Directors (contd.)
Etiqa Insurance Pte. Ltd. ("EIPL")	Puan Fauziah Binti Hisham (Chairman) Mr. Filip Andre L. Coremans (Vice Chairman) Encik Kamaludin Bin Ahmad Ms. Loo Pauy Liean Mr. Francis Tan Wee Ming Mr. Hitesh Motichand Shah
Double Care Sdn. Bhd. ("DCSB") (Under members' voluntary winding-up)	Dato' Aminuddin Bin Md Desa Mr. Hans Jozef Josephina De Cuyper

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 35 and 45 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	Group	Company
	RM'000	RM'000
Fees	5,115	1,246
Other emoluments	1,168	312
Benefits-in-kind	21	21
	6,304	1,579

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 of the ultimate holding company, Maybank during the financial year were as follows:

	Number of Ordinary Shares		
	As at 1 January 2025/ Date of Appointment	Acquired during the year	As at 31 December 2025
Ultimate holding company			
Direct interest:			
Puan Fauziah Binti Hisham	21,435	-	21,435
Indirect interest:			
Puan Fauziah Binti Hisham ¹	-	2,000	2,000
Mohd Din Bin Merican ²	7,515	-	7,515

¹ Shares in Maybank held by son.

² Shares in Maybank held by spouse and son.

The Ultimate Holding Company has awarded the following ESGP Shares to the following Directors:

	Award date	Number of ESGP Shares awarded	Vesting year
Encik Shafiq Bin Abdul Jabbar (<i>appointed w.e.f. 1 January 2026</i>)	31.10.2025	161,699	2028
		161,699	

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.

DIRECTORS' INTERESTS (CONTD.)

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 page 10 to 29.

OTHER STATUTORY INFORMATION

- (a) Before the Statements of Financial Position and Income Statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written-off for bad debts or the amount of the allowances for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and 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 Group and 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 Group and 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 Group or 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 Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or 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/certificates of Insurance/Takaful underwritten in the ordinary course of business of the Insurance and Takaful subsidiaries.

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SIGNIFICANT EVENTS

There were no significant events which have occurred during the financial year other than as disclosed in Note 53 to the financial statements.

SUBSEQUENT EVENTS

There were no subsequent events during the financial year that require disclosure in the financial statements.

AUDITORS

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

The auditors' remunerations are as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	<u>3,024</u>	<u>328</u>

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2026.



FAUZIAH BINTI HISHAM



CHE ZAKIAH BINTI CHE DIN

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

The Board of Directors (“the Board”) of Maybank Ageas Holdings Berhad (“MAHB” or “the Company”) 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 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 comprises five (5) Directors:-

- (i) Three (3) Independent Non-Executive Directors (“INED”); and
- (ii) Two (2) Non-Independent Non-Executive Directors (“NINED”).

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 INEDs 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. Pn. Fauziah Binti Hisham, an INED, is the Chairman of the Board. The two (2) NINEDs are nominees of Ageas Insurance International N.V. (“Ageas”), a shareholder of the Company.

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 Group. 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

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.

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*	%
Puan Fauziah Binti Hisham (<i>Chairman</i>)	INED	8/9	89
Mr. Glenn John Williams (<i>Vice Chairman</i>)	NINED ¹	4/4	100
Datuk Mohd Najib Bin Abdullah	INED ²	9/9	100
Cik Che Zakiah Binti Che Din	INED ³	9/9	100
Mr. Ajay Kumar Garg	NINED ⁴	3/4	75
Pn. Khalijah Binti Ismail	ED ⁵	0/1	0
Mr. Gary Lee Crist	NINED ⁶	5/5	100
Mr. Emmanuel Gerard C. Van Grimbergen	NINED ⁷	4/5	80
Dato' Majid Bin Mohamad	INED ⁸	9/9	100

1 Appointed as the Vice Chairman / NINED of the Company with effect from 1 July 2025. He is also a member of the Nomination and Remuneration Committee and the Audit Committee of the Board of the Company.

2 He is also a member of the Nomination and Remuneration Committee of the Company.

3 She is also the Chairman of the Nomination and Remuneration Committee of the Company.

4 Appointed as a NINED of the Company with effect from 1 July 2025. He is also a member of the Risk Management Committee of the Company.

5 Ceased as an ED of the Company with effect from 17 February 2025.

6 Resigned as a NINED of the Company with effect from 30 June 2025.

7 Resigned as the Vice Chairman / NINED of the Company with effect from 30 June 2025.

8 Resigned as an INED of the Company with effect from 30 November 2025.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

Profile of Directors

Name/Designation /Age/Nationality	Background/ Experience	Other Directorships within the Group
Puan Fauziah Binti Hisham Chairman/ INED 69 years of age Malaysian	Banking	• Chairman/ NINED, Etiqa Insurance Pte. Ltd. <i>(Incorporated in Singapore)</i>
Mr. Glenn John Williams Vice Chairman/ NINED 56 years of age British	Insurance and Reinsurance	Nil
Datuk Mohd Najib Bin Abdullah INED 65 years of age Malaysian	Banking & Insurance	• Chairman/ INED, Etiqa Life Insurance Berhad • Chairman/ INED, Etiqa General Insurance Berhad <i>(Resigned with effect from 31 December 2025)</i>
Cik Che Zakiah Binti Che Din INED 66 years of age Malaysian	Banking Supervision and Regulation	Nil
Mr. Ajay Kumar Garg NINED 45 years of age Dutch	Insurance	• Vice Chairman/ NINED, Etiqa Family Takaful Berhad

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").

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(b) Roles and Responsibilities of the Board

The business and affairs of the Group 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 Group. The Board also sets the Group's core values, and adopts proper standards to ensure that the Group 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 Board had established Board Committees to assist the Board in carrying out effective oversight of the operations and business affairs of the Company and Group, 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 members¹, Senior Officers² 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 members¹ and Senior Officers² of the Group.

The NRC also establishes a formal and transparent procedure for the nomination and appointment of Directors, CEOs, Shariah Committee members¹, Senior Officers² and Company Secretary 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 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 the 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 and takaful industry.

In addition, the NRC is also responsible to implement a formal and transparent procedure for developing a remuneration framework for Directors, CEOs, Shariah Committee members¹, Senior Officers² and Other Material Risk Takers of the Group, and also to ensure the 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).

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 the Company.

² The word 'Senior Officers' shall refer to Senior Officers of the 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 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 NRC	Designation	Number of NRC Meetings	%
Cik Che Zakiah Binti Che Din (Chairman)	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 of the Group 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	%
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 supports 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	%
Encik Mohd Din Bin Merican (Chairman)	INED ¹	9/9	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED	9/9	100
Encik 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 summarised as follows:-

A. In-house Training	¹FH	²GJW	³DN	⁴DM	⁵CZ	⁶AK
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" by Ernst & Young Consulting Sdn. Bhd.	√			√	√	
8 Etiqa: Regional Updates on Life and Non-Life Segments, Millman Southeast Asia	√				√	
9 Etiqa: Annual Engagement with Etiqa Takaful Shariah Committee, Shariah Committee Members of Etiqa Family Takaful Berhad (EFTB) and Etiqa General Takaful Berhad (EGTB)				√		
10 Etiqa: Etiqa Sustainability Day 2025 – The Environmental, Social & Governance (ESG) Reset Panel Session: Reinvent, Rebrand or Retreat?, Corporate Strategy Office, MAHB	√			√		
11 Maybank: Maybank Annual Board Risk & Compliance Workshop 2025, Group Risk, PricewaterhouseCoopers (PwC), Oliver Wyman & Deloitte	√	√	√		√	√
12 Maybank: Corporate Governance Excellence: Navigating Governance in Groups, Asia School of Business (ASB)	√				√	
13 Maybank: Annual Cybersecurity Awareness, Accenture Cybersecurity Global	√				√	
14 Maybank: Cyber Risk & Security Awareness Session, Mandiant & Trellix	√				√	√

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (cont'd)

Training attended by the Directors during the financial year were summarised as follows:- (contd.)

A. In-house Training	¹ FH	² GJW	³ DN	⁴ DM	⁵ CZ	⁶ AK
15 Maybank: Invest ASEAN-Malaysia Conference 2025, Bursa Malaysia and Maybank Banking Berhad	√				√	
16 Maybank: Leadership Anchored in Legacy: Prophetic Principles for a Sustainable Future, Al-Salam Institute (ASI)	√					
17 Maybank: Rare Earths and The Art of War: Xi's Tai Chi with Trump, Maybank Investment Bank Berhad	√					
18 Maybank: Maybank Asset Management Sn. Bhd. (MAMG) Market Outlook 2026 – Charting the New Era, Investing Beyond Cycles, MAMG	√					
19 Ageas Group: Responsible Artificial Intelligence (AI), Ageas Group		√				
20 Ageas Group: Agency Apex, Ageas Group		√				
21 Ageas Group: Ageas Partnership Days, Ageas Group		√	√			√
22 Ageas Group: Ageas Management Forum, Ageas Group		√				√
23 Ageas Group: Microsoft Copilot Series #1, Ageas Group						√
24 Ageas Group: RO Compliance Refresher 2024, Ageas Group						√
25 Ageas Group: M365 Advanced & M365 New Apps Training, Super Hub						√
26 Ageas Group: MS Copilot Advanced & Copilot Agents, Ageas Group						√
27 Ageas Group: M365 Advanced Training, Super Hub						√
28 Ageas Group: Finance & Investment Training – Developing High Performance Team, Thomas International						√
29 Ageas Group: NextGen Partnership, Ageas Group						√
30 Ageas Academy: Financial Excellence course on IFRS17 and Solvency II, Ageas Group		√				√
31 Ageas Academy: Financial Excellence, Ageas Group						√

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (cont'd)

Training attended by the Directors during the financial year were summarised as follows:- (contd.)

B. External Training	¹ FH	² GJW	³ DN	⁴ DM	⁵ CZ	⁶ AK
1 Government of Malaysia: Forum Ekonomi Malaysia 2025, The Ministry of Economy Malaysia	√				√	
2 Securities Industry Development Corporation (SIDC): Maqasid Al-Shariah & Sustainability: A Game-Changer for Islamic Finance, SIDC	√					
3 FIDE Forum: Special Lecture on Global Events & Financial Industry Outlook, George Town Institute of Open and Advanced Studies	√			√		
4 FIDE Forum & Bank Negara Malaysia (BNM): Annual Report 2024 Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024, FIDE Forum	√				√	
5 FIDE Forum: The Influence of Board Culture on Corporate Performance, FIDE Forum	√					
6 FIDE Forum: Tokenising Financial Assets: What Financial Leaders Need to Know Today, FIDE Forum	√					
7 FIDE Forum: Navigating Digital Disruption: How can we Boards in Financial Institutions Enhance Strategic Digital Governance, FIDE Forum	√					
8 FIDE Forum: Crisis Stimulation Masterclass: Decision-Making in a Crisis, FIDE Forum	√				√	
9 ASB: Masterclass: Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities, , Hawk AI	√					
10 Evolution Of Banking Model: Traditional – Digital – Virtual; FinTech: Serene; NatWest Data Transformation & Core Banking, Accenture	√				√	
11 The Art of the Possible in AI, QuantumBlack	√				√	
12 The Leadership Mystique, Kets De Vries Institute	√				√	
13 Learnings from Europe's Fastest Growing Startup, Allica Bank	√				√	
14 Ministry of Finance: Budget 2026 – An Exclusive Session with YBhg. Datuk Johan Mahmood Merican by Secretary General of Treasury, The Ministry of Finance Malaysia	√					
15 Securities Commission Malaysia (SC): Economic Outlook 2026 – Steadying the Compass: Malaysia's Growth, Reform and Global Realities, SC	√				√	
16 Perbadanan Nasional Berhad (PNB): PNB Knowledge Forum 2025, PNB	√					
17 PNB : Project Converse: Fireside Chat with PNB Investee Companies' Directors, PNB	√					

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (cont'd)

Training attended by the Directors during the financial year were summarised as follows:- (contd.)

B. External Training	¹ FH	² GJW	³ DN	⁴ DM	⁵ CZ	⁶ AK
18 Institute of Enterprise Risk Practitioners (IERP): Series 5 - Directors' Guide to Emerging Risk and Black Swans, IERP	√					
19 Climate Governance Malaysia (CGM): CGM Nuclear Webinar Series, Ep.5: Climate Efficiency of Nuclear Energy, State Atomic Energy Corporation Rosatom (Rosatom)	√					
20 Megatrends Day Forum, by Khazanah Nasional Berhad	√		√			
21 Navigating the New World Disorder – A View from the Dismal Science, ASB / INCEIF / Khazanah Research Institute	√					
22 FIDE: FIDE Core Modules A & B (Insurance), ASB		√				
23 Institute and Faculty of Actuaries: Professional Skills Training: Pilot without a license; What's the harm in that?; Temperature rising; and Picking up the slack, The Institute and Faculty of Actuaries		√				
24 What To Expect From Global Financial Services Regulation In 2025, Ernst & Young Consulting Sdn. Bhd.			√			
25 Global Ethical Finance Initiative (GEFI) and the Asian Institute of Chartered Bankers (AICB): "Ethical Finance ASEAN 2025 : Driving Inclusivity & Sustainability, GEFI & AICB			√			
26 GEFI and AICB: Post-COP30 Briefing			√			
27 Why It's Time To Take Another Look At Your Governance And Risk Management Frameworks by John Ho-Chi Technology Risk Partner of Ernst & Young LLP			√			
28 The Future-Ready Enterprise Ecosystem by International Institute for Management Development			√			
29 Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI): Public hearing on the principles of assessment of necessity for obtaining conventional reinsurance by Takaful institutions, AAOIFI				√		
30 BNM Sasana Symposium				√		
31 Institutional Investor: 2025 Greater China Global Investment Forum, Institutional Investor						√
32 Harvard Business School: Advanced Management Program, Harvard Business School						√
33 Banque Nationale de Paris (BNP)Global Markets Conference APAC 2025 BNP Paribas						√
34 Técnicas Reunidas (TR) Capital: TR Capital Investor Day, TR Capital						√

¹ FH – Puan Fauziah Binti Hisham

² GJW – Mr. Glenn John Williams

³ DN – Datuk Mohd Najib Bin Abdullah

⁴ DM – Dato' Majid Bin Mohamad

⁵ CZ – Cik Che Zakiah Binti Che Din

⁶ AK – Mr. Ajay Kumar Garg

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 setting of a fair and competitive remuneration package which commensurate with the level of expertise, skills, commitment and responsibilities undertaken, 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 shareholders.

(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) Non-Executive Directors’ Remuneration

The Non-Executive Directors’ remuneration for the financial year are as follows:

<u>Remuneration</u>	<u>Per Annum (RM)</u>
(i) Fees	
Board:	
- Chairman	230,000
- Member	150,000
Committee:	
- Chairman	34,000
- Member	30,000
(ii) Meeting allowances	
per meeting attended	2,200

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

The details of Directors’ and CEOs’ Remuneration for FYE 2025 are disclosed under Note 34 and Note 35 to the Company’s 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

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.

Components 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

Components of remuneration (contd.)

(i) Total Compensation (contd.)

Fixed Pay	Variable Pay	
	Variable Bonus	Long-Term Incentive Award
<ul style="list-style-type: none"> · Attract and retain talents by providing competitive and equitable pay. · Reviewed annually using a holistic using internal and external benchmarking against relevant peers and locations. The review considers market dynamics, individual responsibilities, functions and roles, performance, skillsets and competencies. 	<ul style="list-style-type: none"> · Reflect a pay-for-performance culture in line with the Company's core values · Based on the overall performance of the Group, business/corporate function and individual. · A balanced scorecard is used, comprising financial and non-financial KPIs to drive behaviours and performance that create long-term shareholder value 	<ul style="list-style-type: none"> · 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.
<p>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.</p> <p>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.</p>		

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

Components of remuneration (contd.)

(ii) Benefits & Well-being

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

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 Scheme ("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, and are reinforced by robust risk management and controls.

Performance and remuneration control functions are measured and assessed independently of business units to avoid conflicts of interest. The remuneration of employees in control functions is predominantly fixed, reflecting their responsibilities, and reviewed annually 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(d) Senior Officers and Other Material Risk Takers ("OMRTs")

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.

The remuneration of the Company's Senior Officers and OMRTs in FY2025 are summarised in the table below:

Group

Total value of remuneration awards for the financial year (RM'000)	Senior Officers		OMRTs	
	Unrestricted	Restricted	Unrestricted	Restricted
Fixed remuneration				
Cash	50,918 (82 headcount)	-	-	-
Shares and share-linked instrument	-	-	-	-
Others	-	-	-	-
Variable remuneration				
Cash	19,999 (78 headcount)	-	-	-
* Shares and share-linked instrument	9,613 (57 headcount)^	Refer to note below*	-	-
Others	-	-	-	-
Definition	Senior Officers are defined as Chief Executive Officer (CEO); Direct Reports to the CEO; Chief Compliance Officer 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 1,586,794 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 68 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 938,200 units of ESGP/CESGP granted in September 2022 have vested to 57 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

(d) Senior Officers and Other Material Risk Takers ("OMRTs") (contd.)

Company

Total value of remuneration awards for the financial year (RM'000)	Senior Officers		OMRTs	
	Unrestricted	Restricted	Unrestricted	Restricted
Fixed remuneration				
Cash	11,810 (14 headcount)	-	-	-
Shares and share-linked instrument	-	-	-	-
Others	-	-	-	-
Variable remuneration				
Cash	6,525 (14 headcount)	-	-	-
* Shares and share-linked instrument	3,184 (12 headcount)^	Refer to note below*	-	-
Others	-	-	-	-
Definition	Senior Officers are defined as Chief Executive Officer (CEO); Direct Reports to the CEO; Chief Compliance Officer 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 600,726 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 15 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 311,000 units of ESGP/CESGP granted in September 2022 have vested to 12 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.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

We, Fauziah Binti Hisham and Che Zakiah Binti Che Din, being two of the directors of Maybank Ageas Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 35 to 391 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 Group and of the Company as at 31 December 2025 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2026.


FAUZIAH BINTI HISHAM


CHE ZAKIAH BINTI CHE DIN

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

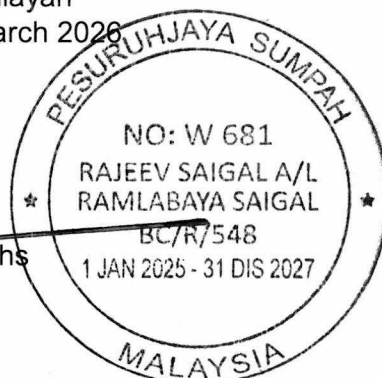
I, Lee Hin Sze (MIA membership no: 15432), being the officer primarily responsible for the financial management of Maybank Ageas Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 391 are in my opinion correct, and I make this solemn declaration 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 LEE HIN SZE
at Kuala Lumpur in Wilayah
Persekutuan on 27 March 2026


LEE HIN SZE
(MIA 15432)
Chief Financial Officer

Before me

Commissioner for Oaths



197701002387 (33361-W)

Independent auditors' report to the members of
Maybank Ageas Holdings Berhad
(Incorporated in Malaysia)

Report on the audit of financial statements

Opinion

We have audited the financial statements of Maybank Ageas Holdings Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements including material accounting policy information, as set out on pages 35 to 391.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their 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 opinion.

Independence and other ethical responsibilities

We are independent of the Group and 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 and the Corporate Governance disclosures, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.



Shape the future
with confidence

197701002387 (33361-W)

Independent auditors' report to the members of
Maybank Aegaeas Holdings Berhad (contd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (contd.)

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

In connection with our audit of the financial statements of the Group and 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 Group and 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 Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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.



Shape the future
with confidence

197701002387 (33361-W)

Independent auditors' report to the members of
Maybank Ageas Holdings Berhad (contd.)
(Incorporated in Malaysia)

Auditors' responsibility for the audit of the financial statements (contd.)

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 Group and 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 Group's and 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 Group's or 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 Group and 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



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197701002387 (33361-W)

Independent auditors' report to the members of
Maybank Ageas Holdings Berhad (contd.)
(Incorporated in Malaysia)

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
27 March 2026

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Assets</u>					
Property, plant and equipment	3	124,322	112,690	6,951	3,190
Investment properties	4	1,035,840	1,031,161	-	-
Prepaid land lease payments	5	14,846	15,332	-	-
Right-of-use assets ("ROU")	6	42,360	43,290	802	421
Intangible assets	7	110,175	89,076	1,737	765
Investment in subsidiaries	8	-	-	3,378,647	3,378,647
Investments	9	50,420,196	48,060,573	428,815	616,822
Financing receivables	11	108,682	112,302	648,002	670,816
Reinsurance contract/retakaful certificate assets	12	5,718,659	6,349,798	-	-
Insurance contract/Takaful certificate assets	13	220,229	75,439	-	-
Other assets	14	601,413	776,000	42,551	35,752
Derivative assets	15	69,501	15,472	-	-
Deferred tax assets	16	236,859	232,756	877	-
Current tax assets	17	99,316	80,327	-	146
Cash and bank balances		950,083	834,503	26,176	23,974
Total Assets		59,752,481	57,828,719	4,534,558	4,730,533
<u>Equity</u>					
Share capital	18	660,866	660,866	660,866	660,866
Reserves	19	8,013,804	7,304,754	2,797,365	2,940,735
Total Equity		8,674,670	7,965,620	3,458,231	3,601,601
<u>Liabilities</u>					
Insurance contract/Takaful certificate liabilities	13	46,762,674	45,549,545	-	-
Reinsurance contract/retakaful certificate liabilities	12	531,717	588,547	-	-
Subordinated obligation	20	1,000,000	1,000,000	1,000,000	1,000,000
Derivative liabilities	15	33,080	314,936	16,289	33,929
Deferred tax liabilities	16	659,402	644,775	-	420
Other liabilities	21	1,978,123	1,683,614	50,138	84,492
Interest payable on subordinated obligation	20	9,874	10,091	9,874	10,091
Current tax liabilities		102,941	71,591	26	-
Total Liabilities		51,077,811	49,863,099	1,076,327	1,128,932
Total Equity and Liabilities		59,752,481	57,828,719	4,534,558	4,730,533

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 (Restated) RM'000	2025 RM'000	2024 (Restated) RM'000
Insurance/Takaful revenue	22	8,118,243	7,477,268	-	-
Insurance/Takaful service expenses	23	(5,528,311)	(6,394,957)	-	-
Net expense from reinsurance contracts/retakaful certificates held	24	(1,335,685)	(431,674)	-	-
Insurance/Takaful service result		1,254,247	650,637	-	-
Interest/profit income from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	25	979,759	1,028,328	36,203	41,780
Net fair value gains/(losses) on financial assets measured at FVTPL	26	1,063,430	587,255	(537)	8,869
Net fair value gains/(losses) on derecognition of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")	27	41,762	(59,534)	47	-
Other investment income	28	1,026,667	1,016,341	247,783	801,853
(Allowance for)/Reversal of impairment loss on financial assets	29	(757)	3,262	(467)	821
Net foreign exchange (losses)/gains	30	(640,493)	263,988	(334)	288
Net investment income		2,470,368	2,839,640	282,695	853,611
Finance expenses from insurance contracts/takaful certificates issued	31	(2,384,416)	(2,178,620)	-	-
Finance income from reinsurance contracts/retakaful certificates held	32	148,834	163,994	-	-
Net insurance/Takaful financial result		(2,235,582)	(2,014,626)	-	-
Total net investment income and net Insurance/Takaful financial results		234,786	825,014	282,695	853,611

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTD.)

	Note	Group		Company	
		2025 RM'000	2024 (Restated) RM'000	2025 RM'000	2024 (Restated) RM'000
Shared service fee income, net		5,170	954	18,257	7,673
Other expenses, net	33	(67,664)	(118,209)	(42,105)	(91,698)
Other finance costs		(39,259)	(60,777)	(39,259)	(39,525)
Other expenses, net		(101,753)	(178,032)	(63,107)	(123,550)
Profit before taxation and zakat attributable to policyholders/ participants		1,387,280	1,297,619	219,588	730,061
Tax expense attributable to policyholders/participants	38	(49,551)	(90,529)	-	-
Profit before taxation and zakat		1,337,729	1,207,090	219,588	730,061
Tax expense	39	(272,724)	(332,267)	(9,794)	(5,010)
Zakat		(44,493)	(36,569)	-	-
Net profit for the financial year		1,020,512	838,254	209,794	725,051
Profit attributable to:					
Equity holders of the Company		1,020,512	838,254	209,794	725,051
Basic and diluted earnings per share (sen)	40	404.96	332.63	83.25	287.71

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTD.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net profit for the financial year		1,020,512	838,254	209,794	725,051
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
		357,020	(83,366)	(2,927)	(6,941)
Net fair value gains on investments in debt securities measured at FVOCI		533,169	74,312	611	416
Net fair value losses on derecognition of financial assets measured at FVOCI		(60,237)	(94,678)	-	-
Fair value adjustments on FVOCI financial assets backing participants' funds		(87,729)	(48,208)	-	-
Effect of hedging:					
- Net change in fair value		-	-	(28,295)	30,892
- Net movement in foreign exchange		-	-	24,904	(38,280)
Tax effect relating to these items		(28,183)	(14,792)	(147)	31
		10,753	90,889	-	-
Finance income from insurance contracts/Takaful certificates issued	32	11,734	70,187	-	-
Finance income from reinsurance contracts/retakaful certificates held	32	-	18,850	-	-
Tax effect relating to these items		(981)	1,852	-	-

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTD.)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Items that will not be subsequently reclassified to profit or loss:				
	(2,077)	50,827	-	-
Change in fair value of equity securities at FVOCI	(899)	92,498	-	-
Fair value adjustments on FVOCI financial assets backing the policyholders'/participants' funds	(1,188)	(29,341)	-	-
Tax effect relating to these items	10	(12,330)	-	-
	(313,151)	-	-	-
Finance expenses from insurance contracts/Takaful certificates issued	(351,889)	-	-	-
Finance income from reinsurance contracts/retakaful certificates held	30,589	-	-	-
Tax effect relating to these items	8,149	-	-	-
Currency translation differences	(13,414)	(19,559)	-	-
Other comprehensive income/(loss) for the financial year, net of tax	39,131	38,791	(2,927)	(6,941)
Total comprehensive income for the financial year, attributable to equity holders of the Company	1,059,643	877,045	206,867	718,110

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

Group

	←----- Non-Distributable ----->					Retained Earnings			Total Equity RM'000
	Share Capital RM'000	FVOCI Reserve RM'000	Insurance/ Takaful/ Reinsurance/ Retakaful Finance Reserve RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Non- Distributable Life Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
At 1 January 2025	660,866	292,257	(284,941)	78,310	788	1,380,518	5,837,822	7,218,340	7,965,620
Net profit for the financial year	-	-	-	-	-	198,069	822,443	1,020,512	1,020,512
Other comprehensive income/(loss) for the financial year	-	443,860	(391,315)	(13,414)	-	-	-	-	39,131
Total comprehensive income/(loss)	-	443,860	(391,315)	(13,414)	-	198,069	822,443	1,020,512	1,059,643
Impact of Group adjustment on expenses	-	-	-	-	-	(356)	-	(356)	(356)
Reclassified to currency translation reserve	-	(269,183)	270,367	(1,184)	-	-	-	-	-
Reclassification upon disposal of equity securities	-	(95,407)	74,061	-	-	5,712	15,634	21,346	-
Transfer from non-par surplus upon recommendation by the Appointed Actuary *	-	-	-	-	-	(194,302)	194,302	-	-
Dividend on ordinary shares	-	-	-	-	-	-	(350,237)	(350,237)	(350,237)
At 31 December 2025	660,866	371,527	(331,828)	63,712	788	1,389,641	6,519,964	7,909,605	8,674,670

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTD.)

Group

	Note	Non-Distributable				Retained Earnings			Total Equity RM'000	
		Share Capital RM'000	FVOCI Reserve RM'000	Insurance/ Takaful/ Reinsurance/ Retakaful Finance Reserve RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Non-Distributable Life Fund Surplus RM'000	Distributable Retained Profits RM'000		Sub-total Retained Profits RM'000
At 1 January 2024		660,866	122,641	(176,082)	100,404	788	1,151,736	5,741,929	6,893,665	7,602,282
Net profit for the financial year		-	-	-	-	-	254,085	584,169	838,254	838,254
Other comprehensive income/(loss) for the financial year		-	45,010	13,340	(19,559)	-	-	-	-	38,791
Total comprehensive income/(loss)		-	45,010	13,340	(19,559)	-	254,085	584,169	838,254	877,045
Impact of Group adjustment on expenses		-	-	-	-	-	(2,136)	-	(2,136)	(2,136)
Reclassified from FVOCI reserve to insurance finance reserve		-	(1,957)	1,957	-	-	-	-	-	-
Reclassified to currency translation reserve		-	126,691	(124,156)	(2,535)	-	-	-	-	-
Reclassification upon disposal of equity securities		-	(128)	-	-	-	(619)	747	128	-
Transfer from non-par surplus upon recommendation by the Appointed Actuary *		-	-	-	-	-	(22,548)	22,548	-	-
Dividend on ordinary shares	41	-	-	-	-	-	-	(511,571)	(511,571)	(511,571)
At 31 December 2024		660,866	292,257	(284,941)	78,310	788	1,380,518	5,837,822	7,218,340	7,965,620

* In accordance with the Financial Services Act 2013 in Malaysia, the unallocated surplus of the Life fund can only be distributed to the shareholders upon approval by the Appointed Actuary. The approved transfers from the Life fund's unallocated surplus for the financial years ended 31 December 2025 and 31 December 2024 were RM255,392,000 and RM29,400,000 (or RM194,302,000 and RM22,584,000, net of tax at 24%) respectively.

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTD.)

Company

	Note	<--- Non-distributable --->			Distributable Retained Profits RM'000	Total Equity RM'000
		Share Capital RM'000	FVOCI Reserve RM'000	Cash Flow Hedge Reserve RM'000		
At 1 January 2025		660,866	(125)	24,374	2,916,486	3,601,601
Net profit for the financial year		-	-	-	209,794	209,794
Other comprehensive income/(loss) for the financial year		-	464	(3,391)	-	(2,927)
Total comprehensive income/(loss)		-	464	(3,391)	209,794	206,867
Dividend on ordinary shares	41	-	-	-	(350,237)	(350,237)
At 31 December 2025		660,866	339	20,983	2,776,043	3,458,231
At 1 January 2024		660,866	(572)	31,762	2,703,006	3,395,062
Net profit for the financial year		-	-	-	725,051	725,051
Other comprehensive income/(loss) for the financial year		-	447	(7,388)	-	(6,941)
Total comprehensive income/(loss)		-	447	(7,388)	725,051	718,110
Dividend on ordinary shares	41	-	-	-	(511,571)	(511,571)
At 31 December 2024		660,866	(125)	24,374	2,916,486	3,601,601

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and zakat		1,337,729	1,207,090	219,588	730,061
<i>Adjustments for:</i>					
Amortisation of:					
- Intangible assets	34	18,210	19,787	182	97
- Prepaid land lease payments	34	486	486	-	-
Net amortisation of premiums	28	29,536	22,959	3,888	4,118
Depreciation of property, plant and equipment					
	34	14,688	14,021	675	161
Depreciation of right-of-use assets	34	10,493	10,045	116	89
Interest on lease liabilities	34	2,092	293	21	20
Fair value losses/(gains) on:					
- Investment	26	(842,693)	(340,109)	537	(8,869)
- Investment properties	28	(1,039)	(18,392)	-	-
Gains on disposal of:					
- Investments	26,27	(262,237)	(187,612)	(47)	-
- Property, plant and equipment	33	(68)	(119)	-	(105)
Dividend income	28	(277,555)	(227,580)	(244,451)	(799,039)
Interest/profit income	25,28	(1,725,421)	(1,763,403)	(36,203)	(41,780)
Rental income	28	(96,114)	(94,278)	-	-
Other finance costs		39,259	60,777	39,259	39,525
Allowance for/(reversal of) impairment losses on:					
- Investments	29	526	(3,215)	1	(45)
- Financing receivables	29	213	(60)	466	(776)
- Other assets and contract assets	29,33	70	(58)	-	-
- Reinsurance contracts/Retakaful certificates asset and insurance contracts/takaful certificates assets	48	(4,253)	2,825	-	-
Written off of:					
- Other assets	33	28	-	-	-
- Bad debts		(11)	158	-	-
- Property plant and equipment	33	2	-	-	-
- Intangible assets	33	724	-	-	-
Carried forward		(1,755,335)	(1,296,385)	(15,968)	(76,543)

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

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

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Brought forward		(1,755,335)	(1,296,385)	(15,968)	(76,543)
Tax credit incurred on behalf of policyholders/participants	38	49,551	90,529	-	-
Losses/(Gains) on foreign exchange:					
-realised	30	85,625	57,974	285	(337)
-unrealised		(15,071)	(348,357)	49	49
<i>Operating cash flows before changes in assets and liabilities</i>		(1,635,230)	(1,496,239)	(15,634)	(76,831)
Changes in working capital: (Increase)/decrease in:					
- Fixed and call deposits		857,873	(826,316)	353,505	(237,435)
- Financing receivables		3,407	(37,078)	(2,556)	(2,965)
- Other assets		104,150	(279,430)	(4,012)	1,948
Increase/(decrease) in:					
- Other liabilities		325,384	345,024	(34,277)	56,630
- Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates, net		1,525,964	2,290,126	-	-
Currency translation reserve		(14,598)	(22,094)	-	-
Investment income received		1,708,924	1,802,283	29,647	27,481
Dividends received		278,984	224,106	244,452	794,590
Rental income received		92,059	95,511	-	-
Tax paid		(342,360)	(317,091)	(8,125)	(7,142)
Zakat paid		(39,060)	(25,590)	-	-
<i>Net cash generated from operating activities</i>		<u>2,865,497</u>	<u>1,753,212</u>	<u>563,000</u>	<u>556,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of:					
- Property, plant and equipment	3	(27,851)	(19,777)	(5,338)	(1,773)
- Investment properties	4	(3,639)	(616)	-	-
- Intangible assets	7	(49,850)	(18,929)	(252)	-
Proceeds from disposal of:					
- Property, plant and equipment		109	979	-	105
- Intangible assets		4,584	2,299	-	-
(Purchase)/proceeds from disposal of:					
- Investments		(2,285,164)	(1,248,322)	(165,394)	5,146
<i>Net cash (used in)/generated from investing activities</i>		<u>(2,361,811)</u>	<u>(1,284,366)</u>	<u>(170,984)</u>	<u>3,478</u>

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends	41	(350,237)	(511,571)	(350,237)	(511,571)
Interest paid on subordinated obligation		(39,475)	(39,309)	(39,475)	(39,309)
Payment of lease liabilities	6	(10,853)	(10,591)	(102)	(104)
<i>Net cash used in financing activities</i>		<u>(400,565)</u>	<u>(561,471)</u>	<u>(389,814)</u>	<u>(550,984)</u>
Net increase/(decrease) in cash and cash equivalents		103,121	(92,625)	2,202	8,770
Effects of exchange rate changes		12,459	26,396	-	-
Cash and cash equivalents at beginning of year		<u>834,503</u>	<u>900,732</u>	<u>23,974</u>	<u>15,204</u>
Cash and cash equivalents at end of year		<u>950,083</u>	<u>834,503</u>	<u>26,176</u>	<u>23,974</u>
Cash and cash equivalents comprise:					
Cash and bank balances of:					
General insurance business		67,723	109,012	-	-
Life business		647,398	562,297	-	-
General takaful business		112,905	51,856	-	-
Family takaful business		92,129	81,805	-	-
Investment holding and non-insurance entities		29,928	29,533	26,176	23,974
		<u>950,083</u>	<u>834,503</u>	<u>26,176</u>	<u>23,974</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

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

The principal activities of the Company are investment holding and the provision of shared services to its subsidiaries on a reimbursement basis. The principal activities of the subsidiaries are disclosed in Note 8.

There were no significant changes in the nature of the principal activities 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 27 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 Group and 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 Group and 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's subsidiaries have met the minimum capital requirements as prescribed by the Risk Based Capital ("RBC Framework"), Risk Based Capital for Takaful ("RBCT Framework") and other capital requirements issued by the local authorities as at the reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

(b) Basis of measurement

The financial statements of the Group and 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.

(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.

The Group's insurance contract/Takaful certificate liabilities are subject to significant estimation uncertainty and the application of critical judgements. Key assumptions applied in the measurement of fulfilment cash flows include discount rates, lapse and surrender rates, mortality and morbidity rates, expense assumptions and the risk adjustment for non-financial risk. Changes in these assumptions may materially affect the amounts recognised in the financial statements in accordance with MFRS 17. Further details on these assumptions are disclosed in the following notes:

(i) Estimates of future cash flows

In estimating the future cash flows, the Group 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 Group's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(i) Estimates of future cash flows (contd.)

Cash flows within the boundary of a contract/certificate are those that relate directly to the fulfilment of the contract/certificate, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders/participants, insurance/Takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates. Insurance/Takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates 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/certificates 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.

For Life and Family Takaful businesses, the following assumptions were used when estimating future cash flows:

Mortality and morbidity rates

Assumptions are based on standard industry, reinsurance/retakaful, national and/or company specific tables, according to the type of contract/certificate written and the territory in which the covered person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder/participant gender, underwriting class and contract/certificate type.

An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(i) Estimates of future cash flows (contd.)

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder/participant gender, underwriting class and contract/certificate type.

An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Group.

Lapse and surrender rates

Lapses relate to the termination of contracts/certificates due to non-payment of premiums/contributions. Surrenders relate to the voluntary termination of contracts/certificates by policyholders/participants. Contract/Certificate termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, contract/certificate duration and sales trends.

An increase in lapse rates early in the life of the contract/certificate would tend to reduce profits of the Group, but later increases are broadly neutral in effect.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(ii) Discount rates

For General Insurance/General Takaful business, insurance contracts/Takaful certificates liabilities are calculated by using risk-free discount rates.

For Life Insurance and Family Takaful business in Malaysia operations, the Group generally determines discount rates by using risk free rates, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of government securities, meanwhile the illiquidity premium is determined by reference to observable market rates, including low risk assets and corporate bonds. The yield curves will be extrapolated between the last liquid point and the ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes in the long-term expectations being observed.

For Life Insurance business in Singapore operation, the Group determines risk-free discount rates using the observed yield curves of government securities. The derivation of the illiquidity premium leverages the matching adjustment or illiquidity premium calibrated in accordance to MAS RBC2 technical specifications. Smith-Wilson method is considered for extrapolation between the last liquid point and the ultimate forward rate ("UFR") for discount rates beyond the observable data. The UFR reflects long-term real interest rates and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes in the long-term expectations being observed.

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/ Takaful certificates issued										
<u>Ringgit Malaysia</u>										
General Insurance	2.80%	3.30%	3.10%	3.50%	3.30%	3.70%	3.60%	3.90%	3.90%	4.00%
Life Insurance	2.85%-3.08%	3.28%-3.48%	3.10%-3.33%	3.53%-3.73%	3.31%-3.55%	3.66%-3.86%	3.56%-3.80%	3.86%-4.06%	3.87%-4.11%	4.03%-4.23%
General Takaful	2.88%	3.28%	3.14%	3.47%	3.29%	3.68%	3.58%	3.87%	3.83%	4.05%
Family Takaful	2.88%-3.04%	3.28%-3.53%	3.14%-3.30%	3.47%-3.72%	3.29%-3.45%	3.68%-3.93%	3.58%-3.74%	3.87%-4.12%	3.83%-3.99%	4.05%-4.30%

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(ii) Discount rates (contd.)

Discount rates applied for discounting of future cash flows are listed below (contd.):

	Portfolio duration									
	1 year		3 year		5 year		10 year		15 year	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Insurance contracts/ Takaful certificates issued (contd.)										
<u>Singapore Dollar</u>										
General Insurance	1.41%	2.72%	1.74%	2.71%	1.89%	2.75%	2.16%	2.85%	2.23%	2.89%
Life Insurance	1.41%-3.23%	2.72%-4.19%	1.74%-3.56%	2.71%-4.18%	1.89%-3.71%	2.75%-4.22%	2.16%-3.98%	2.85%-4.32%	2.23%-4.05%	2.89%-4.36%
<u>US Dollar</u>										
Life Insurance	3.67%-3.80%	4.25%-4.46%	3.74%-3.87%	4.38%-4.59%	3.92%-4.05%	4.48%-4.69%	4.42%-4.55%	4.69%-4.90%	4.93%-5.06%	4.92%-5.13%
Reinsurance contracts/ Retakaful certificates held										
<u>Ringgit Malaysia</u>										
General Insurance	2.80%	3.30%	3.10%	3.50%	3.30%	3.70%	3.60%	3.90%	3.90%	4.00%
Life Insurance	2.85%-3.01%	3.28%-3.45%	3.10%-3.26%	3.53%-3.70%	3.31%-3.47%	3.66%-3.83%	3.56%-3.73%	3.86%-4.03%	3.87%-4.04%	4.03%-4.20%
General Takaful	2.88%	3.28%	3.14%	3.47%	3.29%	3.68%	3.58%	3.87%	3.83%	4.05%
Family Takaful	3.02%	3.49%	3.28%	3.68%	3.43%	3.89%	3.72%	4.08%	3.97%	4.26%
<u>Singapore Dollar</u>										
General Insurance	1.41%	2.72%	1.74%	2.71%	1.89%	2.75%	2.16%	2.85%	2.23%	2.89%
Life Insurance	1.41%-1.54%	2.85%-3.07%	1.74%-1.86%	2.83%-3.06%	1.89%-2.01%	2.87%-3.10%	2.16%-2.28%	2.98%-3.20%	2.23%-2.36%	3.01%-3.24%

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(iii) Risk adjustments for non-financial risks

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

Under a confidence level technique, the Group 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/Takaful Operator in Malaysia. For the Group's operations in Singapore, the target confidence level set for life insurance business and general insurance business are the 90th and 75th percentile, respectively.

(iv) Contractual service margin ("CSM")

The CSM is a component of the assets or liabilities for the group of insurance contracts/Takaful certificates that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts/Takaful certificates is recognised in profit or loss as insurance/Takaful revenue in each period to reflect the services provided under the group of Insurance contracts/Takaful certificates in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future years; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

Coverage units represent the quantity of services provided by a group of insurance/Takaful contracts/certificates and are used to allocate the contractual service margin to profit or loss over the coverage period. For contracts/certificates measured under the GMM, coverage units reflect the quantity of insurance/Takaful contract/certificate services provided during the period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(iv) Contractual service margin (contd.)

For contracts/certificates measured under the VFA, coverage units reflect both insurance/Takaful coverage and investment-related services arising from the obligation to manage underlying items on behalf of policyholders/participants.

The number of coverage units is determined by considering, for each contract/certificate within the group, the quantity of benefits provided and its expected coverage duration.

For groups of Life Insurance contracts/Family Takaful certificates, the quantity of benefit is the contractually agreed sum covered over the duration of the contracts/certificates. The total coverage units of each group of insurance contracts/Takaful certificates are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts/certificates in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

(v) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates

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 in Note 2.1(d)(i) to Note 2.1(d)(iv). The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose General Insurance contracts, Life Insurance contracts, General Takaful certificates, Family Takaful certificates issued and reinsurance contracts/retakaful certificates held separately. This disaggregation has been determined based on how the Group is managed.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date that such control effectively ceases. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers relevant facts and circumstances in assessing whether it has power over the investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Company's voting rights and potential voting rights.

The assessment of control is performed continuously by the Company to determine if control exists or continues to exist over an entity.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between entities of the Group are eliminated in full on consolidation. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

Subsidiaries are consolidated using the acquisition method.

The acquisition method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(i) Basis of consolidation (contd.)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss on the date of acquisition.

(ii) Investment in subsidiaries

Subsidiaries are entities controlled by the Company.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(x)(b) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in profit or loss.

(iii) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses in profit or loss. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gains or losses is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent considerations to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* ("MFRS 9") is measured at fair value with changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent considerations that are not within the scope of MFRS 9 are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iv) 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 Group or 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 Group or the Company recognise such parts as individual assets with specific useful lives and depreciate 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	20% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	10%
Motor vehicles	20% - 25%

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

In July 2024, the Group and the Company revised the useful lives of its furniture, fittings, and office equipment from 5 years to 7 years and renovations from 5 years to 9 years for assets registered on or after 1 January 2022. These adjustments reflect the actual usage patterns of these assets and aligns with the approach adopted by the ultimate holding company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iv) 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.

(v) 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 property only when there is a change in use. For a transfer from investment property 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 property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(iv) 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.)

(vi) Leases

(a) Classification

At inception of a contract, the Group and the Company assess 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 Group and the Company combine lease and non-lease components, in cases where splitting the non-lease component is not possible.

(b) Recognition and measurement

(1) The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group and the Company recognise 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 Group and the Company recognise 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 Group and the Company are reasonably certain to exercise that option, unless the Group and the Company are 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.)

(vi) Leases (contd.)

(b) Recognition and measurement (contd.)

(1) The Group and 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 their estimated useful lives and the lease terms, as follows:

Properties	2 to 5 years
Office equipment	2 to 3 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(x)(b).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise 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 Group and the Company and payments of penalties for terminating a lease, if the lease term reflects the Group and the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. The Group and 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.)

(vi) Leases (contd.)

(b) Recognition and measurement (contd.)

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

(i) Leases with a lease term of 12 months or shorter;

The Group and the Company apply 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) Leases for low-value assets which are less than RM10,000; and

The Group and the Company also apply 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) Leases with variable lease payments

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

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

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

The Group and the Company determine 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 Group and the Company have the option, under some of its leases to lease the assets for additional terms of three to five years. The Group and the Company apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Group and the Company considers all relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the Group and the Company reassess 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.)

(vi) Leases (contd.)

(c) Lease modifications

The Group and 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.

(vii) Intangible assets

Intangible assets include software development costs, computer software and licences. 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.)

(vii) 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 licences

Computer software and licences 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 licences 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 income statement 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 income statement.

(c) Amortisation period

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

	Useful lives
Computer software and licences	10 years

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Financial assets

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

(a) Initial and subsequent measurement

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

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

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

The Group and the Company do 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 Group's and the Company's assessment.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) 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 Group's and the Company's original expectations, the Group and the Company do 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:

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

A change in the Group's and the Company's business model will occur only when the Group and the Company begin or cease 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 Group and the Company assess 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 Group and the Company apply judgement and consider 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.)

(viii) 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/profit and dividend income. Exchange differences, interest/profit 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/profit.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) 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/profit 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 Group and 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. For equity instruments designated at FVOCI, all cumulative fair value changes (including realised gains/losses on disposal) recognised in other comprehensive income ("OCI") and are not recycled to profit or loss. Upon derecognition, the cumulative OCI balance is transferred within equity to a non-distributable reserve. Deferred tax relating to these fair value changes is recognised in OCI and remains in equity upon disposal of the underlying instrument. 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/profit.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(c) Financial assets at AC (contd.)

Subsequent to initial recognition, financial assets at AC are measured at amortised cost using effective interest/profit method. Exchange differences, interest/profit 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 are recognised in profit or loss.

(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 Group and the Company have 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 marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit 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 Group and the Company are expensed to profit or loss as disclosed in Note 29.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) 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 units and real estate investment trusts, fair value are 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 assets method by referencing to the annual financial statement of the entity that the Group and 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.

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.

(x) Impairment

(a) Financial assets

The Group and the Company assess 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Impairment (contd.)

(a) Financial assets (contd.)

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/Takaful receivables, debts instruments and deposits held by the Group and 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 Group and the Company will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

3 Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Impairment (contd.)

(a) Financial assets (contd.)

(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.

Financing receivables

The Group 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 Group'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.

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.

Financial assets at FVOCI and AC

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Impairment (contd.)

(a) Financial assets (contd.)

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

Financial assets at FVOCI and AC (contd.)

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 governments and local central banks 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 lost 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 Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group and the Company estimate 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Impairment (contd.)

(b) Non-financial assets (contd.)

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.

(xi) Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become 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 Group and the Company did not classify any of its financial liabilities at FVTPL.

The Group's and the Company's other financial liabilities include other payables and subordinated obligations.

(1) Other payables

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

(2) Subordinated obligations

Subordinated obligations issued or subscribed by the Group and the Company are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xi) Financial liabilities (contd.)

(2) Subordinated obligations (contd.)

The subordinated obligation is classified as a liability in the statement of financial position as there is a contractual obligation by the Group and the Company to make cash payments of either principal or interest/profit or both to holders of the debt security and that the Group and the Company are contractually obliged to settle the obligation in cash or another financial instrument at a pre-determined date in the future.

Subsequent to initial recognition, subordinated obligation issued is recognised at amortised cost, with any differences between proceeds net of transaction costs and the redemption value being recognised in profit or loss over the period of the borrowings on an effective interest/profit 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.

(xii) Hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative instruments to manage exposures to interest/profit rates, foreign currencies and credit risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedge

Hedges the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xii) Hedge accounting (contd.)

Initial recognition and subsequent measurement (contd.)

For the purpose of hedge accounting, hedges are classified as: (contd.)

(ii) Cash flow hedge

Hedges the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in a recognised firm commitment.

(iii) Net investment hedge

Hedges of a net investment in a foreign operation.

At the inception of the hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- (i) There is an economic relationship between the hedged item and the hedging instrument.
- (ii) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- (iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xii) Hedge accounting (contd.)

Initial recognition and subsequent measurement (contd.)

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portions of the gain or loss on the hedging instrument is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge effectiveness is a forward-looking exercise that determines if hedge accounting can be applied prospectively. The effective portion is defined as the extent to which changes in the cash flows of the hedging instrument offset changes in the cash flows of the hedged item.

In contrast, hedge ineffectiveness is a backward-looking exercise that determines the amount of ineffectiveness that shall be recorded in profit or loss. The ineffective portion is defined as the extent to which the changes in the cash flows of the hedging instrument are greater or less than those on the hedged item.

When a hedging instrument expires, or is sold, terminated, exercised or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

The Company used an alternative nearly risk-free rate ("RFR") for the hedged item and/or hedging instruments as required in the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 139 *Interest Rate Benchmark Reform Phase 2*.

The Company disclosed the details of the hedge accounting in Note 15.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiii) Repurchase ("repo")/Sale and buy back ("SBBA") agreement

Obligations on securities sold under repo/SBBA agreements are securities which have been sold from the Group and the Company's portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a financial liability in the statements of financial position.

The securities sold under repo/SBBA agreements are treated as pledged assets and are not derecognised from the statement of financial position.

The Group and the Company shall recognise any income on the pledged asset and any expense incurred on the financial liability in profit or loss statement.

The repo/SBBA transaction may trigger the margin settlement arising from the lower of the pledged assets exceeded the agreed threshold which require the transferor to top up the short fall and to be paid by cash, vice versa. Subsequently, the transferee will place that cash in the Deposit. Upon maturity of repo/SBBA agreement, the transferee will pay the cash including the interest/profit to the transferor. The accounting journal to be raise accordingly to reflect such transaction (if any).

(xiv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates classification

Insurance contracts/Takaful certificates

The Group issues contracts/certificates that contain Insurance/Takaful risk or both Insurance/Takaful 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/certificates. Insurance/Takaful risk is risk other than financial risk.

An Insurance contract/Takaful certificate is a contract/certificate under which an entity has accepted significant Insurance/Takaful risk from another party (the policyholder/participants) by agreeing to compensate the policyholder/participant if a specified uncertain future event (the insured/covered event) adversely affects the policyholder/participant. As a general guideline, the Group defines whether significant insurance/Takaful risk has been accepted by comparing benefits paid or payable on the occurrence of an insured/covered event against benefits paid or payable if the insured/covered event had not occurred. If the ratio of the former exceeds the latter by 5% or more, the insurance/Takaful risk accepted is deemed to be significant.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates classification (contd.)

Insurance contracts/Takaful certificates (contd.)

Investment contracts/certificates are those contracts/certificates that transfer financial risk with no significant insurance/Takaful risk.

Once a contract/certificate has been classified as an Insurance contract/Takaful certificate, it remains an insurance contract/Takaful certificate for the remainder of its life-time, even if the insurance/Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts/certificates can, however, be reclassified as an Insurance contracts/Takaful certificates after inception if insurance/Takaful risk becomes significant.

Insurance contracts/Takaful certificates and investment contracts/certificates are further classified as being either with or without discretionary participation features ("DPF"). DPF represents the contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

Insurance contracts/Takaful certificates and investment contracts/certificates are further classified as being either with or without discretionary participation features ("DPF"). DPF represents the contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- (a) Likely to be a significant portion of the total contractual benefits;
- (b) Whose amount or timing is contractually at the discretion of the issuer; and
- (c) Contractually based on the:
 - Performance of a specified pool of contracts/certificates or a specified type of contracts/certificates;
 - Realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
 - Profit or loss of the entity or fund that issues the contracts/certificates.

Local statutory regulations and the terms and conditions of these contracts/certificates set out the bases for the determination of the amounts on which the additional discretionary benefits are based and within which the Group may exercise its discretion as to the quantum and timing of their payment to contracts/certificates holders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, are held within insurance contracts/Takaful certificates liabilities as at the end of the reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates classification (contd.)

Insurance contracts/Takaful certificates (contd.)

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

Reinsurance contracts/retakaful certificates

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

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

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

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

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment

(a) Separating components from Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates

The Group assesses its General insurance/General Takaful, Life and Family Takaful and inwards reinsurance contracts/retakaful certificates 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/Takaful certificates. Currently, the Group'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.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(a) Separating components from Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates (contd.)

Some term Life insurance contracts/Family Takaful certificates issued by the Group include a surrender option under which the surrender value is paid to the policyholder/participant on maturity or earlier lapse of the contracts/certificates. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17.

MFRS 17 defines investment components as the amounts that an insurance contract/Takaful certificate requires an insurer/Takaful operator to repay to a policyholder/participant in all circumstances, regardless of whether a insured/covered event occurs.

Investment components which are highly interrelated with the insurance contract/Takaful certificate of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss. The surrender options are considered non distinct investment components as the Group is unable to measure the value of the surrender option component separately from the Life insurance/Family Takaful portion of the contract/certificate.

(b) Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts/certificates with similar risks which are managed together. In determining the level of aggregation, the Group identifies contracts/certificates as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts/certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract/certificate contains components that need to be separated and treated as if they were stand-alone contracts/certificates. As such, what is treated as a contracts/certificates for accounting purposes may differ from what is considered as contracts/certificates for other purposes (i.e. legal or management). For reinsurance contract/retakaful certificates held, the basis depends on the type of reinsurance/retakaful arrangement. There is no group for level of aggregation purposes that contain contracts/certificates issued more than one year apart.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(b) Level of aggregation (contd.)

For Family Takaful, the portfolio of the certificates issued based on its participant risk funds and type of products where all the certificates within the fund will subject to the same asset-liability management (“ALM”) strategy and sharing on fund surplus arising based on the same surplus rules.

For Life/Family Takaful, the expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business.

In determining groups of contracts/certificates, the Group has elected to include in the same group contracts/certificates where its ability to set prices or levels of benefits for policyholders/participants 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/Takaful certificates are divided into:

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

The reinsurance contracts/retakaful certificates held portfolios are divided into:

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

(c) Recognition

The Group recognises groups of insurance contracts/Takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts/certificates.
- The date when the first payment from a policyholders/participants is due, or when the first payment is received if there is no due date.
- For a group of onerous contracts/certificates, as soon as facts and circumstances indicate that the group of contract/certificate is onerous.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(c) Recognition (contd.)

The Group recognises a group of reinsurance contracts/retakaful certificates held:

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

The reinsurance contracts/retakaful certificates held by the Group provides proportionate and non-proportionate cover. The Group does not recognise a proportional reinsurance contracts/retakaful certificates held until at least one underlying direct insurance contract/Takaful certificate has been recognised. Groups of reinsurance contracts/retakaful certificates held are recognised when the coverage of the first underlying contracts/certificates starts.

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

The Group adds new Insurance contracts/Takaful certificates to the group in the reporting period in which the contracts/certificates meets one of the criteria set out above.

Only Insurance contracts/Takaful certificates that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts/certificates 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.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(d) Onerous groups of contracts/certificates

General Insurance/General Takaful

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

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

- the Expected Ultimate Combined Ratio (consists of losses, expenses and risk adjustment) available from the valuation or pricing/underwriting exercise when appropriate.
- information within the Group about contracts/certificates known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes).

Life Insurance/Family Takaful

The profitability of group of contracts/certificates is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts/certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts/certificates that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood changes in applicable facts and circumstances.

The Group looks at facts and circumstances to identify if groups of contracts/certificates for Life Insurance/Family Takaful are onerous based on:

- Pricing information.
- Results of similar contracts/certificates it has recognised.
- Environmental factors, e.g., a change in market experience or regulations.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(d) Onerous groups of contracts/certificates (contd.)

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

(e) Contract/Certificate boundary

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

A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder/participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - (i) The Group has the practical ability to reassess the risks of the portfolio of insurance contracts/Takaful certificates that contain the contract/certificate 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/contributions 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/contribution or claims outside the boundary of the insurance contracts/Takaful certificates are not recognised. Such amounts relate to future insurance contracts/Takaful certificates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(e) Contract/Certificate boundary (contd.)

For Life contracts/Family Takaful certificates with renewal periods, the Group assesses whether premiums/contributions and related cash flows that arise from the renewed contracts/certificates are within the contract/certificate boundary. The pricing of the renewals are established by the Group by considering all the risks covered for the policyholder/participant by the Group, that the Group would consider when underwriting equivalent contracts/certificates on the renewal dates for the remaining coverage. The Group reassess the contract/certificate boundary of each group at the end of each reporting period.

(f) Measurement - Insurance contracts/Takaful certificates

Contracts/certificates measured under Premium Allocation approach ("PAA")

Initial measurement

The Group may apply the PAA to the insurance contracts/Takaful certificates that it issues and reinsurance contracts/retakaful certificates that it holds, provided that:

- The coverage period of each contract/certificate in the group is one year or less, including coverage arising from all premiums/contributions within the contract/certificate boundary; or
- Except for Family Takaful, for contracts/certificates longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts/certificates 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/certificates and does not need to be reassessed at subsequent measurement.

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

- The Group shall assume that no contracts/certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise; and
- While the Group can further subdivide groups of contracts/certificates 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.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

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

Initial measurement (contd.)

Except for Family Takaful, the Group has 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/certificates longer than 1 year.

Where facts and circumstances indicate that contracts/certificates are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract/certificate. Such onerous contracts/certificates are separately grouped from other contracts/certificates and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group of contracts/certificates being equal to the fulfilment cash flows ("FCF"). A loss component is established by the Group 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(xv)(m)(ii).

Subsequent measurement

For a group of contracts/certificates that apply the PAA, the Group measures the liability for remaining coverage as:

- The premiums/contributions, if any, received at initial recognition;
- Minus any insurance/Takaful 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 recognised for insurance/Takaful acquisition cash flows.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

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

Subsequent measurement (contd.)

The Group 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 Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

Where, during the coverage period, a group of insurance contracts/Takaful certificates 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 Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

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

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

Contracts/certificates not measured under PAA

Initial measurement

General measurement model ("GMM")

The GMM measures a group of insurance contracts/Takaful certificates as the total of:

- Fulfilment cash flows.
- A CSM represents the unearned profit as the Group will recognise as it provides service under the insurance contracts/Takaful certificates in the group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Initial measurement (contd.)

General measurement model ("GMM") (contd.)

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

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

When estimating future cash flows, the Group includes all cash flows that are within the contract/certificate boundary including:

- Premiums/contribution and related cash flows.
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims.
 - (i) Payments to policyholders/participants resulting from embedded surrender value options.
 - (ii) An allocation of insurance/Takaful acquisition cash flows attributable to the portfolio to which the contract/certificate belongs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Initial measurement (contd.)

General measurement model ("GMM") (contd.)

When estimating future cash flows, the Group includes all cash flows that are within the contract/certificate boundary including: (contd.)

- Claims handling costs.
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries.
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts/Takaful certificates.
- Transaction-based taxes.

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Initial measurement (contd.)

Variable fee approach ("VFA")

The Group also issues certain insurance contracts/Takaful certificates that are substantially investment-related service contracts/certificates where the return on the underlying items is shared with policyholders/participants. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders/participants. The Group's policy is to hold such investment assets.

An insurance contract/Takaful certificate with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders/participants participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder/participant an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder/participant to vary with the change in fair value of the underlying items.

For Family Takaful, based on the VFA eligibility test ratio, if the amounts expected to be paid to the participants exceed 50% of the fair value returns on the underlying items, the contract qualifies for the VFA approach.

For Life Insurance, the Group uses judgement to assess whether the amounts expected to be paid to the policyholders/participants constitute a substantial share of the fair value returns on the underlying items.

The measurement approach for insurance contracts/Takaful certificates with direct participation features is referred to as the VFA.

The VFA modifies the accounting model in MFRS 17 (referred to as the GMM) to reflect that the consideration an entity receives for the contracts/certificates is a variable fee.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Initial measurement (contd.)

Variable fee approach ("VFA") (contd.)

Insurance contracts/Takaful certificate with direct participation features are viewed as creating an obligation to pay policyholders/participants an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder/participant account values based on the fair value of underlying assets and specified in the contracts/certificates with policyholders/participants) less the FCF that do not vary based on the returns on underlying items.

Subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts/Takaful certificates that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts/Takaful certificates the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The changes in fulfilment cash flows relating to future service, except to the extent that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss or such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage in Note 13(a).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Subsequent measurement (contd.)

- The effect of any new contracts/certificates added to the group.
- For Life insurance measured under GMM, interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- Non-distinct investment component variances, applicable to Life insurance only.
- The effect of any currency exchange differences on the CSM, applicable to Life insurance only.
- The amount recognised as insurance/Takaful revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

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

GMM

For insurance contracts/Takaful certificates under the GMM, the changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium/contribution receipts (and any related cash flows such as insurance/Takaful acquisition cash flows and insurance/Takaful premium/contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums/contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums/contributions received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Subsequent measurement (contd.)

GMM (contd.)

- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Whereas the changes in fulfilment cash flows that are not relating to future service and thus do not adjust the CSM comprise of:

- Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- Changes in the FCF relating to the liability for incurred claims ("LIC");
- Experience adjustments relating to insurance/Takaful service expenses (excluding insurance/Takaful acquisition cash flows); and
- Change in the risk adjustment for non-financial risks for risks expired.

VFA

For insurance contracts/Takaful certificates under the VFA, the changes in fulfilment cash flows relating to future service and thus adjust the CSM comprise of:

- Changes in the Group's share of the fair value of the underlying items; and
- Changes in the FCF that do not vary based on the returns of underlying items:
 - (i) Changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - (ii) Experience adjustments arising from premiums/contributions received in the period that relate to future service and related cash flows such as insurance/Takaful acquisition cash flows and premium/contribution-based taxes;
 - (iii) Changes in estimates of the present value of future cash flows in the LRC;
 - (iv) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Subsequent measurement (contd.)

Variable fee approach ("VFA") (contd.)

For insurance contracts/Takaful certificates under the VFA, the changes in fulfilment cash flows relating to future service and thus adjust the CSM comprise of: (contd.)

- Changes in the FCF that do not vary based on the returns of underlying items: (contd.)
 - (v) Changes in the risk adjustment for non-financial risk that relate to future service.

For insurance contracts/Takaful certificates under the VFA, the changes in fulfilment cash flows that are not relating to future service and thus do not adjust the CSM comprise of:

- Changes in the obligation to pay the policyholder/participant the amount equal to the fair value of the underlying items;
- Changes in the FCF that do not vary based on the returns of underlying items:
 - (i) Changes in the FCF relating to the LIC,
 - (ii) Experience adjustments relating to insurance/Takaful service expenses (excluding insurance/Takaful acquisition cash flows); and
 - (iii) Change in the risk adjustment for non-financial risks for risks expired.
- Experience adjustments arising from changes in the Group share of the fair value of the underlying items that related to current service, applicable for Family Takaful only.

For Life insurance measured under GMM, except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts/Takaful certificates at initial recognition.

Where, during the coverage period, a group of insurance contracts/Takaful certificates 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 Group for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosure on the loss component, please refer to Note 13(a).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(f) Measurement - Insurance contracts/Takaful certificates (contd.)

Contracts/certificates not measured under PAA (contd.)

Subsequent measurement (contd.)

Variable fee approach ("VFA") (contd.)

The Group measures the carrying amount of a group of insurance contracts/Takaful certificates at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprised the fulfilment cash flows related to past service allocated to the group at that date.

(g) Measurement - Reinsurance contracts/Retakaful certificates

Initial measurement

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

For Life Insurance/Family Takaful, the measurement of reinsurance contracts held follows the same principles as those for insurance contracts/Takaful certificates issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers/retakaful operator, including the effects of collateral and losses from disputes.
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer/retakaful operator.
- For Life Insurance, the Group recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer/retakaful operator renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(g) Measurement - Reinsurance contracts/Retakaful certificates (contd.)

Initial measurement (contd.)

For Life Insurance/Family Takaful, the measurement of reinsurance contracts held follows the same principles as those for insurance contracts/Takaful certificates issued, with the exception of the following: (contd.)

- For Family Takaful, the Group recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as part of the fulfilment cash flow of direct underlying certificates.
- For Life Insurance, changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts/certificates have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(g) Measurement - Reinsurance contracts/Retakaful certificates (contd.)

Subsequent measurement

General Insurance/General Takaful

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

Life Insurance/Family Takaful

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

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurance/retakaful operators, including the effects of collateral and losses from disputes.
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurance/retakaful operator.
- For Life Insurance, changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- For Family Takaful, changes in the fulfilment cash flows that affecting gain or loss are recognised as part of the fullfilment cash flow of direct underlying certificates.
- For Life Insurance, changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contracts held do not adjust the contractual service margin as they do not relate to future service.
- For Family Takaful, changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a retakaful certificates held are recognised as part of the fullfilment cash flow of direct underlying certificates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(g) Measurement - Reinsurance contracts/Retakaful certificates (contd.)

Subsequent measurement (contd.)

Except for Family Takaful, any change in the fulfilment cash flows of a retroactive reinsurance contracts/retakaful certificates held due to the changes of the liability for incurred claims of the underlying contracts/certificates is taken to profit or loss and not the contractual service margin of the reinsurance contract/retakaful certificate held.

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

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

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts/certificates 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/retakaful certificates held. For Life Insurance and Family Takaful businesses, reversals of the loss-recovery component that are not changes in the fulfilment cash flows of the group of reinsurance contracts/retakaful certificates held adjust the CSM.

(h) Insurance/Takaful receivable and payables

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

(i) Liability for remaining coverage - Insurance/Takaful receivable

Insurance/Takaful 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/contributions 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 profit or loss.

Insurance/Takaful 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.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(h) Insurance/Takaful receivable and payables (contd.)

(i) Liability for remaining coverage - Insurance/Takaful receivable (contd.)

The impairment on Insurance/Takaful 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/Takaful and reinsurance/retakaful receivables are grouped based on different sales channel and different reinsurance/retakaful premium/contribution type's arrangement respectively. The impairment is calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the aging 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/Takaful payable

Insurance/Takaful 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/Takaful certificates – modification and derecognition

The Group derecognises insurance contracts/Takaful certificates when:

- The rights and obligations relating to the contracts/certificates are extinguished (i.e., discharged, cancelled or expired); or
- The contract/certificate 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/certificate. In such cases, the Group derecognises the initial contract/certificate and recognises the modified contract/certificate as a new contract/certificate.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contracts/certificates 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.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(j) Qard

For Family Takaful, any deficit in the participants' risk fund within the Family Takaful Fund is made good via a Qard, which is a profit free financing, granted by the shareholder's fund to the participants' risk fund. In the participants' risk fund, the Qard is included in fulfilment cash flows used to measure the Takaful liabilities under MFRS 17.

Qard is measured in the fulfilment cash flows at a value discounted for time value of money, which reflects the economic effect of the expected future cash flow, consistent with all the other cash flows measured in fulfilment cash flows. This accounting measurement does not affect the Family Takaful Fund's obligation to repay the nominal amount of Qard, nor does it affect or change any rights or obligations of the shareholder's fund.

The Qard shall be repaid from future surpluses of the participants' risk fund.

(k) Family Takaful underwriting results

The provision of surplus transferable from Family Takaful fund to Takaful Operator is determined by the monthly actuarial valuation on the participants' fund based on Group's Policy Management of Takaful Fund Surplus and Loss Rectification. The differences between expected surplus transferable from Family Takaful fund to Takaful Operator and the provision is adjusted through CSM before determine the release of CSM to Takaful Revenue.

(l) Insurance/Takaful acquisition cash flows

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

The Group uses a systematic and rational method to allocate:

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(i) Insurance/Takaful acquisition cash flows (contd.)

- Insurance/Takaful acquisition cash flows directly attributable to a portfolio of insurance contracts/Takaful certificates that are not directly attributable to a group of contracts/certificates, to groups in the portfolio.

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

The asset for insurance/Takaful acquisition cash flow is derecognised from the statement of financial position when the insurance/Takaful acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts/Takaful certificates. The Group expects to derecognise all assets for insurance/Takaful acquisition cash flows within insurance/Takaful coverage period.

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

After any re-allocation, the Group assesses the recoverability of the asset for insurance/Takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of insurance contracts/Takaful certificates; and
- An additional impairment test specifically covering the insurance/Takaful acquisition cash flows allocated to expected future contract/certificate 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 Group 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.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation

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

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

The Group 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/Takaful service result.

The Group separately presents income or expenses from reinsurance contracts/retakaful certificates held from the expenses or income from insurance contracts/Takaful certificates issued.

(i) Insurance/Takaful revenue

Contracts/certificates measured under PAA

The insurance/Takaful revenue for the period is the amount of expected premium/contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium/contribution receipts to each period of insurance contracts/Takaful certificates 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/Takaful service expenses.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation (contd.)

(i) Insurance/Takaful revenue (contd.)

Contracts/certificates not measured under PAA

The Group's insurance/Takaful revenue depicts the provision of coverage and other services arising from a group of insurance contracts/Takaful certificates at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance/Takaful revenue from a group of insurance contracts/Takaful certificates is therefore the relevant portion for the period of the total consideration for the contracts/certificates, (i.e., the amount of premiums/contribution paid to the Group adjusted for financing effect (the time value of money) and excluding any distinct investment components).

The total consideration for a group of contracts/certificates covers amounts related to the provision of services and is comprised of:

- Insurance/Takaful 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/participants.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release, for Life insurance.
- The experience adjustments for premium receipts other than those that related to future service.
- Amount related to insurance/Takaful acquisition cash flows.

For management judgement applied to the amortisation of CSM, please refer to Note 13(b).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation (contd.)

(ii) Loss components

The Group has grouped contracts/certificates that are onerous at initial recognition separately from contracts/certificates 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. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts/Takaful certificates (or contracts/certificates 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:

- the loss component; and
- 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/certificates (since the loss component will have been materialised in the form of incurred claims). The Group 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 Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts/Takaful certificates or when further onerous underlying insurance contracts/Takaful certificates are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts/retakaful certificates held depicting the recovery of losses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation (contd.)

(iii) Loss-recovery components (contd.)

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

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

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/Takaful certificates that the Group expects to recover from the group of reinsurance contracts/retakaful certificates 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/Takaful certificates and is nil when loss component of the onerous group of underlying insurance contracts/Takaful certificates is nil.

(iv) Net income or expense from reinsurance contracts/retakaful certificates held

The Group presents the net amounts of income or expense expected to be recovered/paid from/to reinsurers/retakaful operator on the face of the statement of profit or loss and other comprehensive income.

The Group treats reinsurance/retakaful cash flows that are contingent on claims on the underlying contracts/certificates as part of the claims that are expected to be reimbursed under the reinsurance contract/retakaful certificate held, and excludes investment components and commissions from an allocation of reinsurance/retakaful premiums/contributions presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance/retakaful of onerous direct contracts/certificates are included as amounts recoverable from the reinsurer/retakaful operator.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation (contd.)

(v) Insurance/Takaful finance income or expenses

Insurance/Takaful finance income or expenses comprise the change in the carrying amount of the group of insurance contracts/Takaful certificates 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.

The Group defines the General Takaful/Family Takaful Fund as an underlying item. Hence, changes in measurement of a group of Takaful certificates caused by changes in the value of the General Takaful/Family Takaful Fund are reflected in Takaful finance income or expenses.

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

- Interest/profit accreted on the LIC; and
- the effect of changes in interest/profit rates and other financial assumptions.

For contracts/certificates measured under the GMM, the main amounts within insurance/Takaful finance income or expenses are:

- Interest/profit accreted on the FCF and the CSM;
- The effect of changes in interest/profit rates and other financial assumptions; and
- Net foreign exchange differences arising from contracts/certificates denominated in a foreign currency.

For contracts/certificates measured under the VFA, the main amounts within insurance/Takaful finance income or expenses are:

- Changes in the fair value of underlying items;
- Interest/profit accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- The effect of changes in interest/profit rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation (contd.)

(v) Insurance/Takaful finance income or expenses (contd.)

Life Insurance

The Group disaggregates insurance finance income or expenses on insurance contracts issued between profit or loss and other comprehensive income. The impact of changes in market interest rates on the value of the Life Insurance and related reinsurance assets and liabilities are reflected in other comprehensive income in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or fair value through other comprehensive income. Finance income or expenses on the Group's issued reinsurance contracts is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

Family Takaful

The Group reports the Takaful finance income or expenses on Takaful certificates issued to profit or loss only. The impact of changes in market profit rates on the value of the Family Takaful and related retakaful assets and liabilities are reflected in profit or loss. The Group's financial assets backing the Takaful issued portfolios are measured at AC, FVTPL or FVOCI. Finance income and expenses on the Group's issued retakaful certificates is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Group systematically allocates expected total Family Takaful finance income or expenses over the duration of the group of certificates to profit or loss using discount rates determined on initial recognition of the group of certificates, see Note 2.1(d)(ii) for current discount rates.

For Life insurance, in the event of transfer of a group of insurance contracts or derecognition of an insurance contracts, the Group reclassifies the insurance income finance or expense to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contracts) that were previously recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates accounting treatment (contd.)

(m) Presentation (contd.)

(vi) Takaful Finance Reserve ("TFR")

The TFR comprises cumulative OCI amounts and measurement differences attributable to the Participants' Risk Fund ("PRF") and Participants' Investment Fund ("PIF"). These balances arise from items such as:

- fair value changes on FVOCI instruments backing participants' funds,
- insurance finance income/expense relating to participants' funds, and
- transfers within equity upon derecognition of financial assets attributable to participants.

As these amounts do not belong to shareholders under the requirements of IFSA 2013, the TFR is non-distributable and presented separately from shareholder reserves.

(xvi) Revenue recognition

Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when/as the Group's and 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.

For each separate performance obligation, the Group and 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 Group and 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).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xvi) Revenue recognition (contd.)

(a) Management fees

Management fee is recognised on an accrual basis for provision of bureau services and insurance related services to offshore reinsurers in accordance with the terms and conditions of the relevant agreements, when services are rendered.

(b) Interest/profit Income

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

(c) Dividend income

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

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. 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.

(xvii) 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.

(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 Group using the recognition and measurement bases similar to that for defined contribution plans disclosed in Note 2.2(xvii)(c), except that the remeasurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xvii) Employee benefits (contd.)

(c) Defined contribution plans

As required by law, the subsidiaries in Malaysia and Singapore make contributions to the countries' statutory pension scheme, Employees Provident Fund ("EPF") and Singapore Central Provident Fund ("CPF"). Such contributions are recognised as an expense in profit or loss when incurred.

(d) Share-based compensation

(1) Employees' Share Grant Plan ("ESGP Shares")

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) Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")□

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.

The total fair value of CESGP 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 is measured at grant date, taking into account, the market and non-market vesting conditions upon which the CESGP were granted. Upon vesting of CESGP, Maybank will recognise the impact of the actual numbers of CESGP vested as compared to original estimates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xviii) Foreign currencies

(a) Functional and presentation currency

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

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

The functional currencies of the Group's foreign subsidiaries are determined by the primary economic environment in which they operate, with operations in Singapore and Labuan using Singapore Dollar (SGD) and US Dollar (USD) respectively.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group's and its subsidiaries 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 Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in other comprehensive income.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xviii) Foreign currencies (contd.)

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated 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:

	2025	2024
Singapore Dollar	3.16	3.29
United States Dollar	4.06	4.47
Brunei Dollar	3.16	3.29

(xix) Zakat

This represents business zakat payable by the Takaful subsidiaries in compliance with Shariah principles and as approved by the Group's Shariah Committee. Zakat provision is calculated based on the working capital method at 2.5%.

(xx) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or a group of people that is responsible to allocate resources and assess the performances of the operating segments of an entity. The Group and the Company have determined the Chief Executive Officer as its chief operating decision-maker.

Income and expenses directly associated with each business segment are included in determining business segment performance.

The Group disclosed its segment information in Note 57.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.3. New and amended standards and interpretations

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

	Effective for annual periods beginning on or after
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i> (Amendments to MFRS 12) <i>Lack of Exchangeability</i>	1 January 2025

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

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 Group and the Company's financial statements. The Group and the Company intends to adopt these Standards and Amendment 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 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2026
Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2026
Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2026
Amendments to MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2026
Amendments to MFRS 107 <i>Statement of Cash Flows</i>	1 January 2026
<i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2026
<i>Contracts Referencing Nature-dependent Electricity</i> (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2026

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.4. Standards and annual improvements to standards issued but not yet effective (contd.)

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 Group and the Company’s financial statements. The Group and the Company intends to adopt these Standards and Amendment to Standards, if applicable, when they become effective: (contd.)

Description	Effective for annual periods beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)</i>	1 January 2027
<i>Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Properties #	Furniture, fittings, equipment and renovations	Computers and peripherals	Electrical and security equipment	Motor vehicles	Work- in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2025</u>							
Cost							
At 1 January 2025	112,098	98,451	55,708	63,863	1,814	15,179	347,113
Additions	-	12,293	10,350	222	230	4,756	27,851
Disposals	-	(5,273)	(40)	-	-	-	(5,313)
Write-off	-	(3)	-	-	(323)	-	(326)
Reclassification	-	6,130	-	-	-	(6,130)	-
Transfer to:							
- Intangible assets (Note 7)	-	-	-	-	-	(902)	(902)
Translation differences	-	(342)	(1,701)	-	2	-	(2,041)
At 31 December 2025	<u>112,098</u>	<u>111,256</u>	<u>64,317</u>	<u>64,085</u>	<u>1,723</u>	<u>12,903</u>	<u>366,382</u>
Accumulated depreciation and impairment losses							
At 1 January 2025	54,532	82,047	46,328	50,293	1,223	-	234,423
Depreciation charge for the year (Note 34)	2,201	5,324	3,984	3,018	161	-	14,688
Disposals	-	(5,260)	(12)	-	-	-	(5,272)
Write-off	-	(1)	-	-	(323)	-	(324)
Translation differences	-	(58)	(1,393)	-	(4)	-	(1,455)
At 31 December 2025	<u>56,733</u>	<u>82,052</u>	<u>48,907</u>	<u>53,311</u>	<u>1,057</u>	<u>-</u>	<u>242,060</u>
Analysed as:							
Accumulated depreciation	55,413	82,052	48,907	53,311	1,057	-	240,740
Accumulated allowance for impairment losses	1,320	-	-	-	-	-	1,320
	<u>56,733</u>	<u>82,052</u>	<u>48,907</u>	<u>53,311</u>	<u>1,057</u>	<u>-</u>	<u>242,060</u>
Net Book Value							
At 31 December 2025	<u>55,365</u>	<u>29,204</u>	<u>15,410</u>	<u>10,774</u>	<u>666</u>	<u>12,903</u>	<u>124,322</u>

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	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
<u>2024</u>							
Cost							
At 1 January 2024	112,098	91,388	57,423	63,252	1,694	8,141	333,996
Additions	-	5,376	2,949	458	585	10,409	19,777
Disposals	-	(702)	(1,980)	-	(465)	(491)	(3,638)
Write-off	-	(17)	-	-	-	-	(17)
Reclassification	-	2,727	-	153	-	(2,880)	-
Translation differences	-	(321)	(2,684)	-	-	-	(3,005)
At 31 December 2024	<u>112,098</u>	<u>98,451</u>	<u>55,708</u>	<u>63,863</u>	<u>1,814</u>	<u>15,179</u>	<u>347,113</u>
Accumulated depreciation and impairment losses							
At 1 January 2024	52,331	78,073	46,621	47,261	1,614	-	225,900
Depreciation charge for the year (Note 34)	2,201	4,663	4,050	3,032	75	-	14,021
Disposals	-	(355)	(1,958)	-	(465)	-	(2,778)
Write-off	-	(17)	-	-	-	-	(17)
Translation differences	-	(317)	(2,385)	-	(1)	-	(2,703)
At 31 December 2024	<u>54,532</u>	<u>82,047</u>	<u>46,328</u>	<u>50,293</u>	<u>1,223</u>	<u>-</u>	<u>234,423</u>
Analysed as:							
Accumulated depreciation	53,212	82,047	46,328	50,293	1,223	-	233,103
Accumulated allowance for impairment losses	1,320	-	-	-	-	-	1,320
	<u>54,532</u>	<u>82,047</u>	<u>46,328</u>	<u>50,293</u>	<u>1,223</u>	<u>-</u>	<u>234,423</u>
Net Book Value							
At 31 December 2024	<u>57,566</u>	<u>16,404</u>	<u>9,380</u>	<u>13,570</u>	<u>591</u>	<u>15,179</u>	<u>112,690</u>

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3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Properties consist of:

Group	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
<u>2025</u>				
Cost				
At 1 January/31 December 2025	1,829	3,273	106,996	112,098
Accumulated depreciation and impairment losses				
At 1 January 2025	55	2,505	51,972	54,532
Depreciation charge for the year	-	61	2,140	2,201
At 31 December 2025	55	2,566	54,112	56,733
Analysed as:				
Accumulated depreciation	-	1,301	54,112	55,413
Accumulated allowance for impairment losses	55	1,265	-	1,320
	55	2,566	54,112	56,733
Net Book Value				
At 31 December 2025	1,774	707	52,884	55,365
<u>2024</u>				
Cost				
At 1 January/31 December 2024	1,829	3,273	106,996	112,098
Accumulated depreciation and impairment losses				
At 1 January 2024	55	2,444	49,832	52,331
Depreciation charge for the year	-	61	2,140	2,201
At 31 December 2024	55	2,505	51,972	54,532
Analysed as:				
Accumulated depreciation	-	1,240	51,972	53,212
Accumulated allowance for impairment losses	55	1,265	-	1,320
	55	2,505	51,972	54,532
Net Book Value				
At 31 December 2024	1,774	768	55,024	57,566

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Furniture, fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Motor vehicles RM'000	Work- in-progress RM'000	Total RM'000
<u>2025</u>					
Cost					
At 1 January 2025	1,004	284	585	1,529	3,402
Additions	42	5,188	-	108	5,338
Transfer to:					
- Intangible assets (Note 7)	-	-	-	(902)	(902)
At 31 December 2025	<u>1,046</u>	<u>5,472</u>	<u>585</u>	<u>735</u>	<u>7,838</u>
Accumulated depreciation and impairment losses					
At 1 January 2025	63	88	61	-	212
Depreciation charge for the year (Note 34)	115	414	146	-	675
At 31 December 2025	<u>178</u>	<u>502</u>	<u>207</u>	<u>-</u>	<u>887</u>
Analysed as:					
Accumulated depreciation	178	502	207	-	887
	<u>178</u>	<u>502</u>	<u>207</u>	<u>-</u>	<u>887</u>
Net Book Value					
At 31 December 2025	<u>868</u>	<u>4,970</u>	<u>378</u>	<u>735</u>	<u>6,951</u>

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Furniture, fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Motor vehicles RM'000	Work- in-progress RM'000	Total RM'000
<u>2024</u>					
Cost					
At 1 January 2024	945	117	465	567	2,094
Additions	59	167	585	962	1,773
Disposals	-	-	(465)	-	(465)
At 31 December 2024	1,004	284	585	1,529	3,402
Accumulated depreciation and impairment losses					
At 1 January 2024	-	51	465	-	516
Depreciation charge for the year (Note 34)	63	37	61	-	161
Disposals	-	-	(465)	-	(465)
At 31 December 2024	63	88	61	-	212
Analysed as:					
Accumulated depreciation	63	88	61	-	212
	63	88	61	-	212
Net Book Value					
At 31 December 2024	941	196	524	1,529	3,190

4. INVESTMENT PROPERTIES

Group

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
<u>2025</u>			
At 1 January 2025	543,910	487,251	1,031,161
Additions	3,555	84	3,639
Fair value adjustments (Note 28)	(500)	1,539	1,039
Translation differences	-	1	1
At 31 December 2025	<u>546,965</u>	<u>488,875</u>	<u>1,035,840</u>

2024

At 1 January 2024	534,910	477,245	1,012,155
Additions	142	474	616
Fair value adjustments (Note 28)	8,858	9,534	18,392
Translation differences	-	(2)	(2)
At 31 December 2024	<u>543,910</u>	<u>487,251</u>	<u>1,031,161</u>

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

	2025 RM'000	2024 RM'000
Rental income	94,388	89,237
Rental related expenses	<u>(32,442)</u>	<u>(30,936)</u>
	<u>61,946</u>	<u>58,301</u>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repair, maintenance and enhancements other than as disclosed in Note 42.

The fair value of investment properties is classified under Level 3 of the fair value hierarchy as disclosed under Note 52. The fair value gains are recognised in the income statement.

5. PREPAID LAND LEASE PAYMENTS

Group

	2025	2024
	RM'000	RM'000
Cost		
At 1 January/31 December	<u>24,018</u>	<u>24,018</u>
Accumulated amortisation and impairment losses		
At 1 January	8,686	8,200
Amortisation charge for the year (Note 34)	<u>486</u>	<u>486</u>
At 31 December	<u>9,172</u>	<u>8,686</u>
Analysed as:		
Accumulated amortisation	<u>9,172</u>	<u>8,686</u>
	<u>9,172</u>	<u>8,686</u>
Net book value		
At 31 December	<u>14,846</u>	<u>15,332</u>

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6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

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

Group	2025			Total RM'000	2024		
	Premises RM'000	Office equipment RM'000	Computer/ Data centre RM'000		Premises RM'000	Office equipment RM'000	Total RM'000
Cost							
At 1 January	96,166	358	-	96,524	63,172	236	63,408
Additions	4,290	-	5,061	9,351	37,172	137	37,309
Contract renewal	1,100	-	-	1,100	1,242	-	1,242
Contract modification	281	-	-	281	-	-	-
Terminations	(40,248)	(98)	-	(40,346)	(892)	-	(892)
Retirements	(77)	-	-	(77)	(1,029)	-	(1,029)
Translation differences	(2,962)	(14)	(2)	(2,978)	(3,499)	(15)	(3,514)
At 31 December	<u>58,550</u>	<u>246</u>	<u>5,059</u>	<u>63,855</u>	<u>96,166</u>	<u>358</u>	<u>96,524</u>
Accumulated depreciation							
At 1 January	53,041	193	-	53,234	46,890	74	46,964
Depreciation charge for the year (Note 34)	9,832	74	587	10,493	9,917	128	10,045
Terminations	(40,213)	98	-	(40,115)	(754)	-	(754)
Retirements	(77)	-	-	(77)	(859)	-	(859)
Translation differences	(1,812)	(206)	(22)	(2,040)	(2,153)	(9)	(2,162)
At 31 December	<u>20,771</u>	<u>159</u>	<u>565</u>	<u>21,495</u>	<u>53,041</u>	<u>193</u>	<u>53,234</u>
Net Book Value							
At 31 December	<u>37,779</u>	<u>87</u>	<u>4,494</u>	<u>42,360</u>	<u>43,125</u>	<u>165</u>	<u>43,290</u>

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

The movement of lease liabilities is disclosed as follows:

Group	2025			Total RM'000	2024		
	Premises RM'000	Office equipment RM'000	Computer/ Data centre RM'000		Premises RM'000	Office equipment RM'000	Total RM'000
Lease liabilities (Note 21)							
At 1 January	46,464	168	-	46,632	16,947	172	17,119
Additions	4,106	-	5,061	9,167	40,401	133	40,534
Accretion of interest (Note 34)	1,367	4	721	2,092	285	8	293
Contract renewal	1,093	-	-	1,093	1,237	-	1,237
Contract modification	-	-	-	-	-	-	-
Terminations	(4,249)	-	-	(4,249)	(140)	-	(140)
Retirements	(73)	-	-	(73)	-	-	-
Settlement	(8,413)	(81)	(2,359)	(10,853)	(10,455)	(136)	(10,591)
Translation differences	(1,380)	(2)	60	(1,322)	(1,811)	(9)	(1,820)
At 31 December	<u>38,915</u>	<u>89</u>	<u>3,483</u>	<u>42,487</u>	<u>46,464</u>	<u>168</u>	<u>46,632</u>
Lease liabilities by remaining maturity:							
Less than 12 months	7,558	57	1,478	9,093	9,261	77	9,338
More than 12 months	31,357	32	2,005	33,394	37,203	91	37,294
Total	<u>38,915</u>	<u>89</u>	<u>3,483</u>	<u>42,487</u>	<u>46,464</u>	<u>168</u>	<u>46,632</u>

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

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

Company	2025	2024
	Premises	Premises
	RM'000	RM'000
Cost		
At 1 January	532	532
Additions	497	-
At 31 December	<u>1,029</u>	<u>532</u>
Accumulated depreciation		
At 1 January	111	22
Depreciation charge for the year (Note 34)	116	89
At 31 December	<u>227</u>	<u>111</u>
Net Book Value		
At 31 December	<u>802</u>	<u>421</u>

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

The movement of lease liabilities is disclosed as follows:

Company	2025	2024
	Premises	Premises
	RM'000	RM'000
Lease liabilities (Note 21)		
At 1 January	445	529
Additions	493	-
Accretion of interest (Note 34)	21	20
Settlement	(102)	(104)
At 31 December	<u>857</u>	<u>445</u>
 Lease liabilities by remaining maturity:		
Less than 12 months	169	87
More than 12 months	688	358
Total	<u>857</u>	<u>445</u>

7. INTANGIBLE ASSETS

Group

	2025			2024		
	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
Cost						
At 1 January	277,757	10,063	287,820	265,929	6,789	272,718
Additions	5,134	44,716	49,850	11,022	7,907	18,929
Disposals	(239)	(4,361)	(4,600)	(165)	(2,136)	(2,301)
Write-off	(1,268)	-	(1,268)	-	-	-
Retirement	-	(5,706)	(5,706)	-	-	-
Reclassification	532	(532)	-	2,293	(2,293)	-
Transfer from:						
- Property, plant and equipment (Note 3)	902	-	902	-	-	-
Translation differences	(943)	(44)	(987)	(1,322)	(204)	(1,526)
At 31 December	281,875	44,136	326,011	277,757	10,063	287,820

7. INTANGIBLE ASSETS (CONTD.)

Group

	2025			2024		
	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
Accumulated amortisation						
At 1 January	197,903	841	198,744	179,311	311	179,622
Amortisation charge for the year (Note 34)	17,403	807	18,210	19,257	530	19,787
Disposals	(16)	-	(16)	(2)	-	(2)
Write-off	(544)	-	(544)	-	-	-
Translation differences	(558)	-	(558)	(663)	-	(663)
At 31 December	214,188	1,648	215,836	197,903	841	198,744
Analysed as:						
Accumulated amortisation	214,188	1,648	215,836	197,903	841	198,744
Net book value						
At 31 December	67,687	42,488	110,175	79,854	9,222	89,076

7. INTANGIBLE ASSETS (CONTD.)

Company

	2025	2024
	Computer Software and Licences RM'000	Computer Software and Licences RM'000
Cost		
At 1 January	965	965
Additions	252	-
Transfer from:		
- Property, plant and equipment (Note 3)	902	-
At 31 December	<u>2,119</u>	<u>965</u>
 Accumulated amortisation		
At 1 January	200	103
Amortisation charge for the year (Note 34)	182	97
At 31 December	<u>382</u>	<u>200</u>
 Analysed as:		
Accumulated amortisation	<u>382</u>	<u>200</u>
 Net book value		
At 31 December	<u>1,737</u>	<u>765</u>

8. INVESTMENT IN SUBSIDIARIES

Company	2025	2024
	RM'000	RM'000
Unquoted shares, at cost, at end of year	<u>3,378,647</u>	<u>3,378,647</u>

Details of the subsidiaries of the Company are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2025	2024	
Etiqa General Insurance Berhad ("EGIB")	Malaysia	100	100	Underwriting of General Insurance business
Etiqa Life Insurance Berhad ("ELIB")	Malaysia	100	100	Underwriting of Life Insurance and investment-linked businesses
Etiqa Family Takaful Berhad ("EFTB")	Malaysia	100	100	Management of Family Takaful and investment-linked businesses
Etiqa General Takaful Berhad ("EGTB")	Malaysia	100	100	Management of General Takaful business
Etiqa Insurance Pte. Ltd. ¹ ("EIPL")	Singapore	100	100	Underwriting of General Insurance and Life Insurance businesses
Etiqa Life International (L) Ltd. ("ELIL")	Malaysia	100	100	Offshore investment-linked business (<i>Licence surrendered on 31 December 2025</i>)
Etiqa Offshore Insurance (L) Ltd. ("EOIL")	Malaysia	100	100	Provision of bureau services in the Federal Territory of Labuan
Double Care Sdn Bhd ("DCSB")	Malaysia	100	100	Under members' voluntary winding-up

Note

¹ Audited by a firm affiliated to Ernst & Young PLT.

8. INVESTMENT IN SUBSIDIARIES (CONTD.)

There are no significant restrictions on the Group's ability to access or use its assets and settle its liabilities. The net assets of the Group's Insurance and Takaful funds cannot be transferred to or used by other entities/components within the Group.

The total capital available, solvency capital or solvency margin of the Insurance and Takaful subsidiaries based on their local country requirements are as below:-

- (a) In line with the requirements of the Financial Services Act 2013, the Islamic Financial Services Act 2013, Monetary Authority of Singapore ("MAS") Notice 133 and the Labuan Financial Services and Securities Act 2010 ("LFSSA"), the net assets of the Group's Insurance and Takaful funds amounting to RM8.67 billion (2024: RM7.3 billion) cannot be transferred to or used by other entities/components within the Group;
- (b) The total capital available of the Company's Insurance and Takaful subsidiaries as prescribed under the RBC/RBCT Frameworks for Insurers and Takaful Operators issued by BNM are RM4.83 billion (2024: RM4.75 billion) and RM8.61 billion (2023: RM7.27 billion) respectively. The Insurance and Takaful subsidiaries in Malaysia have complied with the minimum capital adequacy requirement prescribed under the RBC/RBCT Frameworks as at 31 December 2025 and 2024;
- (c) The available solvency capital of the Company's Insurance subsidiary in Singapore as prescribed under the Risk-Based Capital Framework regulation set by the MAS is RM2.39 billion (2024: RM2.1 billion) or SGD757.17 million (2024: SGD638 million). The Company's Insurance subsidiary in Singapore has a Capital Adequacy Ratio ("CAR") in excess of the current requirement as at 31 December 2025 and 2024.

9. INVESTMENTS

Group	2025 RM'000	2024 RM'000
Malaysian government papers	2,180,564	2,566,426
Singapore government securities	1,979,904	2,416,725
Equity securities	6,032,379	4,552,892
Debt securities	31,899,276	30,647,265
Unit and property trust funds	2,018,044	1,876,411
Redeemable loan stocks	998	-
Structured products (Note 10)	126,589	348,369
Negotiable certificates of deposit ("NCD")	44,657	-
Negotiable Islamic certificates of deposit ("NICD")	184,166	-
Investment-linked units	2,288,609	1,110,875
Equity linked notes	180,570	-
Obligations on financial assets sold under repurchase agreement	-	199,297
Deposits with financial institutions	3,484,440	4,342,313
	<u>50,420,196</u>	<u>48,060,573</u>

The Group's financial 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	18,466,611	16,262,907
- Held for trading ("HFT")	7,133,534	5,532,528
Fair value through other comprehensive income ("FVOCI") (Note b)	21,335,611	21,922,825
Amortised cost ("AC")(Note c)	3,484,440	4,342,313
	<u>50,420,196</u>	<u>48,060,573</u>

Of which, the following investments mature after 12 months:

	2025 RM'000	2024 RM'000
FVTPL:		
- Designated upon initial recognition	7,098,006	13,063,196
- HFT	730,425	1,013,579
FVOCI	12,412,188	20,112,986
	<u>20,240,619</u>	<u>34,189,761</u>

9. INVESTMENTS (CONTD.)

Group

	2025	2024
	RM'000	RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
<u>At fair value</u>		
Malaysian government papers	1,119,902	987,030
Equity securities:		
Quoted outside Malaysia	1,163,712	835,345
Debt securities:		
Quoted outside Malaysia	1,533,199	616,992
Unquoted in Malaysia	11,325,152	11,605,479
Unquoted outside Malaysia	262,613	136,464
Unit and property trust funds:		
Quoted outside Malaysia	441,392	592,983
Structured products (Note 10)	126,527	348,277
NICD	24,935	-
Investment-linked units	2,288,609	1,110,875
Equity linked notes	180,570	-
Obligations on financial assets sold under repurchase agreement	-	29,462
Total financial assets designated as FVTPL upon initial recognition	18,466,611	16,262,907
(ii) HFT		
<u>At fair value</u>		
Malaysian government papers	125,248	184,526
Equity securities:		
Quoted in Malaysia	4,136,116	2,905,235
Quoted outside Malaysia	127,348	106,644
Unquoted in Malaysia	225,481	221,747
Debt securities:		
Unquoted in Malaysia	941,629	830,856
Unit and property trust funds:		
Quoted in Malaysia	314,544	15,951
Quoted outside Malaysia	1,256,838	1,267,477
Unquoted in Malaysia	5,270	-
Redeemable loan stock	998	-
Structured products (Note 10)	62	92
Total HFT financial assets	7,133,534	5,532,528

9. INVESTMENTS (CONTD.)

Group

	2025	2024
	RM'000	RM'000
(b) FVOCI		
<u>At fair value</u>		
Malaysian government papers	935,414	1,394,870
Singapore government securities	1,979,904	2,416,725
Equity securities:*		
Quoted in Malaysia	379,722	483,921
Debt securities:		
Quoted outside Malaysia	4,453,758	5,029,332
Unquoted in Malaysia	13,286,346	12,415,206
Unquoted outside Malaysia	96,579	12,936
Obligations on financial assets sold under repurchase agreement	-	169,835
NCD	44,657	-
NICD	159,231	-
Total FVOCI financial assets	<u>21,335,611</u>	<u>21,922,825</u>

* The Group 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 financial year, the Group has disposed selected equity securities from its portfolio of FVOCI financial assets as the securities no longer aligned with the long term investment strategies of the Group as high dividend yielding stocks. The total fair value on the date of sales (gross of tax) are RM104.12 million (2024: RM 11.47 million) and the realised losses recognised on disposal of these securities amounted to RM60.42 million (2024: RM0.21 million).

(c) AC

Fixed and call deposits with:

Licenced financial institutions	2,256,979	3,174,480
Other licenced financial institutions	1,227,461	1,167,833
Total AC financial assets	<u>3,484,440</u>	<u>4,342,313</u>

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.

9. INVESTMENTS (CONTD.)

Company

	2025	2024
	RM'000	RM'000
Malaysian government papers	15,108	14,992
Debt securities	56,798	95,244
Unit and property trust funds	203,828	-
Deposits with financial institutions	153,081	506,586
	<u>428,815</u>	<u>616,822</u>

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

FVTPL (Note a):		
- Held for trading ("HFT")	203,828	-
FVOCI (Note b)	71,906	110,236
AC (Note c)	153,081	506,586
	<u>428,815</u>	<u>616,822</u>

Of which, the following investments mature after 12 months:

FVOCI	<u>56,830</u>	<u>71,646</u>
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9. INVESTMENTS (CONTD.)

Company

	2025	2024
	RM'000	RM'000
(a) FVTPL		
(i) HFT		
<u>At fair value</u>		
Unit and property trust funds:		
Quoted in Malaysia	203,828	-
Total HFT financial assets	<u>203,828</u>	<u>-</u>
(b) FVOCI		
<u>At fair value</u>		
Malaysian government papers	15,108	14,992
Debt securities:		
Unquoted in Malaysia	56,798	95,244
Total FVOCI financial assets	<u>71,906</u>	<u>110,236</u>
(c) AC		
Fixed and call deposits with:		
Licenced financial institutions	86,153	432,774
Other licenced financial institutions	66,928	73,812
Total AC financial assets	<u>153,081</u>	<u>506,586</u>

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.

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 52.

10. STRUCTURED PRODUCTS

Structured products of the Group are classified as FVTPL financial assets. 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:

Group	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	124,000	126,527	340,000	348,277
Index-linked notes	27,063	62	27,063	92
	<u>151,063</u>	<u>126,589</u>	<u>367,063</u>	<u>348,369</u>

The fair value of structured products of the Group 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 Group.

11. FINANCING RECEIVABLES

Group	2025 RM'000	2024 RM'000
<u>At amortised cost:</u>		
Staff loans:		
Secured	76,657	78,462
Non-staff loans	39,323	40,925
Allowance for impairment losses (Note 48(i))	(7,298)	(7,085)
	<u>108,682</u>	<u>112,302</u>
Of which, receivable after 12 months	<u>71,169</u>	<u>67,948</u>

11. FINANCING RECEIVABLES (CONTD.)

Company

	2025	2024
	RM'000	RM'000
<u>At amortised cost:</u>		
Loan to subsidiary *	616,400	616,400
Unrealised foreign exchange gain	15,395	40,300
Allowance for impairment losses	(869)	(407)
	<u>630,926</u>	<u>656,293</u>
Staff loans:		
Secured	16,567	14,056
Non staff loans	527	482
Allowance for impairment losses (Note 48(i))	(18)	(15)
	<u>648,002</u>	<u>670,816</u>
Of which, receivable after 12 months	<u>14,960</u>	<u>668,931</u>

* This relates to a Subordinated Obligation ("Sub-bond") issued to EIPL which was fully subscribed by the Company. The sub-bond has a tenure of 10 non-callable 5 basis and bears interest rate of 3% per annum. The interest is payable on a half yearly basis. It is the intention of the Company to hold the bond until maturity.

The carrying amount of financing receivables approximates fair value as these loans are issued at interest/profit 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 average effective interest/profit rates during the financial year were as follows:

Group	2025	2024
	Per annum	Per annum
Non-staff loans	6.61%	5.13%
Staff loans	<u>1.34%</u>	<u>2.10%</u>
Company		
Non-staff loans	4.73%	4.88%
Staff loans	<u>1.53%</u>	<u>1.93%</u>

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATES ASSETS/(LIABILITIES)

Composition of Statement of Financial Position

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

Group

	2025			2024		
	Asset RM'000	Liability RM'000	Net RM'000	Asset RM'000	Liability RM'000	Net RM'000
Reinsurance contracts/retakaful certificates held						
General Insurance	3,793,339	(490,170)	3,303,169	4,291,260	(554,814)	3,736,446
General Takaful	489,970	(41,547)	448,423	463,045	(33,733)	429,312
Life Insurance	1,040,902	-	1,040,902	1,288,078	-	1,288,078
Family Takaful	394,448	-	394,448	307,415	-	307,415
Total reinsurance contracts/retakaful certificates held	5,718,659	(531,717)	5,186,942	6,349,798	(588,547)	5,761,251
Of which:						
Measured at PAA						
General Insurance	3,793,339	(490,170)	3,303,169	4,291,260	(554,814)	3,736,446
General Takaful	489,970	(41,547)	448,423	463,045	(33,733)	429,312
Life Insurance	889	-	889	1,357	-	1,357
Family Takaful	17,416	-	17,416	2,166	-	2,166
Not measured at PAA						
Life Insurance	1,040,013	-	1,040,013	1,286,721	-	1,286,721
Family Takaful	377,032	-	377,032	305,249	-	305,249
	5,718,659	(531,717)	5,186,942	6,349,798	(588,547)	5,761,251

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at Premium Allocation Approach ("PAA")

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

Group

2025

	ARC	Present	AIC		
	Excluding	value	Risk		
	loss recovery	of future	adjustment		
	component	cash flows	for non-		
	Loss recovery	RM'000	financial risks		
Note	component	RM'000	RM'000	RM'000	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contract/Retakaful certificate assets as at 1 January	1,291,760	10	3,097,045	369,013	4,757,828
Reinsurance contract/Retakaful certificate liabilities as at 1 January	(1,021,570)	13	392,684	40,326	(588,547)
Net balance as at 1 January	270,190	23	3,489,729	409,339	4,169,281
Allocation of reinsurance premiums/retakaful contributions:					
Amount relating to the changes in assets for remaining coverage	(2,021,538)	-	-	-	(2,021,538)
Amounts recoverable from reinsurers/retakaful operators:					
Amounts recoverable for incurred claims and other expenses	12,874	-	1,192,883	146,188	1,351,945
Changes that relate to past services-adjustment to AIC	-	-	(531,539)	(158,631)	(690,170)
Reversal of loss recovery component	-	1	-	-	1
Changes in fulfilment cash flows which relate to onerous underlying contracts/certificates	-	-	-	-	-
	12,874	1	661,344	(12,443)	661,776
Net (expense)/income from reinsurance contracts/retakaful certificates held	(2,008,664)	1	661,344	(12,443)	(1,359,762)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2025

		ARC	Present value of future cash flows	AIC Risk adjustment for non-financial risks	Total
	Note	Excluding loss recovery component RM'000	Loss recovery component RM'000	RM'000	RM'000
Finance income from reinsurance contracts/retakaful certificates held	32	-	-	122,689	135,577
Effect of changes in non-performance risk of reinsurers/retakaful operators	32	-	-	1	1
Effect of movement in exchange rate		(118,165)	1	137,781	18,977
Total amount recognised in profit or loss and OCI		(2,126,829)	2	921,815	(1,205,207)
Cash flows					
Premiums/Contributions paid net of ceding commission		2,076,965	-	-	2,076,965
Amount received from reinsurers/retakaful operators		-	-	(953,908)	(953,908)
Total cash flows		2,076,965	-	(953,908)	1,123,057
Other movements	(i)	-	-	(317,234)	(317,234)
Net balance as at end of the year		220,326	25	3,140,402	409,144
Represented by:					
Reinsurance contract/Retakaful certificate assets as at 31 December		1,237,656	25	2,713,351	4,301,614
Reinsurance contract/Retakaful certificate liabilities as at 31 December		(1,017,330)	-	427,051	(531,717)
Net balance as at 31 December		220,326	25	3,140,402	409,144

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2024

	ARC	AIC			
			Excluding loss recovery component	Loss recovery component	Present value of future cash flows
Note	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contract/Retakaful certificate assets as at 1 January	668,207	-	2,608,769	237,296	3,514,272
Reinsurance contract/Retakaful certificate liabilities as at 1 January	(509,818)	-	30,183	7,355	(472,280)
Net balance as at 1 January	158,389	-	2,638,952	244,651	3,041,992
Allocation of reinsurance premiums/retakaful contributions:					
Amount relating to the changes in assets for remaining coverage	(1,912,167)	-	-	-	(1,912,167)
Amounts recoverable from reinsurers/retakaful operators:					
Amounts recoverable for incurred claims and other expenses	20,496	-	1,358,006	137,964	1,516,466
Changes that relate to past services-adjustment to AIC	-	-	(52,798)	18,863	(33,935)
Reversal of loss recovery component	-	24	-	-	24
	20,496	24	1,305,208	156,827	1,482,555
Net (expense)/income from reinsurance contracts/retakaful certificates held	(1,891,671)	24	1,305,208	156,827	(429,612)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2024

		ARC	Present value of future cash flows	AIC Risk adjustment for non- financial risks	Total
	Note	Excluding loss recovery component RM'000	Loss recovery component RM'000	RM'000	RM'000
Finance income from reinsurance contracts/retakaful certificates held	32	-	-	104,776	9,011
Effect of movement in exchange rate		19,674	(1)	(27,728)	(1,150)
Total amount recognised in profit or loss and OCI		(1,871,997)	23	1,382,256	164,688
Cash flows					
Premiums/Contributions paid net of ceding commission		1,983,798	-	-	-
Amount received from reinsurers/retakaful operators		-	-	(396,788)	-
Total cash flows		1,983,798	-	(396,788)	-
Other movements	(i)	-	-	(134,691)	-
Net balance as at end of the year		270,190	23	3,489,729	409,339
Represented by:					
Reinsurance contract/Retakaful certificate assets as at 31 December		1,291,760	10	3,097,045	369,013
Reinsurance contract/Retakaful certificate liabilities as at 31 December		(1,021,570)	13	392,684	40,326
Net balance as at 31 December		270,190	23	3,489,729	409,339

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below:

Group: General Insurance

2025

	ARC	AIC			
	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000	
Reinsurance contract assets as at 1 January	1,224,633	10	2,729,067	337,550	4,291,260
Reinsurance contract liabilities as at 1 January	(981,343)	13	386,067	40,449	(554,814)
Net balance as at 1 January	243,290	23	3,115,134	377,999	3,736,446
Allocation of reinsurance premium:					
Amount relating to the changes in the assets for remaining coverage	(1,613,389)	-	-	-	(1,613,389)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims and other expenses	12,874	-	717,353	136,915	867,142
Changes that relate to past services-adjustment to AIC	-	-	(455,903)	(142,108)	(598,011)
Reversal of loss recovery component	-	1	-	-	1
	<u>12,874</u>	<u>1</u>	<u>261,450</u>	<u>(5,193)</u>	<u>269,132</u>
Net (expense)/income from reinsurance contracts held	(1,600,515)	1	261,450	(5,193)	(1,344,257)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: General Insurance (contd.)

2025

	ARC	AIC	Risk		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of future cash flows RM'000	adjustment for non- financial risks RM'000	Total RM'000
Finance income from reinsurance contracts held	-	-	109,150	11,982	121,132
Effect of movement in exchange rate	(118,165)	1	137,781	(640)	18,977
Total amount recognised in profit or loss	(1,718,680)	2	508,381	6,149	(1,204,148)
Cash flows					
Premiums paid, net of ceding commission	1,638,055	-	-	-	1,638,055
Amount received from reinsurers	-	-	(867,184)	-	(867,184)
Total cash flows	1,638,055	-	(867,184)	-	770,871
Net balance as at end of the year	162,665	25	2,756,331	384,148	3,303,169
Represented by:					
Reinsurance contract assets as at 31 December	1,135,538	25	2,331,918	325,858	3,793,339
Reinsurance contract liabilities as at 31 December	(972,873)	-	424,413	58,290	(490,170)
Net balance as at 31 December	162,665	25	2,756,331	384,148	3,303,169

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: General Insurance (contd.)

2024

	ARC	AIC			
	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	Total RM'000	
Reinsurance contract assets as at 1 January	589,390	-	2,355,325	227,688	3,172,403
Reinsurance contract liabilities as at 1 January	(487,010)	-	54,538	5,915	(426,557)
Net balance as at 1 January	102,380	-	2,409,863	233,603	2,745,846
Allocation of reinsurance premium:					
Amount relating to the changes in the assets for remaining coverage	(1,564,740)	-	-	-	(1,564,740)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims and other expenses	20,496	-	1,030,797	121,872	1,173,165
Changes that relate to past services-adjustment to AIC	-	-	(40,043)	15,087	(24,956)
Reversal of loss recovery component	-	24	-	-	24
	20,496	24	990,754	136,959	1,148,233
Net (expense)/income from reinsurance contracts held	(1,544,244)	24	990,754	136,959	(416,507)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: General Insurance (contd.)

2024

	ARC	AIC		
	Loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	Total RM'000
Finance income from reinsurance contracts held	-	92,957	8,587	101,544
Effect of movement in exchange rate	19,674	(27,728)	(1,150)	(9,205)
Total amount recognised in profit or loss	(1,524,570)	23	1,055,983	144,396
Cash flows				
Premiums paid, net of ceding commission	1,665,480	-	-	1,665,480
Amount received from reinsurers	-	(350,712)	-	(350,712)
Total cash flows	1,665,480	-	(350,712)	-
Net balance as at end of the year	243,290	23	3,115,134	377,999
Represented by:				
Reinsurance contract assets as at 31 December	1,224,633	10	2,729,067	337,550
Reinsurance contract liabilities as at 31 December	(981,343)	13	386,067	40,449
Net balance as at 31 December	243,290	23	3,115,134	377,999

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below:

Group: General Takaful

2025

	ARC	Present value of future cash flows	AIC Risk adjustment for non- financial risks	Total
	Excluding loss recovery component RM'000	RM'000	RM'000	RM'000
Retakaful certificate assets as at 1 January	100,603	331,375	31,067	463,045
Retakaful certificate liabilities as at 1 January	(40,227)	6,617	(123)	(33,733)
Net balance as at 1 January	60,376	337,992	30,944	429,312
Allocation of retakaful contributions:				
Amount relating to the changes in the assets for remaining coverage	(370,185)	-	-	(370,185)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	442,439	8,664	451,103
Changes that relate to past services-adjustment to AIC*	-	(79,236)	(16,127)	(95,363)
	-	363,203	(7,463)	355,740
Net (expense)/income from retakaful certificates held	(370,185)	363,203	(7,463)	(14,445)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claims (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

2025

	Note	ARC	AIC		Total RM'000
		Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	
Finance income from retakaful certificates held		-	13,539	906	14,445
Total amount recognised in profit or loss		(370,185)	376,742	(6,557)	-
Cash flows					
Contributions paid, net of ceding commission		389,603	-	-	389,603
Amount received from retakaful operators		-	(55,368)	-	(55,368)
Total cash flows		389,603	(55,368)	-	334,235
Other movements	(i)	-	(315,124)	-	(315,124)
Net balance as at end of the year		79,794	344,242	24,387	448,423
Represented by:					
Retakaful certificate assets as at 31 December		124,251	341,604	24,115	489,970
Retakaful certificate liabilities as at 31 December		(44,457)	2,638	272	(41,547)
Net balance as at 31 December		79,794	344,242	24,387	448,423

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claims (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

2024

	ARC	AIC		
	Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	Total RM'000
Retakaful certificate assets as at 1 January	85,806	239,612	9,189	334,607
Retakaful certificate liabilities as at 1 January	(22,001)	(24,355)	1,440	(44,916)
Net balance as at 1 January	63,805	215,257	10,629	289,691
Allocation of retakaful contributions:				
Amount relating to the changes in the assets for remaining coverage	(317,003)	-	-	(317,003)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	295,829	15,696	311,525
Changes that relate to past services-adjustment to AIC*	-	(10,959)	4,195	(6,764)
	-	284,870	19,891	304,761
Net (expense)/income from retakaful certificates held	(317,003)	284,870	19,891	(12,242)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claims (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

2024

	Note	ARC	AIC		Total RM'000
		Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	
Finance income from retakaful certificates held		-	11,818	424	12,242
Total amount recognised in profit or loss		(317,003)	296,688	20,315	-
Cash flows					
Contributions paid net of ceding commission		313,574	-	-	313,574
Amount received from retakaful operators		-	(43,509)	-	(43,509)
Total cash flows		313,574	(43,509)	-	270,065
Other movements	(i)	-	(130,444)	-	(130,444)
Net balance as at end of the year		60,376	337,992	30,944	429,312
Represented by:					
Retakaful certificate assets as at 31 December		100,603	331,375	31,067	463,045
Retakaful certificate liabilities as at 31 December		(40,227)	6,617	(123)	(33,733)
Net balance as at 31 December		60,376	337,992	30,944	429,312

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below:

Group: Life Insurance

2025

	<u>ARC</u>	<u>AIC</u>	
	Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Total RM'000
Reinsurance contract assets as at 1 January	-	1,357	1,357
Allocation of reinsurance premium:			
Amount relating to the changes in assets for remaining coverage	(1,579)	-	(1,579)
Amounts recoverable from reinsurers:			
Amounts recoverable for incurred claims and other expenses	-	(219)	(219)
Changes that relate to past services-adjustment to AIC	-	738	738
	-	519	519
Net (expense)/income from reinsurance contracts held	(1,579)	519	(1,060)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2025

	ARC	AIC	
	Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Total RM'000
Total amount recognised in profit or loss and OCI	(1,579)	519	(1,060)
Cash flows			
Premiums paid, net of ceding commission	946	-	946
Amount received from reinsurers	-	(354)	(354)
Total cash flows	946	(354)	592
Reinsurance contract assets as at 31 December	(633)	1,522	889

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	ARC	AIC	
	Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Total RM'000
Reinsurance contract assets as at 1 January	(580)	2,124	1,544
Allocation of reinsurance premium:			
Amount relating to the changes in assets for remaining coverage	(2,663)	-	(2,663)
Amounts recoverable from reinsurers			
Amounts recoverable for incurred claims and other expenses	-	1,239	1,239
Changes that relate to past services-adjustment to AIC	-	561	561
	-	1,800	1,800
Net (expense)/income from reinsurance contracts held	(2,663)	1,800	(863)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	ARC	AIC	
	Excluding loss recovery component RM'000	Present value of future cash flows RM'000	Total RM'000
Total amount recognised in profit or loss and OCI	(2,663)	1,800	(863)
Cash flows			
Premiums paid, net of ceding commission	3,243	-	3,243
Amount received from reinsurers	-	(2,567)	(2,567)
Total cash flows	3,243	(2,567)	676
Reinsurance contract assets as at 31 December	-	1,357	1,357

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below:

Group: Family Takaful

2025

	ARC	Present	AIC	
	Excluding	value	Risk	
	loss recovery	of future	adjustment	
	component	cash flows	for non-	
	RM'000	RM'000	financial risks	Total
			RM'000	RM'000
Retakaful certificate assets as at 1 January	(33,476)	35,246	396	2,166
Allocation of retakaful contributions:				
Amount relating to the changes in the assets for remaining coverage	(36,385)	-	-	(36,385)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	33,310	609	33,919
Changes that relate to past services-adjustment to AIC*	-	2,862	(396)	2,466
	-	36,172	213	36,385
Net (expense)/income from retakaful certificates held	(36,385)	36,172	213	-

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2025

	ARC	Present	AIC	
	Excluding	value	Risk	
	loss recovery	of future	adjustment	
	component	cash flows	for non-	
Note	RM'000	RM'000	financial risks	Total
			RM'000	RM'000
Finance income from retakaful certificates held	-		-	-
Effect of changes in non-performance risk of reinsurers	-	1	-	1
Total amount recognised in profit or loss	(36,385)	36,173	213	1
Cash flows				
Contributions paid, net of ceding commission	48,361	-	-	48,361
Recoveries received from retakaful	-	(31,002)	-	(31,002)
Total cash flows	48,361	(31,002)	-	17,359
Other movements	-	(2,110)	-	(2,110)
Retakaful certificate assets as at 31 December	(21,500)	38,307	609	17,416

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	ARC Excluding loss recovery component RM'000	Present value of future cash flows RM'000	AIC Risk adjustment for non- financial risks RM'000	Total RM'000
Retakaful certificate assets as at 1 January	(6,409)	11,708	419	5,718
Retakaful certificate liabilities as at 1 January	(807)	-	-	(807)
Net balance as at 1 January	(7,216)	11,708	419	4,911
Allocation of retakaful contributions:				
Amount relating to the changes in assets for remaining coverage	(27,761)	-	-	(27,761)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	30,141	396	30,537
Changes that relate to past services-adjustment to AIC*	-	(2,357)	(419)	(2,776)
	-	27,784	(23)	27,761
Net (expense)/income from retakaful certificates held	(27,761)	27,784	(23)	-

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	ARC	Present	AIC	
	Excluding	value	Risk	
	loss recovery	of future	adjustment	
	component	cash flows	for non-	
Note	RM'000	RM'000	financial risks	Total
			RM'000	RM'000
Finance income from retakaful certificates held	-	1	-	1
Effect of changes in non-performance risk of retakaful operators	-	-	-	-
Total amount recognised in profit or loss	(27,761)	27,785	(23)	1
Cash flows				
Contributions paid, net of ceding commission	1,501	-	-	1,501
Total cash flows	1,501	-	-	1,501
Other movements	-	(4,247)	-	(4,247)
Retakaful certificate assets as at 31 December	(33,476)	35,246	396	2,166

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2025

	ARC		AIC	Total
	Excluding loss recovery component	Loss recovery component		
Note	RM'000	RM'000	RM'000	RM'000
Reinsurance contract/Retakaful certificate assets as at 1 January	948,361	101,828	541,781	1,591,970
Allocation of reinsurance premiums/retakaful contributions:				
Amount relating to the changes in assets for remaining coverage	(127,478)	-	-	(127,478)
Amounts recoverable from reinsurers/retakaful operators:				
Amounts recoverable for incurred claims and other expenses	18,349	-	134,351	152,700
Changes that relate to past services-adjustment to AIC	-	-	11,463	11,463
Reversal of loss recovery component	-	1,681	-	1,681
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	(14,289)	-	(14,289)
	<u>18,349</u>	<u>(12,608)</u>	<u>145,814</u>	<u>151,555</u>
Net (expense)/income from reinsurance contracts/retakaful certificates held	24 (109,129)	(12,608)	145,814	24,077

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2025

		ARC			
	Note	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC RM'000	Total RM'000
Finance income from reinsurance contracts/retakaful certificates held	32	39,370	1,691	-	41,061
Effect of changes in non-performance risk of reinsurers/retakaful operators	32	2,788	-	(2)	2,786
Investment components		(368,922)	-	368,922	-
Effect of movement in exchange rate		157,886	(3,580)	(194,320)	(40,014)
Total amount recognised in profit or loss and OCI		(278,007)	(14,497)	320,414	27,910
Cash flows					
Premiums/Contributions paid net of ceding commission		446,941	-	-	446,941
Amount received from reinsurer/retakaful operators		-	-	(628,390)	(628,390)
Total cash flows		446,941	-	(628,390)	(181,449)
Other movements	(i)	(8,368)	-	(13,018)	(21,386)
Net balance as at end of the year		1,108,927	87,331	220,787	1,417,045
Reinsurance contract/Retakaful certificate assets as at 31 December		1,108,927	87,331	220,787	1,417,045

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2024

	Note	ARC		AIC RM'000	Total RM'000
		Excluding loss recovery component RM'000	Loss recovery component RM'000		
Reinsurance contract/Retakaful certificate assets as at 1 January		2,037,455	39,261	556,368	2,633,084
Allocation of reinsurance premiums/retakaful contributions:					
Amount relating to the changes in assets for remaining coverage		(167,491)	26,678	-	(140,813)
Amounts recoverable from reinsurers/retakaful operators:					
Amounts recoverable for incurred claims and other expenses		21,807	-	85,770	107,577
Changes that relate to past services-adjustment to AIC		-	-	(6,071)	(6,071)
Reversal of loss recovery component		-	428	-	428
Changes in fulfilment cash flows which relate to onerous underlying certificates		-	36,817	-	36,817
		21,807	37,245	79,699	138,751
Net (expense)/income from reinsurance contracts/retakaful certificates held	24	(145,684)	63,923	79,699	(2,062)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts/retakaful certificates held showing ARC and AIC arising business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

2024

		<u>ARC</u>			
	Note	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC RM'000	Total RM'000
Finance income from reinsurance contracts/retakaful certificates held	32	46,694	3,508	-	50,202
Effect of changes in non-performance risk of reinsurers/retakaful operators	32	-	-	9	9
Investment components		(1,135,097)	-	1,135,097	-
Effect of movement in exchange rate		(63,981)	(4,864)	(19,495)	(88,340)
Total amount recognised in profit or loss and OCI		(1,298,068)	62,567	1,195,310	(40,191)
Cash flows					
Premiums/Contributions paid net of ceding commission		181,385	-	-	181,385
Amount received from reinsurer/retakaful operators		-	-	(1,198,727)	(1,198,727)
Total cash flows		181,385	-	(1,198,727)	(1,017,342)
Other movements	(i)	27,589	-	14,009	41,598
Net balance as at end of the year		948,361	101,828	541,781	1,591,970
Reinsurance contract/Retakaful certificate assets as at 31 December		948,361	101,828	541,781	1,591,970

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below:

Group: Life Insurance

2025

	ARC		AIC	Total
	Excluding loss recovery component RM'000	Loss recovery component RM'000		
Reinsurance contract assets as at 1 January	814,386	101,828	370,507	1,286,721
Allocation of reinsurance premium:				
Amount relating to the changes in assets for remaining coverage	(41,299)	-	-	(41,299)
Amounts recoverable from reinsurers:				
Amounts recoverable for incurred claims and other expenses	18,349	-	17,469	35,818
Changes that relate to past services-adjustment to AIC	-	-	20,249	20,249
Reversal of loss recovery component	-	1,681	-	1,681
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	(14,289)	-	(14,289)
	18,349	(12,608)	37,718	43,459
Net (expense)/income from reinsurance contracts held	(22,950)	(12,608)	37,718	2,160

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2025

	ARC			Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC RM'000	
Finance income from reinsurance contracts held	61,289	1,691	-	62,980
Effect of changes in non-performance risk of reinsurers	2,788	-	(4)	2,784
Investment components	(368,922)	-	368,922	-
Effect of movement in exchange rate	157,886	(3,580)	(194,320)	(40,014)
Total amount recognised in profit or loss and OCI	(169,909)	(14,497)	212,316	27,910
Cash flows				
Premiums paid, net of ceding commission	205,971	-	-	205,971
Amount received from reinsurers	-	-	(472,221)	(472,221)
Total cash flows	205,971	-	(472,221)	(266,250)
Other movements	(8,368)	-	-	(8,368)
Reinsurance contract assets as at 31 December	842,080	87,331	110,602	1,040,013

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	ARC		AIC RM'000	Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000		
Reinsurance contract assets as at 1 January	1,889,784	39,261	403,999	2,333,044
Allocation of reinsurance premium:				
Amount relating to the changes in assets for remaining coverage	(107,540)	26,678	-	(80,862)
Amounts recoverable from reinsurers				
Amounts recoverable for incurred claims and other expenses	21,807	-	14,758	36,565
Changes that relate to past services-adjustment to AIC	-	-	7,761	7,761
Reversal of loss recovery component	-	428	-	428
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	36,817	-	36,817
	21,807	37,245	22,519	81,571
Net (expense)/income from reinsurance contracts held	(85,733)	63,923	22,519	709

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

Group: Life Insurance (contd.)

The roll-forward of the net asset or liability for reinsurance contracts held showing ARC and AIC arising business ceded to reinsurers is disclosed in the table below: (contd.)

2024

	ARC			Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC RM'000	
Finance income from reinsurance contracts held	43,929	3,508	-	47,437
Effect of changes in non-performance risk of reinsurers	-	-	4	4
Investment components	(1,135,097)	-	1,135,097	-
Effect of movement in exchange rate	(63,981)	(4,864)	(19,495)	(88,340)
Total amount recognised in profit or loss and OCI	(1,240,882)	62,567	1,138,125	(40,190)
Cash flows				
Premiums paid, net of ceding commission	137,895	-	-	137,895
Amount received from reinsurers	-	-	(1,171,617)	(1,171,617)
Total cash flows	137,895	-	(1,171,617)	(1,033,722)
Other movements	27,589	-	-	27,589
Reinsurance contract assets as at 31 December	814,386	101,828	370,507	1,286,721

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below:

Group: Family Takaful

2025

	ARC		AIC RM'000	Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000		
Retakaful certificate assets as at 1 January	133,975	-	171,274	305,249
Allocation of retakaful contributions:				
Amount relating to the changes in the assets for remaining coverage	(86,179)	-	-	(86,179)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	-	116,882	116,882
Changes that relate to past services-adjustment to AIC	-	-	(8,786)	(8,786)
	-	-	108,096	108,096
Net (expense)/income from retakaful certificates held	(86,179)	-	108,096	21,917

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2025

	Note	ARC			
		Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC RM'000	Total RM'000
Finance expense from retakaful certificates held		(21,919)	-	-	(21,919)
Effect of changes in non-performance risk of reinsurers		-	-	2	2
Total amount recognised in profit or loss		(108,098)	-	108,098	-
Cash flows					
Contributions paid, net of ceding commission		240,970	-	-	240,970
Amount received from retakaful operators		-	-	(156,169)	(156,169)
Total cash flows		240,970	-	(156,169)	84,801
Other movements	(i)	-	-	(13,018)	(13,018)
Net balance as at end of the year		266,847	-	110,185	377,032
Retakaful certificate assets as at 31 December		266,847		110,185	377,032

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	ARC		AIC RM'000	Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000		
Retakaful certificate assets as at 1 January	147,671	-	152,369	300,040
Retakaful certificate liabilities as at 1 January	-	-	(25,179)	(25,179)
Net balance as at 1 January	147,671	-	127,190	274,861
Allocation of retakaful contributions:				
Amount relating to the changes in assets for remaining coverage	(59,951)	-	-	(59,951)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	-	71,012	71,012
Changes that relate to past services-adjustment to AIC	-	-	(13,832)	(13,832)
	-	-	57,180	57,180
Net (expense)/income from retakaful certificates held	(59,951)	-	57,180	(2,771)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(a) Analysis by remaining coverage and amounts recoverable on incurred claim not measured at PAA (contd.)

The roll-forward of the net asset or liability for retakaful certificates held showing ARC and AIC arising business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	Note	ARC		AIC RM'000	Total RM'000
		Excluding loss recovery component RM'000	Loss recovery component RM'000		
Finance income from retakaful certificates held		2,765	-	-	2,765
Effect of changes in non-performance risk of retakaful operators		-	-	5	5
Total amount recognised in profit or loss		(57,186)	-	57,185	(1)
Cash flows					
Contributions paid, net of ceding commission		43,490	-	-	43,490
Amount received from retakaful operators		-	-	(27,110)	(27,110)
Total cash flows		43,490	-	(27,110)	16,380
Other movements	(i)	-	-	14,009	14,009
Retakaful certificate assets as at 31 December		133,975	-	171,274	305,249

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA

The roll-forward of reinsurance contracts assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Life reinsurance contracts held portfolios are shown below:

Group: Life Insurance

2025

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total CSM RM'000	CSM			Total RM'000
				New Contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Reinsurance contract assets as at 1 January	1,215,339	91,256	(19,874)	(36,271)	8,373	8,024	1,286,721
Changes that relate to current services							
CSM recognised for services received	-	-	8,497	13,373	(1,796)	(3,080)	8,497
Change in the risk adjustment for non-financial risks for risks expired	-	(7,639)	-	-	-	-	(7,639)
Experience adjustments	(23,053)	-	-	-	-	-	(23,053)
Changes that relate to future services							
Contracts initially recognised in the year	(14,107)	11,054	3,050	3,050	-	-	(3)
Changes in estimates that adjust the CSM	(17,537)	(15,594)	37,240	17,617	5,864	13,759	4,109
	(54,697)	(12,179)	48,787	34,040	4,068	10,679	(18,089)
Changes that relate to past services							
Changes in amounts recoverable arising from changes in liability for incurred claims	20,249	-	-	-	-	-	20,249
Insurance service results	(34,448)	(12,179)	48,787	34,040	4,068	10,679	2,160

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA (contd.)

The roll-forward of reinsurance contracts assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Life reinsurance contracts held portfolios are shown below: (contd.)

Group: Life Insurance (contd.)

2025

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total CSM RM'000	CSM			Total RM'000
				New Contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Finance income/(expense) from reinsurance contracts held	58,362	4,442	176	(709)	431	454	62,980
Effect of changes in non-performance risk of reinsurers	2,784	-	-	-	-	-	2,784
Effect of movement in exchange rate	(42,083)	32	2,033	2,033	-	-	(40,018)
Total amount recognised in profit or loss and OCI	(15,385)	(7,705)	50,996	35,364	4,499	11,133	27,906
Cash flows							
Premiums paid net of ceding commission	205,971	-	-	-	-	-	205,971
Amount received from reinsurers	(472,221)	-	-	-	-	-	(472,221)
Total cash flows	(266,250)	-	-	-	-	-	(266,250)
Other movements	-	-	(8,364)	(8,364)	-	-	(8,364)
Reinsurance contract assets as at 31 December	933,704	83,551	22,758	(9,271)	12,872	19,157	1,040,013

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA (contd.)

The roll-forward of reinsurance contracts assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Life reinsurance contracts held portfolios are shown below: (contd.)

Group: Life Insurance (contd.)

2024

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total CSM RM'000	CSM			Total RM'000
				New Contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Reinsurance contract assets as at 1 January	2,329,674	67,368	(63,998)	(73,451)	719	8,734	2,333,044
Changes that relate to current services							
CSM recognised for services received	-	-	16,654	19,951	(1,172)	(2,125)	16,654
Change in the risk adjustment for non-financial risks for risks expired	-	(6,794)	-	-	-	-	(6,794)
Experience adjustments	(23,299)	-	-	-	-	-	(23,299)
Changes that relate to future services							
Contracts initially recognised in the year	(30,960)	17,435	13,525	13,525	-	-	-
Changes in estimates that adjust the CSM	(7,933)	9,361	12,144	2,219	8,569	1,356	13,572
	(62,192)	20,002	42,323	35,695	7,397	(769)	133
Changes that relate to past services							
Changes in amounts recoverable arising from changes in liability for incurred claims	576	-	-	-	-	-	576
Insurance service results	(61,616)	20,002	42,323	35,695	7,397	(769)	709

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA (contd.)

The roll-forward of reinsurance contracts assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Life reinsurance contracts held portfolios are shown below: (contd.)

Group: Life Insurance (contd.)

2024

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total CSM RM'000	CSM			Total RM'000
				New Contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Finance income/(expense) from reinsurance contracts held	44,896	3,793	(1,252)	(1,788)	257	279	47,437
Effect of changes in non-performance risk	4	-	-	-	-	-	4
Effect of movement in exchange rate	(91,486)	93	3,053	3,273	-	(220)	(88,340)
Total amount recognised in profit or loss and OCI	(108,202)	23,888	44,124	37,180	7,654	(710)	(40,190)
Cash flows							
Premiums paid net of ceding commission	137,895	-	-	-	-	-	137,895
Amount received from reinsurers	(1,171,617)	-	-	-	-	-	(1,171,617)
Total cash flows	(1,033,722)	-	-	-	-	-	(1,033,722)
Other movements	27,589	-	-	-	-	-	27,589
Reinsurance contract assets as at 31 December	1,215,339	91,256	(19,874)	(36,271)	8,373	8,024	1,286,721

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA

The roll-forward of retakaful certificates assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Family retakaful certificates held portfolios are shown below:

Group: Family Takaful

2025

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	Total RM'000
Retakaful certificate assets as at 1 January	303,734	1,515	305,249
Changes that relate to current services			
Experience adjustments	12,946	947	13,893
	12,946	947	13,893
Changes that relate to past services			
Changes in amounts recoverable arising from changes in liability for incurred claims	8,641	(617)	8,024
Takaful service results	21,587	330	21,917

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA (contd.)

The roll-forward of retakaful certificates assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Family retakaful certificates held portfolios are shown below: (contd.)

Group: Family Takaful (contd.)

2025

	Note	Estimate of the present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	Total RM'000
Finance expense from retakaful certificates held		(21,919)	-	(21,919)
Effect of changes in non-performance risk		2	-	2
Total amount recognised in profit or loss		(330)	330	-
Cash flows				
Contributions paid, net of ceding commission		240,970	-	240,970
Recoveries from retakaful operators		(156,169)	-	(156,169)
Total cash flows		84,801	-	84,801
Other movements	(i)	(13,018)	-	(13,018)
Retakaful certificate assets as at 31 December		375,187	1,845	377,032

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA (contd.)

The roll-forward of retakaful certificates assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Family retakaful certificates held portfolios are shown below: (contd.)

Group: Family Takaful (contd.)

2024

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non- financial risks RM'000	Total RM'000
Retakaful certificate assets as at 1 January	298,610	1,430	300,040
Reinsurance contract liabilities as at 1 January	(25,179)	-	(25,179)
Net balance as at 1 January	273,431	1,430	274,861
Changes that relate to current services			
Experience adjustments	9,529	1,532	11,061
Changes that relate to past services			
Changes in amounts recoverable arising from changes in liability for incurred claims	(12,385)	(1,447)	(13,832)
Takaful service results	(2,856)	85	(2,771)

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(b) Analysis showing estimates of present value of future cash flows, risk adjustment and CSM for reinsurance contracts held not measured at PAA (contd.)

The roll-forward of retakaful certificates assets and liabilities showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establish CSMs for Family retakaful certificates held portfolios are shown below: (contd.)

Group: Family Takaful (contd.)

2024

	Estimate of the present value of future cash flows	Risk adjustment for non- financial risks	Total
Note	RM'000	RM'000	RM'000
Finance income from reinsurance contract held	2,765	-	2,765
Effect of changes in non-performance risk	5	-	5
Total amount recognised in profit or loss	(86)	85	(1)
Cash flows			
Contributions paid, net of ceding commission	43,490	-	43,490
Recoveries from retakaful operators	(27,110)	-	(27,110)
Total cash flows	16,380	-	16,380
Other movements	14,009	-	14,009
	303,734	1,515	305,249

(i) Other movements relates to movement of retakaful unallocated surplus during the financial year.

12. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES) (CONTD.)

(c) Impact of contracts/certificates recognised in the financial year

The components of new business for Life reinsurance contracts/Family retakaful certificates held portfolios is disclosed in the table below:

	2025	2024
	Contracts/ Certificates purchased RM'000	Contracts/ Certificates purchased RM'000
Group: Life Insurance		
Estimates of the present value of future cash outflows	(604,071)	(83,214)
Estimates of the present value of future cash inflows	589,509	48,867
Risk adjustment for non-financial risks	11,083	17,518
CSM	3,479	16,829
Cost of retroactive cover on reinsurance contracts held at 31 December	<u>-</u>	<u>-</u>
Group: Family Takaful		
Estimates of the present value of future cash outflows	259,955	282,209
Estimates of the present value of future cash inflows	(259,955)	(282,209)
Cost of retroactive cover on retakaful certificates held at 31 December	<u>-</u>	<u>-</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES

Composition of Statement of Financial Position

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

Group

	Asset	2025	Net	Asset	2024	Net
	RM'000	Liability	RM'000	RM'000	Liability	RM'000
		RM'000			RM'000	
Insurance contracts/Takaful certificates held						
General Insurance	(174,953)	4,927,128	4,752,175	(15,261)	5,183,470	5,168,209
General Takaful	(45,276)	3,750,006	3,704,730	(60,178)	3,606,596	3,546,418
Life Insurance	-	23,609,900	23,609,900	-	22,577,237	22,577,237
Family Takaful	-	14,475,640	14,475,640	-	14,182,242	14,182,242
Total Insurance contracts/Takaful certificates held	(220,229)	46,762,674	46,542,445	(75,439)	45,549,545	45,474,106
Of which:						
Measured at PAA						
General Insurance	(174,953)	4,927,128	4,752,175	(15,261)	5,183,470	5,168,209
General Takaful	(45,276)	3,750,006	3,704,730	(60,178)	3,606,596	3,546,418
Life Insurance	-	20,046	20,046	-	17,633	17,633
Family Takaful	-	169,112	169,112	-	197,854	197,854
Not measured at PAA						
Life Insurance	-	23,589,854	23,589,854	-	22,559,604	22,559,604
Family Takaful	-	14,306,528	14,306,528	-	13,984,388	13,984,388
	(220,229)	46,762,674	46,542,445	(75,439)	45,549,545	45,474,106

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) 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/takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is disclosed in the table below:

Group

2025

	LRC		LIC		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Insurance contract/Takaful certificate liabilities as at 1 January	2,175,129	8,134	6,175,453	646,837	9,005,553
Insurance contract/Takaful certificate assets as at 1 January	(372,915)	-	284,201	13,275	(75,439)
Net balance as at 1 January	1,802,214	8,134	6,459,654	660,112	8,930,114
Insurance/Takaful revenue					
Contracts/certificates under fair value approach	(2,470,888)	-	-	-	(2,470,888)
Contracts/certificates under full retrospective approach and new contracts/certificates issued during the year	(3,419,635)	-	-	-	(3,419,635)
	(5,890,523)	-	-	-	(5,890,523)
Insurance/Takaful service expenses					
Incurring claims and other insurance/takaful service expenses	-	(5,204)	4,074,771	294,216	4,363,783
Amortisation of insurance/takaful acquisition cash flows	757,945	-	-	-	757,945
Changes that relate to past services - adjustment to LIC	-	-	(634,436)	(317,316)	(951,752)
Losses and reversal of losses on onerous contracts/certificates	-	8,166	-	-	8,166
	757,945	2,962	3,440,335	(23,100)	4,178,142
Insurance/Takaful service result	(5,132,578)	2,962	3,440,335	(23,100)	(1,712,381)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group

2025

	Note	LRC		LIC		Total RM'000
		Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Finance expense from insurance contracts/ takaful certificates issued		-	265	259,383	20,942	280,590
Effect of movements in exchange rates		(6,947)	(368)	9,544	(1,892)	337
Total amount recognised in profit or loss and OCI		(5,139,525)	2,859	3,709,262	(4,050)	(1,431,454)
Cash Flows						
Premiums/contributions received	(i)	6,052,522	-	-	-	6,052,522
Claims and other insurance/ takaful service expenses paid		-	-	(3,861,789)	-	(3,861,789)
Insurance/takaful acquisition cash flows		(807,068)	-	-	-	(807,068)
Total cash flows		5,245,454	-	(3,861,789)	-	1,383,665
Other movements	(ii)	(23,340)	-	(195,728)	(5,046)	(224,114)
Transfer to other liabilities	(iii)	(285)	-	(11,863)	-	(12,148)
Net balance as at end of the year		1,884,518	10,993	6,099,536	651,016	8,646,063
Represented by:						
Insurance contract/Takaful certificate liabilities as at 31 December		2,568,901	10,993	5,696,485	589,913	8,866,292
Insurance contract/Takaful certificate assets as at 31 December		(684,383)	-	403,051	61,103	(220,229)
Net balance as at 31 December		1,884,518	10,993	6,099,536	651,016	8,646,063

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group

2024

	LRC		LIC		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Insurance contract/Takaful certificate liabilities as at 1 January	2,183,260	7,735	4,974,251	455,831	7,621,077
Insurance contract/Takaful certificate assets as at 1 January	(647,379)	-	272,925	20,817	(353,637)
Net balance as at 1 January	1,535,881	7,735	5,247,176	476,648	7,267,440
Insurance/Takaful revenue					
Contracts/certificates under fair value approach	(2,302,904)	-	-	-	(2,302,904)
Contracts/certificates under full retrospective approach and new contracts/certificates issued during the year	(3,176,818)	-	-	-	(3,176,818)
	<u>(5,479,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,479,722)</u>
Insurance/Takaful service expenses					
Incurred claims and other insurance/takaful service expenses	-	(7,362)	3,762,098	277,559	4,032,295
Amortisation of takaful acquisition cash flows	728,717	-	-	-	728,717
Changes that relate to past services - adjustment to LIC	-	-	139,960	(112,032)	27,928
Losses and reversal of losses on onerous contracts/certificates	-	8,167	-	-	8,167
	<u>728,717</u>	<u>805</u>	<u>3,902,058</u>	<u>165,527</u>	<u>4,797,107</u>
Insurance/Takaful service result	(4,751,005)	805	3,902,058	165,527	(682,615)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group

2024

	Note	LRC		LIC		Total RM'000
		Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Finance (income)/expense from insurance contracts/ takaful certificates issued		(2,135)	(21)	273,681	15,563	287,088
Effect of movements in exchange rates		(12,235)	(385)	(22,367)	(2,672)	(37,659)
Total amount recognised in profit or loss and OCI		(4,765,375)	399	4,153,372	178,418	(433,186)
Cash Flows						
Premiums/contributions received	(i)	5,822,545	-	-	-	5,822,545
Claims and other insurance/ takaful service expenses paid		-	-	(2,914,794)	-	(2,914,794)
Insurance/takaful acquisition cash flows		(771,324)	-	-	-	(771,324)
Total cash flows		5,051,221	-	(2,914,794)	-	2,136,427
Allocation from assets for insurance/takaful acquisition cash flows to group of insurance contracts/takaful certificates		-	-	-	-	-
Other movement	(ii)	(19,513)	-	663	5,046	(13,804)
Transfer to other liabilities	(iii)	-	-	(26,763)	-	(26,763)
Net balance as at end of the year		1,802,214	8,134	6,459,654	660,112	8,930,114
Represented by:						
Insurance contract/Takaful certificate liabilities as at 31 December		2,175,129	8,134	6,175,453	646,837	9,005,553
Insurance contract/Takaful certificate assets as at 31 December		(372,915)	-	284,201	13,275	(75,439)
Net balance as at 31 December		1,802,214	8,134	6,459,654	660,112	8,930,114

(i) The refunds of premiums/contributions have been included in this line.

(ii) Other movements comprises of FVOCI reserve, unallocated surplus movement and reclassification of CSM balance between Insurance contract liabilities into Reinsurance contract assets during the financial year.

(iii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below:

Group: General Insurance

2025

	LRC		LIC		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Insurance contract liabilities as at 1 January	723,402	7,021	4,014,246	438,801	5,183,470
Insurance contract assets as at 1 January	(15,604)	-	341	2	(15,261)
Net balance as at 1 January	707,798	7,021	4,014,587	438,803	5,168,209
Insurance revenue					
Contracts under fair value approach	(7,578)	-	-	-	(7,578)
Contracts under full retrospective approach and new contracts issued during the year	(2,801,041)	-	-	-	(2,801,041)
	(2,808,619)	-	-	-	(2,808,619)
Insurance service expenses					
Incurred claims and other Insurance service expenses	-	-	1,517,439	169,581	1,687,020
Amortisation of insurance acquisition cash flows	345,710	-	-	-	345,710
Changes that relate to past services - adjustment to LIC	-	-	(520,209)	(170,380)	(690,589)
Losses and reversal of losses on onerous contracts	-	2,373	-	-	2,373
	345,710	2,373	997,230	(799)	1,344,514
Insurance service result	(2,462,909)	2,373	997,230	(799)	(1,464,105)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: General Insurance (contd.)

2025

	LRC		LIC		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Finance expense from insurance contracts issued	-	265	127,389	13,708	141,362
Effect of movements in exchange rates	(6,947)	(368)	9,544	(1,892)	337
Total amount recognised in profit or loss	(2,469,856)	2,270	1,134,163	11,017	(1,322,406)
Cash Flows					
Premiums received	2,854,870	-	-	-	2,854,870
Claims and other insurance service expenses paid	-	-	(1,587,655)	-	(1,587,655)
Insurance acquisition cash flows	(360,843)	-	-	-	(360,843)
Total cash flows	2,494,027	-	(1,587,655)	-	906,372
Net balance as at end of the year	731,969	9,291	3,561,095	449,820	4,752,175
Represented by:					
Insurance contract liabilities as at 31 December	1,282,119	9,291	3,243,875	391,843	4,927,128
Insurance contract assets as at 31 December	(550,150)	-	317,220	57,977	(174,953)
Net balance as at 31 December	731,969	9,291	3,561,095	449,820	4,752,175

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: General Insurance (contd.)

2024

	LRC		LIC		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Insurance contract liabilities as at 1 January	830,171	5,733	3,076,234	282,774	4,194,912
Insurance contract assets as at 1 January	(286,174)	-	91,480	9,477	(185,217)
Net balance as at 1 January	543,997	5,733	3,167,714	292,251	4,009,695
Insurance revenue					
Contracts under fair value approach	(11,961)	-	-	-	(11,961)
Contracts under full retrospective approach and new contracts issued during the year	(2,655,659)	-	-	-	(2,655,659)
	(2,667,620)	-	-	-	(2,667,620)
Insurance service expenses					
Incurred claims and other Insurance service expenses	-	-	1,737,449	151,495	1,888,944
Amortisation of insurance acquisition cash flows	335,579	-	-	-	335,579
Changes that relate to past services - adjustment to LIC	-	-	(20,179)	(12,171)	(32,350)
Losses and reversal of losses on onerous contracts	-	1,694	-	-	1,694
	335,579	1,694	1,717,270	139,324	2,193,867
Insurance service result	(2,332,041)	1,694	1,717,270	139,324	(473,753)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: General Insurance (contd.)

2024

	LRC		LIC		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Finance (income)/expense from insurance contracts issued	-	(21)	109,536	9,900	119,415
Effect of movements in exchange rates	(12,235)	(385)	(22,367)	(2,672)	(37,659)
Total amount recognised in profit or loss	(2,344,276)	1,288	1,804,439	146,552	(391,997)
Cash Flows					
Premiums received	2,874,769	-	-	-	2,874,769
Claims and other insurance service expenses paid	-	-	(957,566)	-	(957,566)
Insurance acquisition cash flows	(366,692)	-	-	-	(366,692)
Total cash flows	2,508,077	-	(957,566)	-	1,550,511
Net balance as at end of the year	707,798	7,021	4,014,587	438,803	5,168,209
Represented by:					
Insurance contract liabilities as at 31 December	723,402	7,021	4,014,246	438,801	5,183,470
Insurance contract assets as at 31 December	(15,604)	-	341	2	(15,261)
Net balance as at 31 December	707,798	7,021	4,014,587	438,803	5,168,209

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below:

Group: General Takaful

2025

	LRC		LIC	
	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	1,462,938	1,985,437	158,221	3,606,596
Takaful certificate assets as at 1 January	(357,311)	283,860	13,273	(60,178)
Net balance as at 1 January	1,105,627	2,269,297	171,494	3,546,418
Takaful revenue				
Certificates under fair value approach	(2,463,185)	-	-	(2,463,185)
	(2,463,185)	-	-	(2,463,185)
Takaful service expenses				
Incurred claims and other takaful service expenses	-	2,046,951	66,667	2,113,618
Amortisation of takaful acquisition cash flows	345,022	-	-	345,022
Changes to liabilities for incurred claims	-	(147,535)	(96,447)	(243,982)
	345,022	1,899,416	(29,780)	2,214,658
Takaful service result	(2,118,163)	1,899,416	(29,780)	(248,527)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

2025

	LRC		LIC	
	Excluding loss component	Present value of future cash flow	Risk adj. for non-financial risks	Total
Note	RM'000	RM'000	RM'000	RM'000
Finance expense from takaful certificates issued	-	114,429	5,698	120,127
Total amount recognised in profit or loss	(2,118,163)	2,013,845	(24,082)	(128,400)
Cash flows				
Contributions received	2,596,746	-	-	2,596,746
Claims and other takaful service expenses paid	-	(1,677,012)	-	(1,677,012)
Takaful acquisition cash flows	(378,068)	-	-	(378,068)
Total cash flows	2,218,678	(1,677,012)	-	541,666
Other movements	(33,740)	(199,806)	(5,046)	(238,592)
Transfer to other liabilities	-	(16,362)	-	(16,362)
Net balance as at end of the year	1,172,402	2,389,962	142,366	3,704,730
Represented by:				
Takaful certificate liabilities as at 31 December	1,306,635	2,304,131	139,240	3,750,006
Takaful certificate assets as at 31 December	(134,233)	85,831	3,126	(45,276)
Net balance as at 31 December	1,172,402	2,389,962	142,366	3,704,730

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

2024

	LRC		LIC	
	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	1,408,674	1,776,120	127,489	3,312,283
Takaful certificate assets as at 1 January	(361,200)	181,445	11,340	(168,415)
Net balance as at 1 January	1,047,474	1,957,565	138,829	3,143,868
Takaful revenue				
Certificates under fair value approach	(2,288,919)	-	-	(2,288,919)
	(2,288,919)	-	-	(2,288,919)
Takaful service expenses				
Incurred claims and other takaful service expenses	-	1,552,533	76,944	1,629,477
Amortisation of takaful acquisition cash flows	316,567	-	-	316,567
Changes to liabilities for incurred claims	-	174,183	(54,135)	120,048
	316,567	1,726,716	22,809	2,066,092
Takaful service result	(1,972,352)	1,726,716	22,809	(222,827)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

2024

	LRC	LIC		
	Excluding loss component	Present value of future cash flow	Risk adj. for non-financial risks	Total
Note	RM'000	RM'000	RM'000	RM'000
Finance expense from takaful certificates issued	-	138,311	4,810	143,121
Total amount recognised in profit or loss	(1,972,352)	1,865,027	27,619	(79,706)
Cash flows				
Contributions received	2,400,283	-	-	2,400,283
Claims and other takaful service expenses paid	-	(1,509,149)	-	(1,509,149)
Takaful acquisition cash flows	(353,023)	-	-	(353,023)
Total cash flows	2,047,260	(1,509,149)	-	538,111
Other movements	(i) (16,755)	(22,110)	5,046	(33,819)
Transfer to other liabilities	(ii) -	(22,036)	-	(22,036)
Net balance as at end of the year	1,105,627	2,269,297	171,494	3,546,418
Represented by:				
Takaful certificate liabilities as at 31 December	1,462,938	1,985,437	158,221	3,606,596
Takaful certificate assets as at 31 December	(357,311)	283,860	13,273	(60,178)
Net balance as at 31 December	1,105,627	2,269,297	171,494	3,546,418

(i) Other movements comprises of FVOCI reserve and unallocated surplus movement during the financial year.

(ii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below:

Group: Life Insurance

2025

	LRC		LIC		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Insurance contract liabilities as at 1 January	1,979	1,113	13,700	841	17,633
Insurance revenue					
Contracts under fair value approach	(87)	-	-	-	(87)
Contracts under full retrospective approach and new contracts issued during the year	(45,974)	-	-	-	(45,974)
	<u>(46,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,061)</u>
Insurance service expenses					
Incurred claims and other insurance service expenses	-	(5,204)	39,611	845	35,252
Amortisation of insurance acquisition cash flows	4,871	-	-	-	4,871
Changes that relate to past services - adjustment to LIC	-	-	(4,589)	(832)	(5,421)
Losses and reversal of losses on onerous contracts	-	5,793	-	-	5,793
	<u>4,871</u>	<u>589</u>	<u>35,022</u>	<u>13</u>	<u>40,495</u>
Insurance service result	<u>(41,190)</u>	<u>589</u>	<u>35,022</u>	<u>13</u>	<u>(5,566)</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2025

	LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flow	Risk adj. for non-financial risks	Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000
Finance expense from insurance contracts issued	-	-	270	27	297
Total amount recognised in profit or loss and OCI	(41,190)	589	35,292	40	(5,269)
Cash Flows					
Premiums received	48,899	-	-	-	48,899
Claims and other insurance service expenses paid	-	-	(35,655)	-	(35,655)
Insurance acquisition cash flows	(5,325)	-	-	-	(5,325)
Total cash flows	43,574	-	(35,655)	-	7,919
Other movements	838	-	(839)	-	(1)
Transfer to other liabilities	(ii) -	-	(236)	-	(236)
Net balance as at end of the year	5,201	1,702	12,262	881	20,046
Insurance contract liabilities as at 31 December	5,201	1,702	12,262	881	20,046

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	LRC		LIC		
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Insurance contract liabilities as at 1 January	594	2,002	12,623	975	16,194
Insurance revenue					
Contracts under fair value approach	(178)	-	-	-	(178)
Contracts under full retrospective approach and new contracts issued during the year	(48,764)	-	-	-	(48,764)
	(48,942)	-	-	-	(48,942)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	(7,362)	46,923	805	40,366
Amortisation of insurance acquisition cash flows	5,250	-	-	-	5,250
Changes that relate to past services - adjustment to LIC	-	-	(5,907)	(968)	(6,875)
Losses and reversal of losses on onerous contracts	-	6,473	-	-	6,473
	5,250	(889)	41,016	(163)	45,214
Insurance service result	(43,692)	(889)	41,016	(163)	(3,728)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	LRC		LIC		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	
Finance (income)/expense from insurance contracts issued	(2,135)	-	293	29	(1,813)
Total amount recognised in profit or loss and OCI	(45,827)	(889)	41,309	(134)	(5,541)
Cash Flows					
Premiums received	52,163	-	-	-	52,163
Claims and other insurance service expenses paid	-	-	(38,848)	-	(38,848)
Insurance acquisition cash flows	(4,951)	-	-	-	(4,951)
Total cash flows	47,212	-	(38,848)	-	8,364
Transfer to other liabilities	-	-	(1,384)	-	(1,384)
Insurance contract liabilities as at 31 December	1,979	1,113	13,700	841	17,633

- (i) Other movements comprises of reclassification of CSM balance between Insurance contract liabilities into Reinsurance contract assets.
- (ii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below:

Group: Family Takaful

2025

	LRC		LIC	
	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	(13,190)	162,070	48,974	197,854
Takaful revenue				
Certificates under fair value approach	(38)	-	-	(38)
Certificates under full retrospective approach and new certificates issued during the year	(572,620)	-	-	(572,620)
	<u>(572,658)</u>	<u>-</u>	<u>-</u>	<u>(572,658)</u>
Takaful service expenses				
Incurred claims and other takaful service expenses	-	470,770	57,123	527,893
Amortisation of takaful acquisition cash flows	62,342	-	-	62,342
Changes that relates to past services - adjustment to LIC	-	37,897	(49,657)	(11,760)
	<u>62,342</u>	<u>508,667</u>	<u>7,466</u>	<u>578,475</u>
Takaful service result	(510,316)	508,667	7,466	5,817

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2025

	LRC		LIC	
	Excluding loss component	Present value of future cash flow	Risk adj. for non-financial risks	Total
Note	RM'000	RM'000	RM'000	RM'000
Finance expense from takaful certificates issued	-	17,295	1,509	18,804
Total amount recognised in profit or loss and OCI	(510,316)	525,962	8,975	24,621
Cash Flows				
Contributions received	(i) 552,007	-	-	552,007
Claims and other takaful service expenses paid	-	(561,467)	-	(561,467)
Takaful acquisition cash flows	(62,832)	-	-	(62,832)
Total cash flows	489,175	(561,467)	-	(72,292)
Other movements	(ii) 9,562	4,917	-	14,479
Transfer to other liabilities	(iii) (285)	4,735	-	4,450
Net balance as at end of the year	(25,054)	136,217	57,949	169,112
Takaful certificate liabilities as at 31 December	(25,054)	136,217	57,949	169,112

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	LRC		LIC	
	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	(56,179)	109,274	44,593	97,688
Takaful certificate assets as at 1 January	(5)	-	-	(5)
Net balance as at 1 January	(56,184)	109,274	44,593	97,683
Takaful revenue				
Certificates under fair value approach	(1,846)	-	-	(1,846)
Certificates under full retrospective approach and new certificates issued during the year	(472,395)	-	-	(472,395)
	(474,241)	-	-	(474,241)
Takaful service expenses				
Incurred claims and other takaful service expenses	-	425,193	48,315	473,508
Amortisation of takaful acquisition cash flows	71,321	-	-	71,321
Changes that relates to past services - adjustment to LIC	-	(8,137)	(44,758)	(52,895)
	71,321	417,056	3,557	491,934
Takaful service result	(402,920)	417,056	3,557	17,693

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

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

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

		LRC		LIC	
	Note	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Finance expense from takaful certificates issued		-	25,541	824	26,365
Total amount recognised in profit or loss and OCI		(402,920)	442,597	4,381	44,058
Cash Flows					
Contributions received	(i)	495,330	-	-	495,330
Claims and other takaful service expenses paid		-	(409,231)	-	(409,231)
Takaful acquisition cash flows		(46,658)	-	-	(46,658)
Total cash flows		448,672	(409,231)	-	39,441
Other movements	(ii)	(2,758)	22,773	-	20,015
Transfer to other liabilities	(iii)	-	(3,343)	-	(3,343)
Takaful certificate liabilities as at 31 December		(13,190)	162,070	48,974	197,854

(i) The refunds of contributions have been included in this line.

(ii) Other movements comprises of FVOCI reserve and unallocated surplus movement during the financial year.

(iii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below:

Group

2025

	LRC		LIC	Total
	Excluding loss component RM'000	Loss component RM'000		
Insurance contract/Takaful certificate liabilities as at 1 January	29,226,377	1,124,720	6,192,895	36,543,992
Insurance/Takaful revenue				
Contracts/certificates under modified retrospective approach	(562,287)	-	-	(562,287)
Contracts/certificates under fair value approach	(786,471)	-	-	(786,471)
Contracts/certificates under full retrospective approach and new contracts/certificates issued during the year	(878,962)	-	-	(878,962)
	<u>(2,227,720)</u>	<u>-</u>	<u>-</u>	<u>(2,227,720)</u>
Insurance/Takaful service expenses				
Incurred claims and other insurance/takaful service expenses	-	(2,587)	1,115,676	1,113,089
Amortisation of insurance/takaful acquisition cash flows	247,891	-	-	247,891
Changes that relate to past services - adjustment to LIC	-	-	33,593	33,593
Losses and reversal of losses on onerous contracts/certificates	119	(44,523)	-	(44,404)
	<u>248,010</u>	<u>(47,110)</u>	<u>1,149,269</u>	<u>1,350,169</u>
Investment components	(3,846,922)	-	3,846,922	-
Insurance/Takaful service result	<u>(5,826,632)</u>	<u>(47,110)</u>	<u>4,996,191</u>	<u>(877,551)</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group

2025

	Note	LRC		LIC RM'000	Total RM'000
		Excluding loss component RM'000	Loss component RM'000		
Finance expense from insurance contracts/ takaful certificates issued		2,430,400	12,651	1,286	2,444,337
Effect of movements in exchange rates		(452,278)	(42,151)	(5,294)	(499,723)
Total amount recognised in profit or loss and OCI		(3,848,510)	(76,610)	4,992,183	1,067,063
Cash Flows					
Premiums/contributions received	(i)	5,828,587	-	-	5,828,587
Claims and other insurance/ takaful service expenses paid		-	-	(4,460,939)	(4,460,939)
Insurance/takaful acquisition cash flows		(1,111,399)	-	-	(1,111,399)
Total cash flows		4,717,188	-	(4,460,939)	256,249
Other movements	(ii)	245,279	26	(222,996)	22,309
Transfer to other liabilities	(iii)	-	-	6,769	6,769
Net balance as at end of the year		30,340,334	1,048,136	6,507,912	37,896,382
Insurance contract/Takaful certificate liabilities as at 31 December		30,340,334	1,048,136	6,507,912	37,896,382

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group

2024

	LRC			
	Excluding loss component RM'000	Loss component RM'000	LIC RM'000	Total RM'000
Insurance contract/Takaful certificate liabilities as at 1 January	30,312,007	1,268,614	4,767,218	36,347,839
Insurance/Takaful revenue				
Contracts/certificates under modified retrospective approach	(527,879)	-	-	(527,879)
	<u>(1,997,546)</u>	<u>-</u>	<u>-</u>	<u>(1,997,546)</u>
Insurance/Takaful service expenses				
Incurred claims and other insurance/takaful service expenses	-	(25)	1,668,472	1,668,447
Amortisation of takaful acquisition cash flows	219,198	-	-	219,198
Changes that relate to past services - adjustment to LIC	-	-	(182,093)	(182,093)
Losses and reversal of losses on onerous contracts/certificates	191	(107,893)	-	(107,702)
	<u>219,389</u>	<u>(107,918)</u>	<u>1,486,379</u>	<u>1,597,850</u>
Investment components	(5,007,525)	-	5,007,525	-
Insurance/Takaful service result	<u>(6,785,682)</u>	<u>(107,918)</u>	<u>6,493,904</u>	<u>(399,696)</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts/takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group

2024

	Note	LRC		LIC RM'000	Total RM'000
		Excluding loss component RM'000	Loss component RM'000		
Finance expense from insurance contracts/ takaful certificates issued		1,789,041	31,397	907	1,821,345
Effect of movements in exchange rates		(595,198)	(67,373)	(704)	(663,275)
Total amount recognised in profit or loss and OCI		(5,591,839)	(143,894)	6,494,107	758,374
Cash Flows					
Premiums/contributions received	(i)	5,657,707	-	-	5,657,707
Claims and other insurance/ takaful service expenses paid		-	-	(5,095,880)	(5,095,880)
Insurance/takaful acquisition cash flows		(1,170,186)	-	-	(1,170,186)
Total cash flows		4,487,521	-	(5,095,880)	(608,359)
Other movement	(ii)	18,688	-	43,093	61,781
Transfer to other liabilities	(iii)	-	-	(15,643)	(15,643)
Insurance contract/Takaful certificate liabilities as at 31 December		29,226,377	1,124,720	6,192,895	36,543,992

(i) The refunds of premiums/contributions have been included in this line.

(ii) Other movements comprises of FVOCI reserve, unallocated surplus movement and reclassification of CSM balance between Insurance contract liabilities into Reinsurance contract assets during the financial year.

(iii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below:

Group: Life Insurance

2025

	LRC		LIC RM'000	Total RM'000
	Excluding loss component RM'000	Loss component RM'000		
Insurance contract liabilities as at 1 January	18,971,910	1,119,418	2,468,276	22,559,604
Insurance revenue				
Contracts under modified retrospective approach	(218,960)	-	-	(218,960)
Contracts under fair value approach	(248,069)	-	-	(248,069)
Contracts under full retrospective approach and new contracts issued during the year	(411,996)	-	-	(411,996)
	(879,025)	-	-	(879,025)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	(787)	395,650	394,863
Amortisation of insurance acquisition cash flows	151,404	-	-	151,404
Changes that relate to past services - adjustment to LIC	-	-	60,073	60,073
Losses and reversal of losses on onerous contracts	-	(53,694)	-	(53,694)
	151,404	(54,481)	455,723	552,646
Investment components	(2,895,258)	-	2,895,258	-
Insurance service result	(3,622,879)	(54,481)	3,350,981	(326,379)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2025

	LRC		LIC RM'000	Total RM'000
	Excluding loss component RM'000	Loss component RM'000		
Finance expense from insurance contracts issued	1,560,019	12,651	417	1,573,087
Effect of movements in exchange rates	(452,278)	(42,151)	(5,294)	(499,723)
Total amount recognised in profit or loss and OCI	(2,515,138)	(83,981)	3,346,104	746,985
Cash Flows				
Premiums received	3,570,963	-	-	3,570,963
Claims and other insurance service expenses paid	-	-	(2,749,457)	(2,749,457)
Insurance acquisition cash flows	(528,958)	-	-	(528,958)
Total cash flows	3,042,005	-	(2,749,457)	292,548
Other movements	(i) (23,381)	26	10,215	(13,140)
Transfer to other liabilities	(ii) -	-	3,857	3,857
Net balance as at end of the year	19,475,396	1,035,463	3,078,995	23,589,854
Insurance contract liabilities as at 31 December	19,475,396	1,035,463	3,078,995	23,589,854

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	<u>LRC</u>		LIC	Total
	Excluding loss component RM'000	Loss component RM'000		
Insurance contract liabilities as at 1 January	20,490,350	1,262,486	1,495,650	23,248,486
Insurance revenue				
Contracts under modified retrospective approach	(158,280)	-	-	(158,280)
Contracts under fair value approach	(231,792)	-	-	(231,792)
Contracts under full retrospective approach and new contracts issued during the year	(386,720)	-	-	(386,720)
	<u>(776,792)</u>	<u>-</u>	<u>-</u>	<u>(776,792)</u>
Insurance service expenses				
Incurred claims and other insurance service expenses	-	(25)	339,791	339,766
Amortisation of insurance acquisition cash flows	138,085	-	-	138,085
Changes that relate to past services - adjustment to LIC	-	-	22,846	22,846
Losses and reversal of losses on onerous contracts	-	(107,067)	-	(107,067)
	<u>138,085</u>	<u>(107,092)</u>	<u>362,637</u>	<u>393,630</u>
Investment components	(4,209,825)	-	4,209,825	-
Insurance service result	<u>(4,848,532)</u>	<u>(107,092)</u>	<u>4,572,462</u>	<u>(383,162)</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	LRC		LIC RM'000	Total RM'000
	Excluding loss component RM'000	Loss component RM'000		
Finance expense from insurance contracts issued	1,294,835	31,397	279	1,326,511
Effect of movements in exchange rate	(595,198)	(67,373)	(704)	(663,275)
Total amount recognised in profit or loss and OCI	(4,148,895)	(143,068)	4,572,037	280,074
Cash Flows				
Premiums received	3,166,544	-	-	3,166,544
Claims and other insurance service expenses paid	-	-	(3,601,290)	(3,601,290)
Insurance acquisition cash flows	(544,831)	-	-	(544,831)
Total cash flows	2,621,713	-	(3,601,290)	(979,577)
Other movements	(i) 8,742	-	-	8,742
Transfer to other liabilities	(ii) -	-	1,879	1,879
Insurance contract liabilities as at 31 December	18,971,910	1,119,418	2,468,276	22,559,604

- (i) Other movements comprises of reclassification of CSM balance between Insurance contract liabilities into Reinsurance contract assets.
- (ii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below:

Group: Family Takaful

2025

	LRC			
	Excluding loss component RM'000	Loss component RM'000	LIC RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	10,254,467	5,302	3,724,619	13,984,388
Takaful revenue				
Certificates under modified retrospective approach	(343,327)	-	-	(343,327)
Certificates under fair value approach	(538,402)	-	-	(538,402)
Certificates under full retrospective approach and new certificates issued during the year	(466,966)	-	-	(466,966)
	(1,348,695)	-	-	(1,348,695)
Takaful service expenses				
Incurred claims and other takaful service expenses	-	(1,800)	720,026	718,226
Amortisation of takaful acquisition cash flows	96,487	-	-	96,487
Changes that relates to past services - adjustment to LIC	-	-	(26,480)	(26,480)
Losses and reversal of losses on onerous certificates	119	9,171	-	9,290
	96,606	7,371	693,546	797,523
Investment components	(951,664)		951,664	-
Takaful service result	(2,203,753)	7,371	1,645,210	(551,172)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2025

	Note	LRC		LIC RM'000	Total RM'000
		Excluding loss component RM'000	Loss component RM'000		
Finance expense from takaful certificates issued		870,381	-	869	871,250
Total amount recognised in profit or loss and OCI		(1,333,372)	7,371	1,646,079	320,078
Cash Flows					
Contributions received	(i)	2,257,624	-	-	2,257,624
Claims and other takaful service expenses paid		-	-	(1,711,482)	(1,711,482)
Takaful acquisition cash flows		(582,441)	-	-	(582,441)
Total cash flows		1,675,183	-	(1,711,482)	(36,299)
Other movements	(ii)	268,660	-	(233,211)	35,449
Transfer to other liabilities	(iii)	-	-	2,912	2,912
Net balance as at end of the year		10,864,938	12,673	3,428,917	14,306,528
Takaful certificate liabilities as at 31 December		10,864,938	12,673	3,428,917	14,306,528

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	LRC			
	Excluding loss component RM'000	Loss component RM'000	LIC RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	9,821,657	6,128	3,271,568	13,099,353
Takaful revenue				
Certificates under modified retrospective approach	(369,599)	-	-	(369,599)
Certificates under fair value approach	(550,053)	-	-	(550,053)
Certificates under full retrospective approach and new certificates issued during the year	(301,102)	-	-	(301,102)
	<u>(1,220,754)</u>	<u>-</u>	<u>-</u>	<u>(1,220,754)</u>
Takaful service expenses				
Incurred claims and other takaful service expenses	-	-	1,328,681	1,328,681
Amortisation of takaful acquisition cash flows	81,113	-	-	81,113
Changes that relates to past services - adjustment to LIC	-	-	(204,939)	(204,939)
Losses and reversal of losses on onerous certificates	191	(826)	-	(635)
	<u>81,304</u>	<u>(826)</u>	<u>1,123,742</u>	<u>1,204,220</u>
Investment components	(797,700)		797,700	-
Takaful service result	<u>(1,937,150)</u>	<u>(826)</u>	<u>1,921,442</u>	<u>(16,534)</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The roll-forward of the net asset or liability for takaful certificates issued, showing the LRC and the LIC is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

2024

	Note	LRC		LIC RM'000	Total RM'000
		Excluding loss component RM'000	Loss component RM'000		
Finance expense from takaful certificates issued		494,206	-	628	494,834
Total amount recognised in profit or loss and OCI		(1,442,944)	(826)	1,922,070	478,300
Cash Flows					
Contributions received	(i)	2,491,163	-	-	2,491,163
Claims and other takaful service expenses paid		-	-	(1,494,590)	(1,494,590)
Takaful acquisition cash flows		(625,355)	-	-	(625,355)
Total cash flows		1,865,808	-	(1,494,590)	371,218
Other movements	(ii)	9,946	-	43,093	53,039
Transfer to other liabilities	(iii)	-	-	(17,522)	(17,522)
Takaful certificate liabilities as at 31 December		10,254,467	5,302	3,724,619	13,984,388

(i) The refunds of contributions have been included in this line.

(ii) Other movements comprises of FVOCI reserve and unallocated surplus movement during the financial year.

(iii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances

(i) Insurance contracts/takaful certificates issued

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Life insurance contracts:

Group: Life Insurance

2025	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
				New contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured under the modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Insurance contract liabilities as at 1 January	20,937,266	551,908	1,070,430	253,310	289,257	527,863	22,559,604
Changes that relate to current services							
CSM recognised for the services provided	-	-	(156,683)	(50,125)	(24,499)	(82,059)	(156,683)
Change in the risk adjustment for non-financial risks for risks expired	-	(61,914)	-	-	-	-	(61,914)
Experience adjustments	(112,581)	-	-	-	-	-	(112,581)
Other Changes	(1,580)	-	-	-	-	-	(1,580)
Changes that relate to future services							
Contract initially recognised in the year	(499,500)	110,011	400,052	400,052	-	-	10,563
Changes in estimate that adjust the CSM	167,001	(66,590)	(108,780)	(203,713)	23,489	71,444	(8,369)
Changes in estimate that do not adjust the CSM	(64,259)	-	-	-	-	-	(64,259)
Changes that relate to past services							
Adjustments to liabilities for incurred claims	68,357	87	-	-	-	-	68,444
Insurance service result	(442,562)	(18,406)	134,589	146,214	(1,010)	(10,615)	(326,379)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances (contd.)

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Life insurance contracts: (contd.)

Group: Life Insurance (contd.)

2025

	Note	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
					New contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured under the modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Finance expense from insurance contracts issued		1,504,818	19,014	49,255	40,468	2,330	6,457	1,573,087
Effect of movement in exchange rates		(485,642)	(5,362)	(8,719)	(8,540)	1	(180)	(499,723)
Total amount recognised in profit or loss and OCI		576,614	(4,754)	175,125	178,142	1,321	(4,338)	746,985
Cash Flows								
Premiums received		3,570,963	-	-	-	-	-	3,570,963
Claims and other expenses paid		(2,749,457)	-	-	-	-	-	(2,749,457)
Insurance acquisition cash flows		(528,958)	-	-	-	-	-	(528,958)
Total cash flows		292,548	-	-	-	-	-	292,548
Other movements	(i)	(9,718)	-	(3,422)	-	-	(3,422)	(13,140)
Transfer to other liabilities	(ii)	3,857	-	-	-	-	-	3,857
Net balance as at end of the year		21,800,567	547,154	1,242,133	431,452	290,578	520,103	23,589,854
Insurance contract liabilities as at 31 December		21,800,567	547,154	1,242,133	431,452	290,578	520,103	23,589,854

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances (contd.)

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Life insurance contracts: (contd.)

Group: Life Insurance (contd.)

2024

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
				New contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured under the modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Insurance contract liabilities as at 1 January	21,885,267	467,308	895,911	93,458	404,424	398,029	23,248,486
Changes that relate to current services							
CSM recognised for the services provided	-	-	(119,515)	(33,649)	(28,153)	(57,713)	(119,515)
Change in the risk adjustment for non-financial risks for risks expired	-	(69,085)	-	-	-	-	(69,085)
Experience adjustments	(114,737)	-	-	-	-	-	(114,737)
Changes that relate to future services							
Contract initially recognised in the year	(485,866)	117,159	368,713	368,713	-	-	6
Changes in estimate that adjust the CSM	226,834	36,295	(258,733)	(181,240)	(161,616)	84,123	4,396
Changes in estimate that do not adjust the CSM	(107,073)	-	-	-	-	-	(107,073)
Changes that relate to past services							
Adjustments to liabilities for incurred claims	22,846	-	-	-	-	-	22,846
Insurance service result	(457,996)	84,369	(9,535)	153,824	(189,769)	26,410	(383,162)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances (contd.)

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Life insurance contracts: (contd.)

Group: Life Insurance (contd.)

2024

	Note	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
					New contracts and contracts measured under the full retrospective approach at transition RM'000	Contracts measured under the modified retrospective approach at transition RM'000	Contracts measured under the fair value approach at transition RM'000	
Finance expense from insurance contracts issued		1,150,131	6,634	169,746	72,170	90,323	7,253	1,326,511
Effect of movement in exchange rates		(662,438)	(6,403)	5,566	(2,350)	121	7,795	(663,275)
Total amount recognised in profit or loss and OCI		29,697	84,600	165,777	223,644	(99,325)	41,458	280,074
Cash Flows								
Premiums received		3,166,544	-	-	-	-	-	3,166,544
Claims and other expenses paid		(3,601,290)	-	-	-	-	-	(3,601,290)
Insurance acquisition cash flows		(544,831)	-	-	-	-	-	(544,831)
Total cash flows		(979,577)	-	-	-	-	-	(979,577)
Other movements		-	-	8,742	(63,792)	(15,842)	88,376	8,742
Transfer to other liabilities	(ii)	1,879	-	-	-	-	-	1,879
Insurance contract liabilities as at 31 December		20,937,266	551,908	1,070,430	253,310	289,257	527,863	22,559,604

(i) Other movements comprises of reclassification of CSM balance between Insurance contract liabilities into Reinsurance contract assets.

(ii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Family Takaful certificate issued:

Group: Family Takaful

2025

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
				New certificates and certificates measured under the full retrospective approach at transition RM'000	Certificates measured under the modified retrospective approach at transition RM'000	Certificates measured under the fair value approach at transition RM'000	
Takaful certificate liabilities as at 1 January	12,000,714	583,248	1,400,426	677,862	484,680	237,884	13,984,388
Changes that relate to current services							
CSM recognised for the services provided	-	-	(135,837)	(69,436)	(40,820)	(25,581)	(135,837)
Change in the risk adjustment for non-financial risk for risks expired	-	(56,399)	-	-	-	-	(56,399)
Experience adjustments	(338,999)	6,543	-	-	-	-	(332,456)
Changes that relate to future services							
Certificate initially recognised in the year	(358,712)	159,327	199,385	199,332	-	53	-
Changes in estimate that adjust the CSM	226,124	(67,585)	(158,539)	(38,575)	(14,204)	(105,760)	-
Changes that relate to past services							
Adjustments to liabilities for incurred claims	(16,526)	(9,954)	-	-	-	-	(26,480)
Takaful service result	(488,113)	31,932	(94,991)	91,321	(55,024)	(131,288)	(551,172)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances (contd.)

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Family Takaful certificate issued: (contd.)

Group: Family Takaful (contd.)

2025

	Note	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
					New certificates and certificates measured under the full retrospective approach at transition RM'000	Certificates measured under the modified retrospective approach at transition RM'000	Certificates measured under the fair value approach at transition RM'000	
Finance expenses from takaful certificate issued		871,242	8	-	-	-	-	871,250
Total amount recognised in profit or loss and OCI		383,129	31,940	(94,991)	91,321	(55,024)	(131,288)	320,078
Cash Flows								
Contributions received	(i)	2,257,624	-	-	-	-	-	2,257,624
Claims and other expenses paid		(1,711,482)	-	-	-	-	-	(1,711,482)
Takaful acquisition cash flows		(582,441)	-	-	-	-	-	(582,441)
Total cash flows		(36,299)	-	-	-	-	-	(36,299)
Other movements	(ii)	35,449	-	-	-	-	-	35,449
Transfer to other liabilities	(iii)	2,912	-	-	-	-	-	2,912
Net balance as at end of the year		12,385,905	615,188	1,305,435	769,183	429,656	106,596	14,306,528
Takaful certificate liabilities as at 31 December		12,385,905	615,188	1,305,435	769,183	429,656	106,596	14,306,528

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances (contd.)

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Family Takaful certificate issued: (contd.)

Group: Family Takaful (contd.)

2024

	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
				New certificates and certificates measured under the full retrospective approach at transition RM'000	Certificates measured under the modified retrospective approach at transition RM'000	Certificates measured under the fair value approach at transition RM'000	
Takaful certificate liabilities as at 1 January	11,180,286	574,521	1,344,546	444,248	597,904	302,394	13,099,353
Changes that relate to current services							
CSM recognised for the services provided	-	-	(140,302)	(53,341)	(47,510)	(39,451)	(140,302)
Change in the risk adjustment for non-financial risk for risks expired	-	(56,157)	-	-	-	-	(56,157)
Experience adjustments	374,941	9,923	-	-	-	-	384,864
Changes that relate to future services							
Certificate initially recognised in the year	(388,280)	166,914	221,366	221,627	-	(261)	-
Changes in estimate that adjust the CSM	128,841	(103,657)	(25,184)	65,328	(65,714)	(24,798)	-
Changes that relate to past services							
Adjustments to liabilities for incurred claims	(196,655)	(8,284)	-	-	-	-	(204,939)
Takaful service result	(81,153)	8,739	55,880	233,614	(113,224)	(64,510)	(16,534)

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract/takaful certificate balances (contd.)

(i) Insurance contracts/takaful certificates issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact of the transition approaches adopted to establishing CSMs for Family Takaful certificate issued: (contd.)

Group: Family Takaful (contd.)

2024

	Note	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	CSM RM'000	CSM			Total RM'000
					New certificates and certificates measured under the full retrospective approach at transition RM'000	Certificates measured under the modified retrospective approach at transition RM'000	Certificates measured under the fair value approach at transition RM'000	
Finance expense/(income) from takaful certificate issued		494,846	(12)	-	-	-	-	494,834
Total amount recognised in profit or loss and OCI		413,693	8,727	55,880	233,614	(113,224)	(64,510)	478,300
Cash Flows								
Contributions received	(i)	2,491,163	-	-	-	-	-	2,491,163
Claims and other expenses paid		(1,494,590)	-	-	-	-	-	(1,494,590)
Takaful acquisition cash flows		(625,355)	-	-	-	-	-	(625,355)
Total cash flows		371,218	-	-	-	-	-	371,218
Other movements	(ii)	53,039	-	-	-	-	-	53,039
Transfer to other liabilities	(iii)	(17,522)	-	-	-	-	-	(17,522)
Takaful certificate liabilities as at 31 December		12,000,714	583,248	1,400,426	677,862	484,680	237,884	13,984,388

(i) The refunds of contributions have been included in this line.

(ii) Other movements comprises of FVOCI reserve and unallocated surplus movement during the financial year.

(iii) Included within the 'Transfer to other liabilities' are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and withholding tax on amount payables.

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(c) Impact of contracts/certificates recognised in the financial year

The components of new business for Life insurance contracts issued is disclosed in the table below:

Group: Life Insurance

2025

	<u>Contracts issued</u>		<u>Total</u>
	<u>Non- Onerous RM'000</u>	<u>Onerous RM'000</u>	
<u>Life Insurance contract liabilities</u>			
Estimates of present value of future cash inflows	(6,349,697)	(307,141)	(6,656,838)
Estimate of present value of future cash outflows:			
Benefits/claims payable and other expenses	1,207,117	-	1,207,117
Insurance acquisition cash flows	4,643,228	316,400	4,959,628
Risk adjustment for non-financial risks	106,902	929	107,831
CSM	392,450	(3)	392,447
Losses on onerous contracts at initial recognition	-	10,185	10,185

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(c) Impact of contracts/certificates recognised in the financial year (contd.)

The components of new business for Life insurance contracts issued is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

2024

	Contracts issued		Total RM'000
	Non- Onerous RM'000	Onerous RM'000	
<u>Life Insurance contract liabilities</u>			
Estimates of present value of future cash inflows	(5,577,144)	(227,110)	(5,804,254)
Estimate of present value of future cash outflows:			
Benefits/claims payable and other expenses	1,590,117	405	1,590,522
Insurance acquisition cash flows	3,652,225	253,705	3,905,930
Risk adjustment for non-financial risks	115,920	536	116,456
CSM	218,882	-	218,882
Losses on onerous contracts at initial recognition	-	27,536	27,536

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(c) Impact of contracts/certificates recognised in the financial year (contd.)

The components of new business for Family takaful certificates issued is disclosed in the table below:

Group: Family Takaful

2025

	Non- Onerous RM'000
<u>Takaful certificate liabilities</u>	
Estimates of present value of future cash inflows	(2,080,311)
Estimates of present value of future cash outflows:	
Benefits/claims payable and other expenses	1,487,398
Takaful acquisition cash flows	234,201
Risk adjustment for non-financial risks	159,327
CSM	199,385
Losses on onerous contracts at initial recognition	<u>-</u>

2024

	Non- Onerous RM'000
<u>Takaful certificate liabilities</u>	
Estimates of present value of future cash inflows	(2,229,207)
Estimate of present value of future cash outflows:	
Benefits/claims payable and other expenses	1,592,675
Takaful acquisition cash flows	248,252
Risk adjustment for non-financial risks	166,914
CSM	221,366
Losses on onerous contracts at initial recognition	<u>-</u>

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(d) Expected release of CSM

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below:

2025

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	5 - 10 years RM'000	More than 10 years RM'000	Total RM'000
<u>Insurance contracts/takaful</u>								
<u>certificates</u>								
Life Insurance	132,154	119,942	109,149	98,965	89,369	395,019	297,535	1,242,133
Family Takaful	122,010	109,513	99,241	89,880	81,524	312,692	490,575	1,305,435
	<u>254,164</u>	<u>229,455</u>	<u>208,390</u>	<u>188,845</u>	<u>170,893</u>	<u>707,711</u>	<u>788,110</u>	<u>2,547,568</u>
<u>Reinsurance contracts/</u>								
<u>retakaful certificates</u>								
Life Insurance	(8,565)	(9,238)	(1,702)	3,980	3,937	18,981	15,365	22,758

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES (CONTD.)

(d) Expected release of CSM (contd.)

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below: (contd.)

2024

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	5 - 10 years RM'000	More than 10 years RM'000	Total RM'000
<u>Insurance contracts/takaful certificates</u>								
Life Insurance	115,177	103,230	92,577	81,976	72,702	285,729	319,039	1,070,430
Family Takaful	135,052	122,731	110,750	99,849	89,884	336,413	505,747	1,400,426
	<u>250,229</u>	<u>225,961</u>	<u>203,327</u>	<u>181,825</u>	<u>162,586</u>	<u>622,142</u>	<u>824,786</u>	<u>2,470,856</u>
<u>Reinsurance contracts/ retakaful certificates</u>								
Life Insurance	(13,155)	(9,638)	(8,038)	(2,108)	2,523	7,444	3,098	(19,874)

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14. OTHER ASSETS

	2025	2024
	RM'000	RM'000
Group		
Management fees receivable	262	399
Allowance for impairment losses (Note 48)	(4)	(1)
	<u>258</u>	<u>398</u>
Sundry receivables, deposits and prepayments	80,489	95,009
Allowance for impairment losses (Note 48)	(3,612)	(3,606)
	<u>76,877</u>	<u>91,403</u>
Income and profits due and accrued*	451,773	463,467
Allowance for impairment losses (Note 48)	(164)	(106)
	<u>451,609</u>	<u>463,361</u>
Fees receivables	128	1,348
Amounts due from related companies**:		
- Ultimate holding company	1,155	-
- Penultimate holding company	729	1,023
- Related companies within the EIHSB Group	1,730	1,398
- Other related companies within the Maybank Group	16	-
Amount due from stockbrokers	16,305	54,865
Amount due from fund manager	12,731	121,998
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")	35,165	36,113
Goods and services tax recoverable	4,710	4,093
	<u>72,669</u>	<u>220,838</u>
Total other assets	<u>601,413</u>	<u>776,000</u>

14. OTHER ASSETS (CONTD.)

	2025	2024
	RM'000	RM'000
Company		
Sundry receivables, deposits and prepayments	1,366	1,164
Income due and accrued*	6,886	14,309
Amounts due from**:		
- Ultimate holding company	1,155	-
- Holding company	663	480
- Related companies within the EIHSB Group	1,392	1,014
- Related companies within the MAHB Group	31,089	18,785
	34,299	20,279
Total other assets	42,551	35,752

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

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

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

15. 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. An analysis of maturity profile of the notional amount of derivatives are further disclosed in Note 48.

	Group						Company			
	←-----2025-----→			←-----2024-----→			←-----2025-----→		←-----2024-----→	
	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000	Principal/ Notional Amount RM'000	Liability RM'000	Principal/ Notional Amount RM'000	Liability RM'000
Hedging derivatives:										
Cross currency swap ("CCS")	703,922	625	16,289	665,700	5,679	33,929	616,400	16,289	616,400	33,929
Forward foreign exchange contract	8,084,422	57,487	5,027	7,961,171	9,498	278,204	-	-	-	-
Interest rate futures contract	40,305	35	663	5,851	295	266	-	-	-	-
Interest rate swap	82,765	426	-	164,356	-	2,537	-	-	-	-
Equity options	22,031	10,928	11,101		-	-		-		-
Total derivatives		<u>69,501</u>	<u>33,080</u>		<u>15,472</u>	<u>314,936</u>		<u>16,289</u>		<u>33,929</u>

The fair value of derivatives are 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 52.

15. DERIVATIVES (CONTD.)

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 investment. The Group enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio in USD denominated mutual funds, USD denominated debt and equities securities and AUD denominated debt and equities 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 rates, foreign currency rates or equity indices. The Group uses swap contracts to hedge the principal amount invested in foreign debt securities denominated in USD and SGD which will be settled at a specified contract rate on the maturity date of the contract.

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 Singapore 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 RM20.98 million for the financial year ended 31 December 2025 from the hedging relationship as disclosed in Note 19 was recognised through other comprehensive income.

16. 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.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	(412,019)	(300,607)	(420)	(720)
Recognised in:				
Profit or loss (Note 39)	3,221	(82,342)	1,444	269
- Tax expense attributable to policyholders/participants	(8,216)	(41,389)	-	-
- Taxation	11,437	(40,953)	1,444	269
Other comprehensive income (Note 39)	(28,173)	(27,122)	(147)	31
Transfer to retained earnings upon disposal of equity securities	15,713	-	-	-
Exchange differences	(1,285)	(1,948)	-	-
At 31 December	<u>(422,543)</u>	<u>(412,019)</u>	<u>877</u>	<u>(420)</u>

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 of the Group is presented on a gross basis as it relates to different entities within the Group as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deferred tax assets	236,859	232,756	984	1,110
Deferred tax liabilities	(659,402)	(644,775)	(107)	(1,530)
	<u>(422,543)</u>	<u>(412,019)</u>	<u>877</u>	<u>(420)</u>

16. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Assets

Group

2025

	FVOCI reserve RM'000	Impairment losses on investments RM'000	Net accretion of discount on investments RM'000	Amortisation of premiums on investments RM'000	Impairment on receivables RM'000	Accelerated capital allowances RM'000	Impairment on insurance contracts /takaful certificates RM'000	Insurance contract/ takaful certificate liabilities RM'000	Bonus provision RM'000	Unutilised tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2025	42	776	964	21,500	4,128	2,883	826	151,633	15,740	33,013	1,251	232,756
Recognised in:												
Profit or loss	-	258	(425)	2,949	(1,822)	3,176	(420)	(7,150)	6,323	-	2,541	5,430
- Tax credit/(expense) attributable to policyholders/participants	-	58	-	1,230	155	-	(420)	(375)	-	-	1,288	1,936
- Taxation	-	200	(425)	1,719	(1,977)	3,176	-	(6,775)	6,323	-	1,253	3,494
Other comprehensive income	(42)	-	-	-	-	-	-	-	-	-	-	(42)
Exchange differences	-	-	-	-	-	-	-	-	-	(1,285)	-	(1,285)
At 31 December 2025	-	1,034	539	24,449	2,306	6,059	406	144,483	22,063	31,728	3,792	236,859

16. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Assets (contd.)

Group

2024

	FVOCI reserve RM'000	Impairment losses on investments RM'000	Net accretion of discount on investments RM'000	Amortisation of premiums on investments RM'000	Impairment on receivables RM'000	Accelerated capital allowances RM'000	Impairment on insurance contracts /takaful certificates RM'000	Insurance contract/ takaful certificate liabilities RM'000	Bonus provision RM'000	Unutilised tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2024	5,772	1,269	913	19,181	4,149	2,699	-	114,416	14,979	29,200	(5,554)	187,024
Reclassification	(5,665)	-	-	-	(517)	-	517	-	-	5,665	-	-
Recognised in:												
Profit or loss	-	(493)	51	2,319	496	184	309	45,459	761	-	(1,431)	47,655
- Tax (expense)/credit attributable to policyholders/participants	-	(116)	-	1,898	97	-	309	411	-	-	203	2,802
- Taxation	-	(377)	51	421	399	184	-	45,048	761	-	(1,634)	44,853
Other comprehensive income	31	-	-	-	-	-	-	-	-	-	-	31
Exchange differences	(96)	-	-	-	-	-	-	(8,242)	-	(1,852)	8,236	(1,954)
At 31 December 2024	42	776	964	21,500	4,128	2,883	826	151,633	15,740	33,013	1,251	232,756

16. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Liabilities

Group

2025

	Fair value adjustment RM'000	FVOCI reserve RM'000	Accelerated capital allowances RM'000	Unit- linked RM'000	Life Fund unallocated surplus RM'000	Insurance contract/ takaful certificate liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2025	(147,266)	(44,758)	(5,815)	(38,953)	(379,752)	(26,500)	(1,731)	(644,775)
Recognised in:								
Profit or loss	(2,295)	-	908	(19)	2,514	(4,957)	1,640	(2,209)
- Tax expense/(credit) attributable to policyholders/participants	(10,579)	-	444	(19)	-	-	2	(10,152)
- Taxation	8,284	-	464	-	2,514	(4,957)	1,638	7,943
Other comprehensive income	-	(28,131)	-	-	-	-	-	(28,131)
Transfer to retained earnings upon disposal of equity securities	-	15,713	-	-	-	-	-	15,713
At 31 December 2025	(149,561)	(57,176)	(4,907)	(38,972)	(377,238)	(31,457)	(91)	(659,402)

16. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Liabilities (contd.)

Group

2024

	Fair value adjustment RM'000	FVOCI reserve RM'000	Accelerated capital allowances RM'000	Unit- linked RM'000	Life Fund unallocated surplus RM'000	Insurance contract/ takaful certificate liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2024	(107,779)	(17,691)	(4,443)	(19,217)	(311,296)	(19,505)	(7,700)	(487,631)
Reclassification	-	-	(3,491)	-	-	-	3,491	-
Recognised in:								
Profit or loss	(39,487)	86	2,138	(19,736)	(68,456)	(6,995)	2,453	(129,997)
- Tax (expense)/credit attributable to policyholders/participants	(27,714)	(50)	2,846	(19,736)	-	52	411	(44,191)
- Taxation	(11,773)	136	(708)	-	(68,456)	(7,047)	2,042	(85,806)
Other comprehensive income	-	(27,153)	-	-	-	-	-	(27,153)
Exchange differences	-	-	(19)	-	-	-	25	6
At 31 December 2024	(147,266)	(44,758)	(5,815)	(38,953)	(379,752)	(26,500)	(1,731)	(644,775)

16. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Assets

Company

2025

	FVOCI reserve RM'000	Impairment losses on investments RM'000	Net accretion of discounts on investments RM'000	Derivatives RM'000	Others RM'000	Total RM'000
At 1 January 2025	40	106	964	-	-	1,110
Recognised in:						
- Profit or loss	-	112	(425)	214	13	(86)
- Other comprehensive income	(40)	-	-	-	-	(40)
At 31 December 2025	-	218	539	214	13	984

2024

At 1 January 2024	9	303	913	-	-	1,225
Recognised in:						
- Profit or loss	-	(197)	51	-	-	(146)
- Other comprehensive income	31	-	-	-	-	31
At 31 December 2024	40	106	964	-	-	1,110

16. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Liabilities

Company

2025

	FVOCI reserve RM'000	Derivatives RM'000	Total RM'000
At 1 January 2025	-	(1,530)	(1,530)
Recognised in:			
- Profit or loss	-	1,530	1,530
- Other comprehensive income	(107)	-	(107)
At 31 December 2025	<u>(107)</u>	<u>-</u>	<u>(107)</u>

2024

	Derivatives RM'000	Total RM'000
At 1 January 2024	(1,945)	(1,945)
Recognised in:		
- Profit or loss	415	415
At 31 December 2024	<u>(1,530)</u>	<u>(1,530)</u>

17. CURRENT TAX ASSETS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At 31 December	99,316	80,327	-	146

The current tax assets arise from the appeals made by the Company's subsidiaries, EGIB and EFTB, prior to their Conversion of Composite License to Single Licence ("Licence Split") on 28 December 2017. The Inland Revenue Board of Malaysia ("IRBM") had raised additional assessments on EGIB and EFTB for the Years of Assessment ("YA") 2008 to 2016.

The Group had made full settlement of the additional assessments raised by the IRBM as and when they arose, and subsequently, submitted Notices of Appeal by filing the required Forms Q with the Special Commissioner of Income Tax ("SCIT"). The Group had decided to pursue these appeals after obtaining the relevant opinions from its legal counsel, which was premised on the fact that the bases used to raise the additional assessments are not equitable.

The specific issues raised and corresponding additional tax assessments issued are as summarised below:

- (a) IRBM had raised additional assessments to EFTB on the deductibility of commission expenses incurred by the Shareholder's fund ("SHF") in connection with General Takaful fund ("GTF") for YA2008 to YA2013 amounting to RM75,695,975.

Subsequent to the High Court appeals made on 19 February 2021 and 14 September 2022 by EFTB, the case is then scheduled to be heard at the Court of Appeal. After a hearing on 24 July 2024, the Court of Appeal, on 28 November 2024, deliberated that the IRBM did not have the merit to impose an additional assessment on Etiqa for the Years of Assessment (YA) 2008, 2009, and 2014. However, for YA2011, 2012, and 2013, the court ruled in favor of the IRBM, and Etiqa's appeal was disallowed. The court has also deliberated that the penalty imposed by IRBM is incorrect hence the additional penalty imposed is to be refunded to EFTB.

- (b) For YA2013 to YA2016, the additional assessments issued are in relation to the profit commission on reinsurance ceded for Life business and surplus earned on retakaful ceded for Family Takaful business as incidental income under Section 60(8) and Section 60AA(13) of the Income Tax Act, 1967, amounting to RM6,700,533.

17. CURRENT TAX ASSETS (CONTD.)

The specific issues raised and corresponding additional tax assessments issued are as summarised below (contd.):

- (b) 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, concluded that the profit commission earned on reinsurance/retakaful ceded for Life/Family Takaful business should not be treated under incidental income under Section 60(8) and Section 60AA(13) of the Income Tax Act, 1967, hence not subject to tax. The same letter was copied to Malaysia Takaful Association ("MTA"). On the 26 May 2025, IRBM issued a Notice of Reduced Assessment ("JR") amounting RM1.48 million tax discharged for YA2015 in relation to the retakaful discount/experience refund. However, IRBM yet to credit the refund to EFTB. IRBM has not issue any JR form for the remaining RM2.12 million and the total RM3.60 million is due from IRBM to EFTB.
- (c) In relation to the disallowing the deduction of expenses directly attributable to rental income of its investment properties for EGIB, the date of hearing is on 28 and 29 April 2026.

Based on legal advice, the Group is of the view that it has strong justifications for the appeals and continues to treat the additional assessments paid as current tax assets in the financial statements. The current tax assets reflects the current position after the Form JR issued by IRBM dated 26 May 2025.

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(Incorporated in Malaysia)

18. SHARE CAPITAL

	Number of shares		Amount	
	2025 Units '000	2024 Units '000	2025 RM'000	2024 RM'000
Issued and fully paid, at no par value				
Ordinary shares:				
At 1 January/31 December	<u>252,005</u>	<u>252,005</u>	<u>660,866</u>	<u>660,866</u>

19. RESERVES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Reserves:					
FVOCI Reserve	(i)	371,527	292,257	339	(125)
Insurance/Takaful/reinsurance/retakaful finance reserve	(ii)	(331,828)	(284,941)	-	-
Cashflow hedge reserve	(iii)	-	-	20,983	24,374
Currency translation reserve	(iv)	63,712	78,310	-	-
Revaluation reserve	(v)	788	788	-	-
		<u>104,199</u>	<u>86,414</u>	<u>21,322</u>	<u>24,249</u>
Retained profits:					
Distributable	(vi)	6,519,964	5,837,822	2,776,043	2,916,486
Non-distributable Life Fund surplus	(vii)	1,389,641	1,380,518	-	-
		<u>7,909,605</u>	<u>7,218,340</u>	<u>2,776,043</u>	<u>2,916,486</u>
Total reserves		<u>8,013,804</u>	<u>7,304,754</u>	<u>2,797,365</u>	<u>2,940,735</u>

19. RESERVES (CONTD.)

- (i) The FVOCI reserve of the Group arose from the change in the fair values of the financial assets which are measured at fair value through other comprehensive income.
- (ii) The Insurance/Takaful/reinsurance/retakaful finance reserve represents cumulative OCI and measurement effects attributable to the Policyholders'/Participants' Risk Fund and/or Policyholders'/Participants' Investment Fund. These amounts are not distributable to shareholders. On disposal of FVOCI instruments that back the policyholders'/participants' funds, cumulative OCI is transferred to this reserve in accordance with the Group's policy and FSA/IFSA segregation requirements.
- (iii) The cash flow hedge reserve represents the effective portion of the gain or loss on the hedging instrument. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value.
- (iv) The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.
- (v) The revaluation reserve of the Group represents the difference between the carrying amount of properties previously classified as self-occupied properties and subsequently transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.
- (vi) The entire distributable profits of the Group and of the Company may be distributed to the shareholders, subject to certain regulatory and legal requirements in the respective countries.
- (vii) Non-distributable Life fund surplus represents the unallocated surplus from the Life funds. In accordance with the Financial Services Act 2013, in Malaysia, the unallocated surplus is only available for distribution to the shareholder's fund upon approval by the Appointed Actuary of the relevant subsidiaries. Upon such approval, the distribution is presented as a transfer from non-distributable Life fund surplus to distributable retained profits.

20. SUBORDINATED OBLIGATION

Group/Company

	2025	2024
	RM'000	RM'000
Tier 2 Capital Subordinated Bond	<u>1,000,000</u>	<u>1,000,000</u>
Interest payable on subordinated obligation	<u>9,874</u>	<u>10,091</u>

Tier 2 Capital Subordinated Bond

Issue date	: 7 October 2021
Tenure	: 10 years from issue date on a 10 non-callable 5 basis (Due on 7 October 2031).
Interest payable	: 3.95% per annum payable semi-annually in arrears in April and October each year.

Subordinated obligations are classified as financial liabilities measured at amortised cost under MFRS 9. They are initially recognised at fair value, net of directly attributable transaction costs, and subsequently measured using the effective interest method. Subordinated obligations are unsecured and subordinated to senior creditors, including policyholders and other financial liabilities.

In a winding-up, settlement of these instruments ranks below senior liabilities but above equity. Interest expense is recognised in profit or loss using the effective interest rate. Where the subordinated obligations qualify as regulatory capital, they are presented as such for the purposes of capital adequacy disclosures but remain classified as liabilities in the financial statements.

The subordinated bond was subscribed by Maybank and Ageas Insurance International N.V. The proceeds from the issuance will be utilised for working capital, business operations, investments and other corporate purposes of the MAHB Group and its subsidiaries.

The fair value of the subordinated obligation is RM100.094 million (2024: RM996.3 million), and is determined by reference to indicative ask-prices obtained from Bondweb, as provided by BPAM. The fair value of the subordinated obligation is categorised under Level 2 of the fair value hierarchy as the valuation was mainly based on market observable inputs.

21. OTHER LIABILITIES

	Group	
	2025	2024
	RM'000	RM'000
Premium/contribution deposits	9,611	9,709
Dividend payable to policyholders	69,549	68,875
Lease liabilities (Note 6)	42,487	46,632
Provision for restoration costs	2,939	3,814
Amounts due to related companies*:		
- Ultimate holding company	13,065	44,476
- Penultimate holding company	446	504
- Related companies within the EIHSB Group	1,719	4,037
- Other related companies within the Maybank Group	42	435
Amount due to stockbrokers	41,791	37,927
Amount due to fund manager	358	337
Unclaimed monies	513,412	190,775
Provision for expenses	244,544	206,180
Service tax payable	92,992	79,621
Zakat payable	53,880	45,305
Withholding tax payable	22,829	23,580
Other components of Insurance contracts/ Takaful certificate liabilities	84,348	101,005
Obligations on financial assets sold under repurchase agreements	-	195,978
Sundry payables and accrued liabilities**	784,111	624,424
Total other liabilities	<u>1,978,123</u>	<u>1,683,614</u>

21. OTHER LIABILITIES (CONTD.)

	Company	
	2025	2024
	RM'000	RM'000
Lease liabilities (Note 6)	857	445
Amounts due to*:		
- Ultimate holding company	-	7,413
- Related companies within the MAHB Group	1,001	-
Provision for expenses	6,245	28,303
Sundry payables and accrued liabilities**	42,035	48,331
Total other liabilities	<u>50,138</u>	<u>84,492</u>

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

** Included in the sundry payables and other liabilities are mainly consist of provision for bonus, accrual, payroll payable and other miscellaneous of provision 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 and the immaterial impact of discounting.

22. INSURANCE/TAKAFUL REVENUE

The table below presents an analysis of the total Insurance/Takaful revenue recognised in the year:

Group	Note	2025 RM'000	2024 RM'000
Contracts/certificates not measured under the PAA			
Amounts relating to the changes in the liability for remaining coverage			
- Expected claims and Insurance/Takaful service expenses incurred in the year	(i)	1,362,808	1,314,637
- Change in the risk adjustment for non financial risks	(ii)	118,313	125,330
- Amount of CSM recognised in profit or loss	(iii)	292,584	255,059
Amounts relating to recovery of Insurance/Takaful acquisition cash flows	(iv)	247,891	215,331
Experience adjustments for premiums/contributions receipts		206,124	87,189
Insurance/Takaful revenue from contracts/certificates not measured under the PAA		<u>2,227,720</u>	<u>1,997,546</u>
Insurance/Takaful revenue from contracts/certificates measured under the PAA			
Release of premiums/contributions for current year		5,890,523	5,479,722
Total Insurance/Takaful revenue		<u>8,118,243</u>	<u>7,477,268</u>

- (i) Expected Insurance/Takaful service expenses incurred in the year comprise of claims and other expenses which the Group expects to pay on insured events that occurred during the year. Refer to Note 2.2(xv)(f) for the full list of the cash flows included.
- (ii) Change in risk adjustment shows amount of risk which expired during the year. Refer to Note 2.1(d)(iii) for the details of accounting policy.
- (iii) The CSM is recognised in profit or loss over the coverage period of the corresponding groups of contracts/certificates based on the established coverage units. Refer to Note 2.2(xv)(f).
- (iv) Acquisition cash flows are allocated on a straight-line basis over the coverage period of the groups of contracts/certificates. Refer to Note 2.2(xv)(f) for details of accounting policy.

23. INSURANCE/TAKAFUL SERVICE EXPENSES

The table below presents an analysis of the total Insurance/Takaful service expenses recognised in the year:

Group	Note	2025			2024		
		PAA RM'000	Non-PAA RM'000	Total RM'000	PAA RM'000	Non-PAA RM'000	Total RM'000
Incurred claims and other directly attributable expenses	(i)	(4,363,783)	(1,113,089)	(5,476,872)	(4,032,295)	(1,668,447)	(5,700,742)
Changes that relate to the past services - adjustment to the LIC		951,752	(33,593)	918,159	(27,928)	182,093	154,165
Losses on onerous contracts/certificates and reversal of those losses		(8,166)	44,404	36,238	(8,167)	107,702	99,535
Insurance/Takaful acquisition cash flow amortisation	(ii)	(757,945)	(247,891)	(1,005,836)	(728,717)	(219,198)	(947,915)
Total Insurance/Takaful service expenses		(4,178,142)	(1,350,169)	(5,528,311)	(4,797,107)	(1,597,850)	(6,394,957)

(i) Comprise of components of Family Takaful and General Takaful fund such as incurred and unallocated surplus. During the year, the surplus paid to Shareholder's fund were RM431.01 million (2024: RM310.59 million) and certificate holders were RM529.62 million (2024: RM235.81 million).

There were no surplus paid to Shareholder's fund and certificate holders from General Takaful fund during financial year ended 2023.

(ii) Insurance/takaful acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of contracts/certificates. Please see extracts from accounting policy on Note 2.2(xv)(l).

24. NET EXPENSES FROM REINSURANCE CONTRACTS/ RETAKAFUL CERTIFICATES HELD

The Group has disclosed an analysis of the net expenses from reinsurance contracts/retakaful certificates held during the year, shown in the table below:

Group

		2025		Total	2024		Total
	Note	PAA RM'000	Non-PAA RM'000	RM'000	PAA RM'000	Non-PAA RM'000	RM'000
Amounts relating to the changes in the assets for remaining coverage							
Expected recovery for Insurance/Takaful service expenses incurred in the year	(i)	-	(128,336)	(128,336)	-	(155,659)	(155,659)
Net cost/gain recognised in profit or loss	(ii)	(2,021,538)	8,497	(2,013,041)	(1,912,167)	21,640	(1,890,527)
Change in the risk adjustment for non-financial risks	(iii)	-	(7,639)	(7,639)	-	(6,794)	(6,794)
Allocation of reinsurance premiums/retakaful contributions		(2,021,538)	(127,478)	(2,149,016)	(1,912,167)	(140,813)	(2,052,980)
Amounts recoverable for claims and other expenses incurred in the year		1,351,945	152,700	1,504,645	1,516,466	107,577	1,624,043
Changes in amounts recoverable arising from changes in liability for incurred claims		(690,170)	11,463	(678,707)	(33,935)	(6,071)	(40,006)
Changes in fulfilment cash flows which relate to onerous underlying contracts		-	(14,289)	(14,289)	-	36,817	36,817
Loss recovery from onerous contracts		1	1,681	1,682	24	428	452
Amounts recoverable from reinsurers/retakaful operator		661,776	151,555	813,331	1,482,555	138,751	1,621,306
Total net expenses from reinsurance contracts/retakaful certificates held		(1,359,762)	24,077	(1,335,685)	(429,612)	(2,062)	(431,674)

(i) Expected recovery for Insurance/Takaful service expenses incurred in the year comprise recovery for claims and other expenses where the General Takaful/Family Takaful Fund expects to receive from reinsurers/retakaful operators on covered events occurred during the year.

(ii) Net cost/gain is recognised in profit or loss during the coverage period of the corresponding groups of reinsurance contracts/retakaful certificates held based on established coverage units. Refer to Note 2.2(xv)(f).

(iii) Change in risk adjustment reflects the amount of risk which has expired during the year.

25. INTEREST/PROFIT INCOME FROM FINANCIAL ASSETS NOT MEASURED AT FVTPL

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Interest/profit income</u>				
Financial Assets at FVOCI				
- Malaysian government papers	46,511	51,226	513	514
- Debt securities	794,177	827,350	3,780	5,221
- Negotiable Islamic certificates of deposit ("NICD")	324	-	-	-
Financial Assets at AC				
- Deposits with financial institutions	137,346	148,416	13,150	15,821
Financing receivables				
- Staff loans	1,277	1,263	420	93
- Non-staff loans	124	73	25	5
- Loan to subsidiary	-	-	18,315	20,126
Total interest/profit income from financial assets not measured at FVTPL	979,759	1,028,328	36,203	41,780

26. NET FAIR VALUE GAINS/(LOSSES) ON FINANCIAL ASSETS MEASURED AT FVTPL

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Realised gains on financial assets, net	220,475	247,146	-	-
Fair value gains/(losses) on:				
- Malaysian government papers	21,159	10,515	-	-
- Equity securities	121,232	505,947	-	-
- Debt securities	218,414	118,982	-	-
- NICD	(65)	-	-	-
- Unit and property trust funds	170,965	154,770	464	-
- Structured products	(6,225)	9,472	-	-
- Derivatives	317,213	(459,577)	(1,001)	8,869
- Redeemable loan stocks	262	-	-	-
Total net fair value gains/(losses) on financial assets measured at FVTPL	1,063,430	587,255	(537)	8,869

27. NET FAIR VALUE GAINS/(LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fair value gains/(losses) on:				
Malaysian government papers	13,949	(243)	-	-
Debt securities	27,813	(59,291)	47	-
Total net fair value gains/(losses) on derecognition of financial assets measured at FVOCI	41,762	(59,534)	47	-

28. OTHER INVESTMENT INCOME

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Dividend/distribution income:				
- Equity securities	272,382	226,070	-	-
- Unit and property trust	5,173	1,510	3,323	-
- Subsidiaries	-	-	241,128	799,039
Fair value gains				
- Investment properties	1,039	18,392	-	-
Interest/profit income from financial assets measured at FVTPL:				
- Investments	743,876	734,308	-	-
- Financing receivables	-	9	-	-
Realised gains on dissolution of:				
- Investment properties	-	-	-	-
- Associate	-	-	-	-
Rental income	96,114	94,278	-	-
Rental related expenses	(32,509)	(30,951)	-	-
Net amortisation of premiums	(29,536)	(22,959)	(3,888)	(4,118)
Investment related expenses, net	(31,658)	(5,074)	7,220	6,932
Obligations on financial assets sold under repurchase agreements	1,786	758	-	-
Total other investment income	1,026,667	1,016,341	247,783	801,853

29. (ALLOWANCE FOR)/REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/reversal of impairment losses on:				
Investments	(526)	3,215	(1)	45
Financing receivables	(213)	60	(466)	776
Contract asset	(18)	(13)	-	-
Total net (allowance for)/reversal of impairment loss on financial assets	(757)	3,262	(467)	821

30. NET FOREIGN EXCHANGE (LOSSES)/GAINS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Net realised (losses)/gains	(85,625)	(57,974)	(285)	337
Net unrealised (losses)/gains	(554,868)	321,962	(49)	(49)
Total net foreign exchange (losses)/gains	(640,493)	263,988	(334)	288

31. FINANCE EXPENSES FROM INSURANCE CONTRACTS/TAKAFUL CERTIFICATES ISSUED

Group

	2025			2024		
	PAA RM'000	Non-PAA RM'000	Total RM'000	PAA RM'000	Non-PAA RM'000	Total RM'000
Finance expenses from Insurance contracts/ Takaful certificates issued						
Changes in fair value of underlying assets of contracts/certificates measured under the VFA	356	(1,363,614)	(1,363,258)	2,136	(1,136,130)	(1,133,994)
Interest/profit accreted using current financial assumptions	(185,748)	(480,092)	(665,840)	(184,322)	(506,755)	(691,077)
Effect of changes in interest/profit rates and other financial assumptions	(27,128)	(87,319)	(114,447)	471	(31,266)	(30,795)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/interest/profit accreted using current financial assumptions	-	(291)	(291)	-	(20,720)	(20,720)
Changes in the fair value of the underlying assets of the takaful fund	(67,714)	(513,021)	(580,735)	(105,373)	(126,474)	(231,847)
Total finance expenses from Insurance contracts/ Takaful certificates issued	(280,234)	(2,444,337)	(2,724,571)	(287,088)	(1,821,345)	(2,108,433)
Represented by:						
Amount recognised in profit or loss	(280,234)	(2,104,182)	(2,384,416)	(287,088)	(1,891,532)	(2,178,620)
Amount recognised in OCI	-	(340,155)	(340,155)	-	70,187	70,187
	(280,234)	(2,444,337)	(2,724,571)	(287,088)	(1,821,345)	(2,108,433)

32. FINANCE INCOME FROM REINSURANCE CONTRACTS/RETAKAFUL CERTIFICATES HELD

Group

	2025			2024		
	PAA RM'000	Non-PAA RM'000	Total RM'000	PAA RM'000	Non-PAA RM'000	Total RM'000
Finance income from reinsurance contracts/ retakaful certificates held						
Interest/profit accreted using current financial assumptions	113,696	25,541	139,237	113,684	16,461	130,145
Effect of changes in interest rates and other financial assumptions	16,416	17,843	34,259	(176)	12,679	12,503
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/interest/profit accreted using locked-in-rate	-	(2,325)	(2,325)	-	39,908	39,908
Changes in non-performance risks of reinsurer/retakaful operators	5,466	2,786	8,252	279	9	288
Total finance income from reinsurance contracts/retakaful certificates held	135,578	43,845	179,423	113,787	69,057	182,844
Represented by:						
Amount recognised in profit or loss	135,578	13,256	148,834	113,787	50,207	163,994
Amount recognised in OCI	-	30,589	30,589	-	18,850	18,850
	135,578	43,845	179,423	113,787	69,057	182,844

32. FINANCE INCOME FROM REINSURANCE CONTRACTS/RETAKAFUL CERTIFICATES HELD (CONTD.)

Group

	Note	2025 RM'000	2024 RM'000
<u>Net investment result and net finance income/(expenses):</u>			
Represented by:			
Amount recognised in profit or loss:			
Net investment income		2,470,368	2,839,640
Finance expenses from Insurance Contracts/Takaful Certificates	31	(2,384,416)	(2,178,620)
Finance income from Reinsurance Contracts/Retakaful Certificates	32	148,834	163,994
		<u>234,786</u>	<u>825,014</u>
Amount recognised in OCI:			
Finance (expenses)/income from Insurance Contracts/Takaful Certificates	31	(340,155)	70,187
Finance income from Reinsurance Contracts/Retakaful Certificates	32	30,589	18,850
		<u>(309,566)</u>	<u>89,037</u>

33. OTHER EXPENSES, NET

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(A) Other income				
(i) Revenue from contracts with customers				
- Management fees	2,556	2,672	-	-
Total revenue from contracts with customers	<u>2,556</u>	<u>2,672</u>	<u>-</u>	<u>-</u>
(ii) Other revenues				
Realised gains on disposal of:				
- Property, plant and equipment	68	119	-	105
(Allowance for)/reversal of impairment losses on:				
- Other assets	(52)	71	-	-
Asset written off	(28)	-	-	-
Sundry income	14,895	16,541	201	22
Total other revenues	<u>14,883</u>	<u>16,731</u>	<u>201</u>	<u>127</u>
Total other income	<u>17,439</u>	<u>19,403</u>	<u>201</u>	<u>127</u>
(B) Total other expenses (Note 34)	<u>(85,103)</u>	<u>(137,612)</u>	<u>(42,306)</u>	<u>(91,825)</u>
Total other expenses, net	<u>(67,664)</u>	<u>(118,209)</u>	<u>(42,105)</u>	<u>(91,698)</u>

34. OTHER EXPENSES

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below:

	2025				2024				
	<i>Insurance/Takaful service expenses*</i>				<i>Insurance/Takaful service expenses*</i>				
	Expenses attributed to Insurance/ Takaful acquisition cash flows		Other directly attributable expenses	Other expenses	Total	Expenses attributed to Insurance/ Takaful acquisition cash flows		Other expenses	Total
	RM'000	RM'000				RM'000	RM'000		
Commission expenses (A)	1,103,292	181,720	580	1,285,592	1,054,670	132,582	-	1,187,252	
Other expenses									
Employee benefits expense (a)	290,605	332,483	49,027	672,115	280,541	326,226	91,983	698,750	
Directors' fees and remuneration (Note 35)	-	-	6,304	6,304	-	-	6,712	6,712	
Shariah Committee's fees and remuneration (Note 36)	-	277	278	555	-	284	227	511	
Board Committees' fees related expenses (Note 37)	-	-	990	990	-	-	1,065	1,065	
Auditors' remuneration:									
- statutory audits	411	1,704	321	2,436	1,079	4,778	341	6,198	
- regulatory related services	96	453	40	589	36	1,622	38	1,696	
- other services	(2)	(2)	3	(1)	-	158	-	158	
Amortisation of intangible assets (Note 7)	3,608	14,397	205	18,210	3,863	15,807	117	19,787	
Amortisation of prepaid land lease payments (Note 5)	-	26	460	486	-	26	460	486	
Carried forward	294,718	349,338	57,628	701,684	285,519	348,901	100,943	735,363	

34. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2025				2024			
	<i>Insurance/Takaful service expenses*</i>				<i>Insurance/Takaful service expenses*</i>			
	Expenses attributed to Insurance/Takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to Insurance/Takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Brought forward	294,718	349,338	57,628	701,684	285,519	348,901	100,943	735,363
Auto assist service	-	24,997	-	24,997	-	28,016	-	28,016
Assured medical fees	2,711	-	10	2,721	4,162	10	-	4,172
Other finance costs	3,976	35,447	(1,145)	38,278	3,623	32,865	52	36,540
Depreciation of property, plant and equipment (Note 3)	2,482	9,301	2,905	14,688	1,376	10,196	2,449	14,021
Right-of-use expenses:								
- Depreciation (Note 6)	1,819	8,264	410	10,493	1,578	7,972	495	10,045
- Lease liabilities interest (Note 6)	449	1,586	57	2,092	27	226	40	293
- Termination expenses	157	521	5	683	-	(145)	-	(145)
Interest expenses	-	-	-	-	-	1	-	1
Other management fees	1,813	6,361	(2,723)	5,451	1,135	2,554	158	3,847
Outside services and others	180	4,335	64	4,579	115	2,035	21	2,171
Professional fees	13,054	10,926	1,845	25,825	11,742	7,559	481	19,782
Short term leases	9,806	14,628	1,121	25,555	9,623	14,561	1,227	25,411
Small value assets	20	719	4	743	17	633	1	651
Office facilities expenses	5,275	1,234	1,321	7,830	6,954	4,200	232	11,386
Carried forward	336,460	467,657	61,502	865,619	325,871	459,584	106,099	891,554

34. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2025				2024			
	<i>Insurance/Takaful service expenses*</i>				<i>Insurance/Takaful service expenses*</i>			
	Expenses attributed to Insurance/Takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to Insurance/Takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Brought forward	336,460	467,657	61,502	865,619	325,871	459,584	106,099	891,554
Electronic data processing expenses	19,712	21,153	1,561	42,426	16,354	23,014	1,502	40,870
Expensed assets	4	19	7	30	4	25	1	30
Information technology outsourcing	16,631	20,992	3,676	41,299	9,199	20,617	2,391	32,207
Postage and stamp duties	1,063	3,128	148	4,339	1,127	4,434	116	5,677
Printing and stationery	131	2,749	142	3,022	118	3,867	76	4,061
Promotional and marketing costs	153,238	1,671	6,232	161,141	140,345	1,515	8,222	150,082
Training expenses	3,286	4,391	1,085	8,762	2,388	2,974	445	5,807
Utilities, assessment and maintenance	1,076	4,069	451	5,596	1,158	4,867	449	6,474
Entertainment	-	-	1,586	1,586	-	-	1,734	1,734
Travelling expenses	3,010	2,277	1,002	6,289	2,663	2,516	896	6,075
Tax services expense	-	199	10	209	(9)	(9)	2,846	2,828
Legal fees	119	350	195	664	166	641	66	873
Carried forward	534,730	528,655	77,597	1,140,982	499,384	524,045	124,843	1,148,272

34. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2025				2024					
	<i>Insurance/Takaful service expenses*</i>				<i>Insurance/Takaful service expenses*</i>					
	Expenses attributed to Insurance/ Takaful acquisition cash flows		Other directly attributable expenses	Other expenses	Total	Expenses attributed to Insurance/ Takaful acquisition cash flows		Other directly attributable expenses	Other expenses	Total
	RM'000	RM'000				RM'000	RM'000			
Brought forward	534,730	528,655	77,597		1,140,982	499,384	524,045	124,843		1,148,272
Licences, subscriptions and levies	2,184	19,359	2,126		23,669	2,425	19,752	469		22,646
Contract staff services	3,920	8,754	1,421		14,095	2,690	7,000	1,001		10,691
Policy related expenses	39,609	22,064	359		62,032	37,121	20,545	747		58,413
Branch Rationalisation Expenses	-	-	-		-	141	174	-		315
Others	478	6,425	2,536		9,439	(43)	(2,966)	11,798		8,789
Total other expenses (B)	580,921	585,257	84,039		1,250,217	541,718	568,550	138,858		1,249,126
<u>Other operating expenses</u>										
Assets written off										
- property, plant and equipment	-	-	2		2	-	-	-		-
- intangible assets	-	-	724		724	-	-	-		-
Sundry expenditure	3,608	14,726	(242)		18,092	3,454	9,206	(1,246)		11,414
Total other operating expenses (C)	3,608	14,726	484		18,818	3,454	9,206	(1,246)		11,414
Total other expenses (A) + (B) + (C)	1,687,821	781,703	85,103		2,554,627	1,599,842	710,338	137,612		2,447,792

34. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2025	2024
	RM'000	RM'000
Represented by:		
Insurance/Takaful service expenses	2,469,524	2,310,180
Other expenses	85,103	137,612
	2,554,627	2,447,792

* Insurance/Takaful service expenses include acquisition and maintenance expenses which are directly attributable to group of Insurance contracts/Takaful certificates Insurance/Takaful acquisition cash flow is subjected to Note 2.1(d)(i).

	2025	2024
	RM'000	RM'000
(a) <u>Employee Benefits Expense:</u>		
Wages, salaries and bonuses	532,666	536,819
EPF and CPF	74,916	73,579
SOCSSO	3,212	2,915
ESGP	13,726	9,108
Other benefits	47,595	76,329
	672,115	698,750

Included in employee benefits expense above are remuneration of CEOs of the Group amounting to RM16.76 million (2024: RM13.42 million) further disclosed in Note 34(b) below:

(b) The details of remuneration of CEOs in the Group during the year are as follows:

Salary	7,603	6,798
Directors fees	165	163
Bonus	4,794	3,797
EPF and Pension Scheme	1,646	1,337
ESGP expenses	1,830	680
Other emoluments	721	643
	16,759	13,418

34. OTHER EXPENSES (CONTD.)

Company

An analysis of the expenses incurred by the Company in the reporting year is included in the table below:

<u>Other expenses</u>	2025 RM'000	2024 RM'000
Employee benefits expense (a)	31,476	75,401
Directors' fees and remuneration (Note 35)	1,579	1,585
Committee's fees related expenses (Note 37)	518	710
Auditors' remuneration:		
- statutory audits	291	177
- regulatory related services	37	37
Amortisation of intangible assets (Note 7)	182	97
Other finance cost	10	10
Depreciation of property, plant and equipment (Note 3)	675	161
Right-of-use expenses:		
- Depreciation (Note 6)	116	89
- Lease liabilities interest (Note 6)	21	20
Other management fees	(3,224)	96
Outside services and others	64	21
Professional fees	507	361
Short term leases	938	1,117
Small value assets	1	1
Office facilities expenses	(245)	195
Electronic data processing expenses	379	1,501
Carried forward	33,325	81,579

34. OTHER EXPENSES (CONTD.)

Company

An analysis of the expenses incurred by the Company in the reporting year is included in the table below: (contd.)

	2025	2024
	RM'000	RM'000
Brought forward	33,325	81,579
Expensed assets	4	1
Information technology outsourcing	3,676	2,346
Postage and stamp duties	32	26
Printing and stationery	56	55
Promotional and marketing costs	11	27
Training expenses	957	413
Utilities, assessment and maintenance	376	362
Entertainment	4	10
Travelling expenses	840	788
Tax services expense	3	2,846
Legal fees	23	5
Licences, subscription and levies	169	326
Contract staff services	1,360	999
Others	596	904
Total other expenses (A)	41,432	90,687
<u>Other operating expenses</u>		
Sundry expenditure	874	1,138
Total other operating expenses (B)	874	1,138
Total other expenses (A) + (B)	42,306	91,825

34. OTHER EXPENSES (CONTD.)

Company

An analysis of the expenses incurred by the Company in the reporting year is included in the table below: (contd.)

	2025	2024
	RM'000	RM'000
(a) <u>Employee Benefits Expense:</u>		
Wages, salaries and bonuses	29,716	50,398
EPF and CPF	4,786	5,345
SOCSSO	187	120
ESGP	1,578	777
Other benefits	(4,791)	18,761
	<u>31,476</u>	<u>75,401</u>

Included in employee benefits expense above are remuneration of CEOs of the Company amounting to RM5.27 million (2024: RM4.67 million) further disclosed in Note 34(b) below:

(b) The details of remuneration of CEO in the Company during the year are as follows:

Salary	1,845	1,800
Directors fees	102	104
Bonus	1,800	1,800
EPF and Pension Scheme	669	589
ESGP expenses	737	261
Other emoluments	114	113
	<u>5,267</u>	<u>4,667</u>

35. DIRECTORS' FEES AND REMUNERATION

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
Fees	355	404	20	150
Other emoluments	68	64	-	14
	<u>423</u>	<u>468</u>	<u>20</u>	<u>164</u>
Non-executive directors:				
Fees	4,760	5,037	1,226	1,176
Other emoluments	1,100	1,186	312	224
Benefits-in-kind	21	21	21	21
	<u>5,881</u>	<u>6,244</u>	<u>1,559</u>	<u>1,421</u>
Total directors' fee and remuneration	<u>6,304</u>	<u>6,712</u>	<u>1,579</u>	<u>1,585</u>

35. DIRECTORS' FEES AND REMUNERATION (CONTD.)

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

2025	<----- Company ----->				<----- Subsidiaries ----->				Grand Total
	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	
<u>Executive directors:</u>									
Dato' Muzaffar Bin Hisham	-	-	-	-	49	11	-	60	60
Dr. Siew Chan Cheong	-	-	-	-	113	20	-	133	133
Encik Malique Firdaus Bin Ahmad Sidique	-	-	-	-	32	2	-	34	34
Encik Mohd Amri Bin Mohd Sofian	-	-	-	-	11	4	-	15	15
Puan Siti Nita Zuhra Binti Mohd Nazri	-	-	-	-	130	31	-	161	161
Puan Khalijah Binti Ismail	20	-	-	20	-	-	-	-	20
	20	-	-	20	335	68	-	403	423
<u>Non-Executive directors:</u>									
Puan Fauziah Binti Hisham (Chairman)	245	35	21	301	246	23	-	269	570
Cik Che Zakiah Binti Che Din	184	46	-	230	-	-	-	-	230
Cik Nora Junita Binti Mohd Hussaini	-	-	-	-	130	35	-	165	165
Dato' Majid Bin Mohamad	165	57	-	222	417	121	-	538	760
Datuk Mohd Najib Bin Abdullah	212	65	-	277	380	60	-	440	717
Dr. Ariffin Bin Datuk Yahaya	-	-	-	-	130	36	-	166	166
Encik Kamaludin Bin Ahmad	-	-	-	-	164	23	-	187	187
Encik Mohamad Shukor Bin Ibrahim	-	-	-	-	130	36	-	166	166
Encik Mohd Din Bin Merican	-	-	-	-	130	42	-	172	172
Mr. Ajay Kumar Garg*	120	29	-	149	130	22	-	152	301
Mr. Dominik Jacqueline A Smeets*	-	-	-	-	130	26	-	156	156
Mr. Emmanuel Gerard C. Van Grimbergen*	90	18	-	108	-	-	-	-	108
Mr. Filip Andre L. Coremans*	-	-	-	-	164	23	-	187	187
Mr. Francis Tan Wee Ming	-	-	-	-	164	23	-	187	187
Mr. Frank Johan Gerard Van Kempen*	-	-	-	-	130	26	-	156	156
Carried forward	1,016	250	21	1,287	2,445	496	-	2,941	4,228
	1,036	250	21	1,307	2,780	564	-	3,344	4,651

35. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

2025	←----- Company -----→				←----- Subsidiaries -----→				Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	
Brought forward	1,016	250	21	1,287	2,445	496	-	2,941	4,228
<u>Non-Executive directors:</u>									
Mr. Gary Lee Crist*	105	33	-	138	-	-	-	-	138
Mr. Glenn John Williams*	105	29	-	134	-	-	-	-	134
Mr. Hitesh Motichand Shah	-	-	-	-	164	23	-	187	187
Mr. Lam Chung Yin*	-	-	-	-	26	15	-	41	41
Mr. Tan Kwang Kherng	-	-	-	-	130	42	-	172	172
Mr. Thomas Frank Caris Alias Reynders*	-	-	-	-	119	31	-	150	150
Mr. Wong Pakshong Kat Jeong Colin Stewart	-	-	-	-	260	68	-	328	328
Mr. Wong Shu Yoon	-	-	-	-	156	66	-	222	222
Ms. Daniela Adaggi*	-	-	-	-	11	-	-	11	11
Ms. Loo Pauy Liean	-	-	-	-	164	23	-	187	187
Professor Dr. Azman Bin Mohd Noor	-	-	-	-	59	24	-	83	83
	1,226	312	21	1,559	3,534	788	-	4,322	5,881
Total remuneration of the directors of the Group	1,246	312	21	1,579	3,869	856	-	4,725	6,304

* The directors' fees and other emoluments for nominees of Ageas Insurance International N.V. ("Ageas") are remitted directly to Ageas.

35. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

2024	<----- Company ----->				<----- Subsidiaries ----->				Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	
<u>Executive directors:</u>									
Datuk Normala @ Noraizah Binti A. Manaf	-	-	-	-	125	27	-	152	152
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	-	-	-	-	60	8	-	68	68
Puan Khalijah Binti Ismail	150	14	-	164	-	-	-	-	164
Dato' Muzaffar Bin Hisham	-	-	-	-	69	15	-	84	84
	150	14	-	164	254	50	-	304	468
<u>Non-Executive directors:</u>									
Puan Fauziah Binti Hisham (Chairperson)	221	40	10	271	214	17	-	231	502
Datuk Karownikaran @ Karunikaran A/L Ramasamy	117	14	11	142	-	-	-	-	142
Cik Serina Binti Abdul Samad	-	-	-	-	115	41	-	156	156
Cik Che Zakiah Binti Che Din	92	15	-	107	-	-	-	-	107
Cik Nora Junita Binti Mohd Hussaini	-	-	-	-	65	17	-	82	82
Dato' Johan Bin Ariffin	-	-	-	-	43	7	-	50	50
Dato' Majid Bin Mohamad	179	40	-	219	407	75	-	482	701
Datuk Mohd Najib Bin Abdullah	209	58	-	267	372	62	-	434	701
Dr. Ariffin Bin Datuk Yahaya	-	-	-	-	126	33	-	159	159
Encik Kamaludin Bin Ahmad	-	-	-	-	171	24	-	195	195
Encik Mohamad Shukor Bin Ibrahim	-	-	-	-	126	35	-	161	161
Encik Mohd Din Bin Merican	-	-	-	-	126	35	-	161	161
Mr. Emmanuel Gerard C. Van Grimbergen*	179	25	-	204	-	-	-	-	204
Mr. Filip Andre L. Coremans*	-	-	-	-	171	65	-	236	236
Mr. Tan Kwang Kherng	-	-	-	-	126	38	-	164	164
Mr. Wong Shu Yoon	-	-	-	-	152	59	-	211	211
Mr. Dominik Jacqueline A Smeets*	-	-	-	-	126	25	-	151	151
Carried forward	997	192	21	1,210	2,340	533	-	2,873	4,083
	1,147	206	21	1,374	2,594	583	-	3,177	4,551

35. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

2024	<----- Company ----->				<----- Subsidiaries ----->				Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in- kind RM'000	Total RM'000	
Brought forward	997	192	21	1,210	2,340	533	-	2,873	4,083
<u>Non-Executive directors:</u>									
Mr. Ajay Kumar Garg*	-	-	-	-	126	19	-	145	145
Mr. Francis Tan Wee Ming	-	-	-	-	171	48	-	219	219
Mr. Frank Johan Gerard Van Kempen*	-	-	-	-	192	37	-	229	229
Mr. Gary Lee Crist*	179	32	-	211	-	-	-	-	211
Mr. Glenn John Williams*	-	-	-	-	99	21	-	120	120
Mr. Hitesh Motichand Shah	-	-	-	-	57	24	-	81	81
Mr. Lam Chung Yin*	-	-	-	-	26	13	-	39	39
Mr. Wong Pakshong Kat Jeong Colin Stewart	-	-	-	-	366	112	-	478	478
Ms. Daniela Adaggi*	-	-	-	-	126	27	-	153	153
Ms. Loo Pauy Liean	-	-	-	-	171	82	-	253	253
Professor Datin. Dr. Rusni Binti Hassan	-	-	-	-	61	21	-	82	82
Professor Dr. Azman Bin Mohd Noor	-	-	-	-	126	25	-	151	151
	<u>1,176</u>	<u>224</u>	<u>21</u>	<u>1,421</u>	<u>3,861</u>	<u>962</u>	<u>-</u>	<u>4,823</u>	<u>6,244</u>
Total remuneration of the directors of the Group	1,326	238	21	1,585	4,115	1,012	-	5,127	6,712

* The directors' fees and other emoluments for nominees of Ageas Insurance International N.V. ("Ageas") are remitted directly to Ageas.

36. SHARIAH COMMITTEE'S FEES AND REMUNERATION

	Group	
	2025	2024
	RM'000	RM'000
Fees	339	307
Other emoluments	216	204
	<u>555</u>	<u>511</u>

The total remuneration of the Shariah Committee of the takaful subsidiaries are as follows:

	2025			2024		
	Fees	Other	Total	Fees	Other	Total
	RM'000	emoluments	RM'000	RM'000	emoluments	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Shariah Committee:</u>						
Professor Dr. Azman Bin Mohd Noor	36	26	62	72	42	114
Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar	68	44	112	60	42	102
Dr. Muhammad Najib Bin Abdullah	74	44	118	47	34	81
Professor Dr. Sharifah Faigah Binti Syed Alwi	68	44	112	38	27	65
Professor Dato' Dr. Ahmad Hidayat Bin Buang	68	44	112	33	22	55
Professor Dr. Aznan Bin Hasan	-	-	-	22	17	39
Professor Datin. Dr. Rusni Binti Hassan	-	-	-	8	8	16
Professor Dr. Abdul Rahim Bin Abdul Rahman	-	-	-	27	12	39
En. Mohd Kamal Bin Mokhtar	25	14	39	-	-	-
	<u>339</u>	<u>216</u>	<u>555</u>	<u>307</u>	<u>204</u>	<u>511</u>

37. BOARD COMMITTEES' FEES RELATED EXPENSES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Executive directors:</u>				
Fees	13	34	13	34
Other emoluments	2	10	2	10
	<u>15</u>	<u>44</u>	<u>15</u>	<u>44</u>
<u>Non-Executive directors:</u>				
Fees	671	799	326	444
Other emoluments	304	222	177	222
	<u>975</u>	<u>1,021</u>	<u>503</u>	<u>666</u>
Total board committees' fees related expenses	<u>990</u>	<u>1,065</u>	<u>518</u>	<u>710</u>

The total board committees' fees of the directors are as follows:

2025

	←----- Company ----->			←----- Subsidiaries ----->			Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	
<u>Executive directors:</u>							
Dato' Muzaffar Bin Hisham	13	2	15	-	-	-	15
	<u>13</u>	<u>2</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>

37. BOARD COMMITTEES' FEES RELATED EXPENSES (CONTD.)

The total committee's fees of the directors are as follows: (contd.)

2025

	←----- Company ----->			←----- Subsidiaries ----->			Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	
<u>Non-Executive directors:</u>							
Cik Nora Junita Binti Mohd Hussaini	34	20	54	-	-	-	54
Dr. Ariffin Bin Datuk Yahaya	34	13	47	-	-	-	47
Encik Mohd Din Bin Merican	34	20	54	-	-	-	54
Encik Mohamad Shukor Bin Ibrahim	60	33	93	-	-	-	93
Mr. Filip Andre L. Coremans	-	-	-	82	29	111	111
Mr. Francis Tan Wee Meng	30	11	41	66	26	92	133
Mr. Hitesh Motichand Shah	-	-	-	82	29	111	111
Mr. Tan Kwang Kherng	30	20	50	-	-	-	50
Mr. Wong Shu Yoon	30	20	50	-	-	-	50
Mr. Wong Pakshong Kat Jeong Colin Stewart	60	29	89	-	-	-	89
Ms. Loo Pauy Lian	-	-	-	115	43	158	158
Professor Dr. Azman Bin Mohd Noor	14	11	25	-	-	-	25
	326	177	503	345	127	472	975
	339	179	518	345	127	472	990

37. BOARD COMMITTEES' FEES RELATED EXPENSES (CONTD.)

The total committee's fees of the directors are as follows: (contd.)

2024

	←----- Company -----→			←----- Subsidiaries -----→			Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	
<u>Executive directors:</u>							
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	16	6	22	-	-	-	22
Dato' Muzaffar Bin Hisham	18	4	22	-	-	-	22
	<u>34</u>	<u>10</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>
<u>Non-Executive directors:</u>							
Cik Serina Binti Abdul Samad	39	22	61	-	-	-	61
Cik Nora Junita Binti Mohd Hussaini	15	9	24	-	-	-	24
Dato' Johan Bin Ariffin	14	4	18	-	-	-	18
Dr. Ariffin Bin Datuk Yahaya	34	12	46	-	-	-	46
Encik Mohd Din Bin Merican	34	16	50	-	-	-	50
Encik Mohamad Shukor Bin Ibrahim	58	30	88	-	-	-	88
Mr. Filip Andre L. Coremans	-	-	-	86	-	86	86
Mr. Tan Kwang Kherng	29	17	46	-	-	-	46
Mr. Wong Shu Yoon	32	21	53	-	-	-	53
Mr. Wong Pakshong Kat Jeong Colin Stewart	59	27	86	80	-	80	166
Mr. Francis Tan Wee Meng	29	11	40	46	-	46	86
Mr. Hitesh Motichand Shah	-	-	-	29	-	29	29
Mr. Ajay Kumar Garg	29	9	38	-	-	-	38
Ms. Daniela Adaggi	29	19	48	-	-	-	48
Ms. Loo Pauy Lian	-	-	-	114	-	114	114
Professor Dr. Azman Bin Mohd Noor	29	21	50	-	-	-	50
Professor Datin. Dr. Rusni Binti Hassan	14	4	18	-	-	-	18
	<u>444</u>	<u>222</u>	<u>666</u>	<u>355</u>	<u>-</u>	<u>355</u>	<u>1,021</u>
	<u>478</u>	<u>232</u>	<u>710</u>	<u>355</u>	<u>-</u>	<u>355</u>	<u>1,065</u>

38. TAX EXPENSE ATTRIBUTABLE TO POLICYHOLDERS/PARTICIPANTS

Tax Expense Attributable To Policyholders/Participants

	Group	
	2025	2024
	RM'000	RM'000
<u>Income tax:</u>		
Current financial year		
- Malaysia	40,528	47,728
Under provision of taxation in prior financial years	807	1,412
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences (Note 16)	8,216	41,389
	<u>49,551</u>	<u>90,529</u>

Taxation of shareholder's and general fund

The income tax for shareholder's fund and general fund in relation to the Malaysian and Singaporean operations respectively are calculated at the statutory tax rate of 24% (2024: 24%) and 17% (2024: 17%) of the estimated assessable profit respectively for the financial year.

Taxation of Life Insurance and Family Takaful business

The income tax for the Life and Family Takaful funds are calculated based on the statutory rate of 8% (2024: 8%) of the estimated assessable investment income net of allowable deductions for the financial year for the Malaysian operations. For Singaporean operations, income allocated to policyholders (participating fund) are taxable at statutory rate of 10% (2024: 10%).

39. TAXATION

Tax expense

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

Income statements

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Income tax:</u>				
Current financial year				
- Malaysia	292,918	261,692	13,432	9,413
(Over)/under provision of taxation in prior financial years	(8,757)	29,622	(2,194)	(4,134)
	<u>284,161</u>	<u>291,314</u>	<u>11,238</u>	<u>5,279</u>
<u>Deferred taxation:</u>				
Relating to origination and reversal of temporary differences (Note 16)	(11,437)	40,953	(1,444)	(269)
	<u>272,724</u>	<u>332,267</u>	<u>9,794</u>	<u>5,010</u>
<u>Statement of Comprehensive</u>				
<u>Income:</u>				
Income tax related to other comprehensive income:				
- Fair value changes on equities securities at FVOCI (Note 16)	382	-	-	-
	<u>382</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax related to other comprehensive income:				
- Fair value changes on debt securities at FVOCI (Note 16)	28,183	14,792	147	(31)
- Fair value changes on equities securities at FVOCI (Note 16)	(3,407)	12,330	-	-
- Insurance finance reserve	(7,168)	(1,852)	-	-
	<u>17,608</u>	<u>25,270</u>	<u>147</u>	<u>(31)</u>

39. TAXATION (CONTD.)

Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	1,337,729	1,207,090	219,588	730,061
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	321,055	289,702	52,701	175,215
Effects of tax in different jurisdictions	(5,289)	(8,199)	-	-
Income not subject to tax	(25,721)	(1,098)	(53,475)	(186,939)
Expenses not deductible for tax purposes	11,780	32,994	12,762	20,868
Surplus arising from Annuity funds not subject to tax	(2,815)	(3,542)	-	-
Tax relief on actuarial surplus transferred to shareholder's fund	(13,295)	(2,352)	-	-
(Over)/under provision of taxation in prior financial years	(8,757)	29,622	(2,194)	(4,134)
Effect of zakat deduction	(4,234)	(4,860)	-	-
Tax expense for the financial year	272,724	332,267	9,794	5,010

40. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2025	2024	2025	2024
Profit attributable to ordinary equity holders (RM'000)	1,020,512	838,254	209,794	725,051
Weighted average number of ordinary shares in issue (units '000) (Note 18)	252,005	252,005	252,005	252,005
Basic and diluted earnings per share (sen)	404.96	332.63	83.25	287.71

There were no potential dilutive effects on the ordinary shares during and at the end of financial year. There have been no other transactions involving ordinary shares between the reporting date and the authorisation date of the financial statements.

41. DIVIDENDS

Company	2025 RM'000	2024 RM'000
Recognised during the financial year:		
<u>Interim dividend for the financial year ended 31 December 2025:</u>		
- 39.68 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	99,996	-
<u>Final dividend for the financial year ended 31 December 2024:</u>		
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	250,241	-
<u>Final dividend for the financial year ended 31 December 2023:</u>		
- 203.00 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	-	511,571
	<u>350,237</u>	<u>511,571</u>

42. OPERATING LEASE COMMITMENTS

The Group as a lessor

The Group 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	2024
	RM'000	RM'000
Not later than one year	47,402	50,820
Between one and five years	<u>28,940</u>	<u>30,171</u>
	<u>76,342</u>	<u>80,991</u>

Rental income on investment properties recognised in the income statement during the financial year are disclosed in Notes 4 and 28.

43. OTHER COMMITMENTS AND CONTINGENCIES

Group	2025	2024
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	6,305	4,352
Intangible assets	3,898	4,386
Information technology services	12,251	9,727
Bank guarantees:		
- in respect of performance bonds (Note a)	1,995	2,286
- in respect of security deposits (Note b)	7,162	7,231
Cash collaterals in respect of performance bonds and agency contracts	22,309	24,696
Others	597	858
	<u>54,517</u>	<u>53,536</u>
Approved but not contracted for:		
Property, plant and equipment	<u>26,466</u>	<u>19,760</u>
	<u>26,466</u>	<u>19,760</u>

43. OTHER COMMITMENTS AND CONTINGENCIES (CONTD.)

Bank guarantees:

a) Performance bonds

Bank guarantees were provided to the Group to secure the policyholders'/participants' contractual obligations with insurance/Takaful business, amounting to RM2 million (2024: RM2.29 million). As at the reporting date, the Group 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 RM1.58 million (SGD0.5 million) with the Monetary Authority of Singapore and approximately RM3.16 million (BND1 million with the Monetary Authority of Brunei Darussalam). These guarantees were issued to secure the contractual obligations of the policyholders'/participants. As at the reporting date, the Group does not consider it probable that a claim will be made under these guarantees.

All of the guarantees issued to the Group for performance bonds and security deposits were made under a bank guarantee facility (with a facility amount of up to RM30 million) obtained from Maybank.

Collateral guarantees received

The Group received collateral deposits from a policyholder in the form of banker's guarantee amounting to RM3.04 million (2024: 16.84 million) on bond insurance business issued to the policyholder. At the reporting date, the Group do not consider it probable that the Group will make a claim under this guarantee.

Group

	2025	2024
	Full	Full
	commitment	commitment
	RM'000	RM'000
Derivative financial instruments:		
Cross currency swap:		
Less than a year	87,522	49,300
One year to less than five years	616,400	616,400
	<u>703,922</u>	<u>665,700</u>
Forward foreign exchange contract:		
Less than a year	7,843,060	7,950,011
One year to less than five years	241,362	11,160
	<u>8,084,422</u>	<u>7,961,171</u>
Interest rate futures contract:		
Less than a year	40,305	5,851
	<u>40,305</u>	<u>5,851</u>

43. OTHER COMMITMENTS AND CONTINGENCIES (CONTD.)

Group (contd.)

	2025	2024
	Full	Full
	commitment	commitment
	RM'000	RM'000
Interest rate swap:		
Less than a year	9,793	164,356
One year to less than five years	72,972	-
	<u>82,765</u>	<u>164,356</u>
Equity options		
Less than a year	22,031	-
	<u>22,031</u>	<u>-</u>

Company

	2025	2024
	Full	Full
	commitment	commitment
	RM'000	RM'000
Derivative financial instruments:		
Cross currency swap		
One year to less than five years	616,400	616,400
	<u>616,400</u>	<u>616,400</u>

44. SHARE-BASED COMPENSATION

ESGP and 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.

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.

44. SHARE-BASED COMPENSATION (CONTD.)

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 Maybank 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 and CESGP 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 and CESGP 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.

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.

45. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company have 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 Group or the Company and the corresponding 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 Group and of the Company either directly or indirectly. The key management personnel includes the directors and the Chief Executive Officer of the Group and of the Company.

The Group and 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 shareholders.

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

- (i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Income/(expenses):</u>				
Ultimate holding company:				
Gross premium/contribution income	41,374	46,056	-	-
Commission and fee expenses	(134,667)	(144,896)	-	-
Claims paid	(12,626)	(11,978)	-	-
Dividend income	1,774	1,830	-	-
ESGP expenses	(12,223)	(8,254)	(8,387)	(3,368)
Interest expenses for subordinated obligation	(27,128)	(27,312)	(27,128)	(27,312)
Interest income	630	767	-	-
Rental income (net)	6,767	6,565	-	-
Hedging expense (net)	(556)	(409)	-	-
Other expenses (net)	(17,777)	(11,627)	(3,515)	(132)

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

- (i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows (contd.):

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Income/(expenses) (contd.):</u>				
Subsidiaries within MAHB Group:				
Claims	-	-	882	432
Insurance expenses	-	-	(1,378)	(675)
Gross dividend income	-	-	241,128	789,696
Interest income on subordinated obligation	-	-	18,315	20,126
Shared service fee income	-	-	210,625	106,486
Rental expense	-	-	(1,548)	(1,560)
Reimbursement of expenses	-	-	723	400
Other related companies within the Maybank Group:				
Claims paid	(2,824)	(7,093)	-	-
Commission and fee expenses	(315,619)	(255,478)	-	-
Gross premium/contribution income	17,491	17,438	-	-
Information technology outsourcing expense	(47,297)	(36,873)	(7,305)	(1,339)
Interest/profit income	43,648	39,511	2,016	977
Investment subscription fee	(107)	(115)	-	-
Management fee	(8,244)	(5,360)	-	-
Rental income (net)	6,793	6,407	-	-
Other expenses	(17,849)	(11,428)	(40)	(24)
Shared service fee (expenses)/ income	(857)	(2,384)	107	619
Net hedging income	7,356	7,017	7,356	7,017

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

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

<u>Income/(expenses) (contd.):</u>	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Shareholders of MAHB:				
Gross premium/contribution income	90	60	-	-
Insurance expenses	(206)	(210)	-	-
Dividend paid	(350,237)	(511,571)	(350,237)	(511,571)
Shared service fee income	5,703	2,971	10,389	5,973
Interest expenses for subordinated obligation	(12,131)	(12,213)	(12,131)	(12,213)
Rental income (net)	330	166	-	-
Reimbursement of expenses	(19,556)	(13,731)	(17,814)	(11,004)
Other expenses	(4,877)	(3,640)	(914)	(1,170)
Companies related to a company with significant influence over MAHB Group:				
Claim recovery	1,143	920	-	-
Management fee income	173	197	-	-
Premium ceded	(2,623)	(1,174)	-	-
Reinsurance commission income	1,411	901	-	-
Reinsurance claims recovered	3,512	4,452	-	-
Reinsurance premium ceded	(4,738)	(3,035)	-	-
Companies related to a company with significant influence over Maybank Group:				
Claims paid	(5,185)	(8,171)	-	-
Gross premium/contribution income	58,190	51,970	-	-

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

(ii) Included in the statements of financial position of the Group and of the Company are investments placed with, obligations due to and amounts due from/(to) related companies as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company:				
Bank balances	120,557	193,937	26,176	23,974
Fixed deposits	7,485	7,361	-	-
Derivative liabilities, net	(12,824)	(28,423)	(16,289)	(33,929)
Quoted shares	29,965	29,592	-	-
Income and profits due and accrued	38	45	-	-
Claim liabilities	(4,213)	(16,771)	-	-
Outstanding premiums/ contributions	4,798	158	-	-
Other assets	1,155	-	1,155	-
Sundry receivable, deposits and prepayments	542	583	-	-
Rental receivable	8	8	-	-
Other liabilities	(13,065)	(44,476)	-	(7,413)
Sundry payables and accrued liabilities	8,284	11,187	-	-
Provision for expenses	(258)	-	-	-
Subordinated obligation	(691,000)	(691,000)	(691,000)	(691,000)
Fellow subsidiaries within the MAHB Group:				
Financing receivables	-	-	616,400	616,400
Other assets	-	-	31,089	18,785
Other liabilities	-	-	(1,001)	-

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

- (ii) Included in the statements of financial position of the Group and of the Company are investments placed with, obligations due to and amounts due from/(to) related companies as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other related companies within the Maybank Group:				
Bank balances	186,128	79,447	-	-
Fixed and call deposits	1,405,653	1,808,071	153,081	506,586
Derivative assets/(liabilities), net	4,514	(391)	-	-
Income and profits due and accrued	9,804	17,826	6,886	14,309
Outstanding premiums/ contributions	459	506	-	-
Other assets	1,746	1,398	1,392	1,014
Sundry receivables, deposits and prepayment	1,001	-	-	-
Rental receivable	11	11	-	-
Other liabilities	(1,761)	(4,472)	-	-
Sundry payables and accrued liabilities	(3,340)	(13,094)	-	-
Insurance/takaful payables	(14,080)	-	-	-
Claims liabilities	(2,069)	(226)	-	-
Companies related to a company with significant influence over MAHB Group:				
Outstanding contributions to retakaful operators	(35)	(496)	-	-
Outstanding claims recovery	555	72	-	-
Companies related to a company with significant influence over Maybank Group:				
Outstanding premiums/ contributions	19,361	2	-	-
Claims liabilities	(15,372)	(45,702)	-	-
Insurance/takaful receivables	1,398	645	-	-
Insurance/takaful payables	(1)	(1,674)	-	-

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

- (ii) Included in the statements of financial position of the Group and of the Company are investments placed with, obligations due to and amounts due from/(to) related companies as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Shareholders of MAHB:				
Other assets	729	1,023	663	480
Other liabilities	(446)	(504)	-	-
Subordinated obligation	(309,000)	(309,000)	(309,000)	(309,000)

Trade and investments related balances with related companies are subject to normal trade terms. The terms for non-trade balances with related companies are as disclosed in Note 14, Note 20 and Note 21.

- (iii) The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits				
Fees	6,303	6,744	1,687	1,908
Salaries, allowances and bonuses	12,397	10,595	3,645	3,600
Contribution to EPF and pension scheme	1,646	1,337	669	589
Other emoluments	4,262	3,030	1,363	865
	24,608	21,706	7,364	6,962

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

(iv) The number of shares awarded for ESGP to key management personnel were as follows:

Award date	Group		Company	
	2025	2024	2025	2024
	000	000	000	000
At 1 January	905	763	494	403
Appointment of key management personnel	26	-	-	-
Awarded	393	349	195	195
Vested	(187)	(81)	(72)	(27)
Forfeited	(28)	(126)	(32)	(77)
Resignation of key management personnel	(135)	-	-	-
At 31 December	<u>974</u>	<u>905</u>	<u>585</u>	<u>494</u>

(v) The number of shares awarded for CESGP to key management personnel were as follows:

Award date	Group	
	2025	2024
	000	000
At 1 January	118	101
Awarded	45	45
Vested	(29)	(15)
Additional/(forfeited)	1	(13)
At 31 December	<u>135</u>	<u>118</u>

46. 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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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:

- 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 & Quantify Unfavourable Effects Through Stress Testing
- Ensure Sufficient Resources and System Infrastructures

There are Risk Frameworks, Policies, Guidelines & 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 business 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.

46. 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 Policy
- 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 and levels of risks that MAHB Group 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.

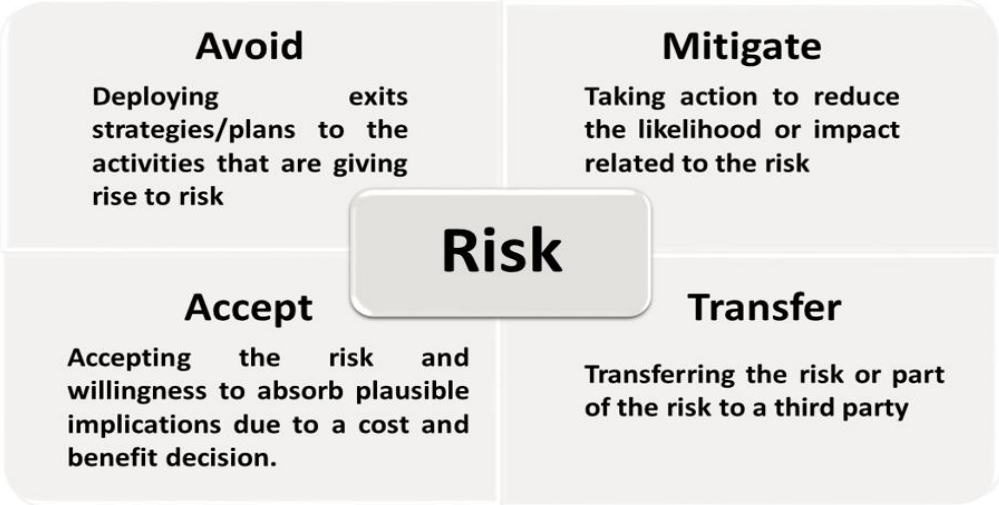
Adequate Capital

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 Process ("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.

46. 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 or not 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

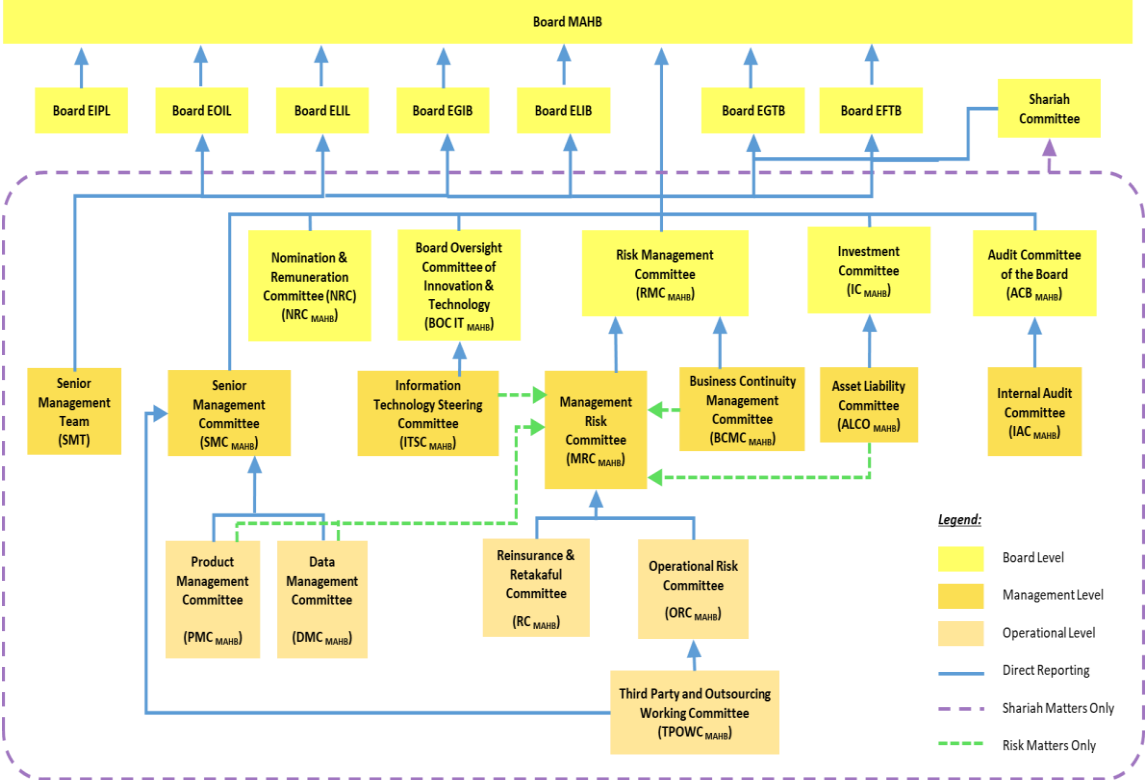
A governance structure should be clear, effective as well as robust and includes the role of the Board, Risk Committees and the Senior Management with well defined, transparent and consistent lines of responsibilities.

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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Governance and Risk Oversight (contd.)

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").



Note:

1. This is a representation of overall risk governance bodies within MAHB Group, there exist other committees not captured in this diagram as any risk matters that require the risk focus supervision shall be escalated to the risk governance bodies for deliberations as captured above.
2. As for Shariah risk matters, the oversights 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 end 2026.

Line of Defense

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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board

The MAHB Board, together with the respective Etiqa Entity's 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-boards 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; 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.

Shariah Committee ("SC") – EGTB and EFTB Entity Board

SC is responsible to oversee Shariah compliance for Takaful business, as well as the Shariah funds. SC assists the EGTB and EFTB Boards in fulfilling its supervision and monitoring responsibilities in respect of Shariah principles.

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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Management Risk Committee ("MRC") (contd.)

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 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.

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.

Business Continuity Management Committee ("BCMC")

The BCMC is responsible to ensure that the Business Continuity Management ("BCM") 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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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 line including the monitoring of the implementation, and post implementation performance of the Insurance & 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 & mandates set.

Reinsurance and 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 & 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 and 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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Fire Committee ("FC")

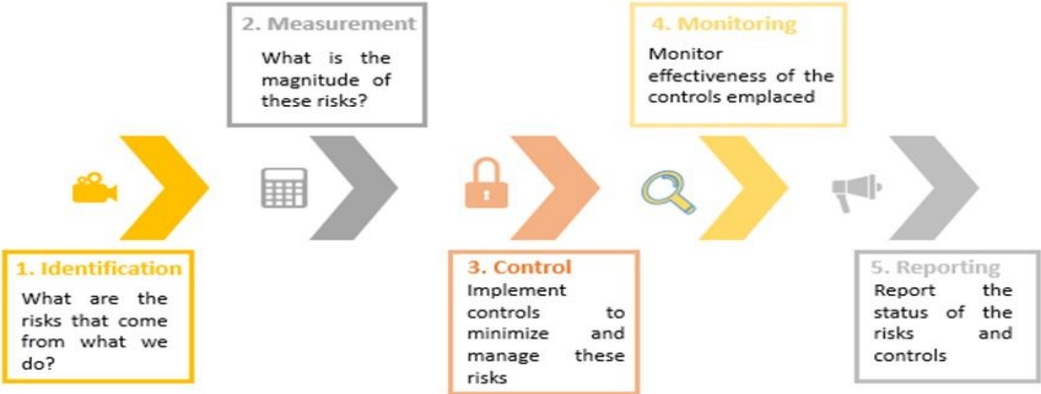
FC is responsible to verify the premium/contribution rate level is adequate and complies with BNM guidelines (aligned with Fire Pricing Policy document); Approve Fire Underwriting Guidelines in line with Company’s business strategy and risk appetite; Approve pricing and re-pricing within FC’s authority; 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 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 customer 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: -



46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (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.

Resource 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 practice and process. 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 in all facets of risk taking activities.

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.

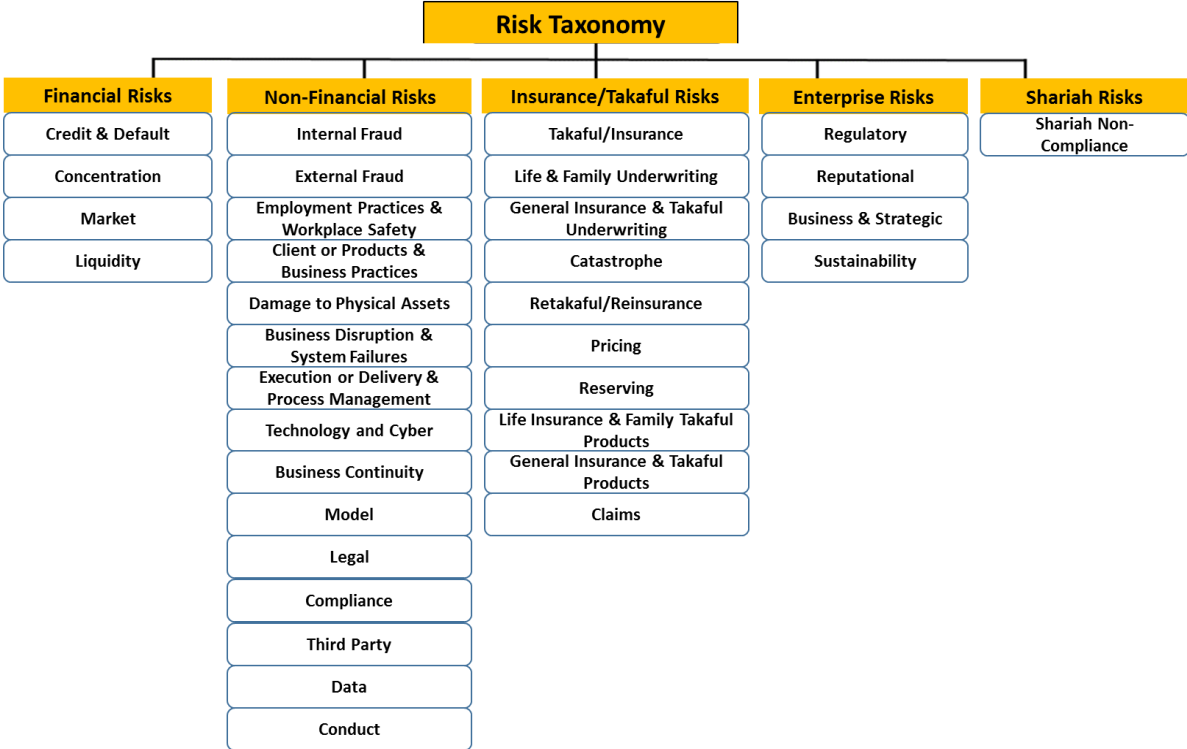
In addition, effective measures and systems should be in place to facilitate the generation and exchange of information within MAHB Group. This is important to ensure a swift response to changes in the operating environment and developments in business strategies.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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 consists of Financial Risk, Insurance/Takaful Risk, Non-Financial Risk, Enterprise Risk and Shariah Risk.



47. INSURANCE/TAKAFUL RISK

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

Reinsurance/retakaful offers financial protection to insurers/takaful operators 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/retakaful companies are the counterparty risk of reinsurers and retakaful operators failing to honor their obligations. MAHB Group monitors the reinsurers'/retakaful operators' creditworthiness on a monthly basis.

47. INSURANCE/TAKAFUL RISK (CONTD.)

MAHB Group 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 MAHB Group'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 assumption / expectation derived in pricing and reserving process.

(ii) Pricing Risk

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

(iii) Reinsurance/Retakaful Risk

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

47. INSURANCE/TAKAFUL RISK (CONTD.)

(iv) Product Risk

Product 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, takaful/ insurance risks, financial risks, operational & IT risk, technology risk, legal risk, compliance risk, AML/CFT risk and Shariah risk.

(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/takaful 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

Claims risk is risk of loss or adverse impact arising from the claims management process which is expected to affect client satisfaction and the MAHB Group's reputation.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance

Group

(i) The table below discloses the concentration of Life insurance contract liabilities by geography and types of contracts:

	2025 Malaysia RM'000	2025 Singapore RM'000	Total RM'000	2024 Malaysia RM'000	2024 Singapore RM'000	Total RM'000
<u>Direct insurance</u>						
Group	2,704	-	2,704	2,169	-	2,169
Retail						
-Non-participating	2,838,666	2,296,816	5,135,482	2,665,493	2,662,065	5,327,558
-Participating	5,409,689	8,510,268	13,919,957	5,550,201	7,879,519	13,429,720
-Investment linked	2,957,063	1,594,694	4,551,757	3,099,292	718,498	3,817,790
	<u>11,205,418</u>	<u>12,401,778</u>	<u>23,607,196</u>	<u>11,314,986</u>	<u>11,260,082</u>	<u>22,575,068</u>
Total direct insurance	<u>11,208,122</u>	<u>12,401,778</u>	<u>23,609,900</u>	<u>11,317,155</u>	<u>11,260,082</u>	<u>22,577,237</u>
<u>Reinsurance</u>						
Retail						
Participating	-	11,672	11,672	-	4,517	4,517
Non-participating:						
- Proportional	43,269	1,199,266	1,242,535	52,981	1,212,315	1,265,296
- Non-proportional Excess of Loss	892	-	892	1,359	-	1,359
	<u>44,161</u>	<u>1,210,938</u>	<u>1,255,099</u>	<u>54,340</u>	<u>1,216,832</u>	<u>1,271,172</u>
Investment linked:						
- Proportional	26,643	(240,840)	(214,197)	16,906	-	16,906
	<u>26,643</u>	<u>(240,840)</u>	<u>(214,197)</u>	<u>16,906</u>	<u>-</u>	<u>16,906</u>
Total reinsurance	<u>70,804</u>	<u>970,098</u>	<u>1,040,902</u>	<u>71,246</u>	<u>1,216,832</u>	<u>1,288,078</u>

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(ii) Key Assumptions

Significant judgement is required in determining the insurance contract liabilities. Assumptions used in determining the insurance contract liabilities are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of insurance contract liabilities is particularly sensitive to are as follows:

(a) Discount rate

Generally, the time value of money is considered by discounting the insurance contract liabilities using risk free rate plus illiquidity premium where applicable.

(b) Mortality and morbidity rates

Mortality and morbidity rates represent the expected claims experience of the Group.

The Group bases mortality and morbidity on local established, national and/or company specific industry tables which reflect historical experiences and reinsurance premium rates, adjusted to reflect the licenced insurer's unique risk exposure, product characteristics, target markets and its own claims severity and frequency experiences.

(c) Lapse and surrender rates

Lapse and surrender rates are used to determine the expected persistency of the business i.e. the expectation that policyholders will renew their policies. These rates are based on the insurer's historical experience of lapses and surrenders.

(d) Expenses

Expense assumptions represent the expected amount that will be incurred in servicing the policies over its expected life. Assumptions on future expenses take into consideration current expense levels and the expected expense inflation.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance contract liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect on the sensitivities but to demonstrate the impact due to changes in specific assumptions, these sensitivities are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity analysis will also vary depending on the current economic assumptions.

Life insurance contracts issued

	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) ----->			
<u>Life Insurance - Malaysia</u>					
2025					
Discount rate *	-1%	(216,157)	(215,242)	(164,652)	(163,956)
Mortality and morbidity rates	10% (adverse)	(16,269)	(13,310)	(12,416)	(10,168)
Lapse and surrender rates	10% (adverse)	(6,124)	(5,787)	(4,671)	(4,415)
Expenses	+10%	(5,065)	(5,065)	(3,899)	(3,899)
2024					
Discount rate *	-1%	(202,761)	(196,087)	(154,459)	(149,387)
Mortality and morbidity rates	10% (adverse)	(18,303)	(14,038)	(13,962)	(10,720)
Lapse and surrender rates	10% (adverse)	(5,903)	(5,688)	(4,501)	(4,338)
Expenses	+10%	(5,291)	(5,291)	(4,068)	(4,068)

* excludes impact of fixed income financial assets.

** the impact on equity is stated after tax of 24%.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

Life insurance contracts issued (contd.)

	Change in assumptions %	Impact on CSM before reinsurance contracts held RM'000	Impact on CSM after reinsurance contracts held RM'000
		<----- (Decrease) ----->	
<u>Life Insurance - Malaysia (contd.)</u>			
2025			
Discount rate *	-1%	(13,348)	(13,348)
Mortality and morbidity rates	10% (adverse)	(186,799)	(133,711)
Lapse and surrender rates	10% (adverse)	(47,398)	(42,029)
Expenses	+10%	(57,344)	(57,344)
2024			
Discount rate *	-1%	(21,203)	(21,203)
Mortality and morbidity rates	10% (adverse)	(184,777)	(131,620)
Lapse and surrender rates	10% (adverse)	(48,600)	(45,768)
Expenses	+10%	(54,382)	(54,382)

* excludes impact of fixed income financial assets.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

Life insurance contracts issued (contd.)

	Change in assumptions %	Impact on insurance service result before reinsurance contracts held RM'000	Impact on insurance service result RM'000	Impact on profit before tax RM'000	Impact on equity before reinsurance contracts held** RM'000
		<----- Increase/(Decrease) ----->			
<u>Life Insurance - Singapore</u>					
2025					
Discount rate *	-1%	(99,865)	(99,865)	(99,865)	(82,888)
Mortality and morbidity rates	10% (adverse)	(8,084)	(8,084)	(8,084)	(6,710)
Lapse and surrender rates	10% (adverse)	(6,646)	(6,646)	(6,646)	(5,516)
Expenses	+10%	(4,947)	(4,947)	(4,947)	(4,107)
2024					
Discount rate *	-1%	(86,241)	(86,241)	(86,241)	(71,580)
Mortality and morbidity rates	10% (adverse)	(3,491)	(3,491)	(3,491)	(2,896)
Lapse and surrender rates	10% (adverse)	(6,722)	(6,722)	(6,722)	(5,578)
Expenses	+10%	(7,551)	(7,551)	(7,551)	(6,269)

* excludes impact of fixed income financial assets.

** impact on equity is computed after tax 17%

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

Life insurance contracts issued (contd.)

	Change in assumptions %	Impact on CSM before reinsurance contracts held RM'000	Impact on CSM after reinsurance contracts held RM'000
<u>Life Insurance - Singapore (contd.)</u>			
2025			
Discount rate *	-1%	7,244	7,244
Mortality and morbidity rates	10% (adverse)	(4,836)	(4,931)
Lapse and surrender rates	10% (adverse)	(20,097)	(19,778)
Expenses	+10%	(10,709)	(10,709)
2024			
Discount rate *	-1%	2,643	2,643
Mortality and morbidity rates	10% (adverse)	(1,538)	(1,624)
Lapse and surrender rates	10% (adverse)	(13,822)	(14,851)
Expenses	+10%	(11,696)	(11,696)

* excludes impact of fixed income financial assets.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful

Group

(i) The table below shows the concentration of Family Takaful certificate liabilities by type of certificates:

	2025 RM'000	2024 RM'000
<u>Family Takaful certificate issued</u>		
Direct		
-Credit	7,824,886	7,466,254
-Non credit	2,854,142	2,683,383
-Annuity	827,267	848,928
-Investment linked Takaful	771,343	630,201
-Group yearly renewable term	169,111	197,855
-Unallocated surplus	1,862,697	2,248,915
-Others	166,194	106,706
Total	14,475,640	14,182,242
<u>Family Retakaful certificate held</u>		
- Proportional Family Takaful	367,527	301,395
- Proportional Takafulink	9,504	3,854
- Non-proportional Excess of Loss	17,417	2,166
Total	394,448	307,415

All of the Family Takaful business were derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Group.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful (contd.)

Group

(ii) Key Assumptions

Significant judgement is required in determining the Participants' Risk Fund ("PRF") liabilities. The PRF refers to the fund in which the portion of contributions paid by the participants is allocated and pooled for the purpose of meeting claims. Assumptions used in determining the PRF liabilities are set based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of takaful certificate liabilities is particularly sensitive to are as follows:

(a) Discount rate

The discount rates used in the determination of PRF cashflows are based on the yield observed on Government Investment Issues ("GII") of the appropriate duration plus an illiquidity premium. It is determined using bottom-up approach, extrapolating from the last available market data point to the ultimate forward rate.

(b) Mortality and morbidity rates

Mortality and morbidity rates represent the expected claims experience of the takaful operator. The takaful operator determines the mortality rates based on the Company's own experience. Morbidity rates are determined using retakaful rates, adjusted to reflect the takaful operator's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

(c) Lapse and surrender rates

Lapse and surrender rates are used to determine the expected persistency of the business i.e. the expectation that participants will renew their certificates etc. These rates are based on the takaful operator's historical experience of lapses and surrenders.

(d) Expenses

Expense assumptions represent the expected amount that will be incurred in servicing the certificates over their expected lives. Assumptions on future expenses take into consideration current expense levels and the expected expense inflation.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful (contd.)

Group

(iii) Sensitivity analysis

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of takaful certificate liabilities with all other assumptions held constant, showing the impact on gross and net liabilities and participants' funds.

The correlation of assumptions will have a significant effect on the sensitivity analysis but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis are performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity analysis will also vary depending on the current economic assumptions.

Family takaful certificates issued

	Change in assumptions %	Impact on takaful service result before retakaful certificates held RM'000	Impact on takaful service result RM'000	Impact on equity before retakaful certificates held** RM'000	Impact on equity** RM'000
		←----- Increase/(Decrease) -----→			
2025					
Discount rate *	-1%	(36,975)	(35,254)	(28,101)	(26,793)
Mortality and morbidity rates	10% (adverse)	(27,854)	(18,881)	(21,169)	(14,349)
Lapse and surrender rates	10% (adverse)	(5,865)	(5,904)	(4,458)	(4,487)
Expenses	+10%	(7,905)	(7,905)	(6,008)	(6,008)

* excludes impact of fixed income financial assets.

** the impact on equity is stated after tax of 24%

47. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful (contd.)

Group

(iii) Sensitivity analysis (contd.)

Family takaful certificates issued (contd.)

	Change in assumptions %	Impact on takaful service result before retakaful certificates held %	Impact on takaful service result RM'000	Impact on equity before retakaful certificates held** RM'000	Impact on equity** RM'000
		←----- Increase/(Decrease) ----->			
2024					
Discount rate *	-1%	(32,541)	(31,119)	(24,731)	(23,650)
Mortality and morbidity rates	10% (adverse)	(24,587)	(17,041)	(18,686)	(12,951)
Lapse and surrender rates	10% (adverse)	(5,273)	(5,415)	(4,008)	(4,115)
Expenses	+10%	(6,768)	(6,768)	(5,144)	(5,114)

* excludes impact of fixed income financial assets.

** the impact on equity is stated after tax of 24%

Changes in morbidity, mortality and lapse rates shown above include both upwards and downwards experience, depending on the specific key assumption being analysed. For the purposes of the sensitivity analysis, management has only examined the impact arising from adverse changes to these key assumptions as the impact of such adverse changes would be more significant to management in their decision-making process and strategic positioning.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful (contd.)

Group

(iii) Sensitivity analysis (contd.)

Family takaful certificates issued (contd.)

	Change in assumptions %	2025		2024	
		Impact on CSM before retakaful certificates held RM'000	Impact on CSM after retakaful certificates held RM'000	Impact on CSM after retakaful certificates held RM'000	Impact on CSM after retakaful certificates held RM'000
		←----- Increase/(decrease) ----->			
Discount rate *	-1%	(336,545)	(318,060)	(321,936)	(305,856)
Mortality and morbidity rates	10% (adverse)	(296,637)	(200,219)	(280,063)	(194,760)
Lapse and surrender rates	10% (adverse)	(51,720)	(52,139)	(52,148)	(53,748)
Expenses	+10%	(84,076)	(84,076)	(77,116)	(77,116)

* excludes impact of fixed income financial assets.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance

Group

(i) The table below discloses the General Insurance revenue and allocation of reinsurance premiums in Malaysia and insurance contract liabilities in Singapore by lines of business:

	2025			2024		
	Insurance	Allocation of	Net	Insurance	Allocation of	
	revenue	reinsurance	premiums	revenue	reinsurance	
	RM'000	premiums	RM'000	RM'000	premiums	
	RM'000	RM'000	RM'000	RM'000	RM'000	
	Net		Net		Net	
	RM'000		RM'000		RM'000	
<u>Malaysia</u>						
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
Total	2,344,029	(1,543,803)	800,226	2,205,990	(1,467,669)	738,321
<u>Singapore</u>						
Motor	196,203	(2,677)	193,526	159,545	(2,085)	157,460
Fire	98,551	(53,682)	44,869	129,634	(80,210)	49,424
Marine, Aviation, Cargo and Transit	7,041	(3,060)	3,981	8,934	(3,385)	5,549
Health and Personal Accident	72,921	(760)	72,161	59,822	(760)	59,062
Workmen compensation	49,811	(1,291)	48,520	55,157	(1,308)	53,849
Miscellaneous	40,063	(8,116)	31,947	48,540	(9,327)	39,213
Total	464,590	(69,586)	395,004	461,632	(97,075)	364,557

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(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.

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. The inherent uncertainties in estimating liabilities 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 uncertainties involved in estimating liabilities are allowed for in there serving process explicitly by adding in a provision of risk margin for adverse deviation ("PRAD") for the best estimate of the cost of future claim payments.

Risk adjustment reflects the compensation that the Group 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 Group 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
Malaysian operations	3.00%	3.50%
Singaporean operations	3.00%	3.00%

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(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 funds' claims liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims 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 profit before tax and equity.

	Change in assumptions %	Impact on insurance service result before reinsurance contracts held	Impact on insurance service result	Impact on equity before reinsurance contracts held*	Impact on equity*
		RM'000	RM'000	RM'000	RM'000
		<----- Increase/(Decrease) ----->			
General Insurance - Malaysia					
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)

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

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(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)		
General Insurance - Singapore					
2025					
Net Incurred Claims Ratio	+ 5%	(22,989)	(19,719)	(19,719)	(19,080)
	- 5%	22,989	19,719	19,719	19,080
Interest rate	+100 basis points	(2,228)	(1,832)	(1,832)	(1,848)
	-100 basis points	2,277	1,864	1,864	1,891
2024					
Net Incurred Claims Ratio	+ 5%	(22,731)	(18,128)	(18,128)	(18,867)
	- 5%	22,731	18,128	18,128	18,867
Interest rate	+100 basis points	(2,280)	(1,551)	(1,551)	(1,893)
	-100 basis points	2,290	1,554	1,554	1,900

* Impact on equity is stated after tax of 17%.

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

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table

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

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:

2025

Accident year	Before	Accident year						Total
	2020 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)								
At end of accident year		1,324,606	1,672,243	1,191,847	1,329,271	1,893,227	1,571,319	
1 year later		1,641,367	1,338,765	1,179,811	1,394,653	1,416,823		
2 years later		1,811,830	1,256,636	1,000,821	1,323,818			
3 years later		1,307,809	1,320,675	950,684				
4 years later		1,281,409	1,404,735					
5 years later		1,228,614						
Cumulative gross claims and other directly attributable expenses paid (A)		1,228,614	1,404,735	950,684	1,323,818	1,416,823	1,571,319	
Estimate of gross cumulative payments to date:								
At the end of accident year		162,538	662,915	144,758	233,855	313,989	255,732	
1 year later		250,530	869,352	398,890	431,682	664,940		
2 years later		391,119	1,058,555	499,188	794,223			
3 years later		871,364	1,129,937	619,933				
4 years later		875,976	1,149,923					
5 years later		1,133,752						
Gross cumulative payments (B)		1,133,752	1,149,923	619,933	794,223	664,940	255,732	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

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 (contd.):

2025

Accident year	Before	Accident year						Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross cumulative claims liabilities - accident years (A)-(B)	291,005	94,862	254,812	330,751	529,595	751,883	1,315,587	3,568,495
Provision for prior accident years								3,870
Unallocated loss adjustment expenses								18,533
Provision for adverse deviation								48,114
Gross cumulative claims liabilities for Brunei, Treaty and MMIP								21,608
Effect of discounting								(84,130)
Effect of the risk adjustment margin for non-financial risks								400,338
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								2,608
Claims paid								(22,656)
Insurance receivables and payables								54,135
Gross LIC for contracts originated								<u>4,010,915</u>

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

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 (contd.):

2024

Accident year	Before	Accident year						Total
	2019 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)								
At end of accident year		1,140,969	1,318,908	1,668,310	1,186,050	1,321,653	1,893,227	
1 year later		1,208,704	1,635,803	1,334,833	1,173,982	1,394,653		
2 years later		1,243,532	1,805,924	1,252,922	1,000,821			
3 years later		1,252,093	1,302,120	1,320,675				
4 years later		1,255,820	1,281,409					
5 years later		1,171,890						
Cumulative gross claims and other directly attributable expenses paid (A)		1,171,890	1,281,409	1,320,675	1,000,821	1,394,653	1,893,227	
Estimate of gross cumulative payments to date:								
At the end of accident year		254,960	162,538	662,915	144,758	231,460	313,989	
1 year later		474,617	250,530	869,352	396,136	431,682		
2 years later		663,409	391,119	1,055,730	499,188			
3 years later		766,493	865,994	1,129,937				
4 years later		979,365	875,976					
5 years later		993,965						
Gross cumulative payments (B)		993,965	875,976	1,129,937	499,188	431,682	313,989	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

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 (contd.):

2024

Accident year	Before	Accident year						Total
	2019	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross cumulative claims liabilities - accident years (A)-(B)	220,954	177,925	405,433	190,738	501,633	962,971	1,579,238	4,038,892
Provision for prior accident years								2,663
Unallocated loss adjustment expenses								17,970
Provision for adverse deviation								49,024
Gross cumulative claims liabilities for Brunei, Treaty and MMIP								27,654
Effect of discounting								(108,421)
Effect of the risk adjustment margin for non-financial risks								389,736
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								3,188
Claims recovery								6,959
Insurance receivables and payables								52,012
Gross LIC for contracts originated								4,479,677

*Excludes MFRS 17 impact for EIPL

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development

2025

Accident year	Before	Accident year						Total
	2020 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	
Estimate of ultimate claim costs (net of reinsurance, undiscounted)								
At end of accident year		354,402	323,928	436,410	516,297	642,144	662,130	
1 year later		343,536	311,489	420,409	511,101	608,517		
2 years later		339,987	306,638	417,728	484,504			
3 years later		342,167	305,260	415,486				
4 years later		332,413	298,625					
5 years later		323,869						
Cumulative net claims and other directly attributable expenses paid (A)		323,869	298,625	415,486	484,504	608,517	662,130	
Estimate of net cumulative payments to date:								
At the end of accident year		114,009	67,496	115,987	202,625	231,957	246,170	
1 year later		180,292	149,100	279,109	343,598	422,978		
2 years later		198,345	248,250	325,933	398,606			
3 years later		302,185	269,091	354,559				
4 years later		310,870	274,263					
5 years later		314,138						
Gross cumulative payments (B)		314,138	274,263	354,559	398,606	422,978	246,170	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

2025

Accident year	Before	Accident year						Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cumulative claims liabilities (A)-(B)	13,996	9,731	24,362	60,927	85,898	185,539	415,960	796,413
Provision for prior accident years								3,083
Unallocated loss adjustment expenses								18,533
Provision for adverse deviation								32,038
Net cumulative claims liabilities for Brunei, Treaty and MMIP								21,441
Effect of discounting								(22,956)
Effect of the risk adjustment margin for non-financial risks								31,720
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								2,599
Claims recovery								406
Insurance receivables and payables								(12,841)
Net LIC for contracts originated								870,436

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

2024

Accident year	Before	Accident year						Total
	2019 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	
Estimate of ultimate claim costs (net of reinsurance, undiscounted)								
At end of accident year		373,652	354,402	323,928	436,410	516,297	642,144	
1 year later		373,566	343,536	311,489	420,409	511,101		
2 years later		390,443	339,987	306,638	417,728			
3 years later		391,394	342,167	305,260				
4 years later		398,118	332,413					
5 years later		393,853						
Cumulative net claims and other directly attributable expenses paid (A)		393,853	332,413	305,260	417,728	511,101	642,144	
Estimate of net cumulative payments to date:								
At the end of accident year		131,115	114,009	67,496	115,987	202,625	231,757	
1 year later		208,718	180,292	149,100	279,109	343,598		
2 years later		239,700	198,345	248,250	325,933			
3 years later		256,387	302,185	269,091				
4 years later		361,747	310,870					
5 years later		370,642						
Gross cumulative payments (B)		370,642	310,870	269,091	325,933	343,598	231,757	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

2024

Accident year	Before	Accident year						Total
	2019 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	
Net cumulative claims liabilities (A)-(B)	12,957	23,211	21,543	36,169	91,795	167,503	410,387	763,565
Provision for prior accident years								2,271
Unallocated loss adjustment expenses								18,206
Provision for adverse deviation								28,870
Net cumulative claims liabilities for Brunei, Treaty and MMIP								27,479
Effect of discounting								(29,333)
Effect of the risk adjustment margin for non-financial risks								31,086
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								3,178
Claims recovery								647
Insurance receivables and payables								15,377
Net LIC for contracts originated								861,346

*Excludes MFRS 17 impact for EIPL

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund

Group

(i) The table below discloses the General Takaful revenue and allocation of retakaful contributions by lines of business:

	2025			2024		
	Takaful revenue RM'000	Allocation of retakaful contributions RM'000	Net RM'000	Takaful revenue RM'000	Allocation of retakaful contributions RM'000	Net RM'000
Motor	350,513	(167,421)	183,092	1,602,739	(18,487)	1,584,252
Fire	1,666,029	(21,556)	1,644,473	322,546	(158,847)	163,699
Marine, Aviation, Cargo and Transit	40,344	(25,988)	14,356	37,493	(29,633)	7,860
Miscellaneous	406,299	(155,220)	251,079	326,141	(110,036)	216,105
	<u>2,463,185</u>	<u>(370,185)</u>	<u>2,093,000</u>	<u>2,288,919</u>	<u>(317,003)</u>	<u>1,971,916</u>

All of the General Takaful business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Group.

(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 ultimate costs of outstanding 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.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (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, certificate 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 cash flows of groups of takaful and retakaful certificates. The inherent uncertainties in estimating the 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 risks of both its takaful and retakaful certificates. The target confidence level is 75th percentile, in line with the regulatory requirement of Bank Negara Malaysia under the Risk-Based Capital Framework for Takaful Operator.

The unallocated loss adjustment expense ("ULAE") assumptions are derived based on historical claims handling expenses. Loadings are applied to the central estimate of loss to derive the ULAE.

Unallocated loss adjustment expense	2025	2024
ULAE ratio	1.5%	2.0%

(iii) Sensitivity analysis

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

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iii) Sensitivity analysis (contd.)

Illustrative results of sensitivity analysis for the General Takaful fund's claims liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and, consequently, the observed net claims ratio for the financial year. Therefore, 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 profit before tax and zakat and the participants' fund.

	Change in assumptions	Impact on takaful service result before retakaful certificates held RM'000	Impact on takaful service result RM'000	Impact on equity before retakaful certificates held* RM'000	Impact on equity* RM'000
	%		Increase/(Decrease)		
2025					
Incurring claims ratio	+ 5%	(121,177)	(98,805)	(92,094)	(75,091)
	- 5%	121,177	98,805	92,094	75,091
Profit rate	+100 basis points	19,134	16,182	14,542	12,299
	-100 basis points	(19,745)	(16,716)	(15,006)	(12,704)
2024					
Incurring claims ratio	+ 5%	(114,322)	(96,088)	(86,884)	(73,027)
	- 5%	114,322	96,088	86,884	73,027
Profit rate	+100 basis points	19,709	17,220	14,979	13,087
	-100 basis points	(20,342)	(17,793)	(15,460)	(13,523)

*It is assumed that the changes in incurred claims ratio and profit rate will not affect surplus distribution.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table

The following tables show the Takaful subsidiary's estimated incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date. The management of the Takaful subsidiary believes the estimate of total claims outstanding as at the financial year end are adequate. The Takaful subsidiary 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.

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.

2025

Accident year	Before	----- Accident year -----						Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs								
(gross of retakaful, undiscounted)								
At end of accident year		1,000,258	1,391,364	1,183,150	1,385,679	1,607,750	1,507,240	
1 year later		973,211	839,987	1,162,458	1,349,548	1,531,234		
2 years later		961,141	837,902	1,157,607	1,329,334			
3 years later		955,936	805,939	1,164,593				
4 years later		937,853	805,880					
5 years later		926,158						
Cumulative gross claims and other directly attributable expenses paid		836,750	732,515	1,045,659	1,150,642	1,085,056	649,285	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

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 (contd.)

2025

Accident year	Before <----- Accident year ----->							Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross cumulative claims liabilities - accident years								
from 2020 to 2025	-	89,408	73,365	118,934	178,692	446,178	857,955	1,764,532
Gross cumulative claims liabilities-prior accident years	30,925	-	-	-	-	-	-	30,925
Effect of discounting	(230)	(753)	(1,347)	(3,373)	(5,655)	(15,108)	(30,301)	(56,767)
Effect of the risk adjustment margin for non-financial risks	2,541	3,816	6,515	10,412	14,326	36,179	67,403	141,192
Trade balances and others*	-	-	-	-	-	-	638,078	638,078
Gross LIC for contracts originated	33,236	92,471	78,533	125,973	187,363	467,249	1,533,135	2,517,960

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

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 (contd.)

2024

Accident year	Before <----- Accident year ----->							Total
	2019 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	
Estimate of ultimate claim costs								
(gross of retakaful, undiscounted)								
At end of accident year		946,499	1,000,258	1,391,364	1,183,150	1,385,679	1,553,391	
1 year later		924,486	973,211	839,987	1,162,458	1,314,809		
2 years later		909,997	961,141	837,902	1,126,833			
3 years later		919,888	955,936	816,810				
4 years later		921,058	950,335					
5 years later		922,450						
Cumulative gross claims and other directly attributable expenses paid		867,147	822,955	712,732	911,383	928,199	608,911	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development (contd.)

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 (contd.)

2024

Accident year	Before <----- Accident year ----->							Total
	2019	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross cumulative claims liabilities - accident years								
from 2019 to 2024	-	55,303	127,380	104,078	215,450	386,610	944,480	1,833,301
Gross cumulative claims liabilities-prior accident years	28,913	-	-	-	-	-	-	28,913
Effect of discounting	(357)	(1,456)	(2,027)	(3,046)	(8,529)	(15,741)	(33,257)	(64,413)
Effect of the risk adjustment margin for non-financial risks	2,879	5,450	9,747	11,136	23,453	38,498	78,564	169,727
Trade balances and others*	-	-	-	-	-	-	454,305	454,305
Gross LIC for contracts originated	31,435	59,297	135,100	112,168	230,374	409,367	1,444,092	2,421,833

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net 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 (contd.)

2025

Accident year	Before <----- Accident year ----->							Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs (net of retakaful, undiscounted)								
At end of accident year		906,151	723,067	1,103,414	1,268,592	1,410,139	1,365,395	
1 year later		867,718	760,387	1,099,103	1,230,800	1,372,282		
2 years later		775,100	758,261	1,106,765	1,242,366			
3 years later		763,270	723,411	1,107,624				
4 years later		748,518	723,391					
5 years later		738,725						
Cumulative net claims and other directly attributable expenses paid		704,831	674,183	1,018,454	1,094,115	1,043,027	647,118	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

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 (contd.)

2025

Accident year	Before <----- Accident year ----->							Total
	2020	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cumulative claims liabilities - accident years								
from 2020 to 2025	-	33,894	49,208	89,170	148,251	329,255	718,277	1,368,055
Net cumulative claims liabilities-prior accident years	18,049	-	-	-	-	-	-	18,049
Effect of discounting	(230)	(753)	(1,280)	(2,889)	(5,118)	(12,334)	(25,528)	(48,132)
Effect of the risk adjustment margin for non-financial risks	1,598	2,936	4,391	7,883	13,117	28,268	58,612	116,805
Trade balances and others*	-	-	-	-	-	-	694,553	694,553
Gross LIC for contracts originated	19,417	36,077	52,319	94,164	156,250	345,189	1,445,914	2,149,330

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

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 (contd.)

2024

Accident year	Before <----- Accident year ----->							Total
	2019	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of ultimate claim costs (net of retakaful, undiscounted)								
At end of accident year		913,618	906,151	723,067	1,103,414	1,258,592	1,358,370	
1 year later		895,213	867,718	760,387	1,099,103	1,213,351		
2 years later		878,593	775,100	758,261	1,054,862			
3 years later		887,150	763,270	734,251				
4 years later		894,489	761,837					
5 years later		896,589						
Cumulative net claims and other directly attributable expenses paid		847,979	701,819	657,875	868,580	907,858	602,209	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

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 (contd.)

2024

Accident year	Before <-----	Accident year ----->						Total
	2019	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cumulative claims liabilities - accident years from 2019 to 2024	-	48,610	60,018	76,376	186,282	305,493	756,161	1,432,940
Net cumulative claims liabilities-prior accident years	17,908	-	-	-	-	-	-	17,908
Effect of discounting	(329)	(1,438)	(1,882)	(2,841)	(8,048)	(13,926)	(28,060)	(56,524)
Effect of the risk adjustment margin for non-financial risks	2,147	4,966	6,214	8,620	20,906	33,336	62,595	138,784
Trade balances and others*	-	-	-	-	-	-	519,789	519,789
Gross LIC for the contracts originated	19,726	52,138	64,350	82,155	199,140	324,903	1,310,485	2,052,897

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

48. 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 assets 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 Group's and the Company's exposure to credit risk arises mainly from assets (fixed income and equities) and reinsurance/retakaful.

The Group 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.

48. 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 statements of financial position and items such as future commitments and contract assets. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreement.

Group

	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Others RM'000	Total RM'000
<u>2025</u>						
Financial assets at						
FVTPL	67,897	8,602,676	13,210	6,956,054	-	15,639,837
FVOCI	1,504,042	7,839,006	4,236,082	7,304,853	71,906	20,955,889
AC	262,616	820,609	1,039,407	1,206,030	155,778	3,484,440
Financing receivables	29,660	52,785	647	8,069	17,521	108,682
Reinsurance contract/retakaful certificate and Insurance contract/Takaful certificate assets*	586,164	164,129	172,549	8,489	-	931,331
Other assets**	73,052	200,801	51,274	219,273	38,908	583,308
Derivative assets	2,162	61,362	1,954	4,023	-	69,501
Cash and bank balances***	67,723	499,188	112,905	92,129	29,928	801,873
	2,593,316	18,240,556	5,628,028	15,798,920	314,041	42,574,861

* Comprising receivables from reinsurance/retakaful, net of impairment and outstanding premiums/contributions, net of impairment.

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

*** Excluding petty cash.

No credit exposure was disclosed for the Investment-linked fund (unitised) as the exposure is borne by the policyholders.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure (contd.)

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

Group

	General Insurance RM'000	Life Insurance RM'000	General Takaful RM'000	Family Takaful RM'000	Others RM'000	Total RM'000
<u>2024</u>						
Financial assets at						
FVTPL	89,805	7,574,576	13,369	7,061,432	-	14,739,182
FVOCI	1,417,059	8,952,567	3,648,346	7,310,696	110,236	21,438,904
AC	279,566	1,026,261	1,339,110	1,204,969	512,350	4,362,256
Financing receivables	30,354	56,781	826	9,362	14,979	112,302
Reinsurance contract/retakaful certificate and Insurance contract/Takaful certificate assets*	396,101	159,444	160,857	9,484	-	725,886
Other assets**	46,537	359,625	49,139	263,339	35,754	754,394
Derivative assets	266	15,205	-	1	-	15,472
Cash and bank balances***	109,012	482,930	51,856	81,805	29,533	755,136
	2,368,700	18,627,389	5,263,503	15,941,088	702,852	42,903,532

* Comprising receivables from reinsurance/retakaful, net of impairment and outstanding premiums/contributions, net of impairment.

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

*** Excluding petty cash.

No credit exposure was disclosed for the Investment-linked fund (unitised) as the exposure is borne by the policyholders.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure (contd.)

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

Company

	2025	2024
	RM'000	RM'000
Financial assets at		
FVOCI	71,906	110,236
AC	153,081	506,586
Financing receivables	648,002	670,816
Other assets*	37,934	34,588
Cash and bank balances**	26,176	23,974
	<u>937,099</u>	<u>1,346,200</u>

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

** Excluding petty cash.

48. 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, describe the credit quality of the Group's and 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(x)(a).
- Unrated : Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of ratings models.
- Sovereign : Refer to obligors which are governments and/or government-related agencies.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure by Rating

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying assets according to the Group's credit ratings of counterparties.

Group	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
<u>2025</u>							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Malaysian government papers	1,119,902	-	-	-	-	-	1,119,902
Debt securities, structured products, NCDs, NICDs and REPO	4,378,491	3,209,526	5,498,382	333,267	-	33,330	13,452,996
(ii) HFT							
Malaysian government papers	125,248	-	-	-	-	-	125,248
Debt securities, structured products, NCDs & NICDs	43,224	286,995	553,259	58,213	-	-	941,691
Financial assets at FVOCI							
Malaysian government papers	935,414	-	-	-	-	-	935,414
Singapore government securities	1,979,904	-	-	-	-	-	1,979,904
Debt securities, structured products, NCDs, NICDs and REPO	3,064,409	7,682,071	7,160,453	133,638	-	-	18,040,571

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure by Rating (contd.)

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying assets according to the Group's credit ratings of counterparties. (contd.)

Group (contd.)	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 AC							
Fixed and call deposits							
Licenced financial institutions	-	2,116,312	140,667	-	-	-	2,256,979
Others	-	1,058,822	168,639	-	-	-	1,227,461
Financing receivables	-	446	-	-	-	108,236	108,682
Reinsurance contract/retakaful certificate assets and Insurance contract/Takaful certificate assets*	-	72,360	120,730	38	-	738,203	931,331
Other assets **	103,939	150,403	127,839	5,424	-	195,703	583,308
Derivative assets	-	25,233	44,268	-	-	-	69,501
Cash and bank balances***	-	532,624	267,612	1,637	-	-	801,873
	11,750,531	15,134,792	14,081,849	532,217	-	1,075,472	42,574,861

* Comprising receivables from reinsurance/retakaful, net of impairment and outstanding premiums/contributions, net of impairment.

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

*** Excluding petty cash.

No credit exposure was disclosed for the Investment-linked fund (unitised) as the exposure is borne by the policyholders.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure by Rating (contd.)

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying assets according to the Group's credit ratings of counterparties. (contd.)

Group (contd.)	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
<u>2024</u>							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Malaysian government papers	987,030	-	-	-	-	-	987,030
Debt securities, structured products, NCDs & NICDs	4,128,821	3,241,923	5,043,678	322,256	-	-	12,736,678
(ii) HFT							
Malaysian government papers	184,526	-	-	-	-	-	184,526
Debt securities, structured products, NCDs & NICDs	32,427	299,259	462,658	36,604	-	-	830,948
Financial assets at FVOCI							
Malaysian government papers	1,394,870	-	-	-	-	-	1,394,870
Singapore government securities	2,416,725	-	-	-	-	-	2,416,725
Debt securities, structured products, NCDs & NICDs	3,154,027	7,621,159	6,679,438	172,685	-	-	17,627,309

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure by Rating (contd.)

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying assets according to the Group's credit ratings of counterparties. (contd.)

Group (contd.)	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
<u>2024</u>							
Financial assets at AC							
Fixed and call deposits							
Licenced financial institutions	-	3,014,754	179,669	-	-	-	3,194,423
Others	-	1,006,134	161,647	-	-	52	1,167,833
Financing receivables	-	456	-	-	-	111,846	112,302
Reinsurance contract/retakaful certificate assets and Insurance contract/Takaful certificate assets*	-	12,518	170,777	4,765	-	537,826	725,886
Other assets **	107,735	153,034	124,595	5,836	-	363,194	754,394
Derivative assets	-	11,767	3,705	-	-	-	15,472
Cash and bank balances***	-	620,541	132,541	1,508	-	546	755,136
	12,406,161	15,981,545	12,958,708	543,654	-	1,013,464	42,903,532

* Comprising receivables from reinsurance/retakaful, net of impairment and outstanding premiums/contributions, net of impairment losses.

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

*** Excluding petty cash.

No credit exposure was disclosed for the Investment-linked fund (unitised) as the exposure is borne by the policyholders.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure by Rating (contd.)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the Company's credit ratings of counterparties.

Company

	Sovereign	Very Low	Low	Medium	High	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2025</u>							
Financial assets at FVOCI							
Malaysian government papers	15,108	-	-	-	-	-	15,108
Debt securities, structured products, NCDs & NICDs	-	8,075	48,723	-	-	-	56,798
Financial assets at AC							
Fixed and call deposits							
Licensed financial institutions	-	86,153	-	-	-	-	86,153
Others	-	46,158	20,770	-	-	-	66,928
Financing receivables	-	-	-	-	-	648,002	648,002
Other assets*	131	34,551	998	-	-	2,254	37,934
Cash and bank balances**	-	26,176	-	-	-	-	26,176
	15,239	201,113	70,491	-	-	650,256	937,099

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

** Excluding petty cash.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit Exposure by Rating (contd.)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the Company's credit ratings of counterparties (contd.)

Company	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
<u>2024</u>							
Financial assets at FVOCI							
Malaysian government papers	14,992	-	-	-	-	-	14,992
Debt securities, structured products, NCDs & NICDs	-	18,263	76,981	-	-	-	95,244
Financial assets at AC							
Fixed and call deposits							
Licenced financial institutions	-	411,813	20,961	-	-	-	432,774
Others	-	45,628	28,184	-	-	-	73,812
Financing receivables	-	-	-	-	-	670,816	670,816
Other assets*	131	27,600	1,557	-	-	5,300	34,588
Cash and bank balances**	-	23,973	-	-	-	-	23,973
	15,123	527,277	127,683	-	-	676,116	1,346,199

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

** Excluding petty cash.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account

Significant increase in credit risk

The Group and the Company apply 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 Group and the Company measure impairment losses and apply the effective interest rate ("EIR") method with the forward looking element to compute the ECL.

The Group and the Company have 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 are 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 Group and the Company assess 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 Group and the Company. A newly purchased or originated financial asset will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Group and the Company are 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 Group and 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.

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>2025</u>	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI				
Sovereign	5,979,727	-	-	5,979,727
Very low	7,617,917	-	-	7,617,917
Low	6,823,939	336,515	-	7,160,454
Medium	197,791	-	-	197,791
Total carrying amount	20,619,374	336,515	-	20,955,889
Total ECL	(4,240)	(1,914)	-	(6,154)
Financial assets at AC				
Very low	3,175,133	-	-	3,175,133
Low	309,307	-	-	309,307
Total carrying amount	3,484,440	-	-	3,484,440
Total ECL	-	-	-	-

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>2025</u>	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI				
At 1 January 2025	2,304	3,371	-	5,675
Net adjustment of loss allowance	647	(375)	-	272
New financial assets originated or purchased	1,023	-	-	1,023
Financial assets that have been derecognised	(100)	(382)	-	(482)
Write-offs	413	(700)	-	(287)
Foreign exchange and other movements	(47)	-	-	(47)
At 31 December 2025	4,240	1,914	-	6,154

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>2024</u>	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI				
Sovereign	6,965,621	-	-	6,965,621
Very low	7,593,199	27,961	-	7,621,160
Low	6,098,498	580,939	-	6,679,437
Medium	172,686	-	-	172,686
Total carrying amount	20,830,004	608,900	-	21,438,904
Total ECL	(2,304)	(3,371)	-	(5,675)
Financial assets at AC				
Very low	4,111,044	-	-	4,111,044
Low	231,217	-	-	231,217
Unrated	52	-	-	52
Total carrying amount	4,342,313	-	-	4,342,313
Total ECL	-	-	-	-

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>2024</u>	RM'000	RM'000	RM'000	RM'000

Financial assets at FVOCI

At 1 January 2024	5,401	3,591	-	8,992
Net adjustment of loss allowance	(3,180)	(561)	-	(3,741)
New financial assets originated or purchased	337	466	-	803
Financial assets that have been derecognised	(155)	(122)	-	(277)
Foreign exchange and other movements	(102)	-	-	(102)
At 31 December 2024	<u>2,304</u>	<u>3,371</u>	<u>-</u>	<u>5,675</u>

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

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

Company	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>2025</u>	RM'000	RM'000	RM'000	RM'000

Financial assets at FVOCI

Sovereign	15,108	-	-	15,108
Very low	8,075	-	-	8,075
Low	43,694	5,029	-	48,723
Total carrying amount	66,877	5,029	-	71,906

Total ECL	(19)	(2)	-	(21)
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Financial assets at AC

Very low	132,311	-	-	132,311
Low	20,770	-	-	20,770
Total carrying amount	153,081	-	-	153,081

Total ECL	-	-	-	-
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Movements in allowances for impairment losses for financial assets are as follows:

Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	
RM'000	RM'000	RM'000	RM'000

Financial assets at FVOCI

At 1 January 2025	13	7	-	20
Net adjustment of loss allowance	9	(3)	-	6
Financial assets that have been derecognised	(3)	(2)	-	(5)
At 31 December 2025	19	2	-	21

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

Company	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>2024</u>	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI				
Sovereign	14,992	-	-	14,992
Very low	18,263	-	-	18,263
Low	61,822	15,159	-	76,981
Total carrying amount	95,077	15,159	-	110,236
Total ECL	(13)	(7)	-	(20)
Financial assets at AC				
Very low	457,441	-	-	457,441
Low	49,145	-	-	49,145
Total carrying amount	506,586	-	-	506,586
Total ECL	-	-	-	-

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	42	22	-	64
Net adjustment of loss allowance	(25)	(15)	-	(40)
Financial assets that have been derecognised	(4)	-	-	(4)
At 31 December 2024	13	7	-	20

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Other financial assets - Reconciliation of allowance account

The Group and the Company applied the Simplified Approach where the ECL is measured at initial recognition 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/takaful and reinsurance/retakaful receivables are grouped based on different sales channels and different reinsurance/retakaful 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 assets of the Group are as follows:

Group	Not-credit impaired			Credit-impaired			Total		
	Financing receivables	Reinsurance contract/ Retakaful certificate assets and Insurance contract/ Takaful certificate assets*	Other assets**	Financing receivables	Reinsurance contract/ Retakaful certificate assets and Insurance contract/ Takaful certificate assets*	Other assets**	Financing receivables	Reinsurance contract/ Retakaful certificate assets and Insurance contract/ Takaful certificate assets*	Other assets**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Gross carrying amount</u>									
At 1 January 2024	75,004	761,984	585,973	7,117	102,135	7,039	82,121	864,119	593,012
Increase/(decrease)	37,424	(212,353)	165,029	(158)	81,962	67	37,266	(130,391)	165,096
At 31 December 2024	112,428	549,631	751,002	6,959	184,097	7,106	119,387	733,728	758,108
(Decrease)/increase	(3,678)	256,521	(171,015)	271	(55,329)	(5)	(3,407)	201,192	(171,020)
At 31 December 2025	108,750	806,152	579,987	7,230	128,768	7,101	115,980	934,920	587,088
<u>Lifetime ECL</u>									
At 1 January 2024	248	983	409	6,897	4,034	3,361	7,145	5,017	3,770
(Decrease)/increase	(144)	(1)	(34)	84	2,826	(23)	(60)	2,825	(57)
At 31 December 2024	104	982	375	6,981	6,860	3,338	7,085	7,842	3,713
(Decrease)/increase	(37)	(423)	23	250	(3,830)	44	213	(4,253)	67
At 31 December 2025	67	559	398	7,231	3,030	3,382	7,298	3,589	3,780

* Comprising receivables from reinsurance/retakaful, net of impairment and outstanding premiums/contributions, net of impairment.

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

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

The Company applied the Simplified Approach where the ECL is measured at initial recognition financial assets using a provision matrix based on historical data or also known as the roll rate approach.

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

Company

	Not-credit impaired	
	Financing receivables RM'000	Other assets* RM'000
<u>Gross carrying amount</u>		
At 1 January 2024	706,365	18,868
(Decrease)/increase	(35,127)	15,720
At 31 December 2024	671,238	34,588
(Decrease)/increase	(22,349)	3,346
At 31 December 2025	648,889	37,934
<u>Lifetime ECL</u>		
At 1 January 2024	1,198	-
Decrease	(776)	-
At 31 December 2024	422	-
Increase	465	-
At 31 December 2025	887	-

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

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial Effects of Collateral Held

The main types of collateral held as security by the Group to mitigate credit risk are as follows:

Type of financing receivables	Types of collaterals
Corporate loans	Charges over properties, lands being financed and bank guarantees
Secured staff/non-staff loans	Charges over residential properties and 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 (31 December 2024: 100%). Financing receivables amounting to RM77.5 million as at 31 December 2025 (2024: RM73.9 million) are collateralised.

Company

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 of the Company is 100% as at 31 December 2025 (2024: 100%). The financing receivables amounted to RM16.6 million as at 31 December 2025 (2024: RM10.7 million) that comprised of staff loan are collateralised.

The remaining balance of financing receivables amounting to RM630.93 million are the Sub-bond issued by EIPL which is fully subscribed by the Company. The Sub-bond is not collateralised yet secured due to the nature of intercompany loan.

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk

Liquidity risk is the risk of an adverse impact to the Group and the Company 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 Group and 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 Group and the Company.

Market liquidity risk is the risk that the Group and 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 surrenders, withdrawal, claims and maturity benefits, and financial obligations to other contract holders without endangering the business financials due to constraints on liquidating assets.

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

- (a) The Risk Management and Investment Management Department actively monitor the cash flows associated and derived from assets and liabilities of the Group through the ALCO platform;
- (b) The Investment Management Department ensures that reasonable liquidity is maintained 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 Profile of the financial assets and financial liabilities and Insurance/Takaful assets/liabilities of the Group and the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable. For Insurance contracts/Takaful certificate liabilities and reinsurance/retakaful assets, Maturity Profiles are determined based on the estimated timing of net cash outflows of the recognised Insurance/Takaful liabilities.

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group	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
<u>2025</u>						
Financial assets:						
FVTPL	25,600,145	2,059,783	6,066,281	14,722,376	7,669,895	30,518,335
FVOCI	21,335,611	2,365,963	10,784,604	17,168,843	379,724	30,699,134
AC	3,484,440	3,489,619	-	-	-	3,489,619
Financing receivables	108,682	7,493	64,527	47,362	-	119,382
Reinsurance contract/ retakaful certificate assets, net*	4,468,211	3,101,320	1,192,073	455,389	-	4,748,782
Other assets**	595,544	587,921	-	-	-	587,921
Derivative assets	69,501	68,057	1,444	-	-	69,501
Cash and bank balances	884,823	4,988	-	-	796,887	801,875
Total assets	56,546,957	11,685,144	18,108,929	32,393,970	8,846,506	71,034,549
Insurance contract/ takaful certificate liabilities, net***	31,142,698	11,023,182	6,828,156	21,792,431	-	39,643,769
Subordinated obligation	1,000,000	1,039,500	-	-	-	1,039,500
Derivative liabilities	33,080	31,289	1,791	-	-	33,080
Other liabilities****	1,994,948	1,872,439	33,481	2,082	-	1,908,002
Interest payable on subordinated obligation	9,874	9,874	-	-	-	9,874
Total liabilities	34,180,600	13,976,284	6,863,428	21,794,513	-	42,634,225

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group	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
<u>2024</u>						
Financial assets:						
FVTPL	21,795,435	1,347,509	6,328,900	14,210,123	5,945,645	27,832,177
FVOCI	21,922,825	2,325,495	9,396,773	21,723,730	483,921	33,929,919
AC	4,342,313	4,349,258	-	-	-	4,349,258
Financing receivables	112,302	8,454	67,549	48,927	-	124,930
Reinsurance contract/ retakaful certificate assets, net*	4,661,632	3,408,126	1,109,689	460,121	-	4,977,936
Other assets**	758,745	755,558	-	-	-	755,558
Derivative assets	15,472	15,343	128	-	-	15,471
Cash and bank balances	814,557	7,907	-	-	747,231	755,138
Total assets	54,423,281	12,217,650	16,903,039	36,442,901	7,176,797	72,740,387

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group	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
<u>2024</u>						
Insurance contract/ takaful certificate liabilities, net****	31,512,388	11,364,958	6,365,208	22,543,667	-	40,273,833
Subordinated obligation	1,000,000	39,500	197,500	1,039,500	-	1,276,500
Derivative liabilities	314,936	281,008	33,929	-	-	314,937
Other liabilities****	1,692,591	1,593,868	33,115	7,754	63,297	1,698,034
Interest payable on subordinated obligation	10,091	14,739	-	-	-	14,739
Total liabilities	34,530,006	13,294,073	6,629,752	23,590,921	63,297	43,578,043

* Including AIC and receivables from reinsurers/retakaful, net of impairment.

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

*** Including LIC and receivables from co-insurers/co-retakaful, net of impairment.

**** Excluding GST payable and provision for reinstatement.

No liquidity exposure was disclosed for the Investment-linked fund (unitised) as the exposure is borne by the policyholders.

Other non-financial assets and liabilities of the Group are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Company	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
<u>2025</u>						
Financial investments:						
FVTPL	203,828	-	-	-	203,828	203,828
FVOCI	71,906	18,279	59,358	-	-	77,637
AC	153,081	153,081	-	-	-	153,081
Financing receivables	648,002	2,460	7,191	641,345	-	650,996
Other assets	42,551	42,551	-	-	-	42,551
Cash and bank balances	26,176	-	-	-	26,176	26,176
Total assets	1,145,544	216,371	66,549	641,345	230,004	1,154,269
Subordinated obligation	1,000,000	1,039,500	-	-	-	1,039,500
Derivative liabilities	16,289	16,289	-	-	-	16,289
Other liabilities	50,138	50,138	-	-	-	50,138
Interest payable on subordinated obligations	9,874	9,874	-	-	-	9,874
Total liabilities	1,076,301	1,115,801	-	-	-	1,115,801

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Company	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
<u>2024</u>						
Financial investments:						
FVOCI	110,236	43,511	72,491	5,146	-	121,148
AC	506,586	506,586	-	-	-	506,586
Financing receivables	670,816	1,991	6,257	664,733	-	672,981
Other assets	35,752	35,752	-	-	-	35,752
Cash and bank balances	23,974	-	-	-	23,974	23,974
Total assets	1,347,364	587,840	78,748	669,879	23,974	1,360,441
Subordinated obligation	1,000,000	39,500	197,500	1,039,500	-	1,276,500
Derivative liabilities	33,929	-	33,929	-	-	33,929
Other liabilities	84,492	84,492	-	-	-	84,492
Interest payable on subordinated obligations	10,091	10,091	-	-	-	10,091
Total liabilities	1,128,512	134,083	231,429	1,039,500	-	1,405,012

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk

Market risk is the risk of losses on financial investments caused by adverse price movement.

There are four primary sources of risk that affect the overall market:

- (a) Foreign Exchange Risk;
- (b) Interest/Profit Rates Risk (including the credit spread risk);
- (c) Equity Price Risk; and
- (d) Property Risk

The Group and the Company have three main key features with respect to their market risk management practices and policies:

- (a) The Group'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.
- (b) Compliance to the policies are monitored, and exposures and breaches are reported as soon as practicable.
- (c) Strict controls exist for derivative transactions; such transactions are only permitted for hedging purposes and not for speculative purposes.

The Group also issues investment-linked policies for a number of products. For investment-linked business, the policyholders/participants bear the investment risk on the assets held in the investment-linked funds as the benefits are directly linked to the value of the assets in the funds.

The Group's exposure to market risk for this business is limited to the extent that income arising from asset management charges is based on the value of the assets in the funds. Accordingly, the sensitivity analysis disclosed for each component of market risk in the following pages do not include analysis on the impact of such risks on the investment-linked funds.

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(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 Group's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to Singapore Dollar ("SGD") mainly due to EIPL's General and Life insurance operations in Singapore. Additionally, the Group has exposure to the US Dollar ("USD") through its investment assets in Singapore, which introduces a further element of foreign exchange risk.

As the Group's business is conducted primarily in Malaysia and Singapore, the Group's financial assets are also primarily maintained in Malaysia and Singapore as required under the Financial Services Act 2013, the Islamic Financial Services Act 2013 and Monetary Authority of Singapore, and hence, primarily denominated in the same currency (the local "RM" and "SGD") as its insurance contract/takaful certificate and investment contract liabilities, while some investment assets in Singapore are held in USD.

Group

	Changes in variables	2025		2024	
		Impact on profit before tax RM'000	Impact on equity RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
		<----- Increase / (decrease) ----->			
Singapore Dollar	+100bps	756	3,096	1,171	2,339
	-100bps	(756)	(3,096)	(1,171)	(2,339)
United States Dollar	+100bps	27	215	14	223
	-100bps	(27)	(215)	(14)	(223)

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest/Profit Rate Risk

Interest/profit rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract/Takaful certificate or reinsurance contract/retakaful certificate will fluctuate because of changes in market interest/profit rates.

Interest/profit rate risk arises from exposures to interest/profit 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 Group and the Company.

The Group and the Company measures and manages interest/profit 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 Group's and 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/Takaful certificates. However, the Group and the Company's interest/profit 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/Takaful certificates liabilities. The policy also requires it to manage the maturities of interest bearing financial assets.

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest/Profit Rate Risk (contd.)

The Group and the Company's exposure to interest/profit rate risk sensitive insurance/Takaful and reinsurance contracts/retakaful certificates and financial instruments are, as follows:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Group

	Changes in variables	2025		2024		Impact on profit/equity* RM'000	
		Impact on carrying value RM'000	Impact on CSM RM'000	Impact on profit/equity* RM'000	Impact on carrying value RM'000		
		<----- (Decrease)/Increase ----->					
Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates, net	+100bps	(1,153,691)	237,716	453,336	(1,092,035)	231,532	433,741
	-100bps	1,309,947	(270,787)	(520,147)	1,227,559	(270,670)	(472,684)
Financial Instruments at FVTPL	+100bps	(980,948)	(185,399)	(421,653)	(991,222)	(185,284)	(422,365)
	-100bps	1,137,564	219,847	481,248	1,109,993	214,713	461,700
Financial Instruments at FVOCI	+100bps	(986,692)	-	(370,707)	(1,019,935)	-	(390,806)
	-100bps	1,128,502	-	416,160	1,165,910	-	433,999
Financial Instruments at AC	+100bps	(5,372)	-	(12,662)	(7,644)	-	(18,158)
	-100bps	5,207	-	12,600	7,468	-	18,093

* Impact on equity is after tax of 24% for Malaysian operations and 17% for Singaporean operations.

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest/Profit Rate Risk (contd.)

The Group and the Company's exposure to interest/profit rate risk sensitive insurance/Takaful and reinsurance contracts/retakaful certificates and financial instruments are, as follows: (contd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Company

Changes in variables	2025		2024		
	Impact on carrying value	Impact on profit/equity*	Impact on carrying value	Impact on profit/equity*	
	RM'000	RM'000	RM'000	RM'000	
	<----- (Decrease)/Increase ----->				
Financial Instruments at FVOCI	+100bps	(1,261)	(958)	(2,157)	(1,639)
	-100bps	1,306	992	2,241	1,703
Financial Instruments at AC	+100bps	(379)	(288)	(514)	(391)
	-100bps	369	280	484	367

* Impact on equity is after tax of 24%.

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk

Equity price risk is the risk that the fair value of an equity instrument or insurance contract/Takaful certificate or reinsurance contract/retakaful certificate 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 Group's and 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 Group'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 Group and the Company's exposure to equity price risk sensitive insurance/Takaful and reinsurance contracts/retakaful certificates and equity instruments are, as follows:

<u>Group</u>		Impact on carrying value RM'000	Impact on OCI RM'000	Impact on CSM RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
2025	Changes in variables	<----- Increase/(Decrease) ----->				
Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates, net	+10%	206,395	-	25,458	-	(44,506)
	+10%	(214,844)	-	(34,188)	-	51,247
Financial Instruments at FVTPL	+10%	298,453	-	45,753	57,144	133,130
	+10%	(298,453)	-	(45,753)	(57,144)	(133,130)
Financial Instruments at FVOCI	+10%	37,972	4,327	-	-	19,133
	+10%	(37,972)	(4,327)	-	-	(19,133)

* Impact on equity is after tax of 24% for Malaysian operations and 17% for Singaporean operation.

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk (contd.)

The Group and the Company's exposure to equity price risk sensitive insurance/Takaful and reinsurance contracts/retakaful certificates and equity instruments are, as follows (contd.):

<u>Group</u>	Changes in variables	Impact on carrying value RM'000	Impact on OCI RM'000	Impact on CSM RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
2024		<----- Increase/(Decrease) ----->				
Insurance contracts/Takaful certificates and reinsurance contracts/retakaful certificates, net	+10%	195,793	-	26,190	-	(40,909)
	+10%	(197,600)	-	(30,578)	-	44,570
Financial Instruments at FVTPL	+10%	165,147	-	11,838	46,096	86,945
	+10%	(165,147)	-	(11,838)	(46,096)	(86,945)
Financial Instruments at FVOCI	+10%	48,392	4,807	-	-	23,257
	+10%	(48,392)	(4,807)	-	-	(23,257)

* Impact on equity is after tax of 24% for Malaysian operations and 17% for Singaporean operation.

48. 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 Group's and 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/retakaful and derivative counterparty.

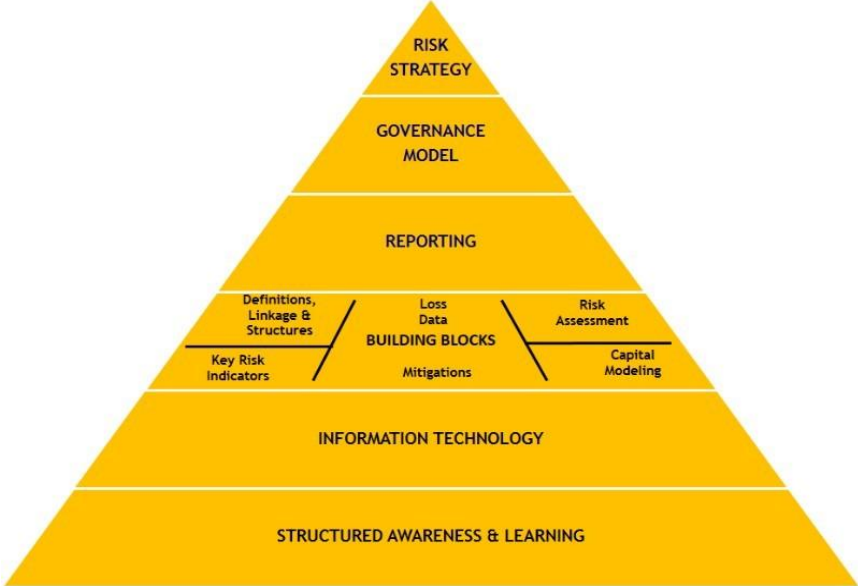
49. NON-FINANCIAL RISKS (OPERATIONAL RISKS)

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.

49. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-financial risk management methodology comprise of the components summarised in diagram below.



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.

49. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(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 & discrimination - failure to provide equalities in the employment practice.

(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.

49. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(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.

(x) Model Risk

Model risk is the risk arising from of 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.

49. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

(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 shareholders value.

50. 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 Group's and 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.

(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.

50. ENTERPRISE RISK (CONTD.)

(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 shareholders value while taking into account the interests of other stakeholders.

(iii) Reputational Risk

Reputational risk 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 is 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/takaful risks.

The is the risk of loss arising from the failure to address environmental, social and corporate governance concerns, thus adversely impacting the sustainability of business operations or the value of assets and liabilities.

51. SHARIAH RISK

Risk that arises from failure to comply with the Shariah rules and principle determined by the Shariah Committee of the Islamic Financial Services and the relevant body in the jurisdiction in which it operates.

Monitoring of shariah risk and control is a joint responsibility of all risk pillars under Risk Management Department and Shariah Division.

(i) Shariah Non-Compliance Risk

Shariah non-compliance risk refers to the risk of Shariah, legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which an Islamic Financial Institution ("IFI") may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM, standards on Shariah matters issued by the Bank pursuant to section 29(1) of the Islamic Financial Services Act ("IFSA") or decisions or advice of the Shariah Committee ("SC").

52. 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 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 Group 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 Group 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.

52. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

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 Group follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group 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 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.

- Level 2: No Active Market – Valuation techniques using observable inputs

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 inputs

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 financial instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

52. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Valuation techniques

(i) Cash and cash equivalents and other receivables/payables

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/profit rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amount of the financing receivables approximate their fair values as the impact of discounting is not material.

(iii) Insurance/takaful receivables and payables

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in Note 2.2(xv)(h)(i). The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

52. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Valuation techniques (contd.)

(iv) Investments

Investments have been accounted for in accordance with the accounting policies as disclosed in Note 2.2(ix) and 2.2(x). The carrying amounts and fair values of investments are disclosed in Note 10 to the financial statements.

(v) Investment properties

The fair values of investment properties 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

Group	Valuation technique using :			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using observable inputs RM'000	Level 3 Using significant unobservable inputs RM'000	
2025				
<u>Assets</u>				
Investment properties	-	-	1,035,840	1,035,840
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	1,119,902	-	1,119,902
Equity securities	1,163,712	-	-	1,163,712
Unit and property trust funds	441,392	-	-	441,392
Other debt securities, structured products NCDs and NICDs	4,002,378	11,739,227	-	15,741,605

52. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using observable inputs RM'000	Level 3 Using significant unobservable inputs RM'000	
<u>2025</u>				
<u>Assets (contd.)</u>				
Financial investments at FVTPL (contd.)				
(ii) Held-for-trading (HFT)				
Malaysian government papers	-	125,248	-	125,248
Equity securities	4,263,464	-	225,481	4,488,945
Unit and property trust funds	110,716	1,262,108	-	1,372,824
Redeemable loan stock	998	-	-	998
Other debt securities, structured products NCDs and NICDs	-	941,691	-	941,691
Financial investments at FVOCI				
Malaysian government papers	-	935,414	-	935,414
Singapore government papers	1,979,904	-	-	1,979,904
Equity securities	379,722	-	-	379,722
Debt securities, structured products, NCDs and NICDs	3,874,651	14,165,920	-	18,040,571
Derivative assets	-	69,501	-	69,501
Total assets	16,216,937	30,359,011	1,261,321	47,837,269
<u>Liabilities</u>				
Derivative liabilities	-	33,080	-	33,080
Total liabilities	-	33,080	-	33,080

52. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using observable inputs RM'000	Level 3 Using significant unobservable inputs RM'000	
2024				
<u>Assets</u>				
Investment properties	-	-	1,031,161	1,031,161
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	987,030	-	987,030
Equity securities	835,345	-	-	835,345
Unit and property trust funds	592,983	-	-	592,983
Other debt securities, structured products NCDs and NICDs	1,757,329	12,090,220	-	13,847,549
(ii) Held-for-trading (HFT)				
Malaysian government papers	-	184,526	-	184,526
Equity securities	3,011,879	-	221,747	3,233,626
Unit and property trust funds	15,951	1,267,477	-	1,283,428
Other debt securities, structured products and NCDs	-	830,948	-	830,948

52. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using observable inputs RM'000	Level 3 Using significant unobservable inputs RM'000	
<u>2024</u>				
<u>Assets (contd.)</u>				
Financial investments at FVOCI				
Malaysian government papers	-	1,394,870	-	1,394,870
Singapore government papers	2,416,725	-	-	2,416,725
Equity securities	483,921	-	-	483,921
Debt securities, structured products, NCDs and NICDs	5,097,276	12,530,033	-	17,627,309
Derivative assets	-	15,472	-	15,472
Total assets	14,211,409	29,300,576	1,252,908	44,764,893
<u>Liabilities</u>				
Derivative liabilities	-	314,936	-	314,936
Total liabilities	-	314,936	-	314,936

52. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	Valuation technique using :			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Using observable inputs RM'000	Level 3 Using significant unobservable inputs RM'000	
2025				
<u>Assets</u>				
Financial investments at FVOCI				
Malaysian government papers	-	15,108	-	15,108
Debt securities, structured products, NCDs and NICDs	-	56,798	-	56,798
	-	71,906	-	71,906
<u>Liabilities</u>				
Derivative liabilities	-	16,289	-	16,289
Total liabilities	-	16,289	-	16,289

52. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<u>2024</u>				
<u>Assets</u>				
Financial investments at FVOCI				
Malaysian government papers	-	14,992	-	14,992
Debt securities, structured products, NCDs and NICDs	-	95,244	-	95,244
	-	110,236	-	110,236
<u>Liabilities</u>				
Derivative liabilities	-	33,929	-	33,929
Total liabilities	-	33,929	-	33,929

52. FAIR VALUE MEASUREMENTS (CONTD.)

(d) Transfers between Level 1 and Level 2 in the fair value hierarchy

Assets and liabilities of the Group and the Company are recognised in the financial statements on a recurring basis. The Group and the Company determine 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 period. There were no transfers between Level 1 and Level 2 for the Group and the Company during the financial years ended 31 December 2025 and 31 December 2024.

(e) Movements of Level 3 assets and financial investments

Group

<u>2025</u>	Assets and financial investments measured at fair value		
	Investment properties RM'000	Unquoted equity securities designed at FVTPL RM'000	Total RM'000
At 1 January 2025	1,031,161	221,747	1,252,908
Recognised in income statement:			
Fair value gains	1,039	3,734	4,773
Purchases	3,639	-	3,639
Translation differences	1	-	1
At 31 December 2025	<u>1,035,840</u>	<u>225,481</u>	<u>1,261,321</u>
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the year	<u>1,039</u>	<u>3,734</u>	<u>4,773</u>
<u>2024</u>			
At 1 January 2024	1,012,155	169,941	1,182,096
Recognised in income statement:			
Fair value gains	18,392	51,806	70,198
Purchases	616	-	616
Translation differences	(2)	-	(2)
At 31 December 2024	<u>1,031,161</u>	<u>221,747</u>	<u>1,252,908</u>
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the year	<u>18,392</u>	<u>51,806</u>	<u>70,198</u>

52. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions

The Group's exposure to financial investments measured with valuation techniques using significant unobservable inputs comprised a small number of financial investments which constitute an insignificant component of the Group's portfolio of financial investments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

(i) Investment properties

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

All investment properties of the Group 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, residual method and income capitalisation approach.

Group	Valuation Method	Significant unobservable inputs	Range
<u>2025</u>			
Building	Income capitalisation	Rental per square foot	RM3.70 to RM11.00
Land	Comparison	Sales price per square foot for similar properties	RM4,400.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,163.00
<u>2024</u>			
Building	Income capitalisation	Rental per square foot	RM3.70 to RM10.50
Land	Comparison	Sales price per square foot for similar properties	RM4,400.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,163.00

52. 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 Group measured 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 entity that the Group invested in.

Group		Impact on	Impact on	Impact on
Net asset	Changes	carrying	profit	equity*
value	in variables	value	before tax	equity*
		RM'000	RM'000	RM'000
		<----- Increase/(Decrease) ----->		
2025	+5%	11,274	11,274	8,156
	-5%	(11,274)	(11,274)	(8,156)
2024	+5%	11,087	10,704	7,743
	-5%	(11,087)	(10,704)	(7,743)

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

53. SIGNIFICANT EVENTS

(a) Deregistration and Closure of Etiqa General Insurance Berhad (“EGIB”) based in Brunei

On 21 October 2025, EGIB Board approved the striking off of EGIB Brunei from 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.

(b) 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 Group’s subsidiary, Etiqa General Insurance Berhad (“EGIB”) 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 Group’s subsidiary, EGIB 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.

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 EGIB has been determined. EGIB 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 EGIB 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 EGIB regarding the appeal against the Final Decision on 16 November 2021.

53. SIGNIFICANT EVENTS (CONTD.)

(b) Update on the Malaysia Competition Commission ("MyCC") against the General Insurance Association of Malaysia ("PIAM") and its 22 General Insurers (contd.)

The hearing dates for the submission of answers from the lawyers for MyCC took place on 17 March 2022 and 21 March 2022. The objection hearings from the respective lawyers for the Insurers took place on 24 March 2022, 6 April 2022, 7 April 2022 and 21 April 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, EGIB'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.

Counsel 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 EGIB has also taken similar steps) – in other words, to obtain permission from the Court to appear and be heard as the alleged respondent 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. EGIB's 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.

(c) Etiqa Life International (L) Ltd ("ELIL") Voluntary Winding Up Exercise

On 19 March 2026, the voluntary winding up exercise of ELIL was granted approval by the Labuan Financial Services Authority "Labuan FSA" following the submission of the application on 31 December 2025. All ELIL run-off portfolios were transferred and closed in October 2025 pursuant to the executed novation arrangements with the relevant counterparties and policyholders.

As part of the regulatory review, the submission of updated financial information is required. Certain administrative matters customary to the process remain outstanding and are not expected to be material to the completion of the winding-up.

54. CAPITAL MANAGEMENT

The Company is a Financial Holding Company and is required to satisfy the Capital Adequacy requirement as prescribed under BNM Risk Based Capital Framework where same requirement is applies to a licence insurer. The Company monitors its Group Capital Adequacy Ratio ("GCAR") on a regular basis to assess whether such requirements have been met, and reports to the BNM its solvency position annually. Internally, capital is managed in accordance with the aim to provide adequate returns to its shareholders without resulting in deterioration of its current capital position. The GCAR is in excess of the current requirement as at 31 December 2025.

55. SHARIAH DISCLOSURE

Shariah principles are the foundation of the practice of Islamic Finance through the observance of the tenets, conditions and principles espoused by Shariah to ensure all the operations and activities of the Takaful Operator complies with Shariah rules and principles at all times.

The Takaful subsidiaries namely, EGTB and EFTB have put in place a sound Shariah governance framework to ensure strict adherence to Shariah requirements in its processes. A dedicated SC provides Shariah oversight on all material Shariah non-compliant risks across the Takaful subsidiaries. Supporting the SC are the Shariah Risk Management and Shariah Review and Compliance ("SRC") functions that respectively identify, measure, monitor and control Shariah non-compliance risks, and provides regular assessment on the compliance of the operations, business, affairs and activities of the Takaful subsidiaries with Shariah requirements.

Underpinning the governance framework are the detailed policies and procedures that include the required steps to ensure that each transaction executed by the Takaful subsidiaries comply with Shariah requirements. A dedicated internal audit team was also established to provide the required check and balance in ensuring strict compliance with the policies and procedures.

Any transaction classified as potential Shariah non-compliant will be escalated to the SC for deliberation and decision whether any Shariah requirements have been breached. Shariah Risk Management will track on the incident and rectification status, and ensure timely reporting to the SC, Board and BNM. For Shariah non-compliant transactions, any related income earned will be purified by channelling the amount to charity or given back to the customer, as determined by the SC.

55. SHARIAH DISCLOSURE (CONTD.)

The nature of transactions deliberated to SC for Shariah non-compliance are as follows:

(i) Shariah non-compliant events

2025

Shariah non-compliant sources	Amount (RM'000)	Measures taken
Acceptance of shariah non-compliance risk in Motor business	6	The shariah non-compliance amount has been transferred to Amal Jariah Fund and is pending distribution. The total amount of RM6,040 excludes RM846 (the wakalah commission of RM687 and the Shareholder's portion of surplus sharing of RM157.51) for which will be transferred to Amal Jariah Fund in financial year 2026.
Profit earned from the usage of conventional collection bank account in Bank Simpanan Nasional ("BSN")	2	Profit generated from the usage of the conventional bank account has been transferred to Amal Jariah Fund.

2024

Shariah non-compliant sources	Amount (RM'000)	Measures taken
Holding of security that has subsequently been considered Shariah Non-compliant (Tencent Holdings Ltd.)	4	The Shariah non-compliant earnings from the selling of the security has been transferred to Amal Jariah Fund.
Profit earned from the usage of conventional collection bank account in Bank Simpanan Nasional ("BSN")	-*	Profit generated from the usage of the conventional bank account has been transferred to Amal Jariah Fund.

*Representing RM334.00

Apart from the purification of income from Shariah non-compliant events, the Takaful subsidiaries instituted several rectification measures relating to systems, processes and procedures to enhance control mechanism and minimise recurrence of Shariah noncompliant incidents.

55. SHARIAH DISCLOSURE (CONTD.)

(ii) Sources and uses of charity funds

	2025	2024
	RM'000	RM'000
<u>Sources of charity funds</u>		
Brought forward as at 1 January	14	10
Shariah non-compliant prohibited income	8	4
Total sources of charity funds during the year	<u>22</u>	<u>14</u>
<u>Uses of charity funds</u>		
Contribution to-non-profit organisation	16	-
Total uses of charity funds during the year	<u>16</u>	<u>-</u>
Undistributed charity funds as at 31 December	<u>38</u>	<u>14</u>

There is no uses of charity funds during the financial year ended 31 December 2025 and 31 December 2024.

56. COMPARATIVES

Certain comparatives figures in the Income Statements as at 31 December 2024 has been restated to reflect changes in the classification of categories.

2024

Income Statements

Group

	Previously stated RM'000	Reclassification RM'000	Restated RM'000
Interest/profit income from financial assets not measured at FVTPL	1,053,617	(25,289)	1,028,328
Other investment income	991,052	25,289	1,016,341
Shared service fee income, net	-	954	954
Other (expenses)/income, net	(117,255)	(954)	(118,209)

Company

Interest/profit income from financial assets not measured at FVTPL	67,069	(25,289)	41,780
Other investment income	776,564	25,289	801,853
Shared service fee income, net	-	7,673	7,673
Other (expenses)/income, net	(84,025)	(7,673)	(91,698)

57. INSURANCE BUSINESS

STATEMENTS OF FINANCIAL POSITION BY INSURANCE BUSINESS
AS AT 31 DECEMBER 2025

	General		Life		General Takaful		Family Takaful		*Others		**Consolidation		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets:														
Property, plant and equipment	32,929	22,031	29,258	30,073	21	37	158	194	7,020	3,226	54,936	57,129	124,322	112,690
Investment properties	353,130	353,080	1,032,165	1,027,510	-	-	-	-	895	871	(350,350)	(350,300)	1,035,840	1,031,161
Prepaid land lease payments	-	-	836	861	-	-	-	-	-	-	14,010	14,471	14,846	15,332
Right-of-use assets ("ROU")	40,436	41,264	1	100	-	-	338	526	1,585	1,400	-	-	42,360	43,290
Intangible assets	22,492	29,459	40,880	41,127	19,888	5,785	25,081	11,810	1,834	895	-	-	110,175	89,076
Investment in subsidiaries	-	-	-	-	-	-	-	-	3,378,647	3,378,647	(3,378,647)	(3,378,647)	-	-
Investments	2,875,091	2,757,950	23,974,566	22,761,315	5,701,603	5,364,502	17,437,422	16,554,223	431,514	622,583	-	-	50,420,196	48,060,573
Financing receivables	29,660	30,354	52,785	56,781	647	826	8,069	9,362	648,448	671,272	(630,927)	(656,293)	108,682	112,302
Reinsurance contract/ retakaful certificate assets	3,793,339	4,291,260	1,040,902	1,288,078	489,970	463,045	394,448	307,415	-	-	-	-	5,718,659	6,349,798
Insurance contract/Takaful certificate assets	174,953	15,261	-	-	45,276	60,178	-	-	-	-	-	-	220,229	75,439
Other assets	108,720	89,457	220,508	365,990	52,152	51,268	219,797	263,903	45,152	38,549	(44,916)	(33,167)	601,413	776,000
Derivative assets	2,162	266	61,362	15,205	1,954	-	4,023	1	-	-	-	-	69,501	15,472
Deferred tax assets	9,788	10,272	36,183	35,865	68,048	68,214	121,856	117,295	984	1,110	-	-	236,859	232,756
Current tax assets	16,006	16,006	41,711	21,098	-	-	41,562	43,040	37	183	-	-	99,316	80,327
Cash and bank balances	67,723	109,012	647,398	562,297	112,905	51,856	92,129	81,805	29,928	29,533	-	-	950,083	834,503
Total Assets	7,526,429	7,765,672	27,178,555	26,206,300	6,492,464	6,065,711	18,344,883	17,389,574	4,546,044	4,748,269			59,752,481	57,828,719
Equity:														
Share capital	373,219	373,219	1,090,285	1,090,285	970,001	970,001	100,000	100,000	696,460	696,460	(2,569,099)	(2,569,099)	660,866	660,866
Reserves	638,409	523,800	1,391,583	1,143,592	1,340,627	1,147,935	2,891,908	2,606,758	2,769,745	2,913,084	(1,018,468)	(1,030,415)	8,013,804	7,304,754
Total Equity	1,011,628	897,019	2,481,868	2,233,877	2,310,628	2,117,936	2,991,908	2,706,758	3,466,205	3,609,544			8,674,670	7,965,620
Liabilities:														
Insurance contract/Takaful certificate liabilities	4,927,128	5,183,470	23,609,900	22,577,237	3,750,006	3,606,596	14,475,640	14,182,242	-	-	-	-	46,762,674	45,549,545
Reinsurance contract/retakaful certificate liabilities	490,170	554,814	-	-	41,547	33,733	-	-	-	-	-	-	531,717	588,547
Subordinated obligations	631,796	657,423	-	-	-	-	-	-	1,000,000	1,000,000	(631,796)	(657,423)	1,000,000	1,000,000
Derivative liabilities	3	7,150	16,788	273,252	-	-	-	605	16,289	33,929	-	-	33,080	314,936
Deferred tax liabilities	99,104	92,889	514,159	511,614	23,003	21,538	78,039	60,402	107	1,530	(55,010)	(43,198)	659,402	644,775
Other liabilities	335,195	356,521	517,883	609,722	342,497	271,942	775,134	383,341	53,523	93,166	(46,109)	(31,078)	1,978,123	1,683,614
Interest payable on subordinated obligations	4,467	4,648	-	-	-	-	-	-	9,874	10,091	(4,467)	(4,648)	9,874	10,091
Current tax liabilities	26,938	11,738	37,957	598	24,783	13,966	24,162	56,226	46	9	(10,945)	(10,946)	102,941	71,591
Total Liabilities	6,514,801	6,868,653	24,696,687	23,972,423	4,181,836	3,947,775	15,352,975	14,682,816	1,079,839	1,138,725			51,077,811	49,863,099
Total Equity and Liabilities	7,526,429	7,765,672	27,178,555	26,206,300	6,492,464	6,065,711	18,344,883	17,389,574	4,546,044	4,748,269			59,752,481	57,828,719

* Applicable to investment holding and non-insurance entities.

** The consolidation elimination indicated the group consolidation adjustments and inter-company elimination.

57. INSURANCE BUSINESS (CONTD.)

INCOME STATEMENT/REVENUE ACCOUNT BY INSURANCE BUSINESS
FOR THE YEAR ENDED 31 DECEMBER 2025

	General		Life		General Takaful		Family Takaful		*Others		**Consolidation		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Insurance/Takaful revenue	2,808,619	2,667,620	925,086	825,734	2,463,185	2,288,919	1,921,353	1,694,995	-	-	-	-	8,118,243	7,477,268
Insurance/Takaful service expenses	(1,344,514)	(2,193,867)	(593,141)	(438,844)	(2,214,658)	(2,066,092)	(1,375,998)	(1,696,154)	-	-	-	-	(5,528,311)	(6,394,957)
Net expenses from reinsurance contracts/ retakaful certificates held	(1,344,257)	(416,507)	1,100	(154)	(14,445)	(12,242)	21,917	(2,771)	-	-	-	-	(1,335,685)	(431,674)
Insurance/Takaful service result	119,848	57,246	333,045	386,736	234,082	210,585	567,272	(3,930)	-	-	-	-	1,254,247	650,637
Interest/profit income from financial assets not measured at FVTPL	85,877	86,816	301,642	350,640	213,605	204,593	360,576	364,611	36,374	41,794	(18,315)	(20,126)	979,759	1,028,328
Net fair value gains/(losses) on financial assets measured at FVTPL	19,349	18,004	858,644	280,679	(5,522)	43,657	173,185	208,364	(537)	8,869	18,311	27,682	1,063,430	587,255
Net fair value gains/(losses) on derecognition of financial assets measured at FVOCI	3,545	556	329	(71,576)	5,597	900	32,244	10,586	47	-	-	-	41,762	(59,534)
Other investment income	20,492	40,136	651,897	630,770	2,395	4,003	341,866	331,773	247,994	802,622	(237,977)	(792,963)	1,026,667	1,016,341
Reversal of/(allowance for) impairment loss on financial assets	127	182	(348)	1,788	(408)	589	(107)	671	(484)	807	463	(775)	(757)	3,262
Net foreign exchange (losses)/gains	(16,032)	7,870	(566,938)	307,631	(4,179)	(208)	(26,972)	(13,072)	(124)	311	(26,248)	(38,544)	(640,493)	263,988
Net investment income	113,358	153,564	1,245,226	1,499,932	211,488	253,534	880,792	902,933	283,270	854,403	-	-	2,470,368	2,839,640
Finance expenses from insurance contracts/takaful certificates issued	(141,362)	(119,415)	(1,233,229)	(1,397,021)	(120,127)	(143,121)	(890,054)	(521,199)	-	-	356	2,136	(2,384,416)	(2,178,620)
Finance income/(expenses) from reinsurance contracts/retakaful certificates held	121,132	101,544	35,174	47,437	14,445	12,242	(21,917)	2,771	-	-	-	-	148,834	163,994
Net Insurance/Takaful financial result	(20,230)	(17,871)	(1,198,055)	(1,349,584)	(105,682)	(130,879)	(911,971)	(518,428)	-	-	-	-	(2,235,582)	(2,014,626)
Total net investment income/(expenses) and net Insurance/Takaful financial results	93,128	135,693	47,171	150,348	105,806	122,655	(31,179)	384,505	283,270	854,403	-	-	234,786	825,014
Shared service fee income, net	-	-	-	-	-	-	-	-	18,257	7,673	(13,087)	(6,719)	5,170	954
Other (expenses)/income, net	(9,377)	(17,678)	(18,594)	(10,022)	(2,793)	(7,515)	(5,285)	4,945	(42,049)	(92,005)	10,434	4,066	(67,664)	(118,209)
Other finance costs	(19,660)	(21,947)	-	695	-	-	-	-	(39,259)	(39,525)	19,660	-	(39,259)	(60,777)
Other expenses, net	(29,037)	(39,625)	(18,594)	(9,327)	(2,793)	(7,515)	(5,285)	4,945	(63,051)	(123,857)	-	-	(101,753)	(178,032)
Profit before taxation and zakat attributable to policyholders/participants	183,939	153,314	361,622	527,757	337,095	325,725	530,808	385,520	220,219	730,546	-	-	1,387,280	1,297,619
Tax (expense)/credit incurred on behalf of of policyholders/participants	-	-	(46,296)	(80,062)	2,538	(2,663)	(5,793)	(7,804)	-	-	-	-	(49,551)	(90,529)
Profit before taxation and zakat	183,939	153,314	315,326	447,695	339,633	323,062	525,015	377,716	220,219	730,546	-	-	1,337,729	1,207,090
Tax expense	(49,586)	(49,653)	(45,231)	(75,240)	(84,980)	(76,261)	(94,928)	(126,094)	(9,811)	(5,019)	11,812	-	(272,724)	(332,267)
Zakat	-	-	-	-	(23,805)	(22,216)	(20,688)	(14,353)	-	-	-	-	(44,493)	(36,569)
Net profit for the financial year	134,353	103,661	270,095	372,455	230,848	224,585	409,399	237,269	210,408	725,527	-	-	1,020,512	838,254

*Applicable to investment holding, non-insurance entities and non-takaful operators.

**The consolidation elimination indicated the group consolidation adjustments and inter-company elimination.