MAYBANK AGEAS HOLDINGS BERHAD

197701002387 (33361-W)
(Incorporated in Malaysia)

Directors’ Report and Audited Financial Statements
31 December 2023

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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 2023.

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		Company	
	2023	2022 (Restated)	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year attributable to the equity holders of the Company	868,489	(86,214)	503,579	258,641

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, other than those arising from the adoption of MFRS 17 *Insurance Contracts*, as disclosed in Note 2.5.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2022 was as follows:

	RM'000
In respect of financial year ended 31 December 2022, final dividend of:	
- 150.8 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	380,024

The final dividend was declared on 20 April 2023 and paid on 13 June 2023.

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 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. Three (3) out of the five (5) awards made have been vested to eligible employees in 2021 to 2023 whilst balance of the two (2) awards will vest in 2024 and 2025 respectively. The last tranche of the ESGP Award (i.e. fifth ESGP Award) under the existing plan was made in September 2022 and will vest in 2025. Starting from 2023, there will be no additional new awards to be issued to staff under the ESGP2018.

As continuation of the existing employees’ share grant plan, the shareholders at Extraordinary General Meeting (“EGM”) held on 3 May 2023 has approved for the establishment of a new ESGP plan (“ESGP2023”). This plan will run concurrently with ESGP2018 until its expiration. 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 vs ESGP2018 of 7 years. The first award under the ESGP2023 was made in September 2023 will vest in 2026 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 Nomination and Remuneration Committee of the Board ("NRC").

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

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

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

The maximum number of ordinary shares in 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.

DIRECTORS

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

Datuk Karownakaran @ Karunakaran A/L Ramasamy (Chairman)
Mr. Gary Lee Crist
Dato' Majid Bin Mohamad
Datuk Mohd Najib Bin Abdullah
Puan Fauziah Binti Hisham
Mr. Emmanuel Gerard C. Van Grimbergen (Vice Chairman) *(appointed w.e.f 1 January 2024)*
Puan Khalijah Binti Ismail *(appointed w.e.f. 1 April 2023)*
Dato' Johan Bin Ariffin *(resigned w.e.f. 31 August 2023)*
Mr. Antonio Cano (Vice Chairman) *(resigned w.e.f 1 January 2024)*

Pursuant to Article 101 of the Company's Constitution, the Directors appointed under the Provision of the Constitution shall not be subjected 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**
Etiqa General Insurance Berhad ("EGIB")	Datuk Mohd Najib Bin Abdullah Mr. Frank Johan Gerard Van Kempen Datuk (Dr.) Normala @ Noraizah Binti A. Manaf Cik Serina Binti Abdul Samad Ms. Daniela Adaggi En. Mohamad Shukor Bin Ibrahim Mr. Tan Kwang Kherng
Etiqa Life Insurance Berhad ("ELIB")	Datuk Mohd Najib Bin Abdullah Mr. Philippe Pol Arthur Latour *(resigned w.e.f. 1 November 2023)* Mr. Glenn John Williams *(appointed w.e.f. 1 November 2023)* Mr. Frank Johan Gerard Van Kempen Mr. Wong Pakshong Kat Jeong Colin Stewart Puan Norazilla Binti Md Tahir *(resigned w.e.f. 1 May 2023)* Dr. Ariffin Bin Datuk Yahaya

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 Family Takaful Berhad ("EFTB")	Dato' Majid Bin Mohamad Mr. Ajay Kumar Garg *(appointed w.e.f. 1 November 2023)* Mr. Andrew King Sun Cheung *(resigned w.e.f. 1 November 2023)* Dato' Johan Bin Ariffin *(resigned w.e.f. 31 August 2023)* Mr. Wong Pakshong Kat Jeong Colin Stewart Prof. Dr. Azman Bin Mohd Noor En. Mohd Din Bin Merican
Etiqa General Takaful Berhad ("EGTB")	Dato' Majid Bin Mohamad Mr. Dominik Jaqueline A. Smeets *(appointed w.e.f. 15 October 2023)* Mr. Philippe Pol Arthur Latour *(resigned w.e.f. 15 October 2023)* Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican Prof. Datin Dr. Rusni Binti Hassan Mr. Wong Shu Yoon
Etiqa Offshore Insurance (L) Ltd ("EOIL")	Dato' Majid Bin Mohamad Mr. Lam Chung Yin *(appointed w.e.f. 6 October 2023)* Mr. Frank Johan Gerard Van Kempen *(resigned w.e.f. 9 October 2023)* Mr. Wong Shu Yoon *(appointed w.e.f. 15 February 2023)* Mr. Eng Poh Yoon *(resigned w.e.f. 15 February 2023)*
Etiqa Life International (L) Ltd ("ELIL")	Dato' Majid Bin Mohamad Mr. Lam Chung Yin Mr. Wong Shu Yoon *(appointed w.e.f. 15 February 2023)* Mr. Lee Hin Sze *(resigned w.e.f. 15 February 2023)*

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")	Dato' Johan Bin Ariffin *(resigned w.e.f. 29 February 2024)* En. Kamaludin Bin Ahmad Mr. Filip Andre L. Coremans *(appointed w.e.f. 28 September 2023)* Mr. Frank Johan Gerard Van Kempen *(resigned w.e.f. 28 September 2023)* Ms. Loo Pauy Liean *(appointed w.e.f. 16 October 2023)* Mr. Wong Pakshong Kat Jeong Colin Stewart En. Haji Sallim Bin Abdul Kadir *(resigned w.e.f. 3 December 2023)* Mr. Francis Tan Wee Ming Puan Fauziah Binti Hisham *(appointed w.e.f. 1 March 2024)*
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 Notes 36 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 **RM'000**	**Company** **RM'000**
Fees	5,965	1,398
Other emoluments	1,207	216
	7,172	1,614

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.

Indemnity given to or insurance effected for any directors during the year is RM1.25 million (2022: RM1.21 million).

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 2023/ Date of Appointment	**Acquired during the year**	**As at 31 December 2023**
Ultimate holding company			
Direct interest:			
Puan Fauziah Binti Hisham	21,435	-	21,435
Puan Khalijah Binti Ismail	169,562	37,500	207,062

* Dividend Reinvestment Plan

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

	Award date	**Number of ESGP Shares awarded**	**Vesting year**
Puan Khalijah Binti Ismail	14.12.2018	75,000	2021
	30.09.2019	75,000	2022
	30.09.2020	75,000	2023
	30.09.2021	75,000	2024
	30.09.2022	104,000	2025
	20.09.2023	195,000	2026
		599,000	

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

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

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 32.

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.

SIGNIFICANT EVENTS

There were no significant events which have occurred during the financial year other than as disclosed in Note 52 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	12,442	232

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2024.

DATUK KAROWNAKARAN
@ KARUNAKARAN A/L RAMASAMY

KHALIJAH BINTI ISMAIL

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

The Board of Directors (“the Board”) of Maybank Ageas Holdings Berhad (“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 and transparency throughout the Group. Amidst an increasing challenging operating environment and the impact of the COVID-19 pandemic, the Board continuously strives to refine the Group’s CG practices and processes in ensuring high standards of transparency, integrity and honesty.

The Company’s CG Framework is based on the following key statutory provisions, best practices, and policies:-

(i) Companies Act, 2016; and
(ii) Policy on CG issued by Bank Negara Malaysia on 3 August 2016 (“BNM CG Policy”).

Disclosures in this section are made pursuant to Paragraph 22 of the BNM CG Policy.

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

(a) Board Composition

As at 31 December 2023, the Board consists of seven (7) Directors, comprising of:-

(i) Two (2) Non-Independent Non-Executive Directors ("NINED");
(ii) Four (4) Independent Non-Executive Directors (“INED”); and
(iii) One (1) Executive Director (“ED”).

The composition of the Board meets the requirement of having a majority of independent directors and common directors remain in the minority as set out in the BNM CG Policy. None of the INED had exceeded their respective nine-year tenure pursuant to the MAHB Group’s Policy on Tenure of Directorship which limits the tenure of an INED to a cumulative period of nine (9) years. Datuk Karownakaran @ Karunakaran A/L Ramasamy, an INED, is the Chairman of the Board, whilst Puan Khalijah Binti Ismail is the only ED on 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 on a quarterly basis, 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**	**%**
Datuk Karownakaran @ Karunakaran A/L Ramasamy (*Chairman*)	INED	7/7	100
Mr. Emmanuel Gerard C. Van Grimbergen *(Vice Chairman)*	NINED[1]	N/A	N/A
Mr. Antonio Cano *(Vice Chairman)*	NINED[2]	7/7	100
Mr. Gary Lee Crist	NINED	7/7	100
Dato’ Johan Bin Ariffin	INED[3]	5/5	100
Dato' Majid Bin Mohamad	INED	7/7	100
Datuk Mohd Najib Bin Abdullah	INED	7/7	100
Puan Fauziah Binti Hisham	INED	7/7	100
Puan Khalijah Binti Ismail	ED[4]	4/4	100

[1] *Appointed as Vice Chairman and NINED of the Company and member of Risk Management Committee w.e.f. 1 January 2024.*

[2] *Resigned as Vice Chairman and NINED of the Company and member of Risk Management Committee w.e.f 1 January 2024.*

[3] *Resigned as an INED of the Company and Etiqa Family Takaful Berhad, a wholly-owned subsidiary of the Company upon the expiry of his 9-years tenure w.e.f. 31 August 2023.*

[4] *Appointed as a ED of the Company w.e.f. 1 April 2023.*

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**
Datuk Karownakaran @ Karunakaran A/L Ramasamy Independent Non-Executive Director Chairman 73 years of age Malaysian	Public Administration	Nil
Mr. Emmanuel Gerard C. Van Grimbergen Non-Independent Non-Executive Director Vice Chairman 56 years of age Belgian	Insurance	Nil
Mr. Gary Lee Crist Non-Independent Non-Executive Director 66 years of age U.S. Citizen	Corporate Management	Nil
Dato' Majid Bin Mohamad Independent Non-Executive Director 69 years of age Malaysian	Banking & Insurance	• Chairman of Etiqa Family Takaful Berhad • Chairman of Etiqa General Takaful Berhad • Chairman of Etiqa Offshore Insurance (L) Ltd *(incorporated in F.T.Labuan)* • Chairman of Etiqa Life International (L) Ltd *(incorporated in F.T. Labuan)*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

Profile of Directors (contd.)

Name/Designation /Age/Nationality	Background/ Experience	Other Directorships within the Group
Datuk Mohd Najib Bin Abdullah Independent Non-Executive Director 63 years of age Malaysian	Banking & Insurance	• Chairman of Etiqa Life Insurance Berhad • Chairman of Etiqa General Insurance Berhad
Puan Fauziah Binti Hisham Independent Non-Executive Director 67 years of age Malaysian	Banking	Chairman of Etiqa Insurance Pte Ltd. *(incorporated in Singapore)* *(Appointed w.e.f. 1 March 2024)*
Puan Khalijah Binti Ismail Executive Director 58 years of age Malaysian	Banking	Nil

Detailed profile of each Director is available on the Group’s corporate website (https://etiqa.com). Directors’ interests in shares and share options in the ultimate holding company, Malayan Banking Berhad (“MBB” or “Maybank”) are disclosed in the Directors’ Report that accompanies the Company’s financial statements for the financial year ended 31 December 2023 (“FYE 2023”).

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 (https://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;
iii) Risk Management Committee; and
iv) Investment Committee.

(i) Nomination and Remuneration Committee

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

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

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

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 CG Policy as well as MAHB Group's Policy on Directors' Independence. Once in 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 members[1], Senior Officers[2] 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 (https://etiqa.com).

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

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(i) Nomination and Remuneration Committee (contd.)

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

Members of the NRC	Designation	Number of NRC Meetings attended	%
Puan Fauziah Binti Hisham *(Chairperson)*	INED	9/9	100
Datuk Mohd Najib bin Abdullah	INED	9/9	100
Dato' Majid bin Mohamad	INED	9/9	100
Ms. Daniela Adaggi	NINED[1]	9/9	100

1 NINED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

(ii) Audit Committee of the Board

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

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

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

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

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

Members of the ACB	Designation	Number of ACB Meetings attended	%
Mr. Wong Shu Yoon *(Interim Chairman)*	INED[1]	9/9	100
Puan Norazilla Binti Md Tahir	INED[2]	4/4	100
Mr. Gary Lee Crist	NINED	8/9	89
Cik. Serina Binti Abdul Samad	INED[3]	9/9	100
Prof. Dr. Azman Bin Mohd Noor	INED[4]	9/9	100

1 Appointed as an Interim Chairman of the ACB w.e.f. 1 May 2023 and an INED of Etiqa General Takaful Berhad, Etiqa Offshore Insurance (L) Ltd and Etiqa Life International (L) Ltd (incorporated in F.T. Labuan), wholly-owned subsidiaries of the Company.

2 Resigned as an INED of Etiqa Life Insurance Berhad, a wholly-owned subsidiary of the Company, and ipso facto, ceased as Chairperson of the ACB w.e.f. 1 May 2023.

3 INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

4 INED of Etiqa Family Takaful Berhad, a wholly-owned subsidiary of the Company.

(iii) Risk Management Committee

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

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

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(iii) Risk Management Committee (contd.)

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

Members of the RMC	Designation	Number of RMC Meetings attended	%
En. Mohd Din Bin Merican *(Chairman)*	INED[1]	8/8	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED[2]	8/8	100
Mr. Emmanuel Gerard C. Van Grimbergen	NINED[3]	N/A	N/A
Mr. Antonio Cano	NINED[4]	8/8	100
En. Mohamad Shukor Bin Ibrahim	INED[5]	8/8	100
Prof. Datin Dr. Rusni Binti Hassan	INED[6]	7/8	88
Mr. Tan Kwang Kherng	INED[7]	8/8	100

1 INED of Etiqa Family Takaful Berhad, a wholly-owned subsidiary of the Company.

2 INED of Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad and Etiqa Insurance Pte Ltd. (incorporated in Singapore), wholly-owned subsidiaries of the Company.

3 Appointed as a member of the RMC w.e.f. 1 January 2024.

4 Ceased as a member of the RMC w.e.f. 1 January 2024.

5 INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

6 INED of Etiqa General Takaful Berhad, a wholly-owned subsidiary of the Company.

7 INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

(iv) Investment Committee

The Investment Committee (“IC”) consists of two (2) INEDs, one (1) NINEDs, and is chaired by an Executive Director (“ED”).

The Board established the IC as a governance body to oversee investment related activities within the Group.

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(iv) Investment Committee (contd.)

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

Members of the IC	Designation	Number of IC Meetings attended	%
Dato’ Mohamed Rafique Merican Bin Mohd Wahiduddin Merican *(Chairman)*	ED[1]	5/5	100
Mr. Philippe Pol Arthur Latour	NINED[2]	3/4	75
Datuk Mohd Najib Bin Abdullah	INED	5/5	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED[3]	5/5	100
Mr. Ajay Kumar Garg	NINED[4]	0/1	-

1 ED of Etiqa General Takaful Berhad, a wholly-owned subsidiary of the Company.

2 Resigned as a NINED of Etiqa Life Insurance Berhad and Etiqa General Takaful Berhad, wholly-owned subsidiaries of the Company and ipso facto, ceased as a member of the IC w.e.f. 1 November 2023.

3 INED of Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad and Etiqa Insurance Pte. Ltd. (incorporated in Singapore), wholly-owned subsidiaries of the Company.

4 Appointed as a NINED of Etiqa Family Takaful Berhad, a wholly-owned subsidiary of the Company and a member of the IC w.e.f. 1 November 2023.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(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.

(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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (contd.)

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

Training attended by Directors	DK[1]	GLC[2]	DM[3]	DN[4]	FH[5]	KI[6]
A. In-house Training						
1. Etiqa Takaful Strategic Engagement Session 2023 - "From Poverty to Prosperity: Malaysia's Fascinating Story" by Tan Sri Nor Mohamed Yakcop			√			
2. Etiqa: Capital Management Training by Mr Ajay Garg, Ageas Group Director Capital Management, Treasury & FCG	√		√	√	√	
3. Etiqa: Director's Training Program Module 3 on Risk Management by Madam Luisa Evaristo, Chief Risk Officer, MAHB	√			√	√	
4. Etiqa: Director's Training Program Module 2 on ESG Approaches in Reinsurance Market by Swiss Re Malaysia, Swiss Re Asia Pte. Ltd. and Aon Reinsurance Malaysia Limited			√	√		
5. Etiqa: Directors' Training Program Module 2 on ESG : Sustainability Transition – Innovation as Change Drivers by Dr. Khoh Soo Beng and Institute of Corporate Directors Malaysia (ICDM)			√	√	√	
6. Etiqa: Directors' Training Program Module 2 on Cyber Security Management : Cyber Security in Generative AI by Ms Chelsea Kiew Siao May, Chief Information Security Officer, MAHB	√		√			
7. Etiqa: Directors' Training Program Module 3 on Compliance: Anti-Bribery & Corruption Practices in Malaysia by Y.M. Tunku Farik Bin Tunku Ismail from Messrs. Azim, Tunku Farik & Wong & Guardians of Finance: Navigating AMLA 2001 for Insurers and Takaful by Encik Bahari Yeow Tien Hong from Messrs. Rosli Dahlan Saravana Partnership	√		√	√	√	√
8. Etiqa: Directors' Training Program Module 2 on ESG as a Value Driver for Financial Institutions: Understanding Impact of Climate Change by Ms. Phang Oy Cheng, KPMG	√		√			√
9. Etiqa : Directors' Training Program Module 2 on Digital Transformation/Innovation : Unlock The Growth Potential of Insurance by Boston Consulting Group ("BCG")	√		√	√	√	
10. Etiqa: Etiqa Risk Landscape Workshop for MAHB FY2023	√			√		
11. MAHB: MAHB ACB on IFRS 17, MFRS 9 Revised Business Model, Banks Reconciliation, etc		√				
12. Maybank : Managing Cyber Risk	√					
13. Ageas: Craft x Ageas Asia - Ageas employer brand workshop		√				

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy

[2] GLC - Mr. Gary Lee Crist

[3] DM - Dato' Majid Bin Mohamad

[4] DN - Datuk Mohd Najib Bin Abdullah

[5] FH – Puan Fauziah Binti Hisham

[6] KI – Puan Khalijah Binti Ismail

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (contd.)

Training attended by Directors	DK[1]	GLC[2]	DM[3]	DN[4]	FH[5]	KI[6]
14. Ageas Academy: ALP – Live Case Presentation to MCo		√				
15. Ageas: Information Security Awareness Training Programme – 2023 Q1		√				
16. Ageas: Management Committee Offsite in Manchester		√				
17. Ageas Academy: Exploration Trek – Digital Platform		√				
18. Ageas: Ageas APEX Convention 2023		√				
19. Ageas Academy: Management Committee - ALP		√				
20. Ageas: APD & AMF in Porto		√				
21. Ageas: Ageas Management Committee Strategy Offsite		√				
22. Ageas: Asia IT Security Awareness		√				
23. Ageas: Ageas Board and Management Committee Offsite		√				
24. Ageas: Code of Conduct and Anti Money Laundering		√				
25. Ageas : Partnership Days				√		
26. Maybank Premier Wealth Forum 2023: "Transcending with Resilience" -Global & Malaysia Economic 2023, Wealth Forum by Group Wealth Management, CFS Malaysia Maybank					√	
27. Maybank: Invest Malaysia 2023 - Reshaping Malaysia's Narrative Series 1: Strengthening Resilience and Sustaining Growth by Maybank Investment Bank Berhad / Bursa Malaysia				√	√	
28. Maybank: Invest ASEAN 2023 – ASEAN Reboot: Reimagining the Future by Maybank Investment Banking Group					√	
29. Maybank: Cyber Risk & Security Awareness Session - Cyber Crisis Management by Group Chief Security Officer, Maybank /Tim Percival (Senior Vice President/ Head of Cyber Advisory, CREST Asia Advisory Board) /Jeremie Deschamps (Vice President Cyber Advisory, Marsh Mclennan) / Arti Chopra (Vice President Crisis Management, Marsh McLennan)					√	
30. Maybank: Maybank Annual Board Risk Workshop 2023 – The Rise of AI and the Green Transition by Group Risk, Maybank / Michael Sprake (PwC Consulting) / Dr Gary Theseira (Asia School of Business) / Sanjay Sarma (Asia School of Business)					√	√
31. Maybank: Board of Directors Agile Training by BCG					√	
32. Maybank: Practical Guides for Company Directors under Companies Act by Group Human Capital						√

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] GLC - Mr. Gary Lee Crist
[3] DM - Dato' Majid Bin Mohamad
[4] DN - Datuk Mohd Najib Bin Abdullah
[5] FH – Puan Fauziah Binti Hisham
[6] KI – Puan Khalijah Binti Ismail

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (contd.)

Training attended by Directors	**DK[1]**	**GLC[2]**	**DM[3]**	**DN[4]**	**FH[5]**	**KI[6]**
33. Maybank (Cambodia) Plc – Induction for New Board Member by Chief Operating Officer/ Corporate Secretary Maybank (Cambodia) Plc						√
34. Maybank: Managing Cyber Risk by Maybank Group Technology / Steve Ledzian (Vice President, Chief Technology Officer, Asia Pacific & Japan, Mandiant)					√	
35. MAHB: Induction for New Board Member by MAHB BOD Secretariat						√
B. External Training						
1. FIDE Forum: "Can America Stop China's Rise? Will ASEAN Be Damaged?" by Professor Kishore Mahubani	√					
2. Consultation on ESG, GHG emissions and Climate Change by ESG Malaysia	√					
3. 2023 Health & Ageing Conference in Shanghai by The Geneva Association in cooperation with Taiping Group		√				
4. Climate Finance Training Series: Deconstructing COP28 and the Role for Financial Services by Dubai International Financial Centre Academy				√		
5. JC3 Upskilling Sustainability Training Series 4 – Social Sustainability Towards a Just Transition by Asian Institute of Chartered Bankers				√		
6. Ernst & Young: Global Insurance Outlook Webcast Asia-Pacific Session				√		
7. Diversity, Equity and Inclusion Conversation by 30% Club Malaysia				√		
8. Keeping the Board Out of Trouble by Iclif Executive Education Center					√	
9. LESA 2023 Leadership For Enterprise Sustainability Asia by Asia School of Business				√		
10. The Future of Competitive Strategy: Unleashing the Power of Data and Digital Ecosystems by Mohan Subramaniam, International Institution for Management Development ("IMD") Business School				√		
11. Ethical Finance ASEAN 2023 : Financing Transition by Global Ethical Finance Initiative & AICB				√		
12. Board Oversight of Climate Risks and Opportunities by Prof Mak Yuen Teen & Dr Khoo Guan Seng				√		
13. Together Initiative by IMD Alumni Community				√		
14. Future – Proofing Your Organisation by IMD				√		
15. Risk, Resilience and Recovery: Lessons From the Global Banking Crisis by Asian Institute of Chartered Bankers				√		
16. Luxury Forum 2050 C-Suite Talk: "How can luxury harness technology to craft a more sustainable future?" by Marie-Calire Daveu of Kering and Jan Huckfeldt of Climeworks				√		

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[6] KI – Puan Khalijah Binti Ismail

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (contd.)

Training attended by Directors	DK[1]	GLC[2]	DM[3]	DN[4]	FH[5]	KI[6]
17. Book Club Webinar "You and AI" by IMD Alumni Community				√		
18. Executive Learning Series - The 2023 Philippine Economic Outlook by Bankers Institute of the Philippines Inc					√	
19. Breakfast Talk - Stepping Up to the Role: Objective Assurance & Advisory on ESG by Malaysian Institute of Corporate Governance					√	
20. Board's Role in Value Creation - Beyond Box-Ticking: Essentials for Effective Remuneration Committees by Iclif Executive Education Center					√	
21. "What Amounts to a Conflict of Interest by Directors?" by Iclif Executive Education Center / Khoo Guan Huat					√	
22. Advocacy Session on the Continuing Disclosure Requirements & Corporate Disclosure Policy of the Listing Requirements by Bursa Malaysia					√	
23. Directors Guide to Dealing with Opportunity in Risk by Institute of Enterprise Risk Practitioners (EIRP)					√	
24. Khazanah Megatrends Forum 2023 – Our Next Episode: Orchestrating a Development Bargain for Sustainable Growth by Khazanah Nasional Berhad					√	
25. Directors Guide to Machine Learning and AI by Institute of Enterprise Risk Practitioners (EIRP)					√	
26. "What Amounts to a Conflict of Interest by Directors?" by Group Corporate & Legal Services, Maybank /Asia School of Business / Khoo Guan Huat					√	
27. Mandatory Accreditation Programme Part II Leading for Impact (LIP) – Building High-impact Boards for Sustainable Growth by Securities Commission Malaysia / Bursa Malaysia / Institute of Corporate Directors Malaysia					√	

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy

[2] GLC - Mr. Gary Lee Crist

[3] DM - Dato' Majid Bin Mohamad

[4] DN - Datuk Mohd Najib Bin Abdullah

[5] FH – Puan Fauziah Binti Hisham

[6] KI – Puan Khalijah Binti Ismail

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

The remuneration package of NEDs consists of the following:

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

(b) Senior Management Appointment and Performance

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

The NRC is responsible to oversees the performance evaluation of the 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:

Remuneration	**Per Annum (RM)**
(i) Fees	
Board:	
- Chairman	230,000
- Member	150,000
Committee:	
- Chairman	32,500
- Member	28,000
(ii) Meeting Allowance	
Per meeting attended	2,000

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

The details of Directors' and CEOs' Remuneration for FYE 2023 are disclosed under Note 35 and Note 36 to the Company's financial statements.

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

Maybank Group's total rewards management remains core to our remuneration approach and practices and is strongly aligned with our business and people strategies to deliver long-term sustainable returns to our shareholders, customers and other stakeholders. It is a strategic human capital sustainability component of the integrated Talent Management Framework, which enables differentiated rewards for talent retention and attraction by providing the right remuneration, benefits and career development/progression opportunities at the right time for our people to achieve personal and professional aspirations. At the same time, it ensures we are positioned to increase staff engagement, drive positive outcomes and deliver exponential business results responsibly.

This upholds our M25+ purposes to be "a values-driven platform, powered by a bionic workforce that humanises financial services". By focusing on the right compensation, benefits and development support, we inspire our employees to achieve their personal and professional aspirations which, in turn, improves employee productivity and engagement.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

Our Total Rewards Framework is firmly anchored in the principles of pay for performance and affordability, ensuring that our talented workforce is rewarded in a manner that is equitable, reasonable and in line with relevant indices within each respective country. Simultaneously, we strive to maintain competitiveness against our peers and competitors in the market, while embracing the importance of differentiation to contribute positively to diversity, balance and overall relevance.

We continue to accelerate our Environmental, Social and Governance ("ESG") and sustainability commitments by incorporating ESG in various aspects of our total rewards management through proper governance, performance measurement standards and prudent risk management considerations. Governed by sound principles, our remuneration policies and practices are reviewed periodically to ensure alignment with regulatory requirements and to reinforce a high-performance culture.

Components of remuneration

A well-rounded Total Rewards Framework is adopted which encompasses three integral pillars: total compensation, benefits & well-being, and development & career opportunities.

(i) Total Compensation

The Compensation Policy ensures that our employees are paid in line with prevailing market standards. Our differentiated compensation levels are kept competitive through annual salary reviews, variable bonuses and long-term incentive plans (for eligible senior management and above) to retain, motivate and reward our talents.

Our holistic approach to total compensation is structured around two core elements: fixed pay and variable pay, the latter consisting of variable bonuses and long-term incentive awards. This dynamic framework is designed to reflect targeted pay mix levels, intricately calibrated to align with the long-term performance goals and objectives of the organisation while simultaneously motivating and rewarding our employees in a manner that befits their outstanding efforts and achievements.

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.)

<table>
<tr><th rowspan="2">Fixed Pay</th><th colspan="2">Variable Pay</th></tr>
<tr><th>Variable Bonus</th><th>Long-Term Incentive Award</th></tr>
<tr><td rowspan="2">· Attract and retain talents by providing competitive and equitable pay.
· Reviewed annually using a holistic approach through internal and external benchmarking against relevant peers/locations, taking into consideration market dynamics, differences in individual responsibilities, functions/roles, performance level, skillsets as well as competency level.</td><td>· Reinforce a pay-for-performance culture and adherence to Maybank Group’s Core Values, TIGER.
· Variable cash award design that is aligned with the risk management and long-term performance goals of the Group through our deferral and clawback policies.
· Based on the overall performance of the Group, business/corporate function and individual.
· Premised on the Balanced Scorecard (BSC) approach (comprising financial and non-financial KPIs) that is tailored to drive desired behaviours and performance levels in creating long-term shareholder value.</td><td>· A significant component of senior management’s total compensation with the intent to drive sustainable, longer-term risk management and to meet the Group’s M25 strategy.</td></tr>
<tr><td colspan="2">Deferral Policy: Any variable bonus in excess of certain thresholds will be deferred over a period of time. A deferred variable bonus will lapse immediately upon termination of employment (including resignation) except in the event of ill health, disability, redundancy, retirement or death.
Clawback Provision: The Board has the right to make adjustments or clawbacks to any variable bonus or long-term incentive award if deemed appropriate based on risk management issues, financial misstatement, fraud, gross negligence or wilful misconduct.</td></tr>
</table>

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

Employee benefits are integral to our total rewards management, dovetailing seamlessly with our commitment to ESG values and our M25+ strategic objectives. The comprehensive benefits programme is designed to offer financial security, healthcare coverage, paid time off, employee loans at preferential rates, and other perks and benefits that facilitate work-life balance. We regularly review these offerings, ensuring they remain competitive and aligned with industry standards amid the ever-evolving business landscape.

Our approach is holistic, intertwining sustainability principles with the well-being of our employees. This is to cater to our employees' physical, mental and emotional well-being, as well as their financial, social and career needs, underscoring our dedication to fostering a supportive and well-rounded work environment.

(iii) Development & Career Opportunities

In line with our commitment to fostering a robust learning culture, we continue to deploy best-in-class learning and development programmes that are flexible and tailored to nurture our employees across all levels. These programmes are designed to offer flexibility and customisation, ensuring that they remain relevant for the long term, enhance our competitive edge, and promote sustained growth.

Our approach is holistic, intertwining sustainability principles with the well-being of our employees. This is to cater to our employees' physical, mental and emotional well-being, as well as their financial, social and career needs, underscoring our dedication to fostering a supportive and well-rounded work environment.

Long-Term Incentive Plan ("LTIP") – Employees' Share Grant Scheme ("ESGP")

The existing ESGP was rolled out in December 2018 and will expire in 2025. A total of five awards have been made under the existing ESGP from 2018 to 2022. Three out of these five awards have been vested to eligible employees in 2021 to 2023 while the two remaining awards will vest in 2024 and 2025 respectively. The last (i.e. fifth) tranche of the ESGP Award under the existing plan was made in September 2022 and will vest in 2025. Starting from 2023, no additional awards will be issued to our staff under the existing ESGP.

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") (contd.)

To maintain our commitment to rewarding sustainable performance and ensure the continuity of our LTIP from 2023 onwards, we introduced a new scheme on 20 September 2023 for eligible talents and senior management. The new ESGP is valid for 10 years and will expire in 2033. The first award under the new ESGP, made in September 2023, will vest in 2026 subject to fulfilment of the vesting conditions as well as the performance criteria at the Maybank Group and individual levels.

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 strengthened by sound risk management and controls, ensuring remuneration practices are carried out responsibly.

The Group has strong internal governance on the performance and remuneration of control functions which are measured and assessed independently of the business units to avoid any conflict of interest. The remuneration of employees in control functions is predominantly fixed to reflect the nature of their responsibilities. Annual reviews of their compensation are benchmarked internally and against the market to ensure they are competitive.

Based on sound performance management principles, our key performance indicators ("KPIs") and objective & key results ("OKR") continue to focus on outcomes and are aligned with our business plans. Each of the senior officers carries risk, governance and compliance goals in his/her individual scorecards which are cascaded accordingly. The right KPI and OKR setting continues to shape our organisational culture while driving risk and compliance agendas effectively. Inputs from control functions and board committees are 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 ("OMRT")

The remuneration of senior officers and OMRTs are reviewed annually and submitted to the Nomination and Remuneration Committee for recommendation to the Board for approval.

The remuneration of senior officers and OMRTs in FY2023 are summarised in the table below:

Group

Total value of remuneration awards for the financial year (RM'000)	**Senior Officers^**		**OMRT**	
	Unrestricted	**Deferred**	**Unrestricted**	**Deferred**
Fixed remuneration				
Cash-based	47,604 (79 headcount)	-	-	-
Shares and share-linked instruments	-	-	-	-
Others	-	-	-	-
Variable remuneration				
Cash-based	7,814 (74 headcount)	-	-	-
Shares and share-linked instruments	3,197 (50 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 FY2023, a total of 1,204,000 and 229,000 units of Maybank shares (based on On Target performance levels) under Maybank Group ESGP were awarded to 69 senior officers. The number of ESGP/CESGP units to be vested/paid by 2026 would be conditional upon the said employees fulfilling the vesting/payment criteria.*

^ A total of 361,500 units of ESGP/CESGP granted in September 2020 have vested to 50 Senior Officers in September 2023. ESGP values are based on statutory guidelines for taxable gains calculation and 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 ("OMRT") (contd.)

Company

Total value of remuneration awards for the financial year (RM'000)	Senior Officers^		OMRT	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration				
Cash-based	9,018 (12 headcount)	-	-	-
Shares and share-linked instruments	-	-	-	-
Others	-	-	-	-
Variable remuneration				
Cash-based	2,466 (10 headcount)	-	-	-
Shares and share-linked instruments	893 (10 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 FY2023, a total of 495,000 and 19,000 units of Maybank shares (based on On Target performance levels) under Maybank Group ESGP were awarded to 12 senior officers. The number of ESGP/CESGP units to be vested/paid by 2026 would be conditional upon the said employees fulfilling the vesting/payment criteria.*

^ A total of 101,000 units of ESGP/CESGP granted in September 2020 have vested to 10 Senior Officers in September 2023. ESGP values are based on statutory guidelines for taxable gains calculation and 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, Datuk Karownakaran @ Karunakaran A/L Ramasamy and Khalijah binti Ismail, 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 38 to 377 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 2023 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 19 April 2024.

DATUK KAROWNAKARAN
@ KARUNAKARAN A/L RAMASAMY

KHALIJAH BINTI ISMAIL

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 38 to 377 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 19 April 2024

LEE HIN SZE
(MIA 15432)
Chief Financial Officer

Before me,

Commissioner for Oaths

NO: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2022 - 31 DIS 2024

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR

Building a better working world

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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 2023 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 38 to 377.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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"), 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.

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

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

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

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the 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.

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 skepticism 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.)

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	Brandon Bruce Sta Maria
202006000003 (LLP0022760-LCA) & AF 0039	No. 02937/09/2025 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
19 April 2024

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group			Company	
		31.12.2023	**31.12.2022 (Restated)**	**1.1.2022 (Restated)**	**31.12.2023**	**31.12.2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets						
Property, plant and equipment	3	108,096	106,585	115,070	1,578	1,402
Investment properties	4	1,012,155	980,360	966,429	-	-
Prepaid land lease payments	5	15,818	16,127	16,613	-	-
Right-of-use assets ("ROU")	6	16,444	20,498	26,916	510	369
Intangible assets	7	93,096	97,310	99,342	862	29
Investment in subsidiaries	8	-	-	-	3,378,647	3,378,647
Investment in associates	9	-	1,238	1,238	-	-
Investments	10	45,147,766	42,196,737	42,249,136	384,831	227,187
Financing receivables	12	76,864	70,573	69,595	705,355	661,935
Reinsurance contract/retakaful certificate assets	13	6,147,356	5,735,019	6,093,306	-	-
Insurance contract/Takaful certificate assets	14	353,637	283,896	-	-	-
Other assets	15	616,549	556,458	623,844	19,023	24,170
Derivative assets	16	218,679	239,732	35,965	-	-
Deferred tax assets	17	187,024	206,403	115,362	-	1,711
Current tax assets	18	95,338	95,719	121,884	-	-
Cash and bank balances		900,732	853,052	928,274	15,204	37,705
Total Assets		54,989,554	51,459,707	51,462,974	4,506,010	4,333,155
Equity						
Share capital	19	660,866	660,866	660,866	660,866	660,866
Reserves	20	6,941,416	6,274,233	6,741,626	2,734,196	2,613,438
Total Equity		7,602,282	6,935,099	7,402,492	3,395,062	3,274,304
Liabilities						
Insurance contract/Takaful certificate liabilities	14	43,968,916	41,672,401	41,164,349	-	-
Reinsurance contract/retakaful certificate liabilities	13	497,459	96,873	28,036	-	-
Subordinated obligation	21	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Derivative liabilities	16	94,073	42,109	22,249	70,480	21,288
Deferred tax liabilities	17	487,631	363,688	433,710	720	-
Other liabilities	22	1,267,467	1,258,122	1,331,454	27,946	26,318
Interest payable on subordinated obligation	21	9,875	9,875	9,848	9,875	9,875
Current tax liabilities		61,851	81,540	70,836	1,927	1,370
Total Liabilities		47,387,272	44,524,608	44,060,482	1,110,948	1,058,851
Total Equity and Liabilities		54,989,554	51,459,707	51,462,974	4,506,010	4,333,155

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
		2023	**2022 (Restated)**	**2023**	**2022 (Restated)**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Insurance/Takaful revenue	23	6,807,612	5,878,653	-	-
Insurance/Takaful service expenses	24	(4,362,052)	(5,075,752)	-	-
Net expense from reinsurance contracts/retakaful certificates held	25	(1,663,754)	(896,018)	-	-
Insurance/Takaful service result		**781,806**	**(93,117)**	**-**	**-**
Interest/profit income from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	26	1,116,980	936,158	61,738	63,921
Net fair value gains/(losses) on financial assets measured at FVTPL	27	777,867	(1,270,119)	(1,784)	(8,901)
Net fair value losses on derecognition of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")	28	(269,003)	(239,766)	(3,180)	(6,047)
Other investment income	29	859,786	741,105	530,275	291,824
Reversal of/(allowance for) impairment loss on financial assets	30	124,429	(120,329)	(560)	(403)
Net foreign exchange losses	31	(149,453)	(85,543)	(19)	(56)
Net investment income/(losses)		**2,460,606**	**(38,494)**	**586,470**	**340,338**
Finance (expenses)/income from insurance contracts/takaful certificates issued	32	(2,045,571)	350,836	-	-
Finance income from reinsurance contracts/retakaful certificates held	33	147,204	42,484	-	-
Net insurance/Takaful financial result		**(1,898,367)**	**393,320**	**-**	**-**

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTD.)

		Group		Company	
		2023	**2022 (Restated)**	**2023**	**2022 (Restated)**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other income	34	50,001	33,112	154	178
Other finance costs		(40,857)	(41,739)	(39,716)	(39,527)
Other expenses	35	(102,310)	(79,256)	(31,818)	(29,146)
Other expenses, net		**(93,166)**	**(87,883)**	**(71,380)**	**(68,495)**
Profit before taxation and zakat attributable to policyholders/ participants		**1,250,879**	**173,826**	**515,090**	**271,843**
Tax (expense)/credit attributable to policyholders/participants	39	(110,363)	27,213	-	-
Profit before taxation and zakat		1,140,516	201,039	515,090	271,843
Tax expense	39	(240,627)	(261,881)	(11,511)	(13,202)
Zakat		(31,400)	(25,372)	-	-
Net profit/(loss) for the financial year		**868,489**	**(86,214)**	**503,579**	**258,641**
Profit attributable to:					
Equity holders of the Company		868,489	(86,214)	503,579	258,641
Basic and diluted earnings/(loss) per share (sen)	40	3.45	(0.34)	2.00	1.03

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022 (Restated)	2023	2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial year	**868,489**	**(86,214)**	**503,579**	**258,641**
Other comprehensive income/ (loss):				
Items that may be subsequently reclassified to profit or loss:				
	667,697	(685,328)	(2,797)	36,394
Net fair value gains/(losses) on investments in debt securities measured at FVOCI	778,859	(1,202,591)	193	(9,190)
Net fair value gains on derecognition of financial assets measured at FVOCI	265,337	236,104	3,179	6,047
Fair value adjustments on FVOCI financial assets backing participants' funds	(292,134)	216,673	-	-
Effect of hedging:				
- Net change in fair value	-	-	(44,341)	42,140
- Net movement in foreign exchange	-	-	39,260	(3,957)
Tax effect relating to these items	(84,365)	64,486	(1,088)	1,354
	(509,605)	557,803	-	-
Finance (expenses)/income from insurance contracts/Takaful certificates issued	(560,650)	601,611	-	-
Finance income/(expenses) from reinsurance contracts/retakaful certificates held	48,223	(42,615)	-	-
Tax effect relating to these items	2,822	(1,193)	-	-

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTD.)

	Group		Company	
	2023	**2022 (Restated)**	**2023**	**2022 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Items that will not be subsequently reclassified to profit or loss:				
	7,183	(9,123)	-	-
Change in fair value of equity securities at FVOCI	16,188	(18,815)	-	-
Fair value adjustments on FVOCI financial assets backing the policyholders'/participants' funds	(7,233)	6,336	-	-
Tax effect relating to these items	(1,772)	3,356	-	-
Currency translation differences	29,241	6,886	-	-
Other comprehensive income/ (loss) for the financial year, net of tax	**194,516**	**(129,762)**	**(2,797)**	**36,394**
Total comprehensive income/ (loss) for the financial year, attributable to equity holders of the Company	**1,063,005**	**(215,976)**	**500,782**	**295,035**

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 2023

Group

			<------------------- Non-Distributable ----------------------->				Retained Earnings			
	Note	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	Total Equity RM'000
At 1 January 2023, as previously stated		660,866	(357,476)	-	109,680	788	998,889	5,662,380	6,661,269	7,075,127
- Effect of adopting MFRS17	2.5	-	(30,982)	163,405	(38,517)	-	161,404	(395,338)	(233,934)	(140,028)
At 1 January 2023, as restated		660,866	(388,458)	163,405	71,163	788	1,160,293	5,267,042	6,427,335	6,935,099
Net profit for the financial year		-	-	-	-	-	210,031	658,458	868,489	868,489
Other comprehensive income/(loss) for the financial year		-	504,763	(339,487)	29,241	-	-	-	-	194,517
Total comprehensive income/(loss)		-	504,763	(339,487)	29,241	-	210,031	658,458	868,489	1,063,006
Reinstatement of Group adjustment on expenses		-	-	-	-	-	(1,317)	-	(1,317)	(1,317)
Reversal of prior years' disposal of subsidiaries		-	-	-	-	-	-	(13,798)	(13,798)	(13,798)
Disposal of associate		-	-	-	-	-	-	(684)	(684)	(684)
Reclassification upon disposal of equity securities		-	6,336	-	-	-	(4,457)	(1,879)	(6,336)	-
Transfer from non-par surplus upon recommendation by the Appointed Actuary *		-	-	-	-	-	(212,814)	212,814	-	-
Dividend on ordinary shares	41	-	-	-	-	-	-	(380,024)	(380,024)	(380,024)
At 31 December 2023		660,866	122,641	(176,082)	100,404	788	1,151,736	5,741,929	6,893,665	7,602,282

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 2022

Group

		<---Non-Distributable				--->	Retained Earnings			
	Note	**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**	**Total Equity RM'000**
At 1 January 2022, as previously stated		660,866	(46,478)	-	49,918	788	970,489	5,827,878	6,798,367	7,463,461
- Effect of adopting MFRS17	2.5	-	20,522	(78,147)	14,359	-	215,076	(232,779)	(17,703)	(60,969)
At 1 January 2022, as restated		660,866	(25,956)	(78,147)	64,277	788	1,185,565	5,595,099	6,780,664	7,402,492
Net loss for the financial year		-	-	-	-	-	122,640	(208,854)	(86,214)	(86,214)
Other comprehensive (loss)/income for the financial year		-	(387,367)	250,719	6,886	-	-	-	-	(129,762)
Total comprehensive (loss)/income		-	(387,367)	250,719	6,886	-	122,640	(208,854)	(86,214)	(215,976)
Reinstatement of Group adjustment on expenses		-	-	-	-	-	(1,176)	-	(1,176)	(1,176)
Reclassification upon disposal of equity securities		-	24,865	(9,167)	-	-	(10,340)	(5,358)	(15,698)	-
Transfer from non-par surplus upon recommendation by the Appointed Actuary *		-	-	-	-	-	(136,396)	136,396	-	-
Dividend on ordinary shares	41	-	-	-	-	-	-	(250,241)	(250,241)	(250,241)
At 31 December 2022		660,866	(388,458)	163,405	71,163	788	1,160,293	5,267,042	6,427,335	6,935,099

* In accordance with the Financial Services Act 2013, the unallocated surplus of the Life fund is only available for distribution to the shareholder upon approval by the Appointed Actuary. The approved transfer from the Life fund unallocated surplus for the financial years ended 31 December 2023 and 31 December 2022 were RM279,750,000 and RM179,200,000 (or, RM212,814,000 and RM136,396,000 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 2023

Company

			<--- Non-distributable --->			
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Cash Flow Hedge Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2023		660,866	(2,856)	36,843	2,579,451	3,274,304
Net profit for the financial year		-	-	-	503,579	503,579
Other comprehensive income/(loss) for the financial year		-	2,284	(5,081)	-	(2,797)
Total comprehensive income/(loss)		-	2,284	(5,081)	503,579	500,782
Dividend on ordinary shares	41	-	-	-	(380,024)	(380,024)
At 31 December 2023		660,866	(572)	31,762	2,703,006	3,395,062
At 1 January 2022		660,866	(1,067)	(1,340)	2,571,051	3,229,510
Net profit for the financial year		-	-	-	258,641	258,641
Other comprehensive (loss)/income for the financial year		-	(1,789)	38,183	-	36,394
Total comprehensive (loss)/income		-	(1,789)	38,183	258,641	295,035
Dividend on ordinary shares	41	-	-	-	(250,241)	(250,241)
At 31 December 2022		660,866	(2,856)	36,843	2,579,451	3,274,304

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 2023

		Group		Company	
		31.12.2023	31.12.2022 (Restated)	31.12.2023	31.12.2022
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and zakat		1,140,516	201,039	515,090	271,843
Adjustments for:					
Amortisation of:					
- intangible assets	35	19,380	18,332	96	3
- prepaid land lease payments	35	486	486	-	-
Net amortisation of premiums	29	31,478	74,002	1,265	2,215
Depreciation of property, plant and equipment	35	14,681	13,360	26	12
Depreciation of right-of-use assets	35	9,496	9,017	85	94
Interest on lease liabilities	35	216	244	11	10
Fair value (gains)/losses on:					
- investments	27	(799,356)	1,072,583	1,784	8,901
- investment properties	29	(30,940)	(13,452)	-	-
(Gains)/losses on disposal of:					
- intangible assets	34	(1)	(4)	-	-
- investments	27, 28	290,492	437,302	3,180	6,047
- property, plant and equipment	34	(29)	-	-	-
- associate	29	202	-	-	-
Dividend income	29	(154,343)	(119,205)	(552,926)	(315,304)
Interest/profit income	26, 29	(1,793,248)	(1,598,969)	(40,352)	(42,655)
Rental income	29	(91,063)	(81,429)	-	-
(Reversal of)/allowance for impairment losses on:					
- investments	30	(124,422)	120,316	566	386
- financing receivables	30, 34	(507)	512	(6)	17
- prepaid land lease payments	34	(177)	-	-	-
- other assets	34	(398)	355	-	-
- Reinsurance contract assets / Retakaful Retakaful certificate assets		(6,085)	3,980	-	-
- Insurance contract assets / Takaful certificate assets		1,513	553		
Asset written off	34	-	5,551	-	-
Bad debts written off		17	1,446	-	-
Takaful contribution written off		-	485	-	-
Tax credit/(expense) incurred on behalf of policyholders/participants	39	110,363	(27,213)	-	-
Losses/(Gains) on foreign exchange:					
-realised	31	62,477	(6,668)	-	234
-unrealised	31	86,976	92,211	19	(178)
Operating cash flows before changes in assets and liabilities		(1,232,276)	204,834	(71,162)	(68,375)

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTD.)

		Group		Company	
		31.12.2023	**31.12.2022 (Restated)**	**31.12.2023**	**31.12.2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in working capital:					
- Decrease in fixed and call deposits		34,985	595,029	(243,740)	478,238
- Net increase in insurance/takaful and reinsurance/retakaful contracts/certificates		262,569	668,875	-	-
- Increase in financing receivables		(6,291)	(978)	(4,834)	887
- (Increase)/decrease in other assets		(56,609)	68,664	4,929	5,580
- Increase/(decrease) in other liabilities		15,607	(39,868)	1,628	11,091
Investment income received		1,805,314	1,587,005	53,151	47,404
Dividends received		156,113	120,038	552,926	315,304
Rental income received		95,059	78,730	-	-
Tax paid		(312,526)	(288,610)	(7,289)	(5,917)
Zakat paid		(30,709)	(20,849)	-	-
Net cash generated from operating activities		731,236	2,972,870	285,609	784,212
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital injection in subsidiaries	8	-	-	-	(736,761)
(Purchase) of:					
- Property, plant and equipment	3	(19,911)	(7,482)	(1,725)	(208)
- Investment properties	4	(856)	(609)	-	-
- Intangible assets	7	(10,954)	(14,195)	(5)	(24)
Proceed from disposal of:					
- Property, plant and equipment	3	576	1,071	-	-
- Investment properties	4	-	128	-	-
- Intangible assets	7	5	53	-	-
Proceeds from disposal/(purchase) of investments		(265,487)	(2,797,127)	113,453	245,378
Net cash used in investing activities		(296,627)	(2,818,161)	111,723	(491,615)

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTD.)

		Group		Company	
		31.12.2023	31.12.2022 (Restated)	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends	41	(380,024)	(250,241)	(380,024)	(250,241)
Interest paid on subordinated obligation		(39,716)	(39,500)	(39,716)	(39,500)
Payment of lease liabilities	6	(10,034)	(8,507)	(93)	(91)
Net cash used in financing activities		(429,774)	(298,248)	(419,833)	(289,832)
Net increase/(decrease) in cash and cash equivalents		4,835	(143,539)	(22,501)	2,765
Effects of exchange rate changes		42,845	68,317	-	-
Cash and cash equivalents at beginning of year		853,052	928,274	37,705	34,940
Cash and cash equivalents at end of year		900,732	853,052	15,204	37,705
Cash and cash equivalents comprise:					
Cash and bank balances of:					
General insurance business		110,365	119,953	-	-
Life business		695,722	621,738	-	-
General takaful business		50,152	8,630	-	-
Family takaful business		23,681	59,972	-	-
Investment holding and non-insurance entities		20,812	42,759	15,204	37,705
		900,732	853,052	15,204	37,705

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023

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 19 April 2024.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 2022 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.

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

(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 and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

(i) Estimates of future cash flows

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

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

Cash flows within the boundary of a contract/certificate are those that relate directly to the fulfilment of the contract/certificate, including those for which the Group or the Company 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.

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 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:

<u>Mortality and morbidity rates</u>
Assumptions are based on standard industry and national 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 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.

<u>Longevity</u>
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.

<u>Lapse and surrender rates</u>
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 risk-free discount rates using the observed yield curves of government securities. The derivation of the illiquidity premium leverages the volatility adjustment bases in accordance with the BNM's discounting approach, with calibration made to reference the portfolio of the Company's insurance/Takaful and shareholder's funds. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which 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.

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 ----------->**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance contracts/ Takaful certificates issued										
Ringgit Malaysia										
General Insurance	3.30%	3.30%	3.50%	3.70%	3.70%	3.90%	3.70%	4.10%	4.10%	4.40%
Life Insurance	3.30%-3.57%	3.25%-3.58%	3.53%-3.80%	3.74%-4.07%	3.65%-3.92%	3.88%-4.21%	3.74%-4.01%	4.09%-4.42%	4.05%-4.32%	4.36%-4.69%
General Takaful	3.30%	3.30%	3.50%	3.80%	3.60%	3.90%	3.80%	4.20%	4.00%	4.30%
Family Takaful	3.32%-3.67%	3.26%-3.61%	3.51%-3.86%	3.79%-4.14%	3.64%-3.99%	3.90%-4.25%	3.81%-4.16%	4.17%-4.52%	4.01%-4.36%	4.31%-4.66%

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 ----------->**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance contracts/ Takaful certificates issued (contd.)										
Singapore Dollar										
General Insurance	3.56%	3.75%	2.84%	2.87%	2.64%	2.82%	2.67%	3.06%	2.74%	2.86%
Life Insurance	3.56%-4.93%	3.75%-5.35%	2.84%-4.21%	2.87%-4.47%	2.64%-4.01%	2.82%-4.42%	2.67%-4.04%	3.06%-4.66%	2.74%-4.11%	2.86%-4.46%
US Dollar										
Life Insurance	5.20%	5.29%	4.45%	4.81%	4.29%	4.59%	4.34%	4.47%	4.60%	4.69%

	Portfolio duration									
	<------------ 1 year ------------>		**<------------ 3 year ------------>**		**<------------ 5 year ------------>**		**<----------- 10 year ----------->**		**<----------- 15 year ----------->**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Reinsurance contracts/ Retakaful certificates held										
Ringgit Malaysia										
General Insurance	3.30%	3.30%	3.50%	3.70%	3.70%	3.90%	3.70%	4.10%	4.10%	4.40%
Life Insurance	3.30%-3.53%	3.25%-3.50%	3.53%-3.76%	3.74%-3.99%	3.65%-3.88%	3.88%-4.13%	3.74%-3.97%	4.09%-4.34%	4.05%-4.28%	4.36%-4.61%
General Takaful	3.30%	3.30%	3.50%	3.80%	3.60%	3.90%	3.80%	4.20%	4.00%	4.30%
Family Takaful	3.66%	3.60%	3.85%	4.13%	3.98%	4.24%	4.15%	4.51%	4.35%	4.65%
Singapore Dollar										
General Insurance	3.56%	3.75%	2.84%	2.87%	2.64%	2.82%	2.67%	3.06%	2.74%	2.86%
Life Insurance	3.73%-4.40%	3.97%-4.40%	3.02%-3.34%	3.09%-3.52%	2.81%-3.14%	3.04%-3.47%	2.85%-3.17%	3.28%-3.71%	2.91%-3.24%	3.08%-3.51%

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.

(iv) Contractual service margin

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.

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

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 groups of Life Insurance/Family Takaful contracts/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 (xa)

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(i) Basis of consolidation (contd.)

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. 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(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.

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(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 initial 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 initial 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. 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 initial 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 profit or loss as incurred.

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

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

(c) Amortisation period

The 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 intital 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 lossess 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. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the Group and the Company are to transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(c) Financial assets at AC

Financial assets in this category are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest/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 30.

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. A forward-looking ECL calculation should be based on an accurate estimation of current and future probability of default ("PD"), exposure at default ("EAD"), loss given default ("LGD") and discount factors.

Financing receivables

The ECL on the loan portfolio of the Group and the Company is computed using PD, LGD and EAD. The Group and the Company measuring the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant, and collectively assess for other financial assets.

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.

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 loss experiences arising from these government securities in all jurisdiction.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Impairment (contd.)

(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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xi) Financial liabilities (contd.)

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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(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.

(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.

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.)

(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.

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.*

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xii) Hedge accounting (contd.)

Cash flow hedge (contd.)

The Company disclosed the details of the hedge accounting in Note 16.

(xiii) 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

Insurance contracts/Takaful certificates (contd.)
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 contract/certificate;
- 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 contract/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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

Reinsurance contracts/retakaful certificates (contd.)
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.

(xiv) 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.

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.

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 accounting treatment (contd.)

(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 dentifies a 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 a 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.

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.

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 accounting treatment (contd.)

(b) Level of aggregation (contd.)

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.

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

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 accounting treatment (contd.)

(c) Recognition (contd.)

The Group recognises a group of reinsurance contracts/retakaful certificates held: (contd.)

- 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/retakafuls certificate, 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.)

(xiv) 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/certficates 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.)

(xiv) 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(xiv)(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.)

(xiv) 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

- 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.

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 accounting treatment (contd.)

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

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

Initial measurement (contd.)

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.

The Group have performed an eligibility assessment, and it was concluded that they qualify for PAA since there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for contracts/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(xiv)(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.

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).

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 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 general measurement model ("GMM) measures a group of insurance contracts/Takaful certificates as the total of:

- Fulfilment cash flows.
- A Contractual Service Margin ("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.)

(xiv) 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.)

(xiv) 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.)

(xiv) 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.

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.)

(xiv) 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 14(a).

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 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.
- 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.
- The effect of any currency exchange differences on the CSM.
- 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.

General measurement model ("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.)

(xiv) 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.)

General measurement model ("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"); and
- Experience adjustments relating to insurance/Takaful service expenses (excluding insurance/Takaful acquisition cash flows).

Variable fee approach ("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.)

(xiv) 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; and
  (ii) Experience adjustments relating to insurance/Takaful service expenses (excluding insurance/Takaful acquisition cash flows).

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 14(a).

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 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.
- 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.)

(xiv) 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.)

- 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.

Where 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.)

(xiv) 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.
- 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.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contracts/retakaful certificates held do not adjust the contractual service margin as they do not relate to future service.

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 and loss and not the contractual service margin of the reinsurance contract/retakaful certificate held.

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 accounting treatment (contd.)

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

Subsequent measurement (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 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.)

(xiv) 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.)

(xiv) 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 Contractual Service Margin ("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.)

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

(l) 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.)

(xiv) 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 groups 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

<u>Contracts/certificates measured under PAA</u>

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.)

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

(m) Presentation (contd.)

(i) Insurance/Takaful revenue (contd.)

<u>Contracts/certificates not measured under PAA</u>

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.
- The experience adjustments for premium receipts other than those that relate to future service.
- Amount related to insurance/Takaful acquisition cash flows.

For management judgement applied to the amortisation of CSM, please refer to Note 14(b).

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 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.)

(xiv) 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.)

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

(m) Presentation (contd.)

(v) Insurance/Takaful finance income and 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.)

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

(m) Presentation (contd.)

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

The Group disaggregates insurance/Takaful finance income or expenses on insurance contracts/Takaful certificates issued between profit or loss and other comprehensive income. The impact of changes in market interest/profit rates on the value of the Life Insurance/Family Takaful and related reinsurance/retakaful assets and liabilities are reflected in other comprehensive income in order to minimise accounting mismatches between the accounting for financial assets and insurance/Takaful assets and liabilities. The Group’s financial assets backing the insurance/Takaful issued portfolios are predominantly measured at amortised cost or fair value through other comprehensive income. Finance income and expenses on the Group’s issued reinsurance contracts/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 insurance/Takaful finance income or expenses over the duration of the group of contracts/certificates to profit or loss using discount rates determined on initial recognition of the group of contracts/certificates, see Note 2.1(d)(ii) for current discount rates.

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

(xv) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xv) Revenue recognition (contd.)

Revenue from contracts with customers (contd.)

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).

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xvi) 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 (xvi)(c), except that the remeasurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

(c) Defined contribution plans

As required by law, the 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) <u>Employees' Share Grant Plan ("ESGP Shares")</u>

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xvi) Employee benefits (contd.)

(d) Share-based compensation (contd.)

(1) Employees’ Share Grant Plan (“ESGP Shares”) (contd.)

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

(xvii) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xvii) Foreign currencies (contd.)

(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.

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xvii) Foreign currencies (contd.)

(c) Foreign operations (contd.)

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

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

	31.12.2023	**31.12.2022**
Singapore Dollar	3.48	3.28
United States Dollar	4.59	4.41
Brunei Dollar	3.48	3.28

(xviii) 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%.

(xix) 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 54.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.3. New and amended standards and interpretations

On 1 January 2023, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023:

	Effective for annual periods beginning on or after
MFRS 17 *Insurance Contracts*	1 January 2023
(Amendments to MFRS 17) *Initial Application of MFRS 17 and* MFRS 9 *- Comparative Information*	1 January 2023
MFRS 101 *Presentation of Financial Statements*	
(Amendment to MFRS 101) *Classification of Liabilities as Current or Non-current*	1 January 2023
(Amendments to MFRS 101) *Disclosure of Accounting Policies*	1 January 2023
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	
(Amendments to MFRS 108) *Definition of Accounting Estimates)*	1 January 2023
MFRS 112 *Income Taxes*	
(Amendments to MFRS 112) *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
(Amendments to MFRS 112) *International Tax Reform—Pillar Two Model Rules*	1 January 2023

The effects arising from the adoption of the new MFRS and amendments to MFRSs are as disclosed in Note 2.5.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

The following are 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 Amendments to Standards, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
MFRS 16 *Leases* (Amendments to MFRS 16) *Lease Liability in a Sale and Leaseback*	1 January 2024
MFRS 101 *Presentation of Financial Statements* (Amendments to MFRS 101) *Non-current Liabilities with Covenants*	1 January 2024
MFRS 7 *Financial Instruments: Disclosures* (Amendments to MFRS 107 and MFRS 7) *Supplier Finance Arrangements*	1 January 2024
MFRS 107 *Statement of Cash Flows* (Amendments to MFRS 107 and MFRS 7) *Supplier Finance Arrangements*	1 January 2024
MFRS 121 *The Effects of Changes in Foreign Exchange Rates* (Amendments to MFRS 121) *Lack of Exchangeability*	1 January 2025

The adoption of the above pronouncements are not expected to have a significant impact on the Group and the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

Amendment to MFRS 112 *Income Taxes - International Tax Reform—Pillar Two Model Rules*

The Group and the Company are required to separately disclose its current tax expense or income related to Pillar Two income taxes, in the periods when the legislation is effective, as this helps users of financial statements understand the relative level of those taxes.

The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the Group's and the Company's exposure arising from Pillar Two income taxes. To comply with these requirements, the Group and the Company are required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issuance of the Amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The Group and the Company are within the scope of the OECD Pillar Two model rules. Since the Pillar Two legislation was not effective at the reporting date, the Group and the Company has no related current tax exposure.

The Group and the Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5 Changes in accounting policies and disclosures

MFRS 17 *Insurance Contracts*

MFRS 17 *Insurance Contracts* replaced MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Group restated comparative information for the financial year ended 31 December 2022, including the opening balance as at 1 January 2022, by applying the transition requirements of MFRS 17.

The nature of the changes in accounting policies can be summarised, as follows:

(i) Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Group's insurance contracts/Takaful certificates.

MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts/Takaful certificates issued and reinsurance contracts/retakaful certificates held by the Group.

The key principles of MFRS 17 are that the Group:

- Identify insurance contracts/Takaful certificates as those under which the Group accepts significant insurance/Takaful risk from another party (the policyholder/participants) by agreeing to compensate the policyholder/participants if a specified uncertain future event (the insured event) adversely affects the policyholder/participants;

- Separate specified embedded derivatives, distinct investment components and distinct non-insurance/Takaful goods or services from insurance contracts/Takaful certificates and accounts for them in accordance with other applicable MFRS or IFRS;

- Separate the insurance/Takaful and reinsurance contracts/retakaful certificates into groups it will recognise and measure;

- Recognise and measure groups of Insurance contracts/Takaful certificates at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus an amount representing the unearned profit in the group of contracts/certificates (the contractual service margin or "CSM"), if relevant;

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5 Changes in accounting policies and disclosures (contd.)

MFRS 17 *Insurance Contracts* (contd.)

- Recognise profit from a group of Insurance contracts/Takaful certificates over each period the Group provides insurance/Takaful coverage, as the Group are released from risk. If a group of contracts/certificates is expected to be onerous (i.e. loss making) over the remaining coverage period, the Group will recognise the loss immediately; and

- Recognise an asset for insurance/Takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts/Takaful certificates is recognised. Such an asset is derecognised when the insurance/Takaful acquisition cash flows are included in the measurement of the related group of insurance contracts/Takaful certificates.

The Group’s classification and measurement of insurance/Takaful and reinsurance contracts/retakaful certificates are explained in Note 2.2.

(ii) Changes to presentation and disclosure

For presentation purposes, the Group have aggregated insurance contracts/Takaful certificates issued and reinsurance contracts/retakaful certificates held and presented these separately in the statement of financial position as follows:

- Portfolios of insurance contracts/Takaful certificates issued that are assets;
- Portfolios of insurance contracts/Takaful certificates issued that are liabilities;
- Portfolios of reinsurance contracts/retakaful certificates held that are assets;
- Portfolios of reinsurance contracts/retakaful certificates held that are liabilities.

The portfolios of contracts/certificates are as established at initial recognition and is in accordance with the requirements of MFRS 17.

Groups of insurance contracts/Takaful certificates issued will include any assets for insurance/Takaful acquisition cash flows.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5 Changes in accounting policies and disclosures (contd.)

MFRS 17 *Insurance Contracts* (contd.)

(ii) Changes to presentation and disclosure (contd.)

The presentation of the statement of profit or loss and other comprehensive income have been changed significantly upon the adoption of MFRS 17**,** with clear delineation of underwriting and investment results. There are no longer items such as gross, net or earned premiums/contributions or net claims incurred shown on the statement of profit or loss.

Instead, the statement of profit or loss have reflected the following items for the financial year ended 31 December 2023, together with a restated statement of profit or loss under MFRS 17 for the year ended 31 December 2022:

- Insurance/Takaful revenue
- Insurance/Takaful service expenses
- Insurance/Takaful service results
- Insurance/Takaful finance income or expenses
- Income or expenses from reinsurance contracts/retakaful certificates held

The Group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- Amounts recognised in the Group's financial statements arising from insurance contracts/takaful certificates; and

- Significant judgements, and changes in those judgements, when applying MFRS 17.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5 Changes in accounting policies and disclosures (contd.)

MFRS 17 *Insurance Contracts* (contd.)

(iii) Transition

On the transition date of 1 January 2022, the Group has:

- Identified, recognised and measured each group of Insurance/Takaful and reinsurance contracts/retakaful certificates as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;

- Identified, recognised and measured assets for Insurance/Takaful acquisition cash flows as if MFRS 17 had always applied;

- Derecognised any existing balances that would not exist had MFRS 17 always applied; and

- Recognised any resulting net difference thereon in equity.

Where the Full Retrospective Approach ("FRA") has been determined to be impracticable to apply during the implementation period, due to constraints on data or other relevant inputs, the Group has applied the Modified Retrospective Approach ("MRA") and Fair Value Approach ("FVA"). These are described in further detail below.

(a) Full retrospective approach ("FRA")

The determination of whether it is impracticable to adopt the FRA for group of contracts/certificates as at the transition date was made after considering the cost or effort required to collect the required information or create information where the required data was unavailable (either due to system migrations in the past, data retention policies, and changes in requirements introduced by MFRS 17) and if hindsight was needed to determine the estimates at prior periods. The Group has ascertained that insurance contracts/Takaful certificates underwitten effective from 1 January 2018 and 1 January 2022 will apply the FRA transition approach.

(b) Modified retrospective approach ("MRA")

The MRA is applied based on reasonable and supportable information available without undue cost or effort to the Group. Certain modifications will be applied to the extent the FRA is not possible, but still with the objective to achieve the closest possible outcome to the FRA application.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5 Changes in accounting policies and disclosures (contd.)

MFRS 17 Insurance Contracts (contd.)

(iii) Transition (contd.)

(c) Fair value approach ("FVA")

Under the FVA, the CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference will be recognised in retained earnings at the transition date).

The subsidiaries of the Company have individually ascertained the Insurance contract/Takaful certificate portfolios to which they will apply the transition approaches above.

Amendment to MFRS 9 as a result of MFRS 17 implementation

The Group and the Company have adopted MFRS 9 from the financial year ended 31 December 2018. In doing so, the Group has also applied the overlay approach, which allows it to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from the adoption of MFRS 17. As MFRS 17 allows an election for the effect of changes in discount rates to be recognised through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"), Singapore subsidiary, Etiqa Insurance Pte. Ltd. ("EIPL") has applied the amendment by reclassifying the financial assets from FVTPL to FVOCI for GMM non-participating fund after performed necessary assessment to manage the balance sheet management strategies and the impact on financial performance. Meanwhile, the Group have performed the necessary reclassification for the eligible financial assets to match against the insurance contract/Takaful certificate liabilities.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial effects arising from the adoption of MFRS 17 *Insurance Contracts*

The adoption of MFRS 17 *Insurance Contracts* has had a significant financial effect to the Group's financial statements but does not have any financial effect to the Company's financial statements.

The comparative figures have been restated to conform with current year's presentation in accordance with MFRS 17 *Insurance Contracts*. The effects of the adjustments to assets, liabilities and equity on the statement of financial position of the Group as at 1 January 2022 and 31 December 2022 and on the components of profit or loss for the year ended 31 December 2022 are presented below:

(a) Statements of financial position as at 1 January 2022

Group

	As previously stated at 1 January 2022 RM'000	Reclassification/ Derecognition of MFRS 4 assets and liabilities RM'000	Remeasurement effects under MFRS 17 RM'000	Tax effect RM'000	As restated at 1 January 2022 RM'000
Assets:					
Financing receivables	325,384	(255,789)	-	-	69,595
Reinsurance contract/Retakaful certificate assets	6,502,473	(2,446,299)	2,037,132	-	6,093,306
Insurance/Takaful receivables	560,165	(560,165)	-	-	-
Other assets	586,315	37,529	-	-	623,844
Deferred tax assets	225,266	-	-	(109,904)	115,362

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial effects arising from the adoption of MFRS 17 *Insurance Contracts* (contd.)

(a) Statements of financial position as at 1 January 2022 (contd.)

Group

	As previously stated at 1 January 2022 RM'000	Reclassification/ Derecognition of MFRS 4 assets and liabilities RM'000	Remeasurement effects under MFRS 17 RM'000	Tax effect RM'000	As restated at 1 January 2022 RM'000
Equity:					
Currency translation reserve	49,918	14,359	-	-	64,277
Insurance/Takaful/Reinsurance/Retakaful finance reserve	-	-	(78,147)	-	(78,147)
FVOCI reserves	(46,478)	3,678	16,844	-	(25,956)
Retained profits	6,798,367	10,656,179	(10,658,261)	(15,621)	6,780,664
Liabilities:					
Insurance contract/Takaful certificate liabilities	40,314,242	(26,528,163)	27,378,270	-	41,164,349
Reinsurance contract/Retakaful certificate liabilities	-	-	28,036	-	28,036
Expense liabilities	690,618	(690,618)	-	-	-
Insurance payables	892,226	(892,226)	-	-	-
Other liabilities	1,737,750	(448,229)	41,933	-	1,331,454
Deferred tax liabilities	559,235	-	-	(125,525)	433,710

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial effects arising from the adoption of MFRS 17 *Insurance Contracts* (contd.)

(b) Statements of financial position as at 31 December 2022

Group

	As previously stated at 31 December 2022 RM'000	Reclassification/ Derecognition of MFRS 4 assets and liabilities RM'000	Remeasurement effects under MFRS 17 RM'000	Tax effect RM'000	As restated at 31 December 2022 RM'000
<u>Assets:</u>					
Financing receivables	330,695	(260,122)	-	-	70,573
Reinsurance contract/Retakaful certificate assets	5,859,904	(1,516,631)	1,391,746	-	5,735,019
Insurance/Takaful receivables	627,170	(627,170)	-	-	-
Insurance contract/Takaful certificate assets	-	-	283,896	-	283,896
Other assets	569,959	(13,501)	-	-	556,458
Deferred tax assets	255,358	-	-	(48,955)	206,403
Current tax assets	95,918	(199)	-	-	95,719

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial effects arising from the adoption of MFRS 17 *Insurance Contracts* (contd.)

(b) Statements of financial position as at 31 December 2022 (contd.)

Group

	As previously stated at 31 December 2022 RM'000	Reclassification/ Derecognition of MFRS 4 assets and liabilities RM'000	Remeasurement effects under MFRS 17 RM'000	Tax effect RM'000	As restated at 31 December 2022 RM'000
Equity:					
Currency translation reserve	109,680	(38,517)	-	-	71,163
Insurance/Takaful/Reinsurance/Retakaful finance reserve	-	-	163,405	-	163,405
FVOCI reserves	(357,476)	(9,626)	(21,356)	-	(388,458)
Retained profits	6,661,269	10,707,260	(10,769,385)	(171,809)	6,427,335
Liabilities:					
Insurance contract/Takaful certificate liabilities	40,425,701	(26,032,784)	27,279,484	-	41,672,401
Reinsurance contract/Retakaful certificate liabilities	-	-	96,873	-	96,873
Expense liabilities	570,281	(570,281)	-	-	-
Insurance payables	725,359	(725,359)	-	-	-
Other liabilities	1,832,917	(574,795)	-	-	1,258,122
Deferred tax liabilities	486,542	-	-	(122,854)	363,688
Current tax liabilities	81,521	19	-	-	81,540

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial effects arising from the adoption of MFRS 17 *Insurance Contracts* (contd.)

(c) Financial impacts from adoption of MFRS 17

The following table shows the nature of the measurement adjustments made to the statement of financial position:

Nature of the measurement adjustments	**Description**
Reclassification/ Derecognition of MFRS 4 assets and liabilities	The items include: a) Insurance/Takaful receivables, insurance/Takaful payables, reinsurance/retakaful assets, Insurance contract/Takaful certificate liabilities and other payables were derecognised on transition and have been remeasured within Insurance contract/Takaful certificate asset and liabilities, reinsurance/retakaful certificate asset and liabilities. b) Under MFRS 4, unallocated surplus, asset revaluation reserves and fair value reserves of participating policyholders'/participants' funds of RM43.97 billion were reported within Insurance contract/Takaful certificate liabilities. Under MFRS 17, these balances are reported as part of the restricted equity of the Group.
Remeasurement effects under MFRS 17	For Life and Family Takaful: a) Transition CSM CSM is a component of the Insurance contract/Takaful certificate liabilities and represent the future unearned profit associated with Insurance contracts/Takaful certificate which will be released to profit or loss over the insurance/takaful coverage period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial Effects arising from the adoption of MFRS 17 *Insurance Contracts* (contd.)

(c) Financial impacts from adoption of MFRS 17 (contd.)

The following table shows the nature of the measurement adjustments made to the statement of financial position: (contd.)

Nature of the measurement adjustments	**Description**
Remeasurement effects under MFRS 17	b) Fulfilment Cash Flows The measurement of the Insurance contract/Takaful certificate assets/liabilities under MFRS17 is based on groups of Insurance contracts/Takaful certificates and includes liabilities for fulfilling the contractual obligations associated with the Insurance contract/Takaful certificate, such as premiums/contributions, expenses, and Insurance/Takaful benefits and claims. These are recorded within the fulfilment cash flows component of the Insurance contract/Takaful certificate liabilities, together with the risk adjustment. For General Insurance/General Takaful, the measurement principles of the PAA, as described in Note 2.2(xiv)(f) differ from the 'earned premium/contribution approach' previously used by the Group under MFRS 4 due to the following considerations: - Measurement of liability for remaining coverage includes an explicit evaluation of risk adjustment for non-financial risks when a group of contracts/certificates is onerous in order to compute the loss component; and - Measurement of liability for incurred claims is determined on a discounted basis, including explicit risk adjustment for non-financial risks.
Tax effect	Deferred tax are reported, where appropriate, on temporary differences between the new MFRS 17 balances and the associated tax bases.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.5. Changes in accounting policies and disclosures (contd.)

Financial Effects arising from the adoption of MFRS 17 *Insurance Contracts* (contd.)

(d) Income statement for the financial year ended 31 December 2022

Group

	As previously stated for the year ended 31 December 2022 RM'000	Classification and measurement* RM'000	As restated for the year ended 31 December 2022 RM'000
Profit before taxation and zakat	474,499	(273,460)	201,039
Net profit for the financial year	122,430	(208,644)	(86,214)
Other comprehensive income for the year, net of tax	(260,523)	130,761	(129,762)

** These impacts arise due to the derecognition of MFRS 4 assets and liabilities and recognition of MFRS 17 assets and liabilities.*

3. PROPERTY, PLANT AND EQUIPMENT

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**
31.12.2023							
Cost							
At 1 January 2023	112,098	86,587	49,871	54,365	1,694	13,110	317,725
Additions	-	4,035	7,495	158	-	8,223	19,911
Disposals	-	(588)	(1,503)	-	-	-	(2,091)
Write-off	-	-	(215)	-	-	-	(215)
Reclassification	-	1,086	-	8,729	-	(9,815)	-
Transfer to:							
- Intangible assets (Note 7)	-	-	-	-	-	(3,377)	(3,377)
Translation differences	-	268	1,775	-	-	-	2,043
At 31 December 2023	112,098	91,388	57,423	63,252	1,694	8,141	333,996

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group **31.12.2023**	**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**
Accumulated depreciation and impairment losses							
At 1 January 2023	50,130	73,091	42,848	43,463	1,608	-	211,140
Depreciation charge for the year (Note 35)	2,201	4,741	3,931	3,798	10	-	14,681
Disposals	-	(14)	(1,501)	-	-	-	(1,515)
Write-off	-	-	(215)	-	-	-	(215)
Translation differences	-	255	1,558	-	(4)	-	1,809
At 31 December 2023	52,331	78,073	46,621	47,261	1,614	-	225,900
Analysed as:							
Accumulated depreciation	51,011	78,073	46,621	47,261	1,614	-	224,580
Accumulated allowance for impairment losses	1,320	-	-	-	-	-	1,320
	52,331	78,073	46,621	47,261	1,614	-	225,900
Net Book Value							
At 31 December 2023	59,767	13,315	10,802	15,991	80	8,141	108,096

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>31.12.2022</u>							
Cost							
At 1 January 2022	112,098	82,244	50,313	54,236	1,687	13,394	313,972
Additions	-	2,454	1,718	1,123	-	2,187	7,482
Disposals	-	(87)	(2,460)	(998)	-	-	(3,545)
Write-off	-	(204)	(131)	-	-	-	(335)
Reclassification	-	1,048	-	-	-	(1,048)	-
Transfer to:							
- Intangible assets (Note 7)	-	-	-	-	-	(1,490)	(1,490)
Translation differences	-	1,132	431	4	7	67	1,641
At 31 December 2022	112,098	86,587	49,871	54,365	1,694	13,110	317,725

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**
31.12.2022							
Accumulated depreciation and impairment losses							
At 1 January 2022	47,928	68,663	40,373	40,344	1,594	-	198,902
Depreciation charge for the year (Note 35)	2,202	4,382	3,625	3,138	13	-	13,360
Disposals	-	(23)	(2,432)	(19)	-	-	(2,474)
Write-off	-	(204)	(131)	-	-	-	(335)
Translation differences	-	273	1,413	-	1	-	1,687
At 31 December 2022	50,130	73,091	42,848	43,463	1,608	-	211,140
Analysed as:							
Accumulated depreciation	48,810	73,091	42,848	43,463	1,608	-	209,820
Accumulated allowance for impairment losses	1,320	-	-	-	-	-	1,320
	50,130	73,091	42,848	43,463	1,608	-	211,140
Net Book Value							
At 31 December 2022	61,968	13,496	7,023	10,902	86	13,110	106,585

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**
31.12.2023				
Cost				
At 1 January/31 December 2023	1,829	3,273	106,996	112,098
Accumulated depreciation and impairment losses				
At 1 January 2023	55	2,383	47,692	50,130
Depreciation charge for the year	-	61	2,140	2,201
At 31 December 2023	55	2,444	49,832	52,331
Analysed as:				
Accumulated depreciation	-	1,179	49,832	51,011
Accumulated allowance for impairment losses	55	1,265	-	1,320
	55	2,444	49,832	52,331
Net Book Value				
At 31 December 2023	1,774	829	57,164	59,767
31.12.2022				
Cost				
At 1 January/31 December 2022	1,829	3,273	106,996	112,098
Accumulated depreciation and impairment losses				
At 1 January 2022	55	2,321	45,552	47,928
Depreciation charge for the year	-	62	2,140	2,202
At 31 December 2022	55	2,383	47,692	50,130
Analysed as:				
Accumulated depreciation	-	1,118	47,692	48,810
Accumulated allowance for impairment losses	55	1,265	-	1,320
	55	2,383	47,692	50,130
Net Book Value				
At 31 December 2022	1,774	890	59,304	61,968

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>31.12.2023</u>					
Cost					
At 1 January 2023	-	80	465	1,347	1,892
Additions	945	37	-	743	1,725
Disposals	-	-	-	(599)	(599)
Transfer to:					
- Intangible assets (Note 7)	-	-	-	(924)	(924)
At 31 December 2023	945	117	465	567	2,094
Accumulated depreciation and impairment losses					
At 1 January 2023	-	25	465	-	490
Depreciation charge for the year (Note 35)	-	26	-	-	26
At 31 December 2023	-	51	465	-	516
Analysed as:					
Accumulated depreciation	-	51	465	-	516
	-	51	465	-	516
Net Book Value					
At 31 December 2023	945	66	-	567	1,578

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Computers and peripherals RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
31.12.2022				
Cost				
At 1 January 2022	34	465	-	499
Additions	46	-	162	208
Transfer from:				-
- Intangible assets (Note 7)	-	-	1,185	1,185
At 31 December 2022	80	465	1,347	1,892
Accumulated depreciation and impairment losses				
At 1 January 2022	13	465	-	478
Depreciation charge for the year (Note 35)	12	-	-	12
At 31 December 2022	25	465	-	490
Analysed as:				
Accumulated depreciation	25	465	-	490
	25	465	-	490
Net Book Value				
At 31 December 2022	55	-	1,347	1,402

4. INVESTMENT PROPERTIES

Group

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
31.12.2023			
At 1 January 2023	519,845	460,515	980,360
Additions	-	856	856
Fair value adjustments (Note 29)	15,065	15,875	30,940
Translation differences	-	(1)	(1)
At 31 December 2023	534,910	477,245	1,012,155
31.12.2022 (Restated)			
At 1 January 2022	511,785	454,644	966,429
Additions	29	580	609
Fair value adjustments (Note 29)	8,031	5,421	13,452
Disposal	-	(128)	(128)
Translation differences	-	(2)	(2)
At 31 December 2022	519,845	460,515	980,360

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

	31.12.2023 RM'000	31.12.2022 (Restated) RM'000
Rental income	88,389	81,269
Rental related expenses	(31,079)	(29,219)
	57,310	52,050

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 51. The fair value gains are recognised in the income statement.

5. PREPAID LAND LEASE PAYMENTS

Group	**31.12.2023** **RM'000**	**31.12.2022** **RM'000**
Cost		
At 1 January/31 December	24,018	24,018
Accumulated amortisation and impairment losses		
At 1 January	7,891	7,405
Amortisation charge for the year (Note 35)	486	486
Allowance for impairment losses (Note 34)	(177)	-
At 31 December	8,200	7,891
Analysed as:		
Accumulated amortisation	8,023	7,714
Accumulated allowance for impairment losses	177	177
	8,200	7,891
Net book value		
At 31 December	15,818	16,127

6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

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

Group	**31.12.2023**			**31.12.2022**		
	Premises RM'000	**Office equipment RM'000**	**Total RM'000**	**Premises RM'000**	**Office equipment RM'000**	**Total RM'000**
Cost						
At 1 January	56,877	202	57,079	53,144	192	53,336
Additions	656	246	902	1,611	-	1,611
Contract renewal	3,927	-	3,927	-	-	-
Contract modification	(339)	(37)	(376)	-	-	-
Terminations	(510)	(177)	(687)	(303)	-	(303)
Translation differences	2,561	2	2,563	2,425	10	2,435
At 31 December	63,172	236	63,408	56,877	202	57,079
Accumulated depreciation						
At 1 January	36,399	182	36,581	26,293	127	26,420
Depreciation charge for the year (Note 35)	9,406	90	9,496	8,964	53	9,017
Contract modifications	(496)	(38)	(534)	-	-	-
Terminations	(202)	(177)	(379)	(188)	-	(188)
Translation differences	1,783	17	1,800	1,330	2	1,332
At 31 December	46,890	74	46,964	36,399	182	36,581
Net Book Value						
At 31 December	16,282	162	16,444	20,478	20	20,498

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

The movement of lease liabilities is disclosed as follows:

Group		**31.12.2023**			**31.12.2022**	
	Premises RM'000	**Office equipment RM'000**	**Total RM'000**	**Premises RM'000**	**Office equipment RM'000**	**Total RM'000**
Lease liabilities						
At 1 January	21,405	17	21,422	26,764	72	26,836
Additions	3,769	243	4,012	1,673	-	1,673
Accretion of interest (Note 35)	207	9	216	240	4	244
Contract renewal	775	-	775	-	-	-
Contract modification	231	-	231	-	-	-
Terminations	(318)	(3)	(321)	(110)	-	(110)
Settlement	(9,943)	(91)	(10,034)	(8,445)	(62)	(8,507)
Translation differences	821	(3)	818	1,283	3	1,286
At 31 December	16,947	172	17,119	21,405	17	21,422
Lease liabilities by remaining maturity:						
Less than 12 months	9,866	60	9,926	9,401	17	9,418
More than 12 months	7,081	112	7,193	12,004	-	12,004
Total	16,947	172	17,119	21,405	17	21,422

6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

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

Company	**31.12.2023**		**31.12.2022**	
	Premises RM'000	**Total RM'000**	**Premises RM'000**	**Total RM'000**
Cost				
At 1 January	508	508	508	508
Additions	534	534	-	-
Terminations	(510)	(510)	-	-
At 31 December	532	532	508	508
Accumulated depreciation				
At 1 January	139	139	56	56
Depreciation charge for the year (Note 35)	85	85	94	94
Terminations	(202)	(202)	-	-
Adjustments	-	-	(11)	(11)
At 31 December	22	22	139	139
Net Book Value				
At 31 December	510	510	369	369

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

The movement of lease liabilities is disclosed as follows:

Company	**31.12.2023**		**31.12.2022**	
	Premises RM'000	**Total RM'000**	**Premises RM'000**	**Total RM'000**
Lease liabilities				
At 1 January	380	380	461	461
Additions	549	549	-	-
Accretion of interest (Note 35)	11	11	10	10
Terminations	(318)	(318)	-	-
Settlement	(93)	(93)	(91)	(91)
At 31 December	529	529	380	380
Lease liabilities by remaining maturity:				
Less than 12 months	108	108	81	81
More than 12 months	421	421	299	299
Total	529	529	380	380

7. INTANGIBLE ASSETS

Group	**31.12.2023** Computer Software and Licences RM'000	**31.12.2023** Software Development Cost RM'000	**31.12.2023** Total RM'000	**31.12.2022** Computer Software and Licences RM'000	**31.12.2022** Software Development Cost RM'000	**31.12.2022** Total RM'000
Cost						
At 1 January	249,559	7,601	257,160	236,575	4,242	240,817
Additions	9,038	1,916	10,954	10,993	3,202	14,195
Disposals	(146)	-	(146)	(427)	-	(427)
Retirement	(2)	-	(2)	-	-	-
Reclassification	4,012	(4,012)	-	1,463	(1,463)	-
Transfer from:						
- Property, plant and equipment (Note 3)	2,374	1,003	3,377	-	1,490	1,490
Translation differences	1,094	281	1,375	955	130	1,085
At 31 December	265,929	6,789	272,718	249,559	7,601	257,160

7. INTANGIBLE ASSETS (CONTD.)

Group	**31.12.2023** **Computer Software and Licences RM'000**	**31.12.2023** **Software Development Cost RM'000**	**31.12.2023** **Total RM'000**	**31.12.2022** **Computer Software and Licences RM'000**	**31.12.2022** **Software Development Cost RM'000**	**31.12.2022** **Total RM'000**
Accumulated amortisation						
At 1 January	159,706	144	159,850	141,466	9	141,475
Amortisation charge for the year (Note 35)	19,213	167	19,380	18,197	135	18,332
Disposals	(141)	-	(141)	(374)	-	(374)
Retirement	(2)	-	(2)	-	-	-
Translation differences	535	-	535	417	-	417
At 31 December	179,311	311	179,622	159,706	144	159,850
Analysed as:						
Accumulated amortisation	179,311	311	179,622	159,706	144	159,850
Net book value						
At 31 December	86,618	6,478	93,096	89,853	7,457	97,310

7. INTANGIBLE ASSETS (CONTD.)

Company	31.12.2023 Computer Software and Licences RM'000	Total RM'000	31.12.2022 Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
Cost					
At 1 January	36	36	12	1,185	1,197
Additions	5	5	24	-	24
Transfer from/(to):					
- Property, plant and equipment (Note 3)	924	924	-	(1,185)	(1,185)
At 31 December	965	965	36	-	36
Accumulated amortisation					
At 1 January	7	7	4	-	4
Amortisation charge for the year (Note 35)	96	96	3	-	3
At 31 December	103	103	7	-	7
Analysed as:					
Accumulated amortisation	103	103	7	-	7
Net book value					
At 31 December	862	862	29	-	29

8. INVESTMENT IN SUBSIDIARIES

Company	**31.12.2023** **RM'000**	**31.12.2022** **RM'000**
Unquoted shares, at cost, at beginning of year	3,378,647	2,641,886
Addition during the year	-	736,761
Unquoted shares, at cost, at end of year	3,378,647	3,378,647

Details of the subsidiaries of the Company are as follows:

		Effective interest (%)		
Name of company	**Country of incorporation**	**31.12.2023**	**31.12.2022**	**Principal activities**
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
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 RM50.1 billion (2022: RM47.4 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 (2022: RM4.59 billion) and RM6.76 billion (2022: RM5.92 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 2023 and 2022.

(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 RM2.29 billion (2022: RM2.09 billion) or SGD657.23 million (2022: SGD636.60 million). The Company's Insurance subsidiary in Singapore has a Capital Adequacy Ratio ("CAR") in excess of the current requirement as at 31 December 2023 and 2022; and

(d) ELIL, the Company's Insurance subsidiary in Labuan, is required to maintain at all times a surplus of assets over liabilities, which is:

 (i) equivalent to, or more than 3% of the latest actuarial liabilities valuation; or
 (ii) RM7,500,000, whichever is greater.

As at 31 December 2023, the margin of solvency of the Company's Insurance subsidiary in Labuan is a surplus of RM16.11 million (2022: RM8.63 million) or USD3.51 million (2022: USD1.96 million) which complies with the requirements of Section 109 of the LFSSA 2010.

9. INVESTMENT IN ASSOCIATE

Group

	31.12.2023 RM'000	31.12.2022 RM'000
Unquoted shares, at cost	-	152
Post-acquisition reserve	-	1,620
Foreign exchange reserve	-	(534)
	-	1,238
Represented by:		
Share of net assets, after impairment losses	-	1,238

Details of the associate are as follows:

Name of company	Country of incorporation	Effective interest (%) 31.12.2023	Effective interest (%) 31.12.2022	Principal activities
Asian Forum Inc.	Malaysia	-	33.33	Dissolved

The financial year end of the associate was 31 December. On 6 February 2023, the associate has been liquidated pursuant to a court order. Subsequently, the Group has dissolved the associate during the financial year.

	31.12.2023 RM'000	31.12.2022 RM'000
Assets and liabilities		
Current assets	-	3,862
Total assets	-	3,862
Current liabilities	-	30
Total liabilities	-	30
Net assets	-	3,832

10. INVESTMENTS

Group

	31.12.2023 **RM'000**	**31.12.2022** **(Restated)** **RM'000**
Malaysian government papers	2,685,154	2,203,035
Singapore government securities	2,688,268	3,236,555
Equity securities	3,279,224	2,966,045
Debt securities	31,087,771	29,138,934
Unit and property trust funds	1,260,557	921,413
Structured products (Note 11)	338,216	155,582
Investment-linked units	292,579	24,191
Deposits with financial institutions	3,515,997	3,550,982
	45,147,766	42,196,737

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

	31.12.2023 **RM'000**	**31.12.2022** **(Restated)** **RM'000**
Fair value through profit or loss ("FVTPL")(Note a):		
- Designated upon initial recognition	15,647,622	14,715,622
- Held for trading ("HFT")	4,292,369	3,734,773
Fair value through other comprehensive income ("FVOCI") (Note b)	21,691,778	20,195,360
Amortised cost ("AC")(Note c)	3,515,997	3,550,982
	45,147,766	42,196,737

The following investments mature after 12 months:

	31.12.2023 **RM'000**	**31.12.2022** **(Restated)** **RM'000**
FVTPL:		
- Designated upon initial recognition	13,975,250	13,527,390
- HFT	982,379	746,777
FVOCI	20,789,938	18,697,251
	35,747,567	32,971,418

10. INVESTMENTS (CONTD.)

Group

	31.12.2023 RM'000	31.12.2022 (Restated) RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
At fair value		
Malaysian government papers	1,086,003	868,066
Equity securities:		
Quoted outside Malaysia	537,142	512,530
Debt securities:		
Quoted in Malaysia	-	15,148
Quoted outside Malaysia	1,039,695	1,218,903
Unquoted in Malaysia	11,976,332	11,613,714
Unquoted outside Malaysia	87,901	92,549
Unit and property trust funds:		
Quoted outside Malaysia	289,762	215,028
Structured products (Note 11)	338,208	155,493
Investment-linked units	292,579	24,191
Total financial assets designated as FVTPL upon initial recognition	15,647,622	14,715,622
(ii) HFT		
At fair value		
Malaysian government papers	224,986	81,639
Equity securities:		
Quoted in Malaysia	2,074,883	2,002,684
Quoted outside Malaysia	92,467	93,868
Unquoted in Malaysia	169,941	165,969
Debt securities:		
Unquoted in Malaysia	759,289	684,139
Unit and property trust funds:		
Quoted in Malaysia	24,730	32,069
Quoted outside Malaysia	946,065	674,316
Structured products (Note 11)	8	89
Total HFT financial assets	4,292,369	3,734,773

10. INVESTMENTS (CONTD.)

Group

	31.12.2023 RM'000	31.12.2022 (Restated) RM'000
(b) FVOCI		
At fair value		
Malaysian government papers	1,374,165	1,253,330
Singapore government securities	2,688,268	3,236,555
Equity securities:*		
Quoted in Malaysia	404,791	190,994
Debt securities:		
Quoted in Malaysia	100,749	171,925
Quoted outside Malaysia	5,297,393	4,402,598
Unquoted in Malaysia	11,817,866	10,932,148
Unquoted outside Malaysia	8,546	7,810
Total FVOCI financial assets	21,691,778	20,195,360

* 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 realised losses recognised on disposal of these securities amounted to RM25,583,000 (2022 : RM29,970,000).

(c) AC

Fixed and call deposits with:		
Licensed financial institutions	2,907,116	2,776,437
Other licensed financial institutions	608,881	774,545
Total AC financial assets	3,515,997	3,550,982

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.

10. INVESTMENTS (CONTD.)

Company	**31.12.2023 RM'000**	**31.12.2022 RM'000**
Malaysian government papers	14,931	14,703
Debt securities	100,749	187,073
Deposits with financial institutions	269,151	25,411
	384,831	227,187

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

FVTPL (Note a):		
- Designated upon initial recognition	-	15,148
FVOCI (Note a)	115,680	186,628
AC (Note b)	269,151	25,411
	384,831	227,187

The following investments mature after 12 months:

FVOCI	115,680	161,537

(a) FVTPL

(i) Designated upon initial recognition

At fair value		
Debt securities:		
Quoted in Malaysia	-	15,148
Total financial assets designated as FVTPL upon initial recognition	-	15,148

10. INVESTMENTS (CONTD.)

Company	**31.12.2023** **RM'000**	**31.12.2022** **RM'000**
(b) FVOCI		
<u>At fair value</u>		
Malaysian government papers	14,931	14,703
Debt securities:		
Quoted in Malaysia	100,749	171,925
Total FVOCI financial assets	115,680	186,628
(c) AC		
Fixed and call deposits with:		
Licensed financial institutions	248,735	8,411
Other licensed financial institutions	20,416	17,000
Total AC financial assets	269,151	25,411

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 51.

11. 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	**<--------- 31.12.2023 ------**		**<--------- 31.12.2022 -------**	
	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	340,000	338,208	160,000	155,493
Index-linked notes	27,063	8	27,063	89
	367,063	338,216	187,063	155,582

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.

12. FINANCING RECEIVABLES

	31.12.2023	**31.12.2022 (Restated)**
	RM'000	**RM'000**
Group		
<u>At amortised cost:</u>		
Staff loans:		
Secured	73,873	68,695
Unsecured	188	198
Non-staff loans	9,948	9,804
Allowance for impairment losses (Note 48(i))	(7,145)	(8,124)
	76,864	70,573
Receivable after 12 months	58,359	57,528

12. FINANCING RECEIVABLES (CONTD.)

	31.12.2023 RM'000	31.12.2022 RM'000
Company		
<u>At amortised cost:</u>		
Loan to subsidiary *	616,400	616,400
Unrealised foreign exchange gain during the year	78,580	39,320
Allowance for impairment losses	(1,182)	(502)
	693,798	655,218
Staff loans:		
Secured	10,340	6,372
Unsecured	188	184
Non staff loans	1,045	183
Allowance for impairment losses (Note 48(i))	(16)	(22)
	705,355	661,935
Receivable after 12 months	702,552	659,132

* 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	31.12.2023 Per annum	31.12.2022 Per annum
Non-staff loans	5.08%	5.02%
Staff loans	1.94%	3.13%

13. INSURANCE CONTRACT/TAKAFUL CERTIFICATE (ASSETS)/LIABILITIES AND REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES)

Composition of Statement of Financial Position

The breakdown of groups of Insurance contracts/Takaful certificates issued and 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

			31.12.2023			**31.12.2022 (Restated)**	
	Note	**Asset RM'000**	**Liability RM'000**	**Net RM'000**	**Asset RM'000**	**Liability RM'000**	**Net RM'000**
Insurance contracts/Takaful certificates issued							
General Insurance	14(a)	185,217	(4,194,912)	(4,009,695)	154,519	(4,794,824)	(4,640,305)
General Takaful	14(a)	168,415	(3,312,283)	(3,143,868)	129,377	(3,001,575)	(2,872,198)
Life Insurance	14(a)	-	(23,264,680)	(23,264,680)	-	(21,665,169)	(21,665,169)
Family Takaful	14(a)	5	(13,197,041)	(13,197,036)	-	(12,210,833)	(12,210,833)
Total Insurance contracts/Takaful certificates issued		353,637	(43,968,916)	(43,615,279)	283,896	(41,672,401)	(41,388,505)
Reinsurance contracts/retakaful certificates held							
General Insurance	13(a)	3,172,403	(426,557)	2,745,846	3,600,762	(89,836)	3,510,926
General Takaful	13(a)	334,607	(44,916)	289,691	286,047	(7,037)	279,010
Life Insurance	13(a)	2,334,588	-	2,334,588	1,567,652	-	1,567,652
Family Takaful	13(a)	305,758	(25,986)	279,772	280,558	-	280,558
Total reinsurance contracts/retakaful certificates held		6,147,356	(497,459)	5,649,897	5,735,019	(96,873)	5,638,146

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

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

The Group's roll forward of reinsurance contract/retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers/retakaful operators is disclosed in the table below:

Group

<u>31.12.2023</u>

		ARC			**AIC for contracts/certificates under PAA**		
	Note	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**AIC for contracts/ certificates not under PAA RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Reinsurance contract/Retakaful certificate assets as at 1 January		1,938,393	27,677	227,384	3,236,027	305,538	5,735,019
Reinsurance contract/Retakaful certificate liabilities as at 1 January		(249,174)	-	-	150,880	1,421	(96,873)
Net balance as at 1 January		**1,689,219**	**27,677**	**227,384**	**3,386,907**	**306,959**	**5,638,146**
Allocation of reinsurance premiums/retakaful contributions:							
Amount relating to the changes in assets for remaining coverage		(1,861,991)	(7)	-	-	-	(1,861,998)
Amounts recoverable from reinsurers/retakaful operators:							
Amounts recoverable for incurred claims and other expenses		23,440	-	109,690	939,454	46,297	1,118,881
Changes to amounts recoverable for incurred claims		31,994	1,745	(43,717)	(853,102)	(70,932)	(934,012)
Loss recovery component		-	(787)	-	-	-	(787)
Reversal of loss recovery component		-	14,162	-	-	-	14,162
Net (expense)/income from reinsurance contracts/ retakaful certificates held	25	**(1,806,557)**	**15,113**	**65,973**	**86,352**	**(24,635)**	**(1,663,754)**

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

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

The Group's roll forward of reinsurance contract/retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

<u>31.12.2023</u>

		ARC			AIC for contracts/certificates under PAA		
	Note	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**AIC for contracts/ certificates not under PAA RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance income/(expense) from reinsurance contracts/ retakaful certificates held	33	78,279	1,518	(361)	148,848	(38,732)	189,552
Effect of changes in non-performance risk of reinsurers/retakaful operators	33	985	-	2	4,960	-	5,947
Investment components		(443,072)	-	443,072	-	-	-
Effect of movement in exchange rate		100,612	(5,047)	9,130	13,145	1,059	118,899
Total amount recognised in income statement and OCI		**(2,069,753)**	**11,584**	**517,816**	**253,305**	**(62,308)**	**(1,349,356)**
Cash flows							
Premiums/Contributions paid net of ceding commission		2,576,934	-	-	-	-	2,576,934
Amount received/Recoveries from retakaful		(57,438)	-	(156,049)	(734,881)	-	(948,368)
Total cash flows		**2,519,496**	**-**	**(156,049)**	**(734,881)**	**-**	**1,628,566**
Other movements		(2,007)	-	(20,560)	(244,892)	-	(267,459)
Net balance as at end of the year		**2,136,955**	**39,261**	**568,591**	**2,660,439**	**244,651**	**5,649,897**
Represented by:							
Reinsurance contract/Retakaful certificate assets as at 31 December		2,646,773	39,261	593,770	2,630,256	237,296	6,147,356
Reinsurance contract/Retakaful certificate liabilities as at 31 December		(509,818)	-	(25,179)	30,183	7,355	(497,459)
Net balance as at 31 December		**2,136,955**	**39,261**	**568,591**	**2,660,439**	**244,651**	**5,649,897**

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

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

The Group's roll forward of reinsurance contract/retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

31.12.2022 (Restated)

		ARC			**AIC for contracts/certificates under PAA**		
	Note	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**AIC for contracts/ certificates not under PAA RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Reinsurance contract/Retakaful certificate assets as at 1 January		1,403,074	24,608	141,107	4,208,537	315,980	6,093,306
Reinsurance contract/Retakaful certificate liabilities as at 1 January		(31,777)	-	-	3,744	(3)	(28,036)
Net balance as at 1 January		**1,371,297**	**24,608**	**141,107**	**4,212,281**	**315,977**	**6,065,270**
Allocation of reinsurance premiums/retakaful contributions:							
Amount relating to the changes in assets for remaining coverage		(1,463,194)	(64)	-	-	-	(1,463,258)
Amounts recoverable from reinsurers/retakaful operators:							
Amounts recoverable for incurred claims and other expenses		18,584	-	73,325	1,327,829	2,772	1,422,510
Changes to amounts recoverable for incurred claims		1,528	973	33,439	(873,737)	(17,848)	(855,645)
Loss recovery component		-	(21)	-	-	-	(21)
Reversal of loss recovery component		-	396	-	-	-	396
Net (expense)/income from reinsurance contracts/ retakaful certificates held	25	**(1,443,082)**	**1,284**	**106,764**	**454,092**	**(15,076)**	**(896,018)**

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

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

The Group's roll forward of reinsurance contract/retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers/retakaful operators is disclosed in the table below: (contd.)

Group

<u>**31.12.2022 (Restated)**</u>

		ARC			**AIC for contracts/certificates under PAA**		
	Note	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**AIC for contracts/ certificates not under PAA RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance (expense)/income from reinsurance contracts/retakaful certificates held	33	(42,311)	271	-	40,182	5,415	3,557
Effect of changes in non-performance risk of reinsurers/retakaful operators	33	-	-	-	(3,688)	-	(3,688)
Effect of movement in exchange rate		86,542	1,514	-	6,743	643	95,442
Total amount recognised in income statement and OCI		**(1,398,851)**	**3,069**	**106,764**	**497,329**	**(9,018)**	**(800,707)**
Cash flows							
Premiums/Contributions paid net of ceding commission		1,739,358	-	-	-	-	1,739,358
Amount received/Recoveries from retakaful		(22,681)	-	(39,688)	(621,351)	-	(683,720)
Total cash flows		**1,716,677**	**-**	**(39,688)**	**(621,351)**	**-**	**1,055,638**
Other movements		96	-	19,201	(701,352)	-	(682,055)
Net balance as at end of the year		**1,689,219**	**27,677**	**227,384**	**3,386,907**	**306,959**	**5,638,146**
Represented by:							
Reinsurance contract/Retakaful certificate assets as at 31 December		1,938,393	27,677	227,384	3,236,027	305,538	5,735,019
Reinsurance contract/Retakaful certificate liabilities as at 31 December		(249,174)	-	-	150,880	1,421	(96,873)
Net balance as at 31 December		**1,689,219**	**27,677**	**227,384**	**3,386,907**	**306,959**	**5,638,146**
					-		

13. REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/(LIABILITIES)

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

The roll-forward of reinsurance contracts assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers are disclosed in the table below:

Group: General Insurance

31.12.2023

	ARC		**AIC for contracts under PAA**		
	Excluding loss recovery component	**Loss recovery component**	**Present value of future cash flows**	**Risk adjustment for non-financial risks**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Reinsurance contract assets as at 1 January	309,491	794	2,996,597	293,880	3,600,762
Reinsurance contract liabilities as at 1 January	(240,776)	-	149,654	1,286	(89,836)
Net balance as at 1 January	**68,715**	**794**	**3,146,251**	**295,166**	**3,510,926**
Allocation of reinsurance premium:					
Amount relating to the changes in the assets for remaining coverage	(1,408,178)	(7)	-	-	(1,408,185)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims and other expenses	23,440	-	610,678	46,297	680,415
Changes to amounts recoverable for incurred claims	-	-	(849,487)	(69,881)	(919,368)
Loss recovery component	-	(787)	-	-	(787)
Net expenses from reinsurance contracts held	**(1,384,738)**	**(794)**	**(238,809)**	**(23,584)**	**(1,647,925)**

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

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

The roll-forward of reinsurance contracts assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers are disclosed in the table below: (contd.)

Group: General Insurance (contd.)

31.12.2023

	ARC		AIC for contracts under PAA		
	Excluding loss recovery component RM'000	**Loss recovery component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance income/(expense) from reinsurance contracts held	-	-	140,406	(39,038)	101,368
Effect of changes in non-performance risk of reinsurers	-	-	5,847	-	5,847
Effect of movement in exchange rate	4,846	-	4,976	1,059	10,881
Total amount recognised in income statement	**(1,379,892)**	**(794)**	**(87,580)**	**(61,563)**	**(1,529,829)**
Cash flows					
Premiums paid, net of ceding commission	1,413,027	-	-	-	1,413,027
Amount received	(20,956)	-	(627,322)	-	(648,278)
Total cash flows	**1,392,071**	**-**	**(627,322)**	**-**	**764,749**
Net balance as at end of the year	**80,894**	**-**	**2,431,349**	**233,603**	**2,745,846**
Reinsurance contract assets as at 31 December	567,904	-	2,376,811	227,688	3,172,403
Reinsurance contract liabilities as at 31 December	(487,010)	-	54,538	5,915	(426,557)
Net balance as at 31 December	**80,894**	**-**	**2,431,349**	**233,603**	**2,745,846**

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

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

The roll-forward of reinsurance contracts assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers are disclosed in the table below: (contd.)

Group: General Insurance (contd.)

31.12.2022 (Restated)

	ARC		**AIC for contracts under PAA**		
	Excluding loss recovery component RM'000	**Loss recovery component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Reinsurance contract assets as at 1 January	98,885	879	3,418,813	279,829	3,798,406
Reinsurance contract liabilities as at 1 January	(30,491)	-	6,117	1	(24,373)
Net balance as at 1 January	**68,394**	**879**	**3,424,930**	**279,830**	**3,774,033**
Allocation of reinsurance premium:					
Amount relating to the changes in the assets for remaining coverage	(1,109,004)	(64)	-	-	(1,109,068)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims and other expenses	24,241	-	492,212	2,772	519,225
Changes to amounts recoverable for incurred claims	-	-	(320,780)	6,738	(314,042)
Loss recovery component	-	(21)	-	-	(21)
Net (expense)/income from reinsurance contracts held	**(1,084,763)**	**(85)**	**171,432**	**9,510**	**(903,906)**

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

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

Group: General Insurance (contd.)

The roll-forward of reinsurance contracts assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers are disclosed in the table below: (contd.)

31.12.2022 (Restated)

	ARC		AIC for contracts under PAA		
	Excluding loss recovery component RM'000	**Loss recovery component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance (expense)/income from reinsurance contracts held	-	(3)	34,972	5,183	40,152
Effect of changes in non-performance risk of reinsurers	-	-	(3,718)	-	(3,718)
Effect of movement in exchange rate	4,383	3	3,169	643	8,198
Total amount recognised in income statement	**(1,080,380)**	**(85)**	**205,855**	**15,336**	**(859,274)**
Cash flows					
Premiums paid, net of ceding commission	1,103,325	-	-	-	1,103,325
Amount received	(22,624)	-	(484,534)	-	(507,158)
Total cash flows	**1,080,701**	**-**	**(484,534)**	**-**	**596,167**
Net balance as at end of the year	**68,715**	**794**	**3,146,251**	**295,166**	**3,510,926**
Represented by:					
Reinsurance contract assets as at 31 December	309,491	794	2,996,597	293,880	3,600,762
Reinsurance contract liabilities as at 31 December	(240,776)	-	149,654	1,286	(89,836)
Net balance as at 31 December	**68,715**	**794**	**3,146,251**	**295,166**	**3,510,926**

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

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

The roll-forward of retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below:

Group: General Takaful

31.12.2023

		AIC for certificate under PAA		
	ARC **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	49,216	225,593	11,238	286,047
Retakaful certificate liabilities as at 1 January	(8,398)	1,226	135	(7,037)
Net balance as at 1 January	**40,818**	**226,819**	**11,373**	**279,010**
Allocation of retakaful contributions:				
Amount relating to the changes in the assets for remaining coverage	(318,196)	-	-	(318,196)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	282,476	-	282,476
Changes to amounts recoverable for incurred claims	-	27,927	(1,050)	26,877
Net (expense)/income from retakaful certificates held	**(318,196)**	**310,403**	**(1,050)**	**(8,843)**

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

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

The roll-forward of retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

31.12.2023

		AIC for certificate under PAA		
	ARC RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000
Finance income from retakaful certificates held	-	8,537	306	8,843
Effect of changes in non-performance risk of retakaful operators	-	-	-	-
Investment components	-	-	-	-
Effect of movement in exchange rate				-
Total amount recognised in income statement	**(318,196)**	**318,940**	**(744)**	**-**
Cash flows				
Contributions paid, net of ceding commission	341,183	-	-	341,183
Recoveries from retakaful	-	(82,798)	-	(82,798)
Total cash flows	**341,183**	**(82,798)**	**-**	**258,385**
Other movements	-	(247,704)	-	(247,704)
Net balance as at end of the year	**63,805**	**215,257**	**10,629**	**289,691**
Represented by:				
Retakaful certificate assets as at 31 December	85,806	239,612	9,189	334,607
Retakaful certificate liabilities as at 31 December	(22,001)	(24,355)	1,440	(44,916)
Net balance as at 31 December	**63,805**	**215,257**	**10,629**	**289,691**

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

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

The roll-forward of retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

31.12.2022 (Restated)

		AIC for certificate under PAA		
	ARC 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	3,944	762,857	35,777	802,578
Retakaful certificate liabilities as at 1 January	(1,264)	(2,373)	(4)	(3,641)
Net balance as at 1 January	2,680	760,484	35,773	798,937
Allocation of retakaful contributions:				
Amount relating to the changes in the assets for remaining coverage	(240,194)	-	-	(240,194)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	809,055	-	809,055
Changes to amounts recoverable for incurred claims	-	(549,703)	(24,632)	(574,335)
Net (expense)/income from retakaful certificates held	(240,194)	259,352	(24,632)	(5,474)

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

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

The roll-forward of retakaful certificate assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: General Takaful (contd.)

31.12.2022 (Restated)

		AIC for certificate under PAA		
	ARC RM'000	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance income from retakaful certificates held	-	5,242	232	5,474
Effect of changes in non-performance risk of retakaful operators	-	-	-	-
Total amount recognised in income statement	**(240,194)**	**264,594**	**(24,400)**	**-**
Cash flows				
Contributions paid net of ceding commission	278,332	-	-	278,332
Recoveries from retakaful	-	(104,122)	-	(104,122)
Total cash flows	**278,332**	**(104,122)**	**-**	**174,210**
Other movements	-	(694,137)	-	(694,137)
Net balance as at end of the year	**40,818**	**226,819**	**11,373**	**279,010**
Represented by:				
Retakaful certificate assets as at 31 December	49,216	225,593	11,238	286,047
Retakaful certificate liabilities as at 31 December	(8,398)	1,226	135	(7,037)
Net balance as at 31 December	**40,818**	**226,819**	**11,373**	**279,010**

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

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

The roll-forward of reinsurance contract assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers is disclosed in the table below:

Group: Life Insurance

31.12.2023

	ARC			AIC for contracts under PAA		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC for contracts not measured under PAA 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	**1,483,278**	**26,883**	**56,205**	**1,286**	**-**	**1,567,652**
Allocation of reinsurance premium:						
Amount relating to the changes in assets for remaining coverage	(62,839)	-	-	-	-	(62,839)
Amounts recoverable from reinsurers:						
Amounts recoverable for incurred claims and other expenses	-	-	22,107	1,653	-	23,760
Changes to amounts recoverable for incurred claims	31,994	1,745	(5,839)	(416)	-	27,484
Reversal of loss recovery component	-	7,198	-	-	-	7,198
Net income/(expense) from reinsurance contracts held	**(30,845)**	**8,943**	**16,268**	**1,237**	**-**	**(4,397)**

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

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

The roll-forward of reinsurance contracts assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

<u>31.12.2023</u>

	ARC			**AIC for contracts under PAA**		
	Excluding loss recovery component RM'000	**Loss recovery component RM'000**	**AIC for contracts not measured under PAA 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	74,566	1,518	-	-	-	76,084
Effect of changes in non-performance risk of reinsurers	985	-	2	2	-	989
Investment components	(443,072)	-	443,072	-	-	-
Effect of movement in exchange rate	96,750	1,917	9,130	-	-	107,797
Total amount recognised in income statement and OCI	**(301,616)**	**12,378**	**468,472**	**1,239**	**-**	**180,473**
Cash flows						
Premiums paid, net of ceding commission	708,628	-	-	-	-	708,628
Amount received	(36,482)	-	(83,276)	(400)	-	(120,158)
Total cash flows	**672,146**	**-**	**(83,276)**	**(400)**	**-**	**588,470**
Other movements	(2,007)	-	-	-	-	(2,007)
Reinsurance contract assets as at 31 December	**1,851,801**	**39,261**	**441,401**	**2,125**	**-**	**2,334,588**

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

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

The roll-forward of reinsurance contract assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers is disclosed in the table below: (contd.)

Group: Life Insurance (contd.)

31.12.2022 (Restated)

	ARC			AIC for contracts under PAA		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC for contracts not measured under PAA 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	1,175,684	23,729	32,321	2,806	-	1,234,540
Reinsurance contract liabilities as at 1 January	(22)	-	-	-	-	(22)
Net balance as at 1 January	**1,175,662**	**23,729**	**32,321**	**2,806**	**-**	**1,234,518**
Allocation of reinsurance premium:						
Amount relating to the changes in assets for remaining coverage	(33,398)	-	-	-	-	(33,398)
Amounts recoverable from reinsurers						
Amounts recoverable for incurred claims and other expenses	(5,657)	-	32,154	574	-	27,071
Changes to amounts recoverable for incurred claims	1,528	973	7,931	923	-	11,355
Reversal of loss recovery component	-	396	-	-	-	396
Net (expense)/income from reinsurance contracts held	**(37,527)**	**1,369**	**40,085**	**1,497**	**-**	**5,424**

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

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

Group: Life Insurance (contd.)

The roll-forward of reinsurance contract assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to reinsurers is disclosed in the table below: (contd.)

31.12.2022 (Restated)

	ARC			AIC for contracts under PAA		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	AIC for contracts not measured under PAA RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000
Finance (expense)/income from reinsurance contract held	(25,205)	274	-	-	-	(24,931)
Effect of changes in non-performance risk of reinsurers	-	-	-	(2)	-	(2)
Effect of movement in exchange rate	76,565	1,511	-	-	-	78,076
Total amount recognised in income statement and OCI	**13,833**	**3,154**	**40,085**	**1,495**	**-**	**58,567**
Cash flows						
Premiums paid, net of ceding commission	293,744	-	-	-	-	293,744
Amount received	(57)	-	(16,201)	(3,015)	-	(19,273)
Total cash flows	**293,687**	**-**	**(16,201)**	**(3,015)**	**-**	**274,471**
Other movements	96	-	-	-	-	96
Reinsurance contract assets as at 31 December	**1,483,278**	**26,883**	**56,205**	**1,286**	**-**	**1,567,652**

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

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

The roll-forward of retakaful certificates assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below:

Group: Family Takaful

31.12.2023

			AIC for certificate under PAA		
	ARC RM'000	AIC for certificates not measured under PAA 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	**96,408**	**171,179**	**12,551**	**420**	**280,558**
Allocation of retakaful contributions:					
Amount relating to the changes in the assets for remaining coverage	(73,762)	-	-	-	(73,762)
Amounts recoverable from retakaful operators:					
Amounts recoverable for incurred claims and other expenses	-	87,583	18,092	-	105,675
Changes to amounts recoverable for incurred claims	-	(37,878)	2,613	(1)	(35,266)
Net (expenses)/income from retakaful certificates held	**(73,762)**	**49,705**	**20,705**	**(1)**	**(3,353)**

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

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

The roll-forward of retakaful certificates assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

31.12.2023

			AIC for certificate under PAA		
	ARC RM'000	AIC for certificates not measured under PAA RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000
Finance (expense)/income from retakaful certificates held	3,713	(361)	-	-	3,352
Effect of changes in non-performance risk of reinsurers	-	-	1	-	1
Effect of movement in exchange rate	-	-	-	-	-
Total amount recognised in income statement	**(70,049)**	**49,344**	**20,706**	**(1)**	**-**
Cash flows					
Contributions paid, net of ceding commission	114,096	-	-	-	114,096
Recoveries from retakaful	-	(72,773)	(24,361)	-	(97,134)
Total cash flows	**114,096**	**(72,773)**	**(24,361)**	**-**	**16,962**
Other movements	-	(20,560)	2,812	-	(17,748)
Net balance as at end of the year	**140,455**	**127,190**	**11,708**	**419**	**279,772**
Retakaful certificate assets as at 31 December	141,262	152,369	11,708	419	305,758
Retakaful certificate liabilities as at 31 December	(807)	(25,179)	-	-	(25,986)
Net balance as at 31 December	**140,455**	**127,190**	**11,708**	**419**	**279,772**

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

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

The roll-forward of retakaful certificates assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

31.12.2022 (Restated)

			AIC for certificate under PAA		
	ARC RM'000	**AIC for certificates not measured under PAA 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	**124,561**	**108,786**	**24,061**	**374**	**257,782**
Allocation of retakaful contributions:					
Amount relating to the changes in assets for remaining coverage	(75,004)	-	-	-	(75,004)
Amounts recoverable from retakaful operators:					
Amounts recoverable for incurred claims and other expenses	-	41,171	27,054	-	68,225
Changes to amounts recoverable for incurred claims	-	25,508	(1,669)	46	23,885
Net (expenses)/income from retakaful certificates held	**(75,004)**	**66,679**	**25,385**	**46**	**17,106**

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

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

The roll-forward of retakaful certificates assets and liabilities showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below: (contd.)

Group: Family Takaful (contd.)

31.12.2022 (Restated)

			AIC for certificate under PAA		
	ARC RM'000	AIC for certificates not measured under PAA RM'000	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	(17,106)	-	-	-	(17,106)
Total amount recognised in income statement	**(92,110)**	**66,679**	**25,385**	**46**	**-**
Cash flows					
Contributions paid, net of ceding commission	63,957	-	-	-	63,957
Recoveries from retakaful	-	(23,487)	(29,680)	-	(53,167)
Total cash flows	**63,957**	**(23,487)**	**(29,680)**	**-**	**10,790**
Other movements	-	19,201	(7,215)	-	11,986
Net balance as at end of the year	**96,408**	**171,179**	**12,551**	**420**	**280,558**
Retakaful certificate assets as at 31 December	**96,408**	**171,179**	**12,551**	**420**	**280,558**

13. 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 contract assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Life insurance contract portfolios are shown below:

Group: Life Insurance

<u>31.12.2023</u>	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**
Reinsurance contract assets as at 1 January	1,543,075	54,129	(30,837)	1,566,367
Changes that relate to current services				
CSM recognised for services received	-	-	6,258	6,258
Change in the risk adjustment for non-financial risks for risks expired	-	(4,206)	-	(4,206)
Experience adjustments	(12,585)	-	-	(12,585)
Changes that relate to future services				
Contracts initially recognised in the year	57,774	10,311	(68,086)	(1)
Changes in estimates that adjust the CSM	(25,089)	2,407	21,290	(1,392)
Changes in the CSM due to recognition of a loss-recovery component from onerous underlying contracts	-	-	14,162	- 14,162
	20,100	8,512	(26,376)	2,236
Changes that relate to past services				
Adjustment to liabilities for incurred claims	(5,839)	-	-	(5,839)
Insurance service results	14,261	8,512	(26,376)	(3,603)

13. 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 contract assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Life insurance contract portfolios are shown below (contd.):

Group: Life Insurance (contd.)

31.12.2023	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**
Finance (expenses)/income from reinsurance contracts held	75,986	4,788	(4,691)	76,083
Effect of changes in non-performance risk of reinsurers	2	-	-	2
Effect of movement in exchange rate	109,953	(61)	(2,094)	107,798
Total amount recognised in income statement and OCI	200,202	13,239	(33,161)	180,280
Cash flows				
Premiums paid net of ceding commission	708,162	-	-	708,162
Amount received	(119,758)	-	-	(119,758)
Total cash flows	588,404	-	-	588,404
Other movements	(2,007)	-	-	(2,007)
Reinsurance contract assets as at 31 December	2,329,674	67,368	(63,998)	2,333,044

13. 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 contract assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Life insurance contract portfolios are shown below (contd.):

Group: Life Insurance (contd.)

31.12.2022 (Restated)	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Contractual service margin (CSM) RM'000	Total RM'000
Reinsurance contract assets as at 1 January	1,218,558	48,184	(32,638)	1,234,104
Changes that relate to current services				
CSM recognised for services received	-	-	6,170	6,170
Change in the risk adjustment for non-financial risks for risks expired	-	(3,695)	-	(3,695)
Experience adjustments	(16,985)	-	-	(16,985)
Changes that relate to future services				
Contracts initially recognised in the year	(3,679)	8,913	(5,234)	-
Changes in estimates that adjust the CSM	9,502	(399)	1,858	10,961
Changes in the CSM due to recognition of a loss-recovery component from onerous underlying contracts	-	-	396	- 396
	(11,162)	4,819	3,190	(3,153)
Changes that relate to past services				
Adjustment to liabilities for incurred claims	7,931	-	-	7,931
Insurance service results	(3,231)	4,819	3,190	4,778

13. 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 contract assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Life insurance contract portfolios are shown below (contd.):

Group: Life Insurance (contd.)

31.12.2022 (Restated)	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**
Finance (expense)/income from reinsurance contract held	(25,479)	1,159	(611)	(24,931)
Effect of movement in exchange rate	78,888	(33)	(778)	78,077
Total amount recognised in income statement and OCI	50,178	5,945	1,801	57,924
Cash flows				
Premiums paid net of ceding commission	290,502	-	-	290,502
Amount received	(16,259)	-	-	(16,259)
Total cash flows	274,243	-	-	274,243
Other movements	96	-	-	96
Reinsurance contract assets as at 31 December	1,543,075	54,129	(30,837)	1,566,367

13. 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 certificate assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Family Takaful portfolios are shown below:

Group: Family Takaful

31.12.2023	**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	**277,139**	**-**	**277,139**
Changes that relate to current services			
Experience adjustments	20,041	-	20,041
Changes that relate to past services			
Adjustment to liabilities for incurred claims	(24,824)	1,430	(23,394)
Takaful service results	**(4,783)**	**1,430**	**(3,353)**

13. 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 certificate assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Family Takaful portfolios are shown below (contd.):

Group: Family Takaful **(contd.)**

31.12.2023	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance income from retakaful certificates held	3,353	-	3,353
Total amount recognised in income statement	**(1,430)**	**1,430**	**-**
Cash flows			
Contributions paid, net of ceding commission	91,055	-	91,055
Recoveries from retakaful	(72,773)	-	(72,773)
Total cash flows	**18,282**	**-**	**18,282**
Other movements	(20,560)	-	(20,560)
Retakaful certificate assets as at 31 December	**273,431**	**1,430**	**274,861**

13. 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 certificate assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Family Takaful portfolios are shown below (contd.):

Group: Family Takaful **(contd.)**

31.12.2022 (Restated)	**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	**250,049**	**-**	**250,049**
Changes that relate to current services			
Experience adjustments	(8,402)	-	(8,402)
Changes that relate to past services			
Adjustment to liabilities for incurred claims	25,508	-	25,508
Takaful service results	**17,106**	**-**	**17,106**

13. 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 certificate assets and liabilities showing estimates of the present value of future cash flows, risk adjustment and CSM for Family Takaful portfolios are shown below (contd.):

Group: Family Takaful **(contd.)**

31.12.2022 (Restated)	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Finance expenses from retakaful certificates held	(17,106)	-	(17,106)
Total amount recognised in income statement	**-**	**-**	**-**
Cash flows			
Contributions paid, net of ceding commission	31,376	-	31,376
Recoveries from retakaful	(23,487)	-	(23,487)
Total cash flows	**7,889**	**-**	**7,889**
Other movements	19,201	-	19,201
Retakaful certificate assets as at 31 December	**277,139**	**-**	**277,139**

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

(c) Impact of the transition approaches adopted to establish CSM on current year

The impact of the transition approaches adopted to establish CSMs for Life insurance contract portfolios is disclosed in the table below:

Group: Life Insurance

31.12.2023

	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**	**Total RM'000**
CSM as at 1 January	(10,604)	(18,180)	(2,053)	(30,837)
Changes that relate to current services				
CSM recognised in the income statement for services received/provided	8,531	253	(2,526)	6,258
Changes that relate to future services				
Contracts initially recognised in the year	(68,086)	-	-	(68,086)
Changes in estimates that adjust the CSM	(10,573)	18,767	13,096	21,290
Changes in the CSM due to recognition of a loss-recovery component from onerous underlying contracts	14,162	-	-	14,162
Finance (expenses)/income from reinsurance contracts held	(4,787)	(121)	217	(4,691)
Effect of movement in exchange rates	(2,094)	-	-	(2,094)
Total amount recognised in income statement and OCI	(62,847)	18,899	10,787	(33,161)
CSM as at 31 December	(73,451)	719	8,734	(63,998)

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

(c) Impact on current period of the transition approaches adopted to establish CSM

The impact of the transition approaches adopted to establish CSMs for Life insurance contract portfolios is disclosed in the table below (contd'):

Group: Life Insurance (contd')

31.12.2022 (Restated)

	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	Total RM'000
CSM as at 1 January	(16,881)	(16,079)	322	(32,638)
Changes that relate to current services				
CSM recognised in the income statement for services received/provided	5,993	2,420	(2,243)	6,170
Changes that relate to future services				
Contracts initially recognised in the year	(5,234)	-	-	(5,234)
Changes in estimates that adjust the CSM	6,089	(4,092)	(139)	1,858
Changes in the CSM due to recognition of a loss-recovery component from onerous underlying contracts	396	-	-	396
Finance (expenses)/income from reinsurance contracts held	(189)	(429)	7	(611)
Effect of movement in exchange rates	(778)	-	-	(778)
Total amount recognised in income statement and OCI	6,277	(2,101)	(2,375)	1,801
CSM as at 31 December	(10,604)	(18,180)	(2,053)	(30,837)

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

(d) Impact of contracts/certificates recognised in the year (Components of new business/initial recognition)

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

Group: Life Insurance	**31.12.2023 Contracts/ Certificates purchased RM'000**	**31.12.2022 Contracts/ Certificates purchased (Restated) RM'000**
Estimates of the present value of future cash outflows	(1,089,175)	(133,217)
Estimates of the present value of future cash inflows	1,148,888	129,589
Risk adjustment for non-financial risks	10,261	8,911
CSM	(69,974)	(5,283)
Cost of retroactive cover on reinsurance contracts held at 31 December	-	-

Group: Family Takaful		
Estimates of the present value of future cash outflows	187,742	158,936
Estimates of the present value of future cash inflows	(187,742)	(158,936)
Cost of retroactive cover on retakaful certificates held at 31 December	-	-

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

(a) Analysis by liability for remaining coverage and the liability for incurred claims

The overview of the movement for 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 presented in the table below:

Group

31.12.2023

		LRC			**LIC for contracts/certificates under the PAA**			
	Note	**Excluding loss component RM'000**	**Loss component RM'000**	**LIC for contracts/ certificates not under the PAA RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**Assets for insurance/ takaful acquisition cashflows RM'000**	**Total RM'000**
Insurance contract/Takaful certificate liabilities as at 1 January		31,056,788	1,290,962	3,307,757	5,522,806	494,088	-	41,672,401
Insurance contract/Takaful certificate assets as at 1 January		(568,766)	-	-	270,048	15,142	(320)	(283,896)
Net insurance contract/takaful certificate liabilities/(assets) as at 1 January		30,488,022	1,290,962	3,307,757	5,792,854	509,230	(320)	41,388,505
Insurance/Takaful revenue								
Contracts/certificates under modified retrospective approach		(654,901)	-	-	-	-	-	(654,901)
Contracts/certificates under fair value approach		(835,209)	-	-	-	-	-	(835,209)
Contracts/certificates under full retrospective approach and new contracts/certificates issued during the year		(5,317,278)	-	(224)	-	-	-	(5,317,502)
		(6,807,388)	-	(224)	-	-	-	(6,807,612)
Insurance/Takaful service expenses								
Incurred claims and other insurance/takaful service expenses		-	-	1,278,338	3,227,479	20,908	-	4,526,725
Amortisation of insurance/takaful acquisition cash flows		840,194	-	-	-	-	-	840,194
Changes that relate to past services - adjustment to LIC		-	-	7,833	(825,927)	(49,941)	-	(868,035)
Losses and reversal of losses on onerous contracts/certificates		294	(137,126)	-	-	-	-	(136,832)
		840,488	(137,126)	1,286,171	2,401,552	(29,033)	-	4,362,052

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

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

The overview of the movement for 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 presented in the table below: (contd.)

Group

<u>31.12.2023</u>

		LRC		**LIC**	**LIC for contracts/certificates under the PAA**		**Assets for insurance/ takaful**	
	Note	**Excluding loss component RM'000**	**Loss component RM'000**	**for contracts/ certificates not under the PAA RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**acquisition cashflows RM'000**	**Total RM'000**
Investment components		(4,262,924)	-	4,262,924	-	-	-	-
Insurance/Takaful service result		(10,229,824)	(137,126)	5,548,871	2,401,552	(29,033)	-	(2,445,560)
Finance expenses/(income) from insurance contracts/ takaful certificates issued		2,244,839	46,322	1,120	319,810	(5,870)	-	2,606,221
Effect of movements in exchange rates		624,316	76,192	7,888	20,992	2,321	-	731,709
Total amount recognised in income statement and OCI		(7,360,669)	(14,612)	5,557,879	2,742,354	(32,582)	-	892,370
Cash Flows								
Premiums/contributions received		10,250,493	-	-	-	-	-	10,250,493
Claims and other insurance/ takaful service expenses paid		-	-	(4,274,153)	(2,998,593)	-	-	(7,272,746)
Insurance/takaful acquisition cash flows		(1,620,619)	-	-	-	-	-	(1,620,619)
Total cash flows		8,629,874	-	(4,274,153)	(2,998,593)	-	-	1,357,128
Allocation from assets for insurance/takaful acquisition cash flows to group of insurance contracts/takaful certificates		-	-	-	-	-	320	320
Other movements		87,171	-	213,108	(280,796)	-	-	19,483
Transfer to other liabilities	22			(33,884)	(8,643)			(42,527)
Net balance as at end of the year		31,844,398	1,276,350	4,770,707	5,247,176	476,648	-	43,615,279
Represented by:								
Insurance contract/Takaful certificate liabilities as at 31 December		32,491,777	1,276,350	4,770,707	4,974,251	455,831	-	43,968,916
Insurance contract/Takaful certificate assets as at 31 December		(647,379)	-	-	272,925	20,817	-	(353,637)
Net insurance contract/takaful certificate liabilities/(assets) as at 31 December		31,844,398	1,276,350	4,770,707	5,247,176	476,648	-	43,615,279

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

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

The overview of the movement for 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 presented in the table below: (contd.)

Group

<u>31.12.2022 (Restated)</u>

		LRC		**LIC**	**LIC for contracts/certificates under the PAA**		**Assets for insurance/**	
	Note	**Excluding loss component RM'000**	**Loss component RM'000**	**for contracts/ certificates not under the PAA RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**takaful acquisition cashflows RM'000**	**Total RM'000**
Insurance contract/Takaful certificate liabilities as at 1 January		30,985,254	667,692	2,558,286	6,494,339	458,778	-	41,164,349
Insurance/Takaful revenue								
Contracts/certificates under modified retrospective approach		(673,630)	-	-	-	-	-	(673,630)
Contracts/certificates under fair value approach		(846,429)	-	-	-	-	-	(846,429)
Contracts/certificates under full retrospective approach and new contracts/certificates issued during the year		(4,348,897)	-	(9,697)	-	-	-	(4,358,594)
		(5,868,956)	-	(9,697)	-	-	-	(5,878,653)
Insurance/Takaful service expenses								
Incurred claims and other insurance/ takaful service expenses		-	-	1,259,358	3,111,122	16,650	-	4,387,130
Amortisation of takaful acquisition cash flows		712,886	-	-	-	-	-	712,886
Changes that relate to past services - adjustment to LIC		-	-	29,022	(625,350)	25,598	-	(570,730)
Losses and reversal of losses on onerous contracts/certificates		-	546,466	-	-	-	-	546,466
		712,886	546,466	1,288,380	2,485,772	42,248	-	5,075,752
Investment components		(3,577,665)	142	3,577,523	-	-	-	-
Insurance/Takaful service result		(8,733,735)	546,608	4,856,206	2,485,772	42,248	-	(802,901)

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

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

The overview of the movement for 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 presented in the table below: (contd.)

Group

<u>31.12.2022 (Restated)</u>

		LRC			**LIC for contracts/certificates under the PAA**			
	Note	**Excluding loss component RM'000**	**Loss component RM'000**	**LIC for contracts/ certificates not under the PAA RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**Assets for insurance/ takaful acquisition cashflows RM'000**	**Total RM'000**
Finance (income)/expenses from insurance contracts/ takaful certificates issued		(1,132,084)	20,151	(799)	153,612	6,673	-	(952,447)
Effect of movements in exchange rates		610,120	56,511	5,608	15,718	1,531	-	689,488
Total amount recognised in income statement and OCI		(9,255,699)	623,270	4,861,015	2,655,102	50,452	-	(1,065,860)
Cash Flows								
Premiums/contributions received		10,062,973	-	-	-	-	-	10,062,973
Claims and other insurance/takaful service expenses paid		-	-	(3,878,419)	(2,545,010)	-	-	(6,423,429)
Insurance/takaful acquisition cash flows		(1,402,522)	-	-	-	-	-	(1,402,522)
Total cash flows		8,660,451	-	(3,878,419)	(2,545,010)	-	-	2,237,022
Allocation from assets for insurance/takaful acquisition cash flows to group of insurance contracts/takaful certificates		-	-	-	-	-	(320)	(320)
Other movement		98,016	-	(191,439)	(810,311)	-	-	(903,734)
Transfer to other liabilities	22	-	-	(41,686)	(1,266)	-	-	(42,952)
Net balance as at end of the year		30,488,022	1,290,962	3,307,757	5,792,854	509,230	(320)	41,388,505
Represented by:								
Insurance contract/Takaful certificate liabilities as at 31 December		31,056,788	1,290,962	3,307,757	5,522,806	494,088	-	41,672,401
Insurance contract/Takaful certificate assets as at 31 December		(568,766)	-	-	270,048	15,142	(320)	(283,896)
Net insurance contract/takaful certificate liabilities/(assets) as at 31 December		30,488,022	1,290,962	3,307,757	5,792,854	509,230	(320)	41,388,505

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

(a) Analysis by liability for remaining coverage and the liability for incurred claims

The overview of the movement for net asset or liability for General insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: General Insurance

<u>31.12.2023</u>

	LRC		**LIC for contracts under under the PAA**		
	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	691,186	7,402	3,744,034	352,202	4,794,824
Insurance contract assets as at 1 January	(200,979)	-	42,511	3,949	(154,519)
Net insurance contract liabilities as at 1 January	490,207	7,402	3,786,545	356,151	4,640,305
Insurance revenue	(2,396,822)	-	-	-	(2,396,822)
Insurance service expenses					
Incurred claims and other Insurance service expenses	-	-	1,275,776	20,908	1,296,684
Amortisation of insurance acquisition cash flows	309,130	-	-	-	309,130
Changes that relate to past services - adjustment to LIC	-	-	(873,289)	(77,275)	(950,564)
Losses and reversal of losses on onerous contracts	-	(1,945)	-	-	(1,945)
Other changes	309,130	(1,945)	402,487	(56,367)	653,305
Insurance service result	(2,087,692)	(1,945)	402,487	(56,367)	(1,743,517)

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

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

The overview of the movement for net asset or liability for General insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: General Insurance **(contd.)**

31.12.2023

	LRC		LIC for contracts under under the PAA		
	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 expenses/(income) from insurance contracts issued	-	37	127,991	(9,854)	118,174
Effect of movements in exchange rates	8,025	239	20,992	2,321	31,577
Total amount recognised in income statement	(2,079,667)	(1,669)	551,470	(63,900)	(1,593,766)
Cash Flows					
Premiums received	2,474,124	-	-	-	2,474,124
Claims and other insurance service expenses paid	-	-	(1,170,301)	-	(1,170,301)
Insurance acquisition cash flows	(340,870)	-	-	-	(340,870)
Total cash flows	2,133,254	-	(1,170,301)	-	962,953
Net balance as at end of the year	543,794	5,733	3,167,714	292,251	4,009,492
Represented by:					
Insurance contract liabilities as at 31 December	830,171	5,733	3,076,234	282,774	4,194,912
Insurance contract assets as at 31 December	(286,174)	-	91,480	9,477	(185,217)
Net insurance contract liabilities/(assets) as at 31 December	543,997	5,733	3,167,714	292,251	4,009,695

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

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

The overview of the movement for net asset or liability for General insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: General Insurance **(contd.)**

31.12.2022 (Restated)

	LRC		LIC for contracts under under the PAA		
	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	431,192	10,705	3,996,071	333,094	4,771,062
Insurance revenue	(1,912,716)	-	-	-	(1,912,716)
Insurance service expenses					
Incurred claims and other Insurance service expenses	-	-	952,090	16,650	968,740
Amortisation of insurance acquisition cash flows	253,103	-	-	-	253,103
Changes that relate to past services - adjustment to LIC	-	-	(285,159)	(431)	(285,590)
Losses and reversal of losses on onerous contracts	-	(3,347)	-	-	(3,347)
	253,103	(3,347)	666,931	16,219	932,906
Insurance service result	(1,659,613)	(3,347)	666,931	16,219	(979,810)

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

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

The overview of the movement for net asset or liability for General insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

***Group: General Insurance* (contd.)**

31.12.2022 (Restated)

	LRC		**LIC for contracts under under the PAA**		
	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 (income)/expenses from insurance contract issued	-	(96)	38,890	5,306	44,100
Effect of movements in exchange rates	6,604	140	15,719	1,532	23,995
Total amount recognised in income statement	(1,653,009)	(3,303)	721,540	23,057	(911,715)
Cash Flows					
Premiums received	1,985,446	-	-	-	1,985,446
Claims and other insurance service expenses paid	-	-	(931,066)	-	(931,066)
Insurance acquisition cash flows	(273,609)	-	-	-	(273,609)
Total cash flows	1,711,837	-	(931,066)	-	780,771
Net balance as at end of the year	490,020	7,402	3,786,545	356,151	4,640,118
Represented by:					
Insurance contract liabilities as at 31 December	691,186	7,402	3,744,034	352,202	4,794,824
Insurance contract assets as at 31 December	(200,979)	-	42,511	3,949	(154,519)
Net insurance contract liabilities/(assets) as at 31 December	490,207	7,402	3,786,545	356,151	4,640,305

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

(a) Analysis by liability for remaining coverage and the liability for incurred claims

The overview of the movement for net asset or liability for Life insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: Life Insurance

31.12.2023

	LRC			LIC for contracts under under the PAA		
	Excluding loss component RM'000	**Loss component RM'000**	**LIC for contracts not under the PAA 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	19,789,644	1,282,357	581,534	10,795	839	21,665,169
Insurance revenue						
Contracts under modified retrospective approach	(257,943)	-	-	-	-	(257,943)
Contracts under fair value approach	(256,766)	-	-	-	-	(256,766)
Contracts under full retrospective approach and new contracts issued during the year	(211,510)	-	(217)	-	-	(211,727)
	(726,219)	-	(217)	-	-	(726,436)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	-	373,522	33,699	-	407,221
Amortisation of insurance acquisition cash flows	126,383	-	-	-	-	126,383
Changes that relate to past services - adjustment to LIC	-	-	(25,326)	2,153	111	(23,062)
Losses and reversal of losses on onerous contracts	-	(140,107)	-	-	-	(140,107)
Reversal of impairment of assets for insurance acquisition cash flows	-	-	755	-	-	755
	126,383	(140,107)	348,951	35,852	111	371,190
Investment components	(3,525,735)	-	3,525,735	-	-	-
Insurance service result	(4,125,571)	(140,107)	3,874,469	35,852	111	(355,246)

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

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

The overview of the movement for net asset or liability for insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: Life Insurance **(contd.)**

<u>**31.12.2023**</u>

	LRC			LIC for contracts under under the PAA		
	Excluding loss component RM'000	**Loss component RM'000**	**LIC for contracts not under the PAA RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**Total RM'000**
Finance expenses from insurance contracts issued	1,620,857	46,285	1,532	224	25	1,668,923
Effect of movements in exchange rates	616,293	75,953	7,888	-	-	700,134
Total amount recognised in profit or loss and OCI	(1,888,421)	(17,869)	3,883,889	36,076	136	2,013,811
Cash Flows						
Premiums received	2,976,904	-	-	-	-	2,976,904
Claims and other insurance service expenses paid	-	-	(2,977,465)	(34,248)	-	(3,011,713)
Insurance acquisition cash flows	(384,188)	-	-	-	-	(384,188)
Total cash flows	2,592,716	-	(2,977,465)	(34,248)	-	(418,997)
Other movements	(2,995)	-	(4,379)	-	-	(7,374)
Transfer to other liabilities (Note 22)	-	-	12,071	-	-	12,071
Insurance contract liabilities as at 31 December	20,490,944	1,264,488	1,495,650	12,623	975	23,264,680

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

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

The overview of the movement for net asset or liability for Life insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: Life Insurance **(contd.)**

<u>31.12.2022 (Restated)</u>

	LRC			LIC for contracts under under the PAA		
	Excluding loss component RM'000	Loss component RM'000	LIC for contracts not under the PAA 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	20,288,503	656,146	274,275	7,555	504	21,226,983
Insurance revenue						
Contracts under modified retrospective approach	(277,449)	-	-	-	-	(277,449)
Contracts under fair value approach	(298,579)	-	-	-	-	(298,579)
Contracts under full retrospective approach and new contracts issued during the year	(97,816)	-	(9,694)	-	-	(107,510)
	(673,844)	-	(9,694)	-	-	(683,538)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	-	363,931	23,092	-	387,023
Amortisation of insurance acquisition cash flows	90,713	-	-	-	-	90,713
Changes that relate to past services - adjustment to LIC	-	-	(12,289)	2,519	321	(9,449)
Losses and reversal of losses on onerous contracts	-	549,593	-	-	-	549,593
	90,713	549,593	351,642	25,611	321	1,017,880
Investment components	(3,016,721)	-	3,016,721	-	-	-
Insurance service result	(3,599,852)	549,593	3,358,669	25,611	321	334,342

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

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

The overview of the movement for net asset or liability for insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: Life Insurance **(contd.)**

31.12.2022 (Restated)

	LRC			LIC for contracts under under the PAA		
	Excluding loss component RM'000	Loss component RM'000	LIC for contracts not under the PAA RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Finance (income)/expenses from insurance contracts issued	(1,153,640)	20,246	205	121	14	(1,133,054)
Effect of movements in exchange rate	603,517	56,372	5,609	-	-	665,498
Total amount recognised in profit or loss and OCI	(4,149,975)	626,211	3,364,483	25,732	335	(133,214)
Cash Flows						
Premiums received	3,974,211	-	-	-	-	3,974,211
Claims and other insurance service expenses paid	-	-	(3,078,371)	(22,492)	-	(3,100,863)
Insurance acquisition cash flows	(323,843)	-	-	-	-	(323,843)
Total cash flows	3,650,368	-	(3,078,371)	(22,492)	-	549,505
Other movements	748	-	9,565	-	-	10,313
Transfer to other liabilities (Note 22)	-	-	11,582	-	-	11,582
Insurance contract liabilities as at 31 December	19,789,644	1,282,357	581,534	10,795	839	21,665,169

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

(a) Analysis by liability for remaining coverage and the liability for incurred claims

The overview of movement for General takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: General Takaful

31.12.2023

	LRC	LIC for certificates under under the PAA		Assets for takaful acquisition cashflows	
	Excluding loss component RM'000	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**RM'000**	**Total RM'000**
Takaful certificate liabilities as at 1 January	1,324,555	1,571,252	105,768	-	3,001,575
Takaful certificate assets as at 1 January	(367,787)	227,537	11,193	(320)	(129,377)
Net takaful certificate liabilities/(assets) as at 1 January	**956,768**	**1,798,789**	**116,961**	**(320)**	**2,872,198**
Takaful revenue	(2,192,820)	-	-	-	(2,192,820)
Takaful service expenses	325,491	1,597,546	17,909	-	1,940,946
Incurred claims and other takaful service expenses	-	1,450,041	-	-	1,450,041
Amortisation of takaful acquisition cash flows	325,491	-	-	-	325,491
Changes to liabilities for incurred claims	-	147,505	17,909	-	165,414
Takaful service result	**(1,867,329)**	**1,597,546**	**17,909**	**-**	**(251,874)**
Finance expenses from takaful certificates issued	-	166,402	3,959	-	170,361
Total amount recognised in income statement	**(1,867,329)**	**1,763,948**	**21,868**	**-**	**(81,513)**

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

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

The overview of movement for General takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: General Takaful **(contd.)**

31.12.2023	LRC	LIC for certificates under under the PAA		Assets for	
	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	takaful acquisition cashflows RM'000	Total RM'000
Cash flows					
Contributions received	2,234,093	-	-	-	2,234,093
Claims and other takaful service expenses paid	-	(1,381,218)	-	-	(1,381,218)
Takaful acquisition cash flows	(314,021)	-	-	-	(314,021)
Total cash flows	**1,920,072**	**(1,381,218)**	**-**	**-**	**538,854**
Allocation from assets for takaful acquisition cash flows to groups of takaful certificates	-	-	-	320	320
Other movements	37,963	(223,954)	-	-	(185,991)
Net balance as at end of the year	**1,047,474**	**1,957,565**	**138,829**	**-**	**3,143,868**
Represented by:					
Takaful certificate liabilities as at 31 December	1,408,674	1,776,120	127,489	-	3,312,283
Takaful certificate assets as at 31 December	(361,200)	181,445	11,340	-	(168,415)
Net takaful certificate liabilities/(assets) as at 31 December	**1,047,474**	**1,957,565**	**138,829**	**-**	**3,143,868**

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

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

The overview of movement for General takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: General Takaful **(contd.)**

31.12.2022 (Restated)

	LRC	LIC for certificates under under the PAA		Assets for takaful acquisition cashflows	
	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	RM'000	Total RM'000
Takaful certificate liabilities as at 1 January	728,758	2,318,969	110,809	-	3,158,536
Takaful revenue	(1,945,115)	-	-	-	(1,945,115)
Takaful service expenses	274,497	1,414,752	4,799	-	1,694,048
Incurred claims and other takaful service expenses	-	1,781,441	-	-	1,781,441
Amortisation of takaful acquisition cash flows	274,497	-	-	-	274,497
Changes to liabilities for incurred claims	-	(366,689)	4,799	-	(361,890)
Takaful service result	**(1,670,618)**	**1,414,752**	**4,799**	**-**	**(251,067)**
Finance expenses from takaful certificates issued	-	108,571	1,353	-	109,924
Total amount recognised in income statement	**(1,670,618)**	**1,523,323**	**6,152**	**-**	**(141,143)**

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

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

The overview of movement for General takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: General Takaful **(contd.)**

31.12.2022 (Restated)	**LRC**	**LIC for certificates under under the PAA**		**Assets for takaful acquisition cashflows**	
	Excluding loss component RM'000	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**RM'000**	**Total RM'000**
Cash flows					
Contributions received	2,094,039	-	-	-	2,094,039
Claims and other takaful service expenses paid	-	(1,196,558)	-	-	(1,196,558)
Takaful acquisition cash flows	(289,663)	-	-	-	(289,663)
Total cash flows	**1,804,376**	**(1,196,558)**	**-**	**-**	**607,818**
Allocation from assets for takaful acquisition cash flows to groups of takaful certificates	-	-	-	(320)	(320)
Other movements	94,252	(846,945)	-	-	(752,693)
Net balance as at end of the year	**956,768**	**1,798,789**	**116,961**	**(320)**	**2,872,198**
Represented by:					
Takaful certificate liabilities as at 31 December	1,324,555	1,571,252	105,768	-	3,001,575
Takaful certificate assets as at 31 December	(367,787)	227,537	11,193	(320)	(129,377)
Net takaful certificate liabilities/(assets) as at 31 December	**956,768**	**1,798,789**	**116,961**	**(320)**	**2,872,198**

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

(a) Analysis by liability for remaining coverage and the liability for incurred claims

The overview of movement for Family takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

Group: Family Takaful

31.12.2023

	LRC			**LIC for certificates under the PAA**		
	Excluding loss component RM'000	**Loss component RM'000**	**LIC for certificates not under the PAA 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	9,254,689	1,202	2,722,938	196,725	35,279	12,210,833
Takaful revenue	(1,491,527)	-	-	-	-	(1,491,527)
Certficates under modified retrospective approach	(396,482)	-	-	-	-	(396,482)
Certificates under fair value approach	(546,558)	-	-	-	-	(546,558)
Certificates under full retrospective approach and new certificates issued during the year	(548,487)	-	-	-	-	(548,487)
Takaful service expenses	79,484	4,926	937,219	366,489	8,492	1,396,610
Incurred claims and other takaful service expenses	-	-	904,816	467,963	-	1,372,779
Amortisation of takaful acquisition cash flowS	79,190	-	-	-	-	79,190
Changes that relates to past services - adjustment to LIC	-	-	32,403	(101,474)	8,492	(60,579)
Losses and reversal of losses on onerous certificates	294	4,926	-	-	-	5,220
Investment components	(737,189)	-	737,189	-	-	-
Takaful service result	(2,149,232)	4,926	1,674,408	366,489	8,492	(94,917)
Finance expenses from takaful certificates issued	623,982	-	779	24,371	822	649,954
Total amount recognised in income statement	(1,525,250)	4,926	1,675,187	390,860	9,314	555,037

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

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

The overview of movement for Family takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: Family Takaful **(contd.)**

<u>31.12.2023</u>

	LRC			LIC for certificates under the PAA		
	Excluding loss component RM'000	**Loss component RM'000**	**LIC for certificates not under the PAA RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**Total RM'000**
Cash Flows						
Contributions received	2,565,372	-	-	-	-	2,565,372
Claims and other takaful service expenses paid	-	-	(1,305,331)	(404,183)	-	(1,709,514)
Takaful acquisition cash flows	(581,541)	-	-	-	-	(581,541)
Total cash flows	1,983,831	-	(1,305,331)	(404,183)	-	274,317
Other movements	52,203	-	224,729	(65,485)	-	211,447
Transfer to other liabilities	-	-	(45,955)	(8,643)	-	(54,598)
Net balance as at end of the year	**9,765,473**	**6,128**	**3,271,568**	**109,274**	**44,593**	**13,197,036**
Represented by:						
Takaful certificate liabilities as at 31 December	9,765,478	6,128	3,271,568	109,274	44,593	13,197,041
Takaful certificate assets as at 31 December	(5)	-	-	-	-	(5)
Net insurance contract liabilities/(assets) as at 31 December	**9,765,473**	**6,128**	**3,271,568**	**109,274**	**44,593**	**13,197,036**

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

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

The overview of movement for Family takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: Family Takaful **(contd.)**

<u>31.12.2022 (Restated)</u>

	LRC			LIC for certificates under the PAA		
	Excluding loss component RM'000	**Loss component RM'000**	**LIC for certificates not under the PAA 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	9,539,931	840	2,280,916	171,743	14,370	12,007,800
Takaful revenue	(1,337,281)	-	-	-	-	(1,337,281)
Certficates under modified retrospective approach	(396,181)	-	-	-	-	(396,181)
Certificates under fair value approach	(526,205)	-	-	-	-	(526,205)
Certificates under full retrospective approach and new certificates issued during the year	(414,895)	-	-	-	-	(414,895)
Takaful service expenses	94,573	220	936,738	378,705	20,682	1,430,918
Incurred claims and other takaful service expenses	-	-	895,427	354,499	-	1,249,926
Amortisation of takaful acquisition cash flows	94,573	-	-	-	-	94,573
Changes that relates to past services - adjustment to LIC	-	-	41,311	24,206	20,682	86,199
Losses and reversal of losses on onerous certificates	-	220	-	-	-	220
Investment components	(560,944)	142	560,802	-	-	-
Takaful service result	(1,803,652)	362	1,497,540	378,705	20,682	93,637
Finance expenses from takaful certificates issued	21,556	-	172	5,803	227	27,758
Total amount recognised in income statement	(1,782,096)	362	1,497,712	384,508	20,909	121,395

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

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

The overview of movement for Family takaful certificate liabilities and assets, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

Group: Family Takaful **(contd.)**

31.12.2022 (Restated)

	LRC			LIC for certificates under the PAA		
	Excluding loss component RM'000	Loss component RM'000	LIC for certificates not under the PAA RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Total RM'000
Cash Flows						
Contributions received	2,009,277	-	-	-	-	2,009,277
Claims and other takaful service expenses paid	-	-	(800,263)	(394,894)	-	(1,195,157)
Takaful acquisition cash flows	(515,407)	-	-	-	-	(515,407)
Total cash flows	1,493,870	-	(800,263)	(394,894)	-	298,713
Other movements	2,984	-	(202,159)	36,634	-	(162,541)
Transfer to other liabilities	-	-	(53,268)	(1,266)	-	(54,534)
Net balance as at end of the year	9,254,689	1,202	2,722,938	196,725	35,279	12,210,833
Takaful certificate liabilities as at 31 December	9,254,689	1,202	2,722,938	196,725	35,279	12,210,833

14. 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 for Life insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM.

Group: Life Insurance

	31.12.2023				**31.12.2022 (Restated)**			
	Estimate of the present value of future cash flows RM'000	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January	9,159,190	344,749	844,589	10,348,528	19,772,532	458,469	982,185	21,213,186
Insurance contract assets as at 1 January	11,219,286	78,760	2,716	11,300,762	-	-	-	-
Net insurance contract liabilities as at 1 January	20,378,476	423,509	847,305	21,649,290	19,772,532	458,469	982,185	21,213,186
Changes that relate to current services								
CSM recognised for the services provided	-	-	(98,014)	(98,014)	-	-	(91,216)	(91,216)
Change in the risk adjustment for non-financial risks for risks expired	-	(56,854)	-	(56,854)	-	(57,756)	-	(57,756)
Experience adjustments	(40,075)	-	-	(40,075)	(44,083)	-	-	(44,083)
Changes that relate to future services								
Contract initially recognised in the year	(237,426)	72,472	172,217	7,263	(253,243)	58,853	207,210	12,820
Changes in estimate that adjust the CSM	(81,971)	5,923	76,048	-	92,188	(29,741)	(62,447)	-
Changes in estimate that do not adjust the CSM	(146,648)	-	-	(146,648)	536,397	-	-	536,397
Changes that relate to past services								
Adjustments to liabilities for incurred claims	(25,018)	4	-	(25,014)	(12,649)	-	-	(12,649)
Insurance service result	(531,138)	21,545	150,251	(359,342)	318,610	(28,644)	53,547	343,513

14. 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 for Life insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM. (contd.)

Group: Life Insurance (contd.)

	31.12.2023				**31.12.2022 (Restated)**			
	Estimate of the present value of future cash flows RM'000	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**
Finance expenses/(income) from insurance contracts issued	1,753,215	17,198	(101,740)	1,668,673	(928,831)	(12,301)	(192,057)	(1,133,189)
Effect of movement in exchange rates	694,985	5,056	94	700,135	655,880	5,985	3,630	665,495
Total amount resosgnised in income statement and OCI	1,917,062	43,799	48,605	2,009,466	45,659	(34,960)	(134,880)	(124,181)
Cash Flows								
Premiums received	2,937,773	-	-	2,937,773	3,973,413	-	-	3,973,413
Claims and other expenses paid	(2,977,465)	-	-	(2,977,465)	(3,105,462)	-	-	(3,105,462)
Insurance acquisition cash flows	(379,655)	-	-	(379,655)	(319,994)	-	-	(319,994)
Total cash flows	(419,347)	-	-	(419,347)	547,957	-	-	547,957
Other movements	-	-	-	-	746	-	-	746
Transfer to other liabilities	9,076	-	-	9,076	11,582	-	-	11,582
Net balance as at end of the year	21,885,267	467,308	895,910	23,248,485	20,378,476	423,509	847,305	21,649,290
Represented by:								
Insurance contract liabilities as at 31 December	9,702,606	372,322	893,926	10,968,854	9,159,190	344,749	844,589	10,348,528
Insurance contract assets as at 31 December	12,182,661	94,986	1,984	12,279,631	11,219,286	78,760	2,716	11,300,762
Net insurance contract liabilities/(assets) as at 31 December	21,885,267	467,308	895,910	23,248,485	20,378,476	423,509	847,305	21,649,290

14. 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 for Family takaful certificates issued showing estimates of the present value of future cash flows, risk adjustment and CSM.

Group: Family Takaful

	31.12.2023				**31.12.2022 (Restated)**			
	Estimate of the present value of future cash flows RM'000	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**	**Estimate of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**Total RM'000**
Takaful certificate liabilities as at 1 January	10,320,708	564,740	1,159,864	12,045,312	10,260,881	456,788	1,194,204	11,911,873
Changes that relate to current services								
CSM recognised for the services provided	-	-	(127,431)	(127,431)	-	-	(126,786)	(126,786)
Change in the risk adjustment for non-financial risk for risks expired	-	(55,549)	-	(55,549)	-	(36,320)	-	(36,320)
Experience adjustments	(27,440)	-	-	(27,440)	46,447	-	-	46,447
Changes that relate to future services								
Certificate initially recognised in the year	(362,960)	146,982	215,978	-	(296,926)	78,161	218,765	-
Changes in estimate that adjust the CSM	(6,848)	(89,287)	96,135	-	60,570	65,749	(126,319)	-
Changes that relate to past services								
Adjustments to liabilities for incurred claims	131,346	7,648	-	138,994	171,491	373	-	171,864
Takaful service result	(265,902)	9,794	184,682	(71,426)	(18,418)	107,963	(34,340)	55,205
Finance expenses/(income) from takaful certificate issued	624,773	(13)	-	624,760	21,739	(11)	-	21,728
Total amount recognised in income statement	358,871	9,781	184,682	553,334	3,321	107,952	(34,340)	76,933

14. 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 for takaful certificates issued showing estimates of the present value of future cash flows, risk adjustment and CSM. (contd.)

Family Takaful **(contd.)**

	31.12.2023				31.12.2022 (Restated)			
	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Contractual service margin (CSM) RM'000	Total RM'000	Estimate of the present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Contractual service margin (CSM) RM'000	Total RM'000
Cash Flows								
Contributions received	2,096,780	-	-	2,096,780	1,578,595	-	-	1,578,595
Claims and other expenses paid	(1,173,263)	-	-	(1,173,263)	(800,763)	-	-	(800,763)
Takaful acquisition cash flows	(640,303)	-	-	(640,303)	(468,420)	-	-	(468,420)
Total cash flows	283,214	-	-	283,214	309,412	-	-	309,412
Other movements	283,446	-	-	283,446	(199,639)	-	-	(199,639)
Transfer to other liabilities	(45,953)	-	-	(45,953)	(53,267)	-	-	(53,267)
Takaful certificate liabilities as at 31 December	11,200,286	574,521	1,344,546	13,119,353	10,320,708	564,740	1,159,864	12,045,312

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

(c) Impact on current period of the transition approaches adopted to establish CSM

The impact on the current year of the transition approaches adopted to establishing CSMs for life insurance contract is disclosed in the table below:

Group: Life Insurance

31.12.2023

	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	Total RM'000
CSM as at 1 January	26,655	426,083	394,567	847,305
Changes that relate to current services				
CSM recognised in the income statement for services received/provided	(19,062)	(30,385)	(48,567)	(98,014)
Changes that relate to the future services				
Contracts initially recognised in the year	172,217	-	-	172,217
Changes in estimates that adjust the CSM	(62,563)	92,444	46,167	76,048
Insurance service result	90,592	62,059	(2,400)	150,251

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

(c) Impact on current period of the transition approaches adopted to establish CSM (contd.)

The impact on the current year of the transition approaches adopted to establishing CSMs for life insurance contract is disclosed in the table below:

Group: Life Insurance **(contd.)**

31.12.2023

	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	Total RM'000
Finance income from insurance contracts issued	(23,817)	(83,786)	5,862	(101,741)
Effect of movement in exchange rate	27	68	-	95
Total amount recognised in income statement and OCI	66,802	(21,659)	3,462	48,605
CSM as at 31 December	93,457	404,424	398,029	895,910

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

(c) Impact on current period of the transition approaches adopted to establish CSM (contd.)

The impact on the current year of the transition approaches adopted to establishing CSMs for life insurance contract is disclosed in the table below:

Group: Life Insurance **(contd.)**

31.12.2022 (Restated)

	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	Total RM'000
CSM as at 1 January	26,982	501,454	453,749	982,185
Changes that relate to current services				
CSM recognised in the income statement for services received/provided	(45,037)	(2,033)	(44,147)	(91,217)
Changes that relate to the future services				
Contracts initially recognised in the year	206,536	-	674	207,210
Changes in estimates that adjust the CSM	(10,721)	(32,471)	(19,255)	(62,447)
Insurance service result	150,778	(34,504)	(62,728)	53,546

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

(c) Impact on current period of the transition approaches adopted to establish CSM (contd.)

The impact on the current year of the transition approaches adopted to establishing CSMs for life insurance contract is disclosed in the table below:

Group: Life Insurance **(contd.)**

31.12.2022 (Restated)

	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	Total RM'000
Finance income from insurance contracts issued	(152,006)	(43,597)	3,546	(192,057)
Effect of movement in exchange rate	901	2,730	-	3,631
Total amount recognised in income statement and OCI	(327)	(75,371)	(59,182)	(134,880)
CSM as at 31 December	26,655	426,083	394,567	847,305

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

(c) Impact on current period of the transition approaches adopted to establish CSM

The impact on the current year of the transition approaches adopted to establishing CSMs for Family takaful certificates is disclosed in the table below:

Group: Family Takaful

31.12.2023

	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	Total RM'000
CSM as at 1 January	211,519	644,848	303,497	1,159,864
Changes that relate to current services				
CSM recognised in the income statement for services received/provided	(30,540)	(53,596)	(43,295)	(127,431)
Changes that relate to the future services				
Certificates initially recognised in the year	213,561	-	2,417	215,978
Changes in estimates that adjust the CSM	49,708	6,652	39,775	96,135
Takaful service result	232,729	(46,944)	(1,103)	184,682
CSM as at 31 December	444,248	597,904	302,394	1,344,546

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

(c) Impact on current period of the transition approaches adopted to establish CSM (contd.)

The impact on the current year of the transition approaches adopted to establishing CSMs for Family takaful certificates is disclosed in the table

Group: Family Takaful (contd.)

31.12.2022 (Restated)

	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	Total RM'000
CSM as at 1 January	-	781,156	413,048	1,194,204
Changes that relate to current services				
CSM recognised in the income statement for services received/provided	(10,674)	(61,981)	(54,131)	(126,786)
Changes that relate to the future services				
Certificates initially recognised in the year	211,082	3,427	4,256	218,765
Changes in estimates that adjust the CSM	11,111	(77,754)	(59,676)	(126,319)
Takaful service result	211,519	(136,308)	(109,551)	(34,340)
CSM as at 31 December	211,519	644,848	303,497	1,159,864

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

(d) Impact of contracts/certificates recognised in the year

The components of new business for Life insurance contracts issued during the year is disclosed in the table below:

Group: Life Insurance

31.12.2023

	Contracts issued		
	Non-Onerous RM'000	**Onerous RM'000**	**Total RM'000**
Life Insurance contract liabilities			
Estimates of present value of future cash inflows	(2,920,398)	(769,401)	(3,689,799)
Estimate of present value of future cash outflows:			
Benefits/claims payable and other expenses	1,420,435	9,278	1,429,713
Insurance acquisition cash flows	1,256,527	765,523	2,022,050
Risk adjustment for non-financial risks	70,823	2,046	72,869
CSM	172,613	-	172,613
Losses on onerous contracts at initial recognition	-	7,446	7,446

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

(d) Impact of contracts/certificates recognised in the year (contd.)

The components of new business for Life insurance contracts issued during the year is disclosed in the table below (contd.):

Group: Life Insurance **(contd.)**

31.12.2022 (Restated)

	Contracts issued		
	Non-Onerous RM'000	**Onerous RM'000**	**Total RM'000**
Life Insurance contract liabilities			
Estimates of present value of future cash inflows	(2,289,760)	(812,345)	(3,102,105)
Estimate of present value of future cash outflows:			
Benefits/claims payable and other expenses	1,055,103	1,609	1,056,712
Insurance acquisition cash flows	966,946	821,933	1,788,879
Risk adjustment for non-financial risks	57,370	1,977	59,347
CSM	210,341	-	210,341
Losses on onerous contracts at initial recognition	-	13,174	13,174

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

(d) Impact of contracts/certificates recognised in the year

The components of new business for takaful certificates issued during the year is disclosed in the table below:

Group: Family Takaful

31.12.2023

	Non-Onerous RM'000
Takaful certificate liabilities	
Estimates of present value of future cash inflows	(1,918,313)
Estimates of present value of future cash outflows	
Benefits/claims payable and other expenses	1,332,406
Takaful acquisition cash flows	222,947
Risk adjustment for non-financial risks	146,982
CSM	215,978
Losses on onerous contracts at initial recognition	-

31.12.2022 (Restated)

	Non-Onerous RM'000
Takaful certificate liabilities	
Estimates of present value of future cash inflows	(1,565,391)
Estimate of present value of future cash outflows:	
Benefits/claims payable and other expenses	1,076,422
Takaful acquisition cash flows	192,043
Risk adjustment for non-financial risks	78,161
CSM	218,765
Losses on onerous contracts at initial recognition	-

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

(e) Expected release of CSM

The disclosure of when the CSM is expected to be recognised in income statement in future years is presented below:

31.12.2023

	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
Insurance contracts/takaful certificates								
Life Insurance	94,193	83,944	75,234	67,309	60,167	221,403	293,660	895,910
Family Takaful	127,677	118,192	106,231	95,447	85,779	319,719	491,501	1,344,546
	221,870	202,136	181,465	162,756	145,946	541,122	785,161	2,240,456
Reinsurance contracts/ retakaful certificates								
Life Insurance	(16,155)	(17,832)	(16,591)	(13,629)	(6,108)	(2,343)	843	(71,815)

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

(e) Expected release of CSM (contd.)

The disclosure of when the CSM is expected to be recognised in income statement in future years is presented below (contd.):

31.12.2022 (Restated)

	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
Insurance contracts/takaful certificates								
Life Insurance	88,672	78,265	70,051	63,055	56,682	187,105	303,475	847,305
Family Takaful	115,750	103,310	92,726	83,032	74,351	273,974	416,721	1,159,864
	204,422	181,575	162,777	146,087	131,033	461,079	720,196	2,007,169
Reinsurance contracts/ retakaful certificates								
Life Insurance	12,304	2,466	2,260	2,036	1,801	6,126	5,454	32,447

15. OTHER ASSETS

	31.12.2023 RM'000	31.12.2022 (Restated) RM'000
Group		
Management fees receivable	429	241
Allowance for impairment losses (Note 48)	(2)	(1)
	427	240
Sundry receivables, deposits and prepayments	50,259	24,585
Allowance for impairment losses (Note 48)	(3,603)	(3,643)
	46,656	20,942
Income and profits due and accrued	492,295	424,621
Allowance for impairment losses (Note 48)	(165)	(520)
	492,130	424,101
Fees receivables	2,407	2,405
Amounts due from*:		
- Ultimate holding company	7	6,240
- Penultimate holding company	729	427
- Related companies within the EIHSB Group	518	1,860
- Other related companies within the Maybank Group	522	4
Amount due from stockbrokers	12,289	33,465
Amount due from fund manager	19,341	24,036
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")	38,107	40,708
Goods and services tax recoverable	3,416	2,030
	77,336	111,175
Total other assets	616,549	556,458

15. OTHER ASSETS (CONTD.)

	31.12.2023 RM'000	31.12.2022 RM'000
Company		
Sundry receivables, deposits and prepayments	155	68
Income due and accrued	9,241	9,567
Amounts due from*:		
- Ultimate holding company	-	5,955
- Holding company	625	359
- Related companies within the EIHSB Group	301	1,572
- Related companies within the MAHB Group	8,701	6,649
	9,627	14,535
Total other assets	19,023	24,170

* 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.

16. 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**					
	<------------- 31.12.2023 ------------>			**<------------- 31.12.2022 ------------>**			**<----------- 31.12.2023 ----------->**			**<------------- 31.12.2022 ---------->**		
	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**	**Asset RM'000**	**Liability RM'000**	**Principal/ Notional Amount RM'000**	**Asset RM'000**	**Liability RM'000**
Hedging derivatives:												
Cross currency swap ("CCS")	665,700	-	73,371	665,700	198	21,288	616,400	-	70,480	616,400	-	21,288
Forward foreign exchange contract	12,643,488	218,679	20,702	10,252,105	239,534	20,821		-	-		-	-
Total derivatives		218,679	94,073		239,732	42,109		-	70,480		-	21,288

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 51.

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.

16. DERIVATIVES (CONTD.)

Cash flow hedge

The Company used a cross currency swap to manage the variability in future cash flows on an asset that is denominated in 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 RM31,762,000 for the financial year ended 31 December 2023 from the hedging relationship as disclosed in Note 20 was recognised through other comprehensive income.

17. DEFERRED TAXATION

	Group		Company	
	31.12.2023	**31.12.2022 (Restated)**	**31.12.2023**	**31.12.2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	(231,184)	(333,969)	1,711	3,449
- Effect of adopting MFRS17 (Note 2.5)	73,899	15,621	-	-
At 1 January, as restated	(157,285)	(318,348)	1,711	3,449
Recognised in:				
Profit or loss (Note 39)	(59,208)	91,900	(1,343)	(3,092)
- Taxation borne by policyholders/ participants	(71,258)	49,935	-	-
- Taxation	12,050	41,965	(1,343)	(3,092)
Other comprehensive income (Note 39)	(86,137)	67,842	(1,088)	1,354
Exchange differences	2,023	1,321	-	-
At 31 December	(300,607)	(157,285)	(720)	1,711

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	
	31.12.2023	**31.12.2022 (Restated)**	**31.12.2023**	**31.12.2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	187,024	206,403	2,859	1,748
Deferred tax liabilities	(487,631)	(363,688)	(3,579)	(37)
	(300,607)	(157,285)	(720)	1,711

17. 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 **31.12.2023**	**Fair value adjustment RM'000**	**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**	**Unit-linked RM'000**	**Provision for expense liabilities RM'000**	**Insurance contract/ takaful certificate liabilities RM'000**	**Bonus provision RM'000**	**Others RM'000**	**Total RM'000**
At 1 January 2023, as previously stated	2,315	54,996	831	(115)	13,507	5,448	1,960	-	136,867	2,091	6,961	30,497	255,358
- Effect of adopting MFRS17	(9)	10,717	-	(1,627)	1,742	(11)	291	1,386	(136,867)	75,736	(3)	(310)	(48,955)
At 1 January 2023, as restated	2,306	65,713	831	(1,742)	15,249	5,437	2,251	1,386	-	77,827	6,958	30,187	206,403
Reclassification	1	(594)	(122)	2,974	-	-	-	-	-	-	-	128	2,387
Recognised in:													
Profit or loss	(2,307)	-	560	(319)	3,932	(1,288)	737	(1,386)	-	36,589	8,021	(284)	44,255
- Taxation borne by policyholders/ participants	(1,380)	-	129	-	2,069	54	-	(1,386)	-	-	-	(159)	(673)
- Taxation	(927)	-	431	(319)	1,863	(1,342)	737	-	-	36,589	8,021	(125)	44,928
Other comprehensive income	-	(59,682)	-	-	-	-	-	-	-	-	-	-	(59,682)
Exchange differences	-	335	-	-	-	-	(289)	-	-	-	-	(6,385)	(6,339)
At 31 December 2023	-	5,772	1,269	913	19,181	4,149	2,699	-	-	114,416	14,979	23,646	187,024

17. 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

Group **31.12.2022 (Restated)**	**Fair value adjustment RM'000**	**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**	**Unit-linked RM'000**	**Provision for expense liabilities RM'000**	**Insurance contract/ takaful certificate liabilities RM'000**	**Bonus provision RM'000**	**Others RM'000**	**Total RM'000**
At 1 January 2022, as previously stated	1,749	5,195	697	1,082	13,035	5,242	2,422	-	176,255	1,513	15,957	2,119	225,266
- Effect of adopting MFRS17	(9)	10,716	-	-	-	(11)	-	-	(176,255)	55,655	-	-	(109,904)
At 1 January 2022, as restated	1,740	15,911	697	1,082	13,035	5,231	2,422	-	-	57,168	15,957	2,119	115,362
Reclassification	-	5,113	-	-	-	-	-	-	-	-	-	-	5,113
Recognised in:													
Profit or loss	566	(5,347)	134	(2,824)	2,214	206	(462)	1,386	-	20,659	(8,999)	27,331	34,864
- Taxation borne by policyholders/ participants	403	(731)	53	-	1,529	(419)	-	1,386	-	(2)	-	164	2,383
- Taxation	163	(4,616)	81	(2,824)	685	625	(462)	-	-	20,661	(8,999)	27,167	32,481
Other comprehensive income	-	54,832	-	-	-	-	-	-	-	-	-	-	54,832
Exchange differences	-	(4,796)	-	-	-	-	291	-	-	-	-	737	(3,768)
At 31 December 2022	2,306	65,713	831	(1,742)	15,249	5,437	2,251	1,386	-	77,827	6,958	30,187	206,403

17. 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 **31.12.2023**	**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 2023, as previously stated	(44,742)	21,175	(4,191)	1,386	(274,430)	(184,448)	(1,292)	(486,542)
- Effect of adopting MFRS17	10	(10,717)	(1,056)	(1,386)	(41,398)	176,182	1,219	122,854
At 1 January 2023, as restated	(44,732)	10,458	(5,247)	-	(315,828)	(8,266)	(73)	(363,688)
Reclassification	-	-	-	-	-	(31)	(2,356)	(2,387)
Recognised in:								
Profit or loss	(63,047)	(1,694)	(317)	(19,217)	4,532	(19,474)	(4,246)	(103,463)
- Taxation borne by policyholders/participants	(48,271)	(366)	100	(19,217)	-	(21)	(2,810)	(70,585)
- Taxation	(14,776)	(1,328)	(417)	-	4,532	(19,453)	(1,436)	(32,878)
Other comprehensive income	-	(26,455)	-	-	-	-	-	(26,455)
Exchange differences	-	-	1,121	-	-	8,266	(1,025)	8,362
At 31 December 2023	(107,779)	(17,691)	(4,443)	(19,217)	(311,296)	(19,505)	(7,700)	(487,631)

17. 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 **31.12.2022 (Restated)**	**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 2022, as previously stated	(90,746)	8,713	(7,614)	(10,610)	(267,328)	(191,257)	(393)	(559,235)
- Effect of adopting MFRS17	9	(10,713)	(3)	-	(54,996)	191,228	-	125,525
At 1 January 2022, as restated	(90,737)	(2,000)	(7,617)	(10,610)	(322,324)	(29)	(393)	(433,710)
Reclassification	-	(5,113)	-	-	-	-	-	(5,113)
Recognised in:								
Profit or loss	46,005	(548)	2,390	10,610	6,496	(8,237)	320	57,036
- Taxation borne by policyholders/participants	36,101	-	617	10,610	-	-	224	47,552
- Taxation	9,904	(548)	1,773	-	6,496	(8,237)	96	9,484
Other comprehensive income	-	13,010	-	-	-	-	-	13,010
Exchange differences	-	5,109	(20)	-	-	-	-	5,089
At 31 December 2022	(44,732)	10,458	(5,247)	-	(315,828)	(8,266)	(73)	(363,688)

17. 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 **31.12.2023**	**FVOCI reserve RM'000**	**Impairment losses on investments RM'000**	**Net accretion of discounts on investments RM'000**	**Derivatives RM'000**	**Total RM'000**
At 1 January 2023	1,691	165	(1,742)	1,634	1,748
Reclassification	(594)	(122)	2,974	-	2,258
Recognised in:					
- Profit or loss	-	260	(319)	-	(59)
- Other comprehensive income	(1,088)	-	-	-	(1,088)
At 31 December 2023	9	303	913	1,634	2,859
31.12.2022					
At 1 January 2022	337	27	1,082	2,101	3,547
Recognised in:					
- Profit or loss	-	138	(2,824)	(467)	(3,153)
- Other comprehensive income	1,354	-	-	-	1,354
At 31 December 2022	1,691	165	(1,742)	1,634	1,748

Deferred Tax Liabilities

	<-------------------- 31.12.2023	**--------------------**	**-------------------->**	**31.12.2022**	
	Fair value adjustment RM'000	**Derivatives RM'000**	**Total RM'000**	**Fair value adjustment RM'000**	**Total RM'000**
At 1 January	(37)	-	(37)	(98)	(98)
Reclassification	-	(2,258)	(2,258)	-	-
Recognised in:					
- Profit or loss	37	(1,321)	(1,284)	61	61
At 31 December	-	(3,579)	(3,579)	(37)	(37)

18. CURRENT TAX ASSETS

Group

	31.12.2023 RM'000	31.12.2022 (Restated) RM'000
At 31 December	95,338	95,719

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 License ("License 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 2019.

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 RM79,294,509.

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 on 18 July 2024.

(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.

18. CURRENT TAX ASSETS (CONTD.)

The specific issues raised and corresponding additional tax assessments issued are as summarised below (contd.):

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"). The court fixed the matter for mention on 8 May 2024 to update the settlement status by IRBM.

(c) The SCIT has on 19 February 2021, conceded on the appeals for exemption of wakalah fees and on the deductibility of the interest paid on judgment. These, together with other minor issues, amounted to RM3,250,000 for EFTB.

(d) In relation to the disallowing the deduction of expenses directly attributable to rental income of its investment properties for EGIB, the Court has fixed the hearing dates on 8 May 2024.

(e) The Director General of Inland Revenue ("DGIR") has issued a Notice of Additional Assessment ("JA") dated 28 October 2021 amounting RM380,704 being additional tax payable for the YA2016 deeming surplus earned on retakaful ceded and processing fee income for the Family Takaful fund's business as incidental income of the Company under Section 60AA(13) of the Income Tax Act, 1967. The IRBM has agreed with our argument for the processing fees and raised form JR on December 2022 to waive the assessment and penalty for the two issues raised by IRBM for EFTB.

(f) Reversals relate to the offsetting of overpayment of tax for previous years' of assessment for EGIB, against current year's instalments. IRBM has approved the overpayment of tax for YA2019 amounting to RM12,333,000 to be offset with previous year's instalments.

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.

19. SHARE CAPITAL

	Number of shares		Amount	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Units '000	Units '000	RM'000	RM'000
Issued and fully paid				
Ordinary shares:				
At 1 January/31 December	252,005	252,005	660,866	660,866

20. RESERVES

		Group		Company	
		31.12.2023	31.12.2022 (Restated)	31.12.2023	31.12.2022
	Note	RM'000	RM'000	RM'000	RM'000
Reserves:					
FVOCI Reserve	(i)	122,641	(388,458)	(572)	(2,856)
Insurance/Takaful/reinsurance/retakaful finance reserve	(ii)	(176,082)	163,405	-	-
Cashflow hedge reserve	(iii)	-	-	31,762	36,843
Currency translation reserve	(iv)	100,404	71,163	-	-
Revaluation reserve	(v)	788	788	-	-
		47,751	(153,102)	31,190	33,987
Retained profits:					
Distributable	(vi)	5,741,929	5,267,042	2,703,006	2,579,451
Non-distributable Life Fund surplus	(vii)	1,151,736	1,160,293	-	-
		6,893,665	6,427,335	2,703,006	2,579,451
Total reserves		6,941,416	6,274,233	2,734,196	2,613,438

20. 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) Insurance/Takaful/reinsurance/retakaful finance reserve presents the impact of changes in market discount rates on the Insurance contract/Takaful certificate assets and liabilities.

(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 non-DPF fund. In accordance with the Financial Services Act 2013, in Malaysia, the unallocated surplus is only available for distribution to the shareholders' funds upon approval by the Appointed Actuary of the relevant subsidiaries. Upon such approval, the distribution is presented as a transfer from non-distributable non-par fund surplus to distributable retained profits.

21. SUBORDINATED OBLIGATION

Group/Company

	31.12.2023 RM'000	31.12.2022 RM'000
Tier 2 Capital Subordinated Bond	1,000,000	1,000,000
Interest payable on subordinated obligation	9,875	9,875

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.

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 RM991.8 million (2022: RM972.2 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.

22. OTHER LIABILITIES

	Group	
	31.12.2023	**31.12.2022** **(Restated)**
	RM'000	**RM'000**
Premium/contribution deposits	16,689	15,922
Dividend payable to policyholders	68,582	69,596
Lease liabilities (Note 6)	17,119	21,422
Provision for restoration costs	2,383	2,278
Amounts due to*:		
- Ultimate holding company	39,414	38,257
- Holding company	4,431	171
- Related companies within the EIHSB Group	767	257
- Other related companies within the Maybank Group	439	42
Amount due to stockbrokers	18,926	549
Unclaimed monies	157,366	260,645
Provision for expenses	169,129	124,814
Service tax payable	58,427	50,209
Zakat payable	34,095	31,923
Withholding tax payable	23,716	22,655
Other components of Insurance contract/ Takaful certificate liabilities (Note 14a)	42,527	42,952
Sundry payables and accrued liabilities	613,457	576,430
Total other liabilities	1,267,467	1,258,122

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

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. OTHER LIABILITIES (CONTD.)

	Company	
	31.12.2023	**31.12.2022**
	RM'000	**RM'000**
Lease liabilities (Note 6)	529	380
Amounts due to*:		
- Ultimate holding company	5,237	9,544
- Related companies within the MAHB Group	3,414	-
Provision for expenses	4,340	-
Sundry payables and accrued liabilities	14,426	16,394
Total other liabilities	27,946	26,318

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

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.

23. INSURANCE/TAKAFUL REVENUE

The table below presents an analysis of the total Insurance/Takaful revenue recognised in the year:

Group	**Note**	**2023** **RM'000**	**2022** **(Restated)** **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)	1,192,701	1,141,911
- Change in the risk adjustment for non financial risks	(ii)	112,403	94,076
- Amount of CSM recognised in profit or loss	(iii)	225,445	218,002
Amounts relating to recovery of Insurance/Takaful acquisition cash flows	(iv)	191,708	139,312
Experience adjustments for premiums/contributions receipts		49,312	(5,054)
Insurance/Takaful revenue from contracts/ certificates not measured under the PAA		1,771,569	1,588,247
Insurance/Takaful revenue from contracts measured under the PAA			
Release of premiums/contributions for current year		5,036,043	4,290,406
Total Insurance/Takaful revenue		6,807,612	5,878,653

(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(xiv)(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(xiv)(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(ix)(f) for details of accounting policy.

24. INSURANCE/TAKAFUL SERVICE EXPENSES

The table below presents an analysis of the total Insurance/Takaful service expenses recognised in the year:

Group	**Note**	**2023** **RM'000**	**2022** **(Restated)** **RM'000**
Incurred claims and other directly attributable expenses		(4,145,399)	(3,657,728)
Changes that relate to the past services - adjustment to the LIC		868,478	573,429
Losses on onerous contracts/certificates and reversal of those losses		136,832	(546,466)
Insurance/Takaful acquisition cash flow amortisation		(840,194)	(712,886)
Others	(i)	(381,769)	(732,101)
Total Insurance/Takaful service expenses		(4,362,052)	(5,075,752)

(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 RM289.4 million (2022: RM 164.5 million) and certificate holders were RM238.2 million (2022: RM120.2 million).

There were no surplus paid to Shareholder's fund and certificate holders from General Takaful fund.

25. NET INCOME/(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	**Note**	**2023** **RM'000**	**2022** **(Restated)** **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)	(116,044)	(90,395)
Net cost/gain recognised in profit or loss	(ii)	(1,741,755)	(1,369,168)
Change in the risk adjustment for non-financial risks	(iii)	(4,199)	(3,695)
Allocation of reinsurance premiums/retakaful contributions		(1,861,998)	(1,463,258)
Amounts recoverable for claims and other expenses incurred in the year		1,118,881	1,422,510
Changes in amounts recoverable arising from changes in liability for incurred claims		(934,012)	(855,645)
Changes in fulfilment cash flows which relate to onerous underlying contracts		14,162	396
Loss recovery from onerous contracts		(787)	(21)
Amounts recoverable from reinsurers/retakaful operator		198,244	567,240
Total net expenses from reinsurance contracts/ retakaful certificates held		(1,663,754)	(896,018)

(i) Expected recovery for Insurance/Takaful service expenses incurred in the year comprise recovery for claims and other expenses which 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(xiv)(f).

(iii) Change in risk adjustment reflects the amount of risk which has expired during the year.

26. INTEREST/REVENUE FROM FINANCIAL ASSETS NOT MEASURED AT FVTPL

	Group		Company	
	2023	**2022 (Restated)**	**2023**	**2022 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest/profit income				
Financial Assets at FVOCI				
- Malaysian government papers	47,884	56,236	513	1,536
- Singapore government securities	85,643	57,347	-	-
- Debt securities	791,091	709,926	6,778	13,675
- Derivatives	25,272	25,272	25,272	25,272
Financial Assets at AC				
- Deposits with financial institutions	165,314	85,815	8,384	4,440
Financing receivables				
- Staff loans	1,447	1,217	166	133
- Non-staff loans	70	85	6	3
- Loan to subsidiary	-	-	20,619	18,862
Other profit income	259	260	-	-
Total interest/revenue from financial assets not measured at FVTPL	1,116,980	936,158	61,738	63,921

27. NET FAIR VALUE GAINS/(LOSSES) ON FINANCIAL ASSETS MEASURED AT FVTPL

	Group		Company	
	2023	2022 (Restated)	2023	2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Realised losses on financial assets, net	(21,489)	(197,536)	-	-
Fair value gains/(losses) on:				
- Malaysian government papers	51,864	(15,045)	-	-
- Singapore government securities	(3,287)	(15,403)	-	-
- Equity securities	147,678	(194,605)	-	-
- Debt securities	447,958	(607,807)	(1,784)	(8,901)
- Unit and property trust funds	154,760	(242,884)	-	-
- Structured products	3,614	(615)	-	-
- Derivatives	(3,231)	3,776	-	-
Total net fair value gains/(losses) on financial assets measured at FVTPL	777,867	(1,270,119)	(1,784)	(8,901)

28. NET FAIR VALUE LOSSES ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	Group		Company	
	2023	2022 (Restated)	2023	2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fair value gains/(losses) on:				
Malaysian government papers	1,834	1,008	-	(1,791)
Debt securities	(270,837)	(240,774)	(3,180)	(4,256)
Total net fair value losses on derecognition of financial assets measured at FVOCI	(269,003)	(239,766)	(3,180)	(6,047)

29. OTHER INVESTMENT INCOME

	Group		Company	
	2023	2022 (Restated)	2023	2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Dividend/distribution income:				
- Equity securities	152,727	117,432	-	-
- Unit and property trust	1,616	1,773	-	-
- Subsidiaries	-	-	552,926	315,304
Fair value gains:				
- Investment properties	30,940	13,452	-	-
Interest/profit income at FVTPL:				
- Investments	676,268	662,811	655	810
Realised losses on dissolution of:				
- Associate	(202)	-	-	-
Rental income	91,063	81,429	-	-
Rental related expenses	(32,558)	(29,223)	-	-
Net amortisation of premiums	(31,478)	(74,002)	(1,265)	(2,215)
Investment related expenses, net	(28,590)	(32,567)	(22,041)	(22,075)
Total other investment income	859,786	741,105	530,275	291,824

30. REVERSAL OF/(ALLOWANCE FOR) IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Group		Company	
	2023	2022 (Restated)	2023	2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Reversal of/(allowance for) impairment losses on:				
Investments	124,422	(120,316)	(566)	(386)
Financing receivables	7	(13)	6	(17)
Total net reversal of/(allowance for) impairment loss on financial assets	124,429	(120,329)	(560)	(403)

31. NET FOREIGN EXCHANGE LOSSES

	Group		Company	
	2023	2022 (Restated)	2023	2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Net realised (losses)/gains	(62,477)	6,668	-	(234)
Net unrealised (losses)/gains	(86,976)	(92,211)	(19)	178
Total net foreign exchange losses	(149,453)	(85,543)	(19)	(56)

32. FINANCE (EXPENSES)/INCOME FROM INSURANCE CONTRACTS/TAKAFUL CERTIFICATES ISSUED

Group

	2023 RM'000	2022 (Restated) RM'000
Insurance contracts/Takaful certificates		
Finance (expenses)/income from Insurance contracts/Takaful certificates issued		
Changes in fair value of underlying assets of contracts/certificates measured under the VFA	(1,454,375)	1,145,978
Interest/profit accreted using current financial assumptions	(237,726)	(175,764)
Effect of changes in interest/profit rates and other financial assumptions	(119,604)	109,743
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/ interest/profit accreted using current financial assumptions	(374,788)	(255,455)
Changes in the fair value of the underlying assets of the takaful fund	(419,604)	127,945
Foreign exchange differences/net foreign exchange expenses	(124)	-
Total finance (expenses)/income from Insurance contracts/Takaful certificates issued	(2,606,221)	952,447
Represented by:		
Amount recognised in profit and loss	(2,045,571)	350,836
Amount recognised in OCI	(560,650)	601,611
	(2,606,221)	952,447

33. FINANCE INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS/RETAKAFUL CERTIFICATES HELD

Group

	2023 **RM'000**	**2022 (Restated)** **RM'000**
Reinsurance contracts/retakaful certificates		
Finance income/(expenses) from reinsurance contracts/retakaful certificates held		
Interest/profit accreted using current financial assumptions	153,849	116,922
Effect of changes in interest rates and other financial assumptions	19,466	(97,311)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/interest/profit accreted using locked-in-rate	16,237	(16,054)
Changes in non-performance risks reinsurer/retakaful operators	5,947	(3,688)
Total finance income/(expenses) from reinsurance contracts/retakaful certificates held	195,499	(131)
Represented by:		
Amount recognised in profit and loss	147,204	42,484
Amount recognised in OCI	48,295	(42,615)
	195,499	(131)

34. OTHER INCOME

	Group		Company	
	2023	**2022 (Restated)**	**2023**	**2022 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(i) Revenue from contracts with customers				
- Management fees	3,035	2,909	-	-
Total revenue from contracts with customers	3,035	2,909	-	-
(ii) Other revenues				
Realised gains on disposal of:				
- Property, plant and equipment	29	-	-	-
- Intangible assets	1	4	-	-
Reversal of/(allowance for) impairment losses on:				
- Financing receivables	500	(499)	-	-
- Prepaid land lease payment	177	-	-	-
- Other assets	398	(355)	-	-
Asset written off	-	(5,551)	-	-
Sundry income	45,861	36,604	154	178
Total other revenues	46,966	30,203	154	178
Total other income	50,001	33,112	154	178

35. OTHER EXPENSES

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below:

	2023				**2022 (Restated)**			
	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**
Commission expenses (A)	**501,116**	**77,292**	**-**	**578,408**	**442,867**	**75,863**	**-**	**518,730**
<u>Other expenses</u>								
Employee benefits expense (a)	234,152	326,876	44,684	605,712	190,505	270,224	35,455	496,184
Directors' fees and remuneration (Note 36)	-	-	7,172	7,172	-	-	6,963	6,963
Shariah Committee's fees and remuneration (Note 37)	-	-	624	624	-	-	605	605
Board Committees' fees related expenses (Note 38)	-	-	715	715	-	-	780	780
Auditors' remuneration:								
- statutory audits	1,301	9,345	532	11,178	352	2,549	125	3,026
- regulatory related services	56	410	38	504	22	108	-	130
- other services	265	447	48	760	80	1,218	35	1,333
Amortisation of intangible assets	3,145	16,009	226	19,380	3,197	14,991	144	18,332
Amortisation of prepaid land lease payments	-	26	460	486	-	26	460	486
Auto assist service	-	28,477	-	28,477	-	20,937	-	20,937
Assured medical fees	909	-	-	909	998	33	-	1,031
Carried forward	239,828	381,590	54,499	675,917	195,154	310,086	44,567	549,807

35. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2023				**2022 (Restated)**			
	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	239,828	381,590	54,499	675,917	195,154	310,086	44,567	549,807
Other finance costs	2,879	26,331	406	29,616	2,345	24,734	301	27,380
Depreciation of property,				-				
plant and equipment	855	10,043	3,783	14,681	813	9,606	2,941	13,360
Right-of-use expenses:								
- Depreciation	1,545	7,439	512	9,496	1,512	7,172	333	9,017
- Lease liabilities interest	20	172	24	216	-	177	67	244
- Termination expenses	-	-	(24)	(24)	-	(39)	-	(39)
Other management fees	870	6,317	85	7,272	799	5,200	255	6,254
Outside services & others	96	1,823	202	2,121	94	2,065	384	2,543
Professional fees	13,558	10,847	(1,903)	22,502	9,193	11,325	1,321	21,839
Short term leases	7,672	13,916	1,562	23,150	7,544	16,834	980	25,358
Small value assets	869	982	29	1,880	244	1,277	10	1,531
Office facilities expenses	4,081	4,703	665	9,449	2,956	3,137	1,822	7,915
Electronic data processing expenses	9,219	19,201	961	29,381	9,334	22,117	837	32,288
Expensed assets	3	27	4	34	1	47	6	54
Carried forward	281,495	483,391	60,805	825,692	229,989	413,738	53,824	697,551

35. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2023				**2022 (Restated)**			
	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	281,495	483,391	60,805	825,691	229,989	413,738	53,824	697,551
Information technology outsourcing	8,931	16,819	2,838	28,588	8,630	17,576	2,510	28,716
Postage and stamp duties	1,002	5,884	55	6,941	833	4,751	41	5,625
Printing and stationery	489	2,763	65	3,317	457	3,621	51	4,129
Promotional and marketing costs	143,212	1,379	6,415	151,006	126,292	758	4,690	131,740
Training expenses	3,033	6,381	1,504	10,918	2,082	2,969	(144)	4,907
Utilities, assessment and maintenance	2,496	10,291	670	13,457	2,400	9,724	412	12,536
Entertainment	-	-	1,357	1,357	-	-	1,261	1,261
Travelling expenses	2,157	2,094	867	5,118	1,158	1,171	295	2,624
Tax services expense	1	3	3	7	1	2	64	67
Legal fees	56	373	34	463	44	493	(10)	527
Licences, subscriptions and levies	1,460	22,374	258	24,092	1,248	19,772	64	21,084
Contract staff services	1,525	7,281	311	9,117	1,292	5,497	268	7,057
Policy related expenses	10,043	9,096	11,377	30,516	6,223	4,499	4,440	15,162
Others	4,928	5,936	2,126	12,990	5,844	10,036	831	16,711
Total other expenses (B)	**460,828**	**574,065**	**88,685**	**1,123,578**	**386,493**	**494,607**	**68,597**	**949,697**

35. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2023				**2022 (Restated)**			
	Insurance service expenses*				***Insurance service expenses****			
	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**
<u>Other operating expenses</u>								
Impairment losses on								
- financing receivables	-	-	-	-	-	-	288	288
- other assets	-	-	6	6	-	-	31	31
Sundry expenditure	2,429	8,564	13,619	24,612	2,882	7,721	10,340	20,943
Total other operating expenses (C)	2,429	8,564	13,625	24,618	2,882	7,721	10,659	21,262
Total other expenses (A) + (B) + (C)	**964,373**	**659,921**	**102,310**	**1,726,604**	**832,242**	**578,191**	**79,256**	**1,489,689**

	2023 RM'000	**2022 (Restated) RM'000**
Represented by:		
Insurance service expenses	1,624,294	1,410,433
Other expenses	102,310	79,256
	1,726,604	**1,489,689**

*Insurance/Takaful service expenses include acquisition and maintenance expenses which are directly attributable to group of Insurance contracts/Takaful certicates Insurance/Takaful acquisition cash flow is subjected to Note 2.1(d)(i).

35. OTHER EXPENSES (CONTD.)

Group

An analysis of the expenses incurred by the Group in the reporting year is included in the table below: (contd.)

	2023	2022 (Restated)
	RM'000	RM'000
(a) Employee Benefits Expense:		
Wages, salaries and bonuses	431,314	351,350
EPF and CPF	62,521	52,377
SOCSO	2,852	2,460
ESGP	6,761	8,191
Other benefits	102,025	81,806
	605,473	496,184

Included in employee benefits expense above are remuneration of CEOs of the Group amounting to RM13.64 million (2022: RM12.67 million) further disclosed in Note 35(b) below.

(b) The details of remuneration of CEOs in the Group during the year are as follows:

	2023	2022
Salary	7,359	6,810
Directors fees	275	50
Bonus	3,375	3,018
EPF and Pension Scheme	1,397	1,368
Other emoluments	1,230	1,422
	13,636	12,668

35. OTHER EXPENSES (CONTD.)

Company

An analysis of the expenses incurred by the Company in the reporting year is included in the table below:

Other expenses	**2023** **RM'000**	**2022** **(Restated)** **RM'000**
Employee benefits expense (a)	25,671	23,875
Directors' fees and remuneration (Note 36)	1,614	1,572
Committee's fees related expenses (Note 38)	715	780
Auditors' remuneration:		
- statutory audits	152	94
- regulatory related services	37	-
- other services	43	18
Amortisation of intangible assets	96	3
Other finance cost	334	131
Depreciation of property, plant and equipment	26	12
Right-of-use expenses:		
- Depreciation	85	94
- Lease liabilities interest	11	10
- Termination expenses	(24)	-
Other management fees	23	202
Outside services & others	178	360
Professional fees	(1,969)	1,101
Short term leases	1,198	757
Small value assets	1	4
Office facilities expenses	216	139
Electronic data processing expenses	961	837
Carried forward	29,368	29,989

35. OTHER EXPENSES (CONTD.)

Company

An analysis of the expenses incurred by the Company in the reporting year is included in the table below: (contd.)

	2023	2022 (Restated)
	RM'000	RM'000
Brought forward	29,368	29,989
Expensed assets	4	-
Information technology outsourcing	2,817	2,489
Postage and stamp duties	30	15
Printing and stationery	49	31
Promotional and marketing costs	106	15
Training expenses	1,476	1,493
Utilities, assessment and maintenance	608	354
Entertainment	5	2
Travelling expenses	740	198
Tax services expense	-	57
Legal fees	29	(17)
Licences, subscription and levies	69	(74)
Contract staff services	304	229
Total other expenses (A)	**35,605**	**34,781**
<u>**Other operating expenses**</u>		
Sundry expenditure	(3,787)	(5,635)
Total other operating expenses (B)	(3,787)	(5,635)
Total other expenses (A) + (B)	**31,818**	**29,146**

35. OTHER EXPENSES (CONTD.)

Company

An analysis of the expenses incurred by the Company in the reporting period is included in the table below: (contd.)

	2023 RM'000	2022 (Restated) RM'000
(a) Employee Benefits Expense:		
Wages, salaries and bonuses	19,353	16,662
EPF and CPF	2,767	2,366
SOCSO	95	72
ESGP	503	2,590
Other benefits	2,953	2,185
	25,671	23,875

Included in employee benefits expense above are remuneration of CEOs of the Group amounting to RM13.64 million (2022: RM12.67 million) further disclosed in Note 35(b) below.

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

	2023 RM'000	2022 (Restated) RM'000
Salary	1,800	1,800
Directors fees	212	-
Bonus	1,350	1,305
EPF and Pension Scheme	517	510
Other emoluments	115	422
	3,994	4,037

36. DIRECTORS' FEES AND REMUNERATION

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive directors:				
Fees	353	240	113	-
Other emoluments	46	40	8	-
	399	280	121	-
Non-executive directors:				
Fees	5,612	5,607	1,285	1,334
Other emoluments	1,161	1,076	208	238
	6,773	6,683	1,493	1,572
Total directors' fee and remuneration	7,172	6,963	1,614	1,572

36. DIRECTORS' FEES AND REMUNERATION (CONTD.)

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

2023	**<----------------- Company --------------->**			**<----------------- Subsidiaries --------------->**			
	Fees RM'000	**Other emoluments RM'000**	**Total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Total RM'000**	**Grand Total RM'000**
Executive directors:							
Datuk Normala @ Noraizah Binti A. Manaf	-	-	-	120	18	138	138
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	-	-	-	120	20	140	140
Pn. Khalijah Binti Ismail	113	8	121	-	-	-	121
	113	8	121	240	38	278	399
Non-Executive directors:							
Datuk Karownakaran @ Karunakaran A/L Ramasamy (Chairman)	230	16	246	-	-	-	246
Cik Serina Binti Abdul Samad	-	-	-	120	26	146	146
Dato' Johan Bin Ariffin	133	20	153	335	43	378	531
Dato' Majid Bin Mohamad	178	34	212	395	69	464	676
Datuk Mohd Najib Bin Abdullah	206	44	250	360	46	406	656
Dr. Ariffin Bin Datuk Yahaya	-	-	-	120	27	147	147
En. Hj. Sallim Bin Abdul Kadir	-	-	-	234	75	309	309
En. Mohamad Din Bin Merican	-	-	-	120	35	155	155
En. Mohamad Shukor Bin Ibrahim	-	-	-	120	27	147	147
En.Kamaludin Bin Ahmad	-	-	-	170	27	197	197
Mr. John Tan Kwang Kherng	-	-	-	120	33	153	153
Mr. Raymond Wong Shu Yoon	-	-	-	142	53	195	195
Mr. Andrew King Sun Cheung	-	-	-	100	18	118	118
Carried forward	747	114	861	2,336	479	2,815	3,676
	860	122	982	2,576	517	3,093	4,075

36. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

2023	**<----------------- Company --------------->**			**<----------------- Subsidiaries --------------->**			
	Fees	**Other emoluments**	**Total**	**Fees**	**Other emoluments**	**Total**	**Grand Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Brought forward	747	114	861	2,336	479	2,815	3,676
<u>Non-Executive directors:</u>							
Mr. Antonio Cano*	178	30	208	-	-	-	208
Mr Dominik Jacqueline A Smeets*	-	-	-	25	6	31	31
Mr. Ajay Kumar Garg*	-	-	-	20	2	22	22
Mr. Eng Poh Yoon	-	-	-	3	2	5	5
Mr. Filip Andre L. Coremans*	-	-	-	65	17	82	82
Mr. Francis Tan Wee Meng	-	-	-	204	44	248	248
Mr. Frank Johan Gerard Van Kempen*	-	-	-	453	117	570	570
Mr. Gary Lee Crist*	178	30	208	-	-	-	208
Mr. Glenn John Williams*	-	-	-	20	4	24	24
Mr. Johan Lam Chung Yin	-	-	-	6	4	10	10
Mr. Philippe Pol Arthur Latour*	-	-	-	195	28	223	223
Mr. Wong Pakshong Kat Jeong Colin Stewart	-	-	-	556	150	706	706
Ms. Daniela Adaggi*	-	-	-	120	20	140	140
Ms. Loo Pauy Liean	-	-	-	44	14	58	58
Pn. Fauziah Binti Hisham	182	34	216	-	-	-	216
Pn. Norazilla Binti Md Tahir	-	-	-	40	13	53	53
Prof. Datin. Dr. Rusni Binti Hassan	-	-	-	120	26	146	146
Prof. Dr. Azman Bin Mohd Noor	-	-	-	120	27	147	147
	1,285	208	1,493	4,327	953	5,280	6,773
Total remuneration of the directors of the Group	1,398	216	1,614	4,567	991	5,558	7,172

* The directors' fees and other emoluments for nominees of Ageas Insurance International N.V. ("Ageas") are remitted directly to Ageas.

36. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

2022	**<---- Company ---->**			**<---- Subsidiaries ---->**			
	Fees RM'000	**Other emoluments RM'000**	**Total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Total RM'000**	**Grand Total RM'000**
Executive directors:							
Datuk Normala @ Noraizah Binti A. Manaf	-	-	-	120	20	140	140
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	-	-	-	120	20	140	140
	-	-	-	240	40	280	280
Non-Executive directors:							
Datuk Karownakaran @ Karunakaran A/L Ramasamy (Chairman)	230	40	270	-	-	-	270
Cik Serina Binti Abdul Samad	-	-	-	120	24	144	144
Dato' Johan Bin Ariffin	187	34	221	359	44	403	624
Dato' Majid Bin Mohamad	178	34	212	395	63	458	670
Datuk Mohd Najib Bin Abdullah	206	42	248	360	46	406	654
Dr. Ariffin Bin Datuk Yahaya	-	-	-	120	26	146	146
Dr. John Lee Hin Hock	-	-	-	191	38	229	229
En. Hj. Sallim Bin Abdul Kadir	-	-	-	239	54	293	293
En. Mohamad Din Bin Merican	-	-	-	120	27	147	147
En. Mohamad Shukor Bin Ibrahim	-	-	-	120	26	146	146
En. Kamaludin Bin Ahmad	-	-	-	160	26	186	186
Mr. John Tan Kwang Kherng	-	-	-	33	6	39	39
Carried forward	801	150	951	2,217	380	2,597	3,548
	801	150	951	2,457	420	2,877	3,828

36. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

2022	**<---- Company ---->**			**<---- Subsidiaries ---->**			
	Fees RM'000	**Other emoluments RM'000**	**Total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Total RM'000**	**Grand Total RM'000**
Brought forward	801	150	951	2,217	380	2,597	3,548
Non-Executive directors:							
Mr. Raymond Wong Shu Yoon	-	-	-	33	6	39	39
Mr. Andrew King Sun Cheung*	-	-	-	120	20	140	140
Mr. Antonio Cano*	178	30	208	-	-	-	208
Mr. Eng Poh Yoon	-	-	-	25	14	39	39
Mr. Frank Johan Gerard Van Kempen*	-	-	-	504	121	625	625
Mr. Gary Lee Crist*	178	34	212	-	-	-	212
Mr. Koh Heng Kong	-	-	-	175	49	224	224
Mr. Philippe Pol Arthur Latour*	-	-	-	240	38	278	278
Mr. Wong Pakshong Kat Jeong Colin Stewart	-	-	-	479	118	597	597
Ms. Daniela Adaggi*	-	-	-	120	20	140	140
Pn. Fauziah Binti Hisham	177	24	201	-	-	-	201
Pn. Norazilla Binti Md Tahir	-	-	-	120	27	147	147
Prof. Dr. Azman Bin Mohd Noor	-	-	-	120	23	143	143
Prof. Dr. Rusni Binti Hassan	-	-	-	120	22	142	142
	1,334	238	1,572	4,273	838	5,111	6,683
Total remuneration of the directors of the Group	1,334	238	1,572	4,513	878	5,391	6,963

* The directors' fees and other emoluments for nominees of Ageas Insurance International N.V. ("Ageas") are remitted directly to Ageas.

37. SHARIAH COMMITTEE'S FEES AND REMUNERATION

	2023 **RM'000**	**2022** **RM'000**
Fees	313	314
Other emoluments	311	291
	624	605

The total remuneration of the Shariah Committee of the takaful subsidiaries are as follows:

	2023			**2022**		
	Fees **RM'000**	**Other emoluments** **RM'000**	**Total** **RM'000**	**Fees** **RM'000**	**Other emoluments** **RM'000**	**Total** **RM'000**
Shariah Committee:						
Prof Dr. Azman Mohd Noor *(Chairman w.e.f 1.1.2023)*	60	52	112	50	48	98
Prof Dr. Aznan Bin Hasan	53	55	108	64	51	115
Prof. Datin. Dr. Rusni Binti Hassan	50	52	102	50	48	98
Prof. Dr. Abdul Rahim Bin Abdul Rahman	50	52	102	50	48	98
Prof. Dato’ Dr. Mohd Azmi Bin Omar	50	52	102	50	48	98
Sahibus Samahah Dato' Dr. Mohamad Sabri Bin Haron	50	48	98	50	48	98
	313	311	624	314	291	605

38. BOARD COMMITTEES' FEES RELATED EXPENSES

Company	**2023** **RM'000**	**2022** **RM'000**
Executive directors:		
Fees	33	33
Other emoluments	10	18
	43	51
Non-Executive directors:		
Fees	452	489
Other emoluments	220	240
	672	729
Total board committees' fees related expenses	715	780

The total board committees' fees of the directors are as follows:

	2023			**2022**		
	Fees **RM'000**	**Other emoluments** **RM'000**	**Total** **RM'000**	**Fees** **RM'000**	**Other emoluments** **RM'000**	**Total** **RM'000**
Executive directors:						
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	33	10	43	33	18	51
	33	10	43	33	18	51

38. BOARD COMMITTEES' FEES RELATED EXPENSES (CONT'D.)

The total committee's fees of the directors are as follows: (cont'd.)

	2023			2022		
	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Non-Executive directors:						
Cik Serina Binti Abdul Samad	56	26	82	56	30	86
Dr. Ariffin Bin Datuk Yahaya	33	12	45	33	12	45
En. Mohamad Din Bin Merican	54	24	78	57	28	85
En. Mohamad Shukor Bin Ibrahim	56	28	84	56	30	86
Mr John Tan Kwang Kherng	28	16	44	7	6	13
Mr Raymond Wong Shu Yoon	31	18	49	7	6	13
Mr. Philippe Pol Arthur Latour	23	6	29	28	8	36
Mr. Wong Pakshong Kat Jeong Colin Stewart	56	26	82	56	26	82
Mr. Francis Tan Wee Meng	6	2	8	-	-	-
Mr. Ajay Kumar Garg	5	-	5	-	-	-
Mr. Koh Heng Kong	-	-	-	44	24	68
Ms. Daniela Adaggi	28	18	46	28	8	36
Pn. Norazilla Binti Md Tahir	20	12	32	61	30	91
Prof Dr. Azman Mohd Noor	28	18	46	28	18	46
Prof. Datin. Dr. Rusni Binti Hassan	28	14	42	28	14	42
	452	220	672	489	240	729
	485	230	715	522	258	780

39. TAXATION

Tax expense/(credit) attributable to policyholders/participants

	Group	
	2023	**2022**
		(Restated)
	RM'000	**RM'000**
Income tax:		
Current financial year		
- Malaysia	37,376	23,458
Under/(over) provision of taxation in prior financial years	1,729	(736)
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 17)	71,258	(49,935)
	110,363	(27,213)

Taxation of shareholders' and general funds

The income tax for shareholders' fund and general fund in relation to the Malaysian and Singaporean operations respectively are calculated at the statutory tax rate of 24% (2022: 24%) and 17% (2022: 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% (2022: 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% (2022: 10%).

39. TAXATION (CONTD.)

Tax expense/(credit)

The major components of income tax expense for the years ended 31 December 2023 and 31 December 2022 are as follows:

Income statements

	Group		Company	
	2023	**2022 (Restated)**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
Current financial year				
- Malaysia	258,384	308,095	9,062	9,433
(Over)/under provision of taxation in prior financial years	(5,707)	(4,249)	1,106	677
	252,677	303,846	10,168	10,110
Deferred taxation:				
Relating to origination and reversal of temporary differences (Note 17)	(12,050)	(41,965)	1,343	3,092
	240,627	261,881	11,511	13,202
Statement of Comprehensive Income:				
Deferred income tax related to other comprehensive income:				
- Fair value changes on debt securities at FVOCI (Note 17)	84,365	(35,527)	1,088	(1,354)
- Fair value changes on equities securities at FVOCI (Note 17)	1,772	(3,308)	-	-
- Insurance finance reserve	(2,822)	1,193	-	-
	83,315	(37,642)	1,088	(1,354)

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	
	2023	2022 (Restated)	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	1,140,516	201,039	515,090	271,843
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	273,724	48,249	123,622	65,242
Effects of tax in different jurisdictions	(5,323)	43,438	-	-
Income not subject to tax	(79,762)	(75,471)	(127,754)	(71,146)
Expenses not deductible for tax purposes	83,638	204,528	14,537	18,429
Effect of Prosperity Tax	-	62,208	-	-
Effect of changes in tax basis	(2,777)	(2,026)	-	-
Tax relief on actuarial surplus transferred to shareholders' fund	(22,380)	(13,946)	-	-
(Over)/under provision of taxation in prior financial years	(5,707)	(4,249)	1,106	677
Effect of zakat deduction	(786)	(850)	-	-
Tax expense for the financial year	240,627	261,881	11,511	13,202

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**	
	2023	**2022 (Restated)**	**2023**	**2022**
Profit attributable to ordinary equity holders (RM'000)	868,489	(86,214)	503,579	258,641
Weighted average number of ordinary shares in issue ('000) (Note 19)	252,005	252,005	252,005	252,005
Basic and diluted earnings per share (sen)	3.45	(0.34)	2.00	1.03

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	**2023 RM'000**	**2022 RM'000**
Recognised during the financial year:		
Final dividend for the financial year ended 31 December 2022:		
- 150.80 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	380,024	-
Final dividend for the financial year ended 31 December 2021:		
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	-	250,241
	380,024	250,241

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:

	2023 **RM'000**	**2022** **RM'000**
Not later than one year	48,669	47,150
Between one and five years	66,172	45,918
	114,841	93,068

Rental income on investment properties recognised in the income statement during the financial year are disclosed in Notes 4 and 29.

43. OTHER COMMITMENTS AND CONTINGENCIES

Group	**2023** **RM'000**	**2022** **RM'000**
Approved and contracted for:		
Property, plant and equipment	3,255	6,135
Intangible assets	9,983	7,705
Information technology services	10,224	8,210
Marketing expenses	30,355	-
Others	505	16
	54,322	22,066
Approved but not contracted for:		
Property, plant and equipment	19,732	19,012
	19,732	19,012

43. OTHER COMMITMENTS AND CONTINGENCIES (CONTD.)

Group

	2023 Full commitment RM'000	2022 Full commitment RM'000
Derivative financial assets:		
Cross currency swap		
One year to less than five years	616,400	665,700
	616,400	665,700
Foreign exchange related contracts:		
Less than a year	13,112,643	10,252,074
	13,112,643	10,252,074
Derivative financial liabilities:		
Cross currency swap		
One year to less than five years	49,300	-
	49,300	-
Foreign exchange related contracts:		
Less than a year	13,807	-
	13,807	-

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 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. Three (3) out of the five (5) awards made have been vested to eligible employees in 2021 to 2023 whilst balance of the two (2) awards will vest in 2024 and 2025 respectively. The last tranche of the ESGP Award (i.e. fifth ESGP Award) under the existing plan was made in September 2022 and will vest in 2025. Starting from 2023, there will be no additional new awards to be issued to staff under the ESGP2018.

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.

44. SHARE-BASED COMPENSATION (CONTD.)

ESGP and CESGP (contd.)

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. Starting from 2023, there will be no additional new awards to be issued to staff under the ESGP2018. As continuation of the existing employees’ share grant plan, a new ESGP plan (“ESGP2023”) has been established and is valid for a period of ten (10) years from the effective date. This plan will run concurrently with ESGP2018 until its expiration.

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**	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Expenses)/income:				
Ultimate holding company:				
Gross premium/contribution income	46,126	38,584	-	-
Commission and fee expenses	(138,618)	(132,286)	-	-
Claims paid	(10,586)	(8,890)	-	-
Dividend income	1,958	1,793	-	-
ESGP expenses	(8,012)	(7,605)	(2,565)	(2,590)
Interest expenses for subordinated obligation	(26,072)	(39,527)	(26,072)	(39,527)
Interest income	1,484	1,709	112	199
Rental income (net)	6,279	6,065	-	-
Other expenses (net)	(10,332)	(4,618)	(250)	(413)

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
(Expenses)/income (contd.):				
Subsidiaries within MAHB Group:				
Claims	-	-	-	-
Insurance expenses	-	-	(55)	(620)
Gross dividend income	-	-	552,925	315,304
Interest income on subordinated obligation	-	-	20,619	18,862
Shared service fee income	-	-	68,847	77,808
Rental expense	-	-	(1,504)	(1,150)
Reimbursement of expenses	-	-	779	242
Other related companies within the Maybank Group:				
Claims paid	(22,604)	(462)	-	-
Commission and fee expenses	(143,775)	(152,337)	-	-
Gross premium/contribution income	30,306	12,717	-	-
Information technology outsourcing expense	(33,648)	(34,744)	(3,045)	(2,891)
Insurance premium expenses				
Interest/profit income	56,356	41,665	2,930	2,490
Investment advisory fee	-	(750)	-	-
Management fee	(2,723)	(9,656)	-	-
Other expenses	(15,890)	(14,609)	(5)	-
Shared service fee (expenses)/ income	(1,919)	164	185	1,154
Rental income (net)	6,500	6,368	-	-
Net hedging income	6,503	6,505	6,503	6,505
Shareholders of MAHB:				
Gross premium/contribution income	47	14	-	-
Dividend paid	(380,024)	(250,241)	(380,024)	(250,241)
Shared service fee income	2,316	2,154	5,480	3,428
Interest expenses for subordinated obligation	(12,272)	(12,253)	(12,272)	(12,253)
Reimbursement of expenses	(11,074)	-	(9,191)	-
Other expenses	(2,845)	(5,667)	(1,118)	(3,621)

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**	
	31.12.2032	**31.12.2022**	**31.12.2032**	**31.12.2022**
Income/(expenses) (contd.):	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Companies related to a company with significant influence over MAHB Group:				
Claim recovery	134	445	-	-
Management fee income	177	169	-	-
Premium ceded	(1,564)	(423)	-	-
Reinsurance commission income	1,844	2,111	-	-
Reinsurance claims recovered	886	69	-	-
Reinsurance premium ceded	(6,395)	(6,648)	-	-
Companies related to a company with significant influence over Maybank Group:				
Other expenses	(1)	-	-	-
Claims paid	(7,808)	(6,524)	-	-
Claims paid recovery	-	16	-	-
Gross premium/contribution income	75,004	23,408	-	-

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**	
	31.12.2023 RM'000	**31.12.2022 RM'000**	**31.12.2023 RM'000**	**31.12.2022 RM'000**
Ultimate holding company:				
Bank balances	102,395	117,115	15,204	37,705
Fixed deposits	52,508	121,768	-	-
Structured deposits				
Derivative liabilities, net	(70,398)	(21,253)	(70,480)	(21,288)
Quoted shares	28,315	29,187	-	-
Income and profits due and accrued	76	80	-	-
Claim liabilities	(16,811)	(46,111)	-	-
Outstanding premiums/ contributions	3,110	769	-	-
Other assets	7	396	-	5,955
Other liabilities	(39,414)	(28,427)	(5,237)	(9,544)
Sundry payables and accrued liabilities	(8,469)	(22,214)	-	-
Subordinated obligation	(691,000)	(691,000)	(691,000)	(691,000)
Fellow subsidiaries within the MAHB Group:				
Financing receivables	-	-	616,400	616,400
Other assets	-	-	8,701	6,649
Other liabilities	-	-	(3,414)	-

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 and amounts due from/(to) related companies as follows (contd.):

	Group		Company	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other related companies within the Maybank Group:				
Bank balances	183,553	470,321	-	-
Fixed and call deposits	1,477,522	1,035,643	269,152	25,411
Income and profits due and accrued	21,636	12,533	9,241	9,567
Outstanding premiums/ contributions	911	(20)	-	-
Other assets	1,040	1,597	301	1,572
Sundry receivables, deposits and prepayment	4,070	3,276	-	-
Other liabilities	(1,206)	(1,586)	-	-
Sundry payables and accrued liabilities	(8,421)	(11,400)	-	-
Insurance/takaful payables	(6,266)	(2,072)	-	-
Claims liabilities	(2,093)	(54)	-	-
Companies related to a company with significant influence over Maybank Group:				
Outstanding premiums/ contributions	539	17,261	-	-
Claims liabilities	(169,408)	(22,528)	-	-
Insurance/takaful receivables	695	588	-	-
Insurance/takaful payables	(467)	(84)	-	-
Shareholders of MAHB:				
Other assets	729	427	625	359
Other liabilities	(4,431)	(171)	-	-
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 15, Note 21 and Note 22.

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

(iii) The remuneration of key management personnel during the year were as follows:

	Group		**Company**	
	31.12.2023 RM'000	**31.12.2022 RM'000**	**31.12.2023 RM'000**	**31.12.2022 RM'000**
Short-term employee benefits				
Fees	6,724	6,420	1,883	1,857
Salaries, allowances and bonuses	10,734	9,216	-	3,105
Contribution to EPF and pension scheme	1,394	1,230	-	510
Other emoluments	2,479	1,128	446	918
	21,331	17,994	2,329	6,390

(iv) The number of shares awarded for ESGP to key management personnel were as follows:

	Group		**Company**	
Award date	**31.12.2023 RM'000**	**31.12.2022 RM'000**	**31.12.2023 RM'000**	**31.12.2022 RM'000**
At 1 January	2,112	1,896	832	728
Awarded	375	216	195	104
At 31 December	2,487	2,112	1,027	832

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. Risk Culture serves as the foundation upon which a strong enterprise wide risk management structure is built.

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.

The 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 the annual Enterprise Risk Assessment (with methodology of Risk Landscape Survey), the New Business/Product Approval process as governed by the New Product Approval Policy, through forward-looking stress testing as well as inputs from the Senior Management and the Board of Directors.

Risk Appetite

The establishment of the Risk Appetite is a critical 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 they are willing to accept in pursuit of its business objectives.

Developing and setting the Risk Appetite must be integrated into the strategic planning process and should be dynamic as well as responsive to changing business and market conditions. 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 and its subsidiaries have Adequate Capital to meet its capital requirements on an on-going basis, fulfilling the regulatory requirements on 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 and its subsidiaries must have an actionable plan to restore the capital level within a reasonable timeframe.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Response

Risk response is the process of monitoring inherent risk and potential risk events from MAHB Group's product offerings, investment decisions, operating processes as well as business strategies. There are generally four (4) possible responses to risk that have been identified and evaluated:-

a) Avoidance – exiting the activities that are giving rise to risk;
b) Reduction – taking action to reduce the likelihood or impact related to the risk;
c) Share – transferring or sharing a portion of the risk; and
d) Acceptance – accepting inherent risk and willingness to absorb plausible implications due to a cost and benefit decision

When strategising the response action, the overarching principle that needs to be thoroughly considered is whether or not the risk that we are willing to assume is feasible to MAHB Group. In general, if we are unable to manage and mitigate the risk then we should avoid the risk, unless the trade-off cost and benefit 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

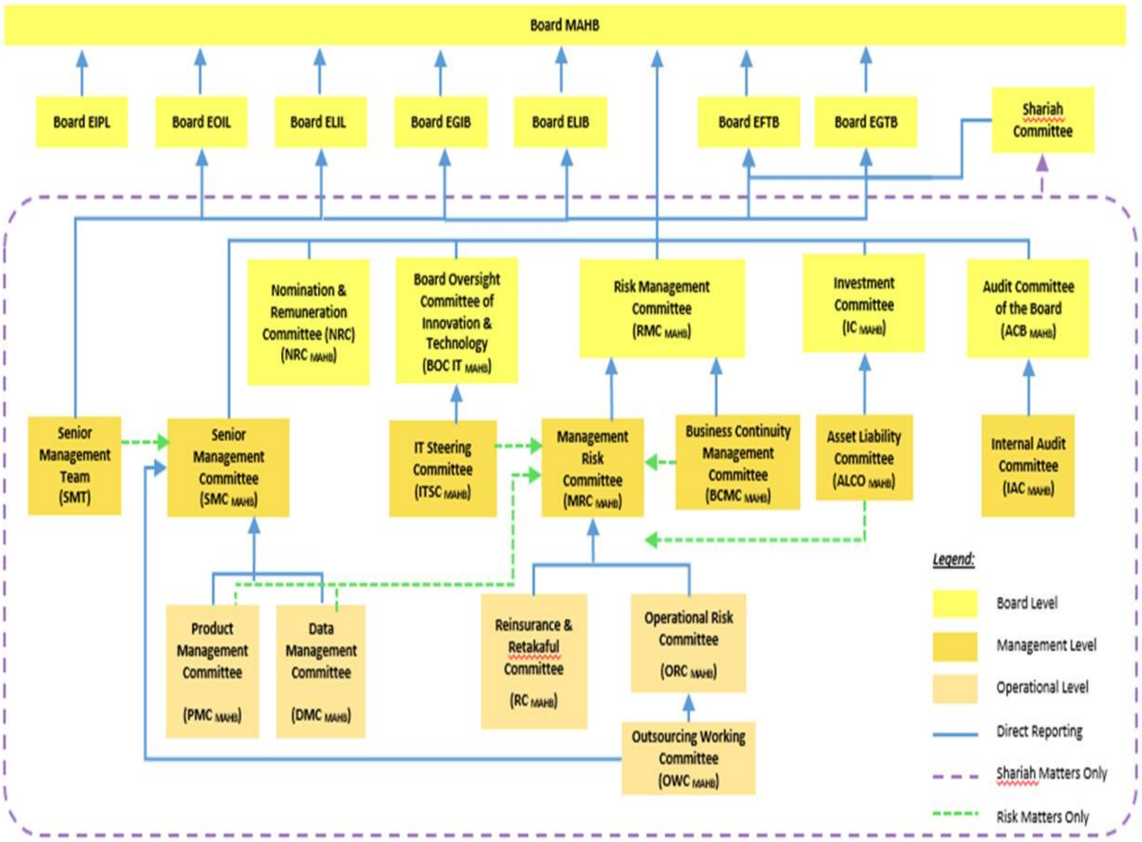
A governance structure should be clear, effective as well as robust and includes the role of the Board, the Risk Committees and the senior management with well defined, transparent and consistent lines of responsibilities.

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.

The 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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Governance and Risk Oversight (Contd.)



Note:

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

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

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.

While the 3 lines of defence reside within the internal realm, the overall risk governance structure is strengthened by the external line (e.g. service providers, agents, customers, regulators, etc.) which forms part of the overall risk governance ecosystem. The external line complements the internal model by virtue of the relationship it has with MAHB Group and the role it partakes within that relationship.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

MAHB 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 and Technology ("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.

Senior Management Committee ("SMC")

The SMC is responsible to assure the Board 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.

Asset Liability Committee ("ALCO")

The ALCO is responsible for the investment strategy and operations. It will carry out its responsibilities within the limits set by the MRC such as following the Risk Appetite and Asset Liability Management ("ALM") constraints.

Information Technology Steering Committee ("ITSC")

ITSC is to establish and review long term strategic IT plans of the organization; 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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board (contd.)

Internal Audit Committee ("IAC")

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

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

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/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 & 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.)

Board (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.

Business Continuity Management Committee ("BCMC")

The BCMC is responsible to ensure that the Business Continuity Management ('BCM’) framework is embedded, promoted and implemented in each service areas within the MAHB group. It also provides centralized co-ordination of the response to, and recovery from, any incident, or situation that causes potential or significant disruption to the Group and the Company in delivering their services to customers/policyholders.

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.

There are five (5) main stages of the risk management process which form a continuous cycle are depicted below:

Identification	*Measurement*	*Control*	*Monitoring*	*Reporting*
▪ New / existing products, activities & initiatives	▪ Methodologies ▪ Approaches, models, validation, techniques & analysis	▪ Quantitative & qualitative controls ▪ Mitigation techniques ▪ Recovery Plan	▪ Risk exposures vs. controls ▪ Management information system	▪ Management information system ▪ Board, management & operational reporting

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Stress Test

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

Stress Test is to be 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 processes. 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.

46. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

System Infrastructure

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

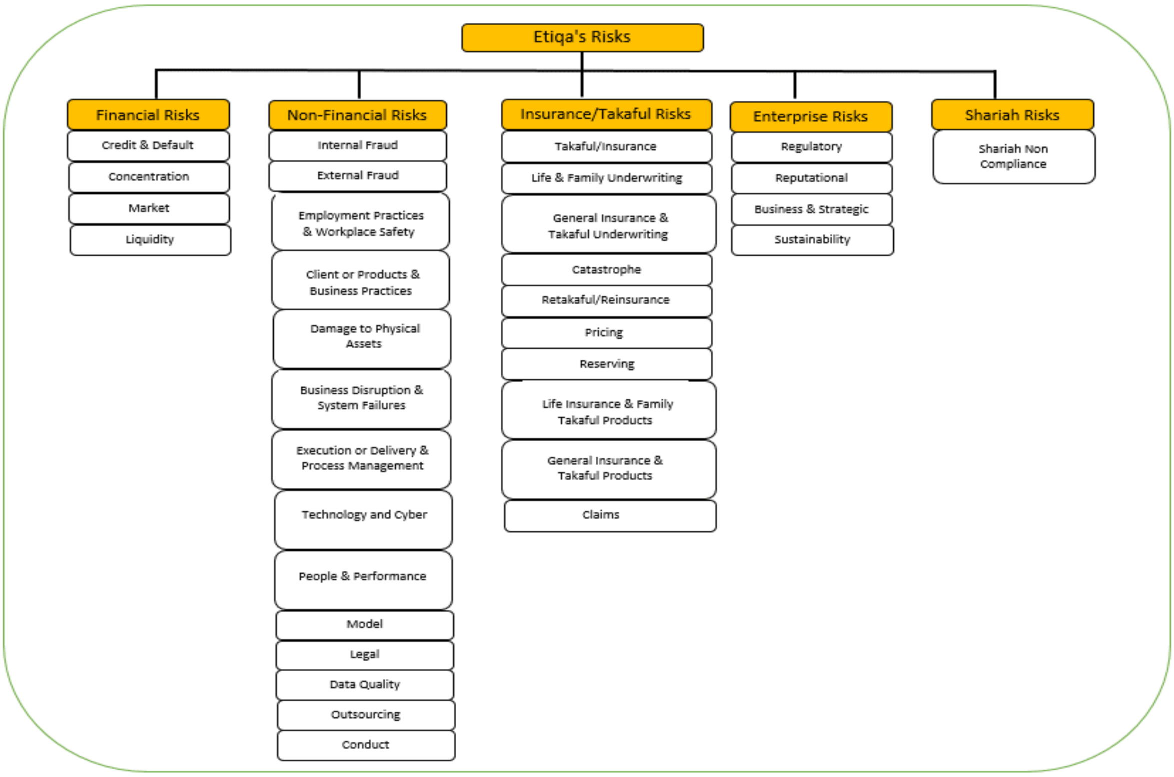
Through the established infrastructure, the roles and responsibilities required for effective management of risk can be performed appropriately.

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

Risk Taxonomy

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

The following are the risk types that are applicable to the businesses and operations, which 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 of 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. The Group monitors the reinsurers'/retakaful operators' creditworthiness on a monthly basis.

The 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 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 relates to the risk of loss or adverse impact arising from the development of new and existing products and management of products. Product-related risks include investment risk, pricing risk, business risk, reinsurance/retakaful risk, financial risk, underwriting risk, operational risk, fraud risk, mis-distribution/ mis-selling risk, legal risk, compliance risk and Shariah non-compliance risk and assessment on system readiness and Environmental, Social and Governance ("ESG") related 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 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:

	2023			2022 (Restated)		
	Malaysia RM'000	**Singapore RM'000**	**Total RM'000**	**Malaysia RM'000**	**Singapore RM'000**	**Total RM'000**
Direct insurance						
Group	1,522	-	1,522	721	-	721
Retail						
-Non-participating	2,653,286	8,097,436	10,750,722	2,557,150	6,974,494	9,531,644
-Participating	5,715,281	3,965,850	9,681,131	5,574,396	4,306,384	9,880,780
-Investment linked	2,618,446	216,345	2,834,791	2,231,474	19,884	2,251,358
	10,987,013	12,279,631	23,266,644	10,363,020	11,300,762	21,663,782
Total direct insurance	10,988,535	12,279,631	23,268,166	10,363,741	11,300,762	21,664,503
Reinsurance						
Retail						
Non-participating:						
- Proportional Non-Par (RTA)	56,730	(2,263,111)	(2,206,381)	65,184	(1,474,044)	(1,408,860)
- Proportional Non-Par (Non-RTA)	(4,410)	-	(4,410)	1,930	-	1,930
- Non-proportional Excess of Loss	1,599	-	1,599	1,325	-	1,325
	53,919	(2,263,111)	(2,209,192)	68,439	(1,474,044)	(1,405,605)
Investment linked:						
- Proportional: Investment-linked	17,558	-	17,558	25,154	-	25,154
Non-participating and investment linked:						
- Non-proportional: Catastrophe	-	-	-	15	-	15
Total reinsurance	71,477	(2,263,111)	(2,191,634)	93,608	(1,474,044)	(1,380,436)

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

The discount rate used for non-participating policies, guaranteed benefit liabilities of participating policies and the non-unit liability of investment-linked policies is the yield observed on Malaysian Government Securities ("MGS") and Singapore Government Securities of the appropriate duration for the Group's Malaysian and Singaporean operations respectively. Please refer to note 2.1 (d)(ii).

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(ii) Key Assumptions (contd.)

(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 industry tables which reflect historical experiences and reinsurance premium rates, adjusted to reflect the licensed 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.

(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.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

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)	------------------------>	
Life Insurance - Malaysia					
2023					
Discount rate *	-1%	(188,945)	(180,137)	(143,598)	(136,904)
Mortality and morbidity rates	+/- 10% (adverse)	(18,744)	(14,301)	(14,245)	(10,869)
Lapse and surrender rates	+/- 10% (adverse)	(5,387)	(5,390)	(4,094)	(4,096)
Expenses	+10%	(5,132)	(5,148)	(3,900)	(3,913)
2022 (Restated)					
Discount rate *	-1%	(183,719)	(175,591)	(139,627)	(133,449)
Mortality and morbidity rates	+/- 10% (adverse)	(22,447)	(16,529)	(17,060)	(12,562)
Lapse and surrender rates	+/- 10% (adverse)	(4,801)	(4,867)	(3,649)	(3,699)
Expenses	+10%	(6,200)	(6,159)	(4,712)	(4,681)

* 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.)

Life Insurance - Malaysia (contd.)	Change in assumptions %	Impact on CSM before reinsurance contracts held RM'000	Impact on CSM after reinsurance contracts held RM'000
		<--------- (Decrease)	--------->
2023			
Discount rate *	-1%	(20,080)	(20,080)
Mortality and morbidity rates	+/- 10% (adverse)	(185,161)	(132,503)
Lapse and surrender rates	+/- 10% (adverse)	(47,031)	(46,324)
Expenses	+10%	(52,751)	(52,732)
2022 (Restated)			
Discount rate *	-1%	(6,964)	(6,964)
Mortality and morbidity rates	+/- 10% (adverse)	(186,215)	(141,068)
Lapse and surrender rates	+/- 10% (adverse)	(47,112)	(46,977)
Expenses	+10%	(53,720)	(53,671)

* 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/after reinsurance contracts held RM'000	Impact on insurance service result/ equity RM'000
		<-- Increase/(Decrease) -->	
<u>Life Insurance - Singapore</u>			
2023			
Discount rate *	-1%	(118,707)	(118,707)
Mortality and morbidity rates	+/- 10% (adverse)	(1,636)	(1,636)
Lapse and surrender rates	+/- 10% (adverse)	(8,386)	(8,386)
Expenses	+10%	(13,963)	(13,963)
2022 (Restated)			
Discount rate *	-1%	(126,186)	(126,186)
Mortality and morbidity rates	+/- 10% (adverse)	(1,518)	(1,518)
Lapse and surrender rates	+/- 10% (adverse)	(7,461)	(7,461)
Expenses	+10%	(7,163)	(7,163)

* 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.)

<u>Life Insurance - Singapore (contd.)</u>	**Change in assumptions %**	**Impact on CSM before reinsurance contracts held RM'000**	**Impact on CSM after reinsurance contracts held RM'000**
2023			
Discount rate *	-1%	(118,707)	(118,707)
Mortality and morbidity rates	+/- 10% (adverse)	(1,636)	(1,636)
Lapse and surrender rates	+/- 10% (adverse)	(8,386)	(8,386)
Expenses	+10%	(13,963)	(13,963)
2022 (Restated)			
Discount rate *	-1%	(126,186)	(126,186)
Mortality and morbidity rates	+/- 10% (adverse)	(1,518)	(1,518)
Lapse and surrender rates	+/- 10% (adverse)	(7,461)	(7,461)
Expenses	+10%	(7,163)	(7,163)

* excludes impact of fixed income financial assets.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

Reinsurance contracts held

Life Insurance - Singapore	**Change in assumptions %**	**Impact on CSM before reinsurance contracts held RM'000**	**Impact on CSM after reinsurance contracts held RM'000**
2023			
Discount rate *	-1%	-	-
Mortality and morbidity rates	+/- 10% (adverse)	(87)	(87)
Lapse and surrender rates	+/- 10% (adverse)	(1,086)	(1,086)
Expenses	+10%	-	-
2022 (Restated)			
Discount rate *	-1%	-	-
Mortality and morbidity rates	+/- 10% (adverse)	(13)	(13)
Lapse and surrender rates	+/- 10% (adverse)	(82)	(82)
Expenses	+10%	-	-

* 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:

	2023 RM'000	2022 (Restated) RM'000
Family Takaful certificate issued		
Direct		
-Credit	6,629,933	6,810,862
-Non credit	3,152,732	2,732,484
-Annuity	691,578	891,369
-Investment linked Takaful	528,895	464,348
-Group yearly renewable term	144,965	97,688
-Unallocated surplus	2,123,986	2,123,986
-Others	76,303	76,299
Total	13,348,392	13,197,036
Family Retakaful certificate held		
- Proportional Family Takaful	264,770	264,560
- Proportional Takafulink	10,091	12,579
- Non-proportional Excess of Loss	4,911	3,419
	279,772	280,558
Total	13,628,164	13,477,594

All of the Family Takaful business was 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.

(b) Mortality and morbidity rates
Mortality and morbidity rates represent the expected claims experience of the takaful operator. The takaful operator determines mortality and morbidity rates using local established industry tables which reflect historical experiences, 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 demonstarate 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)**		**------------------------------>**
2023					
Discount rate *	-1%	39	1,138	30	865
Mortality and morbidity rates	+/- 10% (adverse)	(19,249)	(13,414)	(14,629)	(10,196)
Lapse and surrender rates	+/- 10% (adverse)	(4,960)	(4,806)	(3,770)	(3,653)
Expenses	+10%	(6,177)	(6,177)	(4,694)	(4,696)

* 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)		------------------------------->	
2022 (Restated)					
Discount rate *	-1%	86	1,090	66	829
Mortality and morbidity rates	+/- 10% (adverse)	(19,958)	(14,516)	(15,168)	(11,033)
Lapse and surrender rates	+/- 10% (adverse)	(5,193)	(5,031)	(3,947)	(3,824)
Expenses	+10%	(6,474)	(6,474)	(4,920)	(4,920)

* 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 %	2023 Impact on CSM before retakaful certificates held RM'000	2022 Impact on CSM after retakaful certificates held RM'000
		<----- Increase/(decrease)	----->
Discount rate *	-1%	487	970
Mortality and morbidity rates	+/- 10% (adverse)	(232,340)	(218,163)
Lapse and surrender rates	+/- 10% (adverse)	(48,260)	(48,371)
Expenses	+10%	(73,462)	(71,792)

* 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:

	2023 Insurance revenue RM'000	2023 Allocation of reinsurance premiums RM'000	2023 Net RM'000	2022 (Restated) Insurance revenue RM'000	2022 (Restated) Allocation of reinsurance premiums RM'000	2022 (Restated) Net RM'000
Malaysia						
Motor	305,879	(12,979)	292,900	278,935	(11,342)	267,593
Fire	397,095	(249,451)	147,644	282,665	(149,823)	132,842
Marine, Aviation, Cargo and Transit	719,713	(656,686)	63,027	654,377	(596,479)	57,898
Miscellaneous	555,832	(381,204)	174,628	406,880	(248,613)	158,267
Total	1,978,519	(1,300,320)	678,199	1,622,857	(1,006,257)	616,600

	2023 Gross	2023 Reinsurance	2023 Net	2022 (Restated) Gross	2022 (Restated) Reinsurance	2022 (Restated) Net
Singapore						
Motor	177,458	(5,365)	172,093	103,191	(1,177)	102,014
Fire	234,703	(159,321)	75,382	171,071	(111,844)	59,227
Marine, Aviation, Cargo and Transit	20,518	(16,654)	3,864	28,852	(18,775)	10,077
Health and Personal Accident	88,084	(801)	87,283	15,495	(153)	15,342
Workmen compensation	31,284	(1,766)	29,518	79,182	(2,623)	76,559
Miscellaneous	44,146	(11,211)	32,935	57,411	(29,455)	27,956
Total	596,193	(195,118)	401,075	455,202	(164,027)	291,175

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.

The methodology used in deriving the Unallocated Loss Adjustement 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	**2023**	**2022**
Malaysian operations	3.50%	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 RM'000	Impact on insurance service result RM'000	Impact on equity before reinsurance contracts held* RM'000	Impact on equity* RM'000
General Insurance - Malaysia		<------------------------	Increase/(Decrease)	----------------------->	
2023					
Net Incurred Claims Ratio	+ 5%	(95,023)	(26,096)	(72,218)	(19,833)
	- 5%	95,023	26,096	72,218	19,833
Interest rate	+100 basis points	37,944	4,673	28,837	3,552
	-100 basis points	(37,944)	(4,673)	(28,837)	(3,552)
2022 (Restated)					
Net Incurred Claims Ratio	+ 5%	(78,623)	(26,036)	(59,753)	(19,787)
	- 5%	78,623	26,036	59,753	19,787
Interest rate	+100 basis points	40,644	4,333	30,889	3,293
	-100 basis points	(40,644)	(4,333)	(30,889)	(3,293)

* 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
General Insurance - Singapore		<------------------------	Increase/(Decrease)	------------------------>	
2023					
Net Incurred Claims Ratio	+ 5%	(21,424)	(16,158)	(17,785)	(13,411)
	- 5%	21,424	16,158	17,785	13,411
2022 (Restated)					
Net Incurred Claims Ratio	+ 5%	(15,240)	(10,182)	(12,649)	(8,450)
	- 5%	15,240	10,182	12,649	8,450

* 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.

(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.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development

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

2023

	Before	<--- Accident year				--->		
Accident year	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)								
At end of accident year		731,780	1,145,668	1,324,606	1,672,243	1,191,847	1,329,271	
1 year later		735,371	1,213,817	1,641,367	1,338,765	1,179,811		
2 years later		1,100,452	1,248,365	1,811,830	1,256,636			
3 years later		1,189,161	1,257,275	1,307,809				
4 years later		998,858	1,261,001					
5 years later		734,504						
Cumulative gross claims and other directly attributable expenses paid (A)		734,504	1,261,001	1,307,809	1,256,636	1,179,811	1,329,271	
Estimate of gross cumulative payments to date:								
At the end of accident year		114,737	254,960	162,538	662,915	144,758	233,855	
1 year later		316,439	474,617	250,530	869,352	398,890		
2 years later		385,996	663,409	391,119	1,058,555			
3 years later		472,460	766,493	871,364				
4 years later		511,120	984,118					
5 years later		644,237						
Gross cumulative payments (B)		644,237	984,118	871,364	1,058,555	398,890	233,855	

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.):

2023

Accident year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Gross cumulative claims liabilities - accident years (A)-(B)	199,815	90,267	276,883	436,445	198,081	780,921	1,095,416	3,077,828
Provision for prior accident years								2,058
Unallocated loss adjustment expenses								14,661
Provision for adverse deviation								46,668
Gross cumulative claims liabilities for Brunei, Treaty and MMIP								35,177
Effect of discounting								(83,382)
Effect of the risk adjustment margin for non-financial risks for Direct & Facultative								242,104
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								4,043
Claims paid								26,265
Insurance receivables and payables								83,219
Gross LIC for contracts originated								3,448,641

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Gross claims development

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

2022 (Restated)

	Before	**<------- Accident year**					**------->**	
Accident year	**2017 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**Total RM'000**
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)								
At end of accident year		749,729	725,258	1,136,790	1,313,840	1,664,813	1,180,893	
1 year later		751,262	728,945	1,204,156	1,630,854	1,331,336		
2 years later		726,717	1,093,899	1,239,234	1,800,671			
3 years later		674,136	1,182,324	1,247,484				
4 years later		678,000	991,944					
5 years later		677,989						
Cumulative gross claims and other directly attributable expenses paid (A)		677,989	991,944	1,247,484	1,800,671	1,331,336	1,180,893	
Estimate of gross cumulative payments to date:								
At the end of accident year		228,448	114,737	254,960	162,538	662,915	186,623	
1 year later		417,498	316,439	474,617	250,530	935,825		
2 years later		492,679	385,996	663,409	538,880			
3 years later		500,353	472,460	904,595				
4 years later		503,553	614,955					
5 years later		619,086						
Gross cumulative payments (B)		619,086	614,955	904,595	538,880	935,825	186,623	

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.):

2022 (Restated)

	Before	**<-------------**	**-------------**	**Accident year**	**-------------**	**-------------**	**------------->**	
Accident year	**2017 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**Total RM'000**
Gross cumulative claims liabilities - accident years (A)-(B)	286,406	58,903	376,989	342,889	1,261,791	395,511	994,270	3,716,759
Provision for prior accident years								1,841
Unallocated loss adjustment expenses								11,975
Provision for adverse deviation								33,559
Gross cumulative claims liabilities for Brunei, Treaty and MMIP								39,635
Effect of discounting								(65,005)
Effect of the risk adjustment margin for non-financial risks for Direct & Facultative								317,877
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								4,717
Claims recovery								8,426
Gross LIC for contracts originated								4,069,784

*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 (contd.)

<u>2023</u>

	Before	**<---------- Accident year**				**---------->**		
Accident year	**2018 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**Total RM'000**
Estimate of ultimate claim costs (net of reinsurance, undiscounted)								
At end of accident year		301,949	373,652	354,402	323,928	436,410	516,297	
1 year later		304,888	373,566	343,536	311,489	420,409		
2 years later		306,272	390,443	339,987	306,638	-	-	
3 years later		312,325	391,394	342,167				
4 years later		312,893	398,118					
5 years later		312,955						
Cumulative net claims and other directly attributable expenses paid (A)		312,955	398,118	342,167	306,638	420,409	516,297	
Estimate of net cumulative payments to date:								
At the end of accident year		105,268	131,115	114,009	67,496	115,987	202,625	
1 year later		171,037	208,718	180,292	149,100	279,109		
2 years later		188,484	239,700	198,345	248,250			
3 years later		200,533	256,387	302,185				
4 years later		204,700	361,747					
5 years later		298,367						
Gross cumulative payments (B)		298,367	361,747	302,185	248,250	279,109	202,625	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

<u>2023</u>

	Before	**<---**	**---**	**---**	**Accident year**	**---**	**--->**	
Accident year	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cumulative claims liabilities (A)-(B)	12,097	14,588	36,371	39,982	58,388	141,300	313,672	616,398
Provision for prior accident years								
Unallocated loss adjustment expenses								14,661
Provision for adverse deviation								25,414
Net cumulative claims liabilities for Brunei, Treaty and MMIP								34,993
Effect of discounting								(21,612)
Effect of the risk adjustment margin for non-financial risks for Direct & Facultative								29,356
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								4,034
Claims recovery								(16,882)
Insurance receivables and payables								98,555
Net LIC for contracts originated								784,917

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

<u>2022 (Restated)</u>

	Before	**<----------------------**		**Accident year**			**---------------------->**	
Accident year	**2017 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**Total RM'000**
Estimate of ultimate claim costs (net of reinsurance, undiscounted)								
At end of accident year		281,495	296,807	368,250	2,755,655	318,537	428,784	
1 year later		279,841	299,912	368,192	338,152	305,930		
2 years later		272,477	301,049	384,495	334,483			
3 years later		274,311	306,840	385,543				
4 years later		276,925	307,350					
5 years later		277,087						
Cumulative net claims and other directly attributable expenses paid (A)		277,087	307,350	385,543	334,483	305,930	428,784	
Estimate of net cumulative payments to date:								
At the end of accident year		95,787	105,268	131,115	114,009	67,496	146,900	
1 year later		161,938	171,037	208,718	180,292	204,485		
2 years later		181,876	188,484	239,700	271,723			
3 years later		187,529	200,533	339,963				
4 years later		189,966	287,708					
5 years later		266,492						
Gross cumulative payments (B)		266,492	287,708	339,963	271,723	204,485	146,900	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group (contd.)

(iv) Claims development table (contd.)

Net claims development (contd.)

<u>**2022 (Restated)**</u>

	Before	<---	-------------------	Accident year	-------------------	--->		
Accident year	**2017**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cumulative claims liabilities (A)-(B)	11,614	10,595	19,642	45,580	62,760	101,445	281,884	533,520
Provision for prior accident years								1,672
Unallocated loss adjustment expenses								11,975
Provision for adverse deviation								18,156
Net cumulative claims liabilities for Brunei, Treaty and MMIP								39,372
Effect of discounting								(10,506)
Effect of the risk adjustment margin for non-financial risks for Direct & Facultative								38,157
Effect of the risk adjustment margin for non-financial risks for Brunei, Treaty and MMIP								4,703
Claims recovery								(15,742)
Net LIC for contracts originated								621,307

*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:

	2023			2022 (Restated)		
	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	284,119	(13,998)	270,121	252,754	(12,026)	240,728
Fire	1,486,954	(112,150)	1,374,804	1,348,331	(86,108)	1,262,223
Marine, Aviation, Cargo and Transit	32,903	(24,415)	8,488	21,927	(14,686)	7,241
Miscellaneous	388,844	(167,633)	221,211	322,103	(127,374)	194,729
	2,192,820	(318,196)	1,874,624	1,945,115	(240,194)	1,704,921

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 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.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(ii) Key assumptions and methods (contd.)

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

The methodology used in deriving the 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	**2023**	**2022**
ULAE ratio	2.2%	2.5%

(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

(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
2023		<----------------------	Increase/(Decrease)		--------------------->
Incurred claims ratio	+ 5%	(106,816)	(88,792)	(81,180)	(67,482)
	- 5%	106,816	88,792	81,180	67,482
Profit rate	+100 basis points	14,828	12,288	11,269	9,339
	-100 basis points	(14,828)	(12,288)	(11,269)	(9,339)
2022 (Restated)					
Incurred claims ratio	+ 5%	(96,471)	(83,870)	(73,318)	(63,741)
	- 5%	96,471	83,870	73,318	63,741
Profit rate	+100 basis points	18,274	10,045	13,888	7,634
	-100 basis points	(18,274)	(10,045)	(13,888)	(7,634)

*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

(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.

2023

	Before	**<------------ Accident year ------------>**						
Accident year	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	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		725,826	946,499	1,000,258	1,391,364	1,183,150	1,385,679	
1 year later		698,316	924,486	973,211	839,987	1,162,458		
2 years later		694,842	909,907	961,141	837,902			
3 years later		693,581	919,888	955,936				
4 years later		693,849	921,058					
5 years later		703,604						
Cumulative gross claims and other directly attributable expenses paid		703,604	921,058	955,936	837,902	1,162,458	1,385,679	
Gross cumulative payments		664,084	857,918	789,336	652,503	815,117	608,911	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2023

Accident year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Gross cumulative claims liabilities - accident years from 2018 to 2023	-	39,520	63,140	166,600	185,399	347,341	776,768	1,578,768
Gross cumulatives claims liabilities-prior accident years								36,218
Effect of discounting								(54,563)
Effect of the risk adjustment margin for non-financial risks								137,108
Trade balances and others*								380,157
Gross LIC for contracts originated								2,077,688

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2022 (Restated)

	Before	<---------- Accident year					---------->	
Accident year	**2017 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**Total RM'000**
Estimate of ultimate claim costs (gross of retakaful, undiscounted)								
At end of accident year		724,824	725,826	946,499	1,000,258	1,391,364	1,183,150	
1 year later		723,793	698,316	924,486	973,211	839,987		
2 years later		713,777	694,842	909,997	961,141			
3 years later		713,221	693,581	919,888				
4 years later		718,913	693,849					
5 years later		723,812						
Cumulative gross claims and other directly attributable expenses paid		723,812	693,849	919,888	961,141	839,987	1,183,150	
Gross cumulative payments		695,040	654,855	824,299	729,107	556,238	495,829	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2022 (Restated)

Accident year	Before 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Gross cumulative claims liabilities - accident years from 2018 to 2022	-	28,772	38,994	95,589	232,034	283,749	687,321	1,366,459
Gross cumulative claims liabilities-prior accident years								43,558
Effect of discounting								(43,667)
Effect of the risk adjustment margin for non-financial risks								116,413
Trade balances and others*								415,775
Gross LIC for contracts originated								1,898,538

(Column headers: "Before 2017" and "<---- Accident year ---->" spanning 2017–2022.)

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2023

	Before	**<-- Accident year -->**						
Accident year	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	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		699,161	913,618	906,151	723,067	1,103,414	1,258,592	
1 year later		671,700	895,213	867,718	760,387	1,099,103		
2 years later		662,981	878,593	775,100	758,261			
3 years later		664,437	887,150	763,270				
4 years later		664,397	894,489					
5 years later		674,332						
Cumulative net claims and other directly attributable expenses paid		674,332	894,489	763,270	758,261	1,099,103	1,258,592	
Net cumulative payments		647,283	838,824	668,689	603,783	797,461	602,209	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2023

Accident year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Net cumulative claims liabilities - accident years from 2018 to 2023	-	27,049	55,665	94,581	154,478	301,642	666,383	1,299,798
Net cumulative claims liabilities-prior accident years								30,463
Effect of discounting								(48,830)
Effect of the risk adjustment margin for non-financial risks								126,479
Trade balances and others*								443,892
Gross LIC for contracts originated								1,851,802

* Includes surplus payable to participants and Shareholder's fund and unallocated surplus.

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2022 (Restated)

	Before	**<--**			**Accident year**		**-->**	
Accident year	**2017**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	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		699,503	699,161	913,618	906,151	723,067	1,103,414	
1 year later		699,550	671,700	895,213	867,718	760,387		
2 years later		689,778	662,981	878,593	775,100			
3 years later		690,165	664,437	887,150				
4 years later		695,981	664,397					
5 years later		707,747						
Cumulative net claims and other directly attributable expenses paid		707,747	664,397	887,150	775,100	760,387	1,103,414	
Net cumulative payments		677,032	638,128	805,694	614,597	532,664	491,813	

47. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(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.)

2022 (Restated)

	Before	<----------	----------	----------	Accident year	----------	---------->	
Accident year	**2017**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cumulative claims liabilities - accident years from 2018 to 2022	-	24,715	26,269	81,456	160,503	227,723	611,601	1,132,267
Net cumulative claims liabilities-prior accident years								30,105
Effect of discounting								(38,644)
Effect of the risk adjustment margin for non-financial risks								105,040
Trade balances and others*								431,578
Gross LIC for the contracts originated								1,660,346

* 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 or 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**
31.12.2023						
Financial assets at						
FVTPL	59,149	8,681,349	13,533	6,758,391	-	15,512,422
FVOCI	1,363,166	9,372,779	3,404,255	7,031,107	115,680	21,286,987
AC	235,348	672,239	1,173,166	1,155,216	280,028	3,515,997
Financing receivables	29,259	24,745	648	10,193	12,019	76,864
Reinsurance contract/retakaful certificate and Insurance contract/Takaful certificate assets*	376,823	377,599	101,232	135,396	-	991,050
Other assets**	45,405	251,223	57,166	213,334	20,414	587,542
Derivative assets	5,432	213,247	-	-	-	218,679
Cash and bank balances***	110,365	678,625	50,152	23,681	20,812	883,635
	2,224,947	20,271,806	4,800,152	15,327,318	448,953	43,073,176

* 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.

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
31.12.2022 (Restated)						
Financial assets at						
FVTPL	513,736	7,923,891	18,631	6,258,334	15,148	14,729,740
FVOCI	1,242,545	9,022,489	2,953,997	6,598,707	186,628	20,004,366
AC	286,035	830,942	1,224,153	1,174,551	35,301	3,550,982
Financing receivables	28,993	23,713	423	11,201	6,243	70,573
Reinsurance contract/retakaful certificate and Insurance contract/Takaful certificate assets*	258,120	7,146	111,743	141,660	-	518,669
Other assets**	35,101	234,438	59,555	169,466	24,811	523,371
Derivative assets	3,710	236,022	-	-	-	239,732
Cash and bank balances***	119,953	621,084	8,630	59,972	42,759	852,398
	2,488,193	18,899,725	4,377,132	14,413,891	310,890	40,489,831

* 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.

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

	31.12.2023 **RM'000**	**31.12.2022** **RM'000**
Financial assets at		
FVTPL	-	15,148
FVOCI	115,680	186,628
AC	269,151	25,411
Financing receivables	705,355	661,935
Other assets*	18,868	24,119
Cash and bank balances**	15,204	37,705
	1,124,258	950,946

* 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**
31.12.2023							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Malaysian government papers	1,086,003	-	-	-	-	-	1,086,003
Singapore government securities	-	218,799	820,896	-	-	-	1,039,695
Debt securities, structured products, NCDs & NICDs	4,270,302	3,166,954	4,733,784	231,401	-	-	12,402,441
(ii) HFT							
Malaysian government papers	224,986	-	-	-	-	-	224,986
Debt securities, structured products, NCDs & NICDs	47,064	295,471	402,197	14,565	-	-	759,297
Financial assets at FVOCI							
Malaysian government papers	1,374,165	-	-	-	-	-	1,374,165
Singapore government securities	2,688,268	-	-	-	-	-	2,688,268
Debt securities, structured products, NCDs & NICDs	3,367,976	7,861,242	5,930,701	64,635	-	-	17,224,554

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	**Sovereign** **RM'000**	**Very Low** **RM'000**	**Low** **RM'000**	**Medium** **RM'000**	**High** **RM'000**	**Unrated** **RM'000**	**Total** **RM'000**
31.12.2023 (contd.)							
Financial assets at AC							
Fixed and call deposits							
Licensed financial institutions	-	2,719,236	187,880	-	-	-	2,907,116
Others	-	481,961	126,870	-	-	50	608,881
Financing receivables	-	463	-	-	-	76,401	76,864
Reinsurance contract/retakaful certificate assets and Insurance contract/Takaful certificate assets*	-	373,437	21,715	2,090	3	593,805	991,050
**Other assets ** **	115,458	153,570	121,010	3,392	-	194,112	587,542
Derivative assets	-	218,679	-	-	-	-	218,679
Cash and bank balances***	-	847,254	34,752	1,260	-	369	883,635
	13,174,222	16,337,066	12,379,805	317,343	3	864,737	43,073,176

* 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.

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	**Sovereign RM'000**	**Very Low RM'000**	**Low RM'000**	**Medium RM'000**	**High RM'000**	**Unrated RM'000**	**Total RM'000**
31.12.2022 (Restated)							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Malaysian government papers	868,066	-	-	-	-	-	868,066
Singapore government securities	-	274,438	944,465	-	-	-	1,218,903
Debt securities, structured products, NCDs & NICDs	4,108,039	3,005,455	4,400,586	362,824	-	-	11,876,904
(ii) HFT							
Malaysian government papers	81,639	-	-	-	-	-	81,639
Debt securities, structured products, NCDs & NICDs	34,374	278,921	356,554	14,379	-	-	684,228
Financial assets at FVOCI							
Malaysian government papers	1,253,330	-	-	-	-	-	1,253,330
Singapore government securities	3,236,555	-	-	-	-	-	3,236,555
Debt securities, structured products, NCDs & NICDs	3,457,724	6,419,005	5,437,755	174,127	-	25,870	15,514,481

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	**Sovereign RM'000**	**Very Low RM'000**	**Low RM'000**	**Medium RM'000**	**High RM'000**	**Unrated RM'000**	**Total RM'000**
31.12.2022 (Restated) (contd.)							
Financial assets at AC							
Fixed and call deposits							
Licensed financial institutions	-	2,374,059	402,378	-	-	-	2,776,437
Others	-	594,552	179,993	-	-	-	774,545
Financing receivables	-	-	-	-	-	70,573	70,573
Reinsurance contract/retakaful certificate assets and Insurance contract/Takaful certificate assets*	-	13,773	17,569	6,188	128	481,928	519,586
**Other assets ** **	114,325	88,935	114,124	5,427	-	200,560	523,371
Derivative assets	-	225,406	14,326	-	-	-	239,732
Cash and bank balances***	-	838,241	13,047	1,029	-	81	852,398
	13,154,052	14,112,785	11,880,797	563,974	128	779,012	40,490,748

* 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.

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 RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
31.12.2023							
Financial assets at FVOCI							
Malaysian government papers	14,931	-	-	-	-	-	14,931
Debt securities, structured products, NCDs & NICDs	-	18,433	82,316	-	-	-	100,749
Financial assets at AC							
Fixed and call deposits							
Licensed financial institutions	-	228,735	20,000	-	-	-	248,735
Others	-	20,416	-	-	-	-	20,416
Financing receivables	-	-	-	-	-	705,355	705,355
Other assets*	130	11,319	1,368	-	-	6,051	18,868
Cash and bank balances**	-	15,204	-	-	-	-	15,204
	15,061	294,107	103,684	-	-	711,406	1,124,258

* 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**
31.12.2022							
Financial investments at FVTPL							
(i) Designated upon initial recognition							
Debt securities, structured products, NCDs & NICDs	-	-	-	15,148	-	-	15,148
Financial assets at FVOCI							
Malaysian government papers	14,703	-	-	-	-	-	14,703
Debt securities, structured products, NCDs & NICDs	-	55,816	96,059	20,050	-	-	171,925
Financial assets at AC							
Fixed and call deposits	-	8,411	-	-	-	-	8,411
Others	-	9,000	8,000	-	-	-	17,000
Financing receivables	-	-	-	-	-	661,935	661,935
Other assets*	131	160	1,370	77	-	22,432	24,170
Cash and bank balances**	-	37,705	-	-	-	-	37,705
	14,834	111,092	105,429	35,275	-	684,367	950,997

* 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 **31.12.2023**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	7,430,409	-	-	7,430,409
Very low	7,861,242	-	-	7,861,242
Low	5,349,958	575,743	-	5,925,701
Medium	64,635	5,000	-	69,635
Total carrying amount	20,706,244	580,743	-	21,286,987
Total ECL	(5,401)	(3,591)	-	(8,992)
Financial assets at AC				
Very low	3,213,129	-	-	3,213,129
Low	302,818	-	-	302,818
Unrated	50	-	-	50
Total carrying amount	3,515,997	-	-	3,515,997
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**	
31.12.2023	**12-month ECL**	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2023	1,243	3,602	30,904	35,749
Net adjustment of loss allowance	2,623	95	(32,803)	(30,085)
New financial assets originated or purchased	1,825	-	-	1,825
Financial assets that have been derecognised	(305)	(106)	-	(411)
Foreign exchange and other movements	15	-	1,899	1,914
At 31 December 2023	5,401	3,591	-	8,992
Financial assets at AC				
At 1 January 2023	13	-	-	13
New financial assets originated or purchased	(14)	-	-	(14)
Foreign exchange and other movements	1	-	-	1
At 31 December 2023	-	-	-	-

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 **31.12.2022**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	7,947,611	-	-	7,947,611
Very low	6,419,004	-	-	6,419,004
Low	4,892,478	545,280	-	5,437,758
Medium	108,940	65,187	-	174,127
Unrated	3,132	-	22,734	25,866
Total carrying amount	19,371,165	610,467	22,734	20,004,366
Total ECL	(1,243)	(3,602)	(30,904)	(35,749)
Financial assets at AC				
Very low	2,968,611	-	-	2,968,611
Low	582,371	-	-	582,371
Total carrying amount	3,550,982	-	-	3,550,982
Total ECL	(13)	-	-	(13)

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**	
31.12.2022	**12-month ECL**	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2022	2,012	2,686	154	4,852
Net adjustment of loss allowance	(1,005)	245	30,904	30,144
New financial assets originated or purchased	258	367	-	625
Financial assets that have been derecognised	(74)	-	(154)	(228)
Changes in models/ risk parameters	(304)	304	-	-
Foreign exchange and other movements	356	-	-	356
At 31 December 2022	1,243	3,602	30,904	35,749
Financial assets at AC				
At 1 January 2022	3	-	-	3
New financial assets originated or purchased	10	-	-	10
At 31 December 2022	13	-	-	13

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 **31.12.2023**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	14,931	-	-	14,931
Very low	18,433	-	-	18,433
Low	67,005	15,311	-	82,316
Total carrying amount	100,369	15,311	-	115,680
Total ECL	(42)	(22)	-	(64)

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

	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2023	336	177	-	513
Net adjustment of loss allowance	(17)	(68)	-	(85)
Financial assets that have been derecognised	(277)	(87)	-	(364)
At 31 December 2023	42	22	-	64

48. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

Company **31.12.2022**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	14,703	-	-	14,703
Very low	55,816	-	-	55,816
Low	90,858	5,201	-	96,059
Medium	-	20,050	-	20,050
Total carrying amount	161,377	25,251	-	186,628
Total ECL	(336)	(177)	-	(513)

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

	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2022	292	156	-	448
Net adjustment of loss allowance	66	9	-	75
New financial assets originated or purchased	3	-	-	3
Financial assets that have been derecognised	(13)	-	-	(13)
Changes due to change in credit risk	(12)	12	-	-
At 31 December 2022	336	177	-	513

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 RM'000	**Reinsurance contract/ Retakaful certificate assets and Insurance contract/ Takaful certificate assets* RM'000**	**Other assets** RM'000**	**Financing receivables RM'000**	**Reinsurance contract/ Retakaful certificate assets and Insurance contract/ Takaful certificate assets* RM'000**	**Other assets** RM'000**	**Financing receivables RM'000**	**Reinsurance contract/ Retakaful certificate assets and Insurance contract/ Takaful certificate assets* RM'000**	**Other assets** RM'000**
<u>Gross carrying amount</u>									
At 1 January 2022	69,623	376,042	426,085	6,812	109,955	13,988	76,435	485,997	440,073
Increase/(decrease)	1,659	686	93,976	603	38,361	(6,879)	2,262	39,047	87,097
At 31 December 2022	71,282	376,728	520,061	7,415	148,316	7,109	78,697	525,044	527,170
Increase/(decrease)	5,610	553,325	63,484	(298)	(3,185)	295	5,312	550,140	63,779
At 31 December 2023	76,892	930,053	583,545	7,117	145,131	7,404	84,009	1,075,184	590,949
<u>Lifetime ECL</u>									
At 1 January 2022	32	1,995	448	6,812	5,000	3,335	6,844	6,995	3,783
Increase/(decrease)	677	36	113	603	(656)	268	1,280	(620)	381
At 31 December 2022	709	2,031	561	7,415	4,344	3,603	8,124	6,375	4,164
Increase/(decrease)	(461)	(316)	(152)	(518)	1,743	(242)	(979)	1,427	(394)
At 31 December 2023	248	1,715	409	6,897	6,087	3,361	7,145	7,802	3,770

* 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**
Gross carrying amount		
At 1 January 2022		
Increase	624,215	29,200
At 31 December 2022	38,244	(5,081)
Increase/(decrease)	662,459	24,119
At 31 December 2023	44,094	(5,251)
	706,553	18,868
Lifetime ECL		
At 1 January 2022		
Increase	4	-
At 31 December 2022	520	-
Increase	524	-
At 31 December 2023	674	
	1,198	-

* 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 2023 (31 December 2022 (restated) : 100%). Financing receivables amounting to RM73.3 million as at 31 December 2023 (31 December 2022 (restated) : RM68.6 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 2023 (2022: 100%). The financing receivables amounted to RM7.8 million as at 31 December 2023 (2022: RM3.8 million) that comprised of staff loan are collateralised.

The remaining balance of financing receivables amounting to RM693.8 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 measure and manage 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**
31.12.2023						
Financial assets:						
FVTPL	19,939,991	1,338,438	7,025,027	15,954,256	3,600,326	27,918,047
FVOCI	21,691,778	1,450,228	9,755,431	22,414,857	404,791	34,025,307
AC	3,515,997	3,523,160	-	-	-	3,523,160
Financing receivables	76,864	9,950	32,599	45,899	-	88,448
Reinsurance contract/ retakaful certificate assets, net*	3,897,432	2,520,414	913,655	411,056	335,174	4,180,299
Other assets**	587,948	576,172	-	-	11,776	587,948
Derivative assets	218,679	218,679	-	-	-	218,679
Cash and bank balances	900,732	8,410	-	-	892,322	900,732
Total assets	50,829,421	9,645,451	17,726,712	38,826,068	5,244,389	71,442,620
Insurance contract/ takaful certificate liabilities, net***	43,198,155	11,542,495	9,801,991	33,194,454	292,467	54,831,407
Subordinated obligation	1,000,000	39,500	197,500	1,079,000	-	1,316,000
Derivative liabilities	94,073	23,593	70,480	-	-	94,073
Other liabilities****	1,257,547	1,248,687	7,342	142	17,120	1,273,291
Interest payable on subordinated obligation	9,875	9,875	-	-	-	9,875
Total liabilities	45,559,650	12,864,150	10,077,313	34,273,596	309,587	57,524,646

48. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group **31.12.2022 (Restated)**	**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**
Financial assets:						
FVTPL	18,450,395	1,216,067	7,056,813	15,540,216	3,019,001	26,832,097
FVOCI	20,195,360	2,218,547	8,743,580	21,018,402	190,994	32,171,523
AC	3,550,982	3,559,184	-	-	-	3,559,184
Financing receivables	70,573	9,056	30,728	45,002	-	84,786
Reinsurance contract/ retakaful certificate assets, net*	3,984,092	3,102,891	794,462	333,144	(33,409)	4,197,088
Other assets**	524,159	523,421	-	-	738	524,159
Derivative assets	239,732	239,058	674	-	-	239,732
Cash and bank balances	853,052	6,078	-	-	846,974	853,052
Total assets	47,868,345	10,874,302	16,626,257	36,936,764	4,024,298	68,461,621

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**
31.12.2022 (Restated)						
Insurance contract/ takaful certificate liabilities, net***	41,271,847	11,547,523	9,781,013	30,690,731	24,663	52,043,930
Subordinated obligation	1,000,000	39,492	157,968	1,148,095	-	1,345,555
Derivative liabilities	42,109	42,109	-	-	-	42,109
Other liabilities****	1,216,748	1,203,551	12,922	105	466	1,217,044
Interest payable on subordinated obligation	9,875	9,875	-	-	-	9,875
Total liabilities	43,540,579	12,842,550	9,951,903	31,838,931	25,129	54,658,513

* 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.

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>31.12.2023</u>						
Financial investments:						
FVOCI	115,680	10,635	115,710	5,439	-	131,784
AC	269,151	269,151	-	-	-	269,151
Financing receivables	705,355	1,530	5,148	699,989	-	706,667
Other assets	19,023	19,023	-	-	-	19,023
Cash and bank balances	15,204	-	-	-	15,204	15,204
Total assets	1,124,413	300,339	120,858	705,428	15,204	1,141,829
Subordinated obligation	1,000,000	39,500	197,500	1,079,000	-	1,316,000
Derivative liabilities	70,480	-	70,480	-	-	70,480
Other liabilities	27,946	27,946	-	-	-	27,946
Interest payable on subordinated obligations	9,875	9,875	-	-	-	9,875
Total liabilities	1,108,301	77,321	267,980	1,079,000	-	1,424,301

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>31.12.2022</u>						
Financial investments:						
FVTPL	15,148	15,405	-	-	-	15,405
FVOCI	186,628	34,062	182,097	5,731	-	221,890
AC	25,411	25,454	-	-	-	25,454
Financing receivables	661,935	1,917	3,919	659,355	-	665,191
Other assets	24,170	24,170	-	-	-	24,170
Derivative assets	-	-	-	-	-	-
Cash and bank balances	37,705	-	-	-	37,705	37,705
Total assets	950,997	101,008	186,016	665,086	37,705	989,815
Subordinated obligation	1,000,000	39,492	157,968	1,148,095	-	1,345,555
Derivative liabilities	21,288	21,288	-	-	-	21,288
Other liabilities	26,318	26,318	-	-	-	26,318
Interest payable on subordinated obligations	9,875	9,875	-	-	-	9,875
Total liabilities	1,057,481	96,973	157,968	1,148,095	-	1,403,036

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 mainly due to EIPL General and Life insurance operations in Singapore.

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.

Group		**31.12.2023**		**31.12.2022**	
	Changes in variables	**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	765	1,230	5,898	5,436
	-100bps	(765)	(1,178)	(5,898)	(5,436)

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 will fluctuate because of changes in market interest/profit rates.

Interest/Profit Rate Risk arise from exposures to interest/profit rate related assets and liabilities. It is also known as asset-liability mismatch ("ALM") 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.

48. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest/Profit Rate Risk (contd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Group		**31.12.2023**		**31.12.2022**	
	Changes in variables	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**
		<---------------- (Decrease)/Increase --------------->			
Financial Assets	+100bps	(1,109,623)	(627,808)	(1,045,527)	(592,422)
at FVTPL	-100bps	1,109,623	627,808	1,045,527	592,422
Financial Assets	+100bps	(1,142,361)	(1,030,601)	(1,097,571)	(1,017,833)
at FVOCI	-100bps	1,142,361	1,030,601	1,097,571	1,017,833
Financial Assets	+100bps	(7,307)	(19,348)	(4,392)	(9,258)
at AC	-100bps	7,307	19,348	4,392	9,258

* Impact on equity is after tax of 24% for Malaysian operations and 17% for Singaporean operations.

Company		**31.12.2023**		**31.12.2022**	
	Changes in variables	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**
		<---------------- (Decrease)/Increase --------------->			
Financial Assets	+100bps	-	-	(802)	(13)
at FVTPL	-100bps	-	-	802	13
Financial Assets	+100bps	(3,172)	(2,410)	(10,396)	(124)
at FVOCI	-100bps	3,172	2,410	10,396	124
Financial Assets	+100bps	(510)	(388)	(900)	(9)
at AC	-100bps	510	388	900	9

* 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 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 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.

Group	**Changes in variables**	**Impact on carrying value RM'000**	**Impact on OCI RM'000**	**Impact on profit before tax RM'000**	**Impact on equity* RM'000**
		<------------------	**Increase/(Decrease)**		**---------------->**
31.12.2023	+10%	133,147	40,478	43,677	62,912
	-10%	(133,147)	(40,478)	(43,677)	(62,912)
31.12.2022	+10%	121,665	19,099	53,476	55,067
	-10%	(121,665)	(19,099)	(53,476)	(55,067)

* Impact on equity is after tax of 24% for Malaysian operations and 17% for Singaporean operation.

(d) Property Risk

Property risk is the possibility of financial loss occurring as the result of owing 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 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.

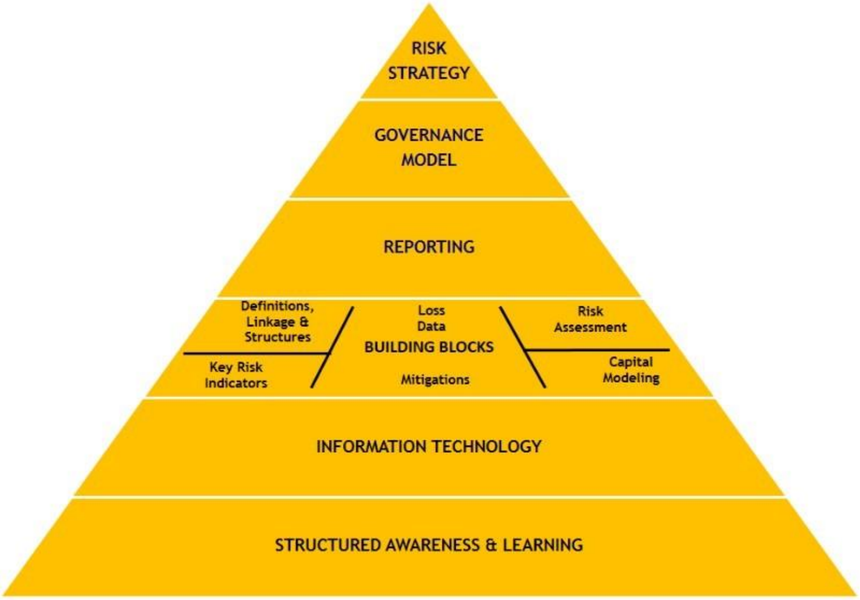
The Group's and the Company's quantitative controls to manage concentration risk is through diversification. A minimum level of diversification is realised by observing the single counterparty limits. The single counterparty exposure limit represents maximum concentration of a particular counterparty. The limit exists for each asset class as well as across all investment assets, reinsurance/retakaful and derivative counterparty.

49. OPERATIONAL RISKS

Operational 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.

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational 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 operational risk management.

To facilitate this process, specific tools and methodologies to identify, assess, & measure, control, monitor and report the operational risks that affect the Group's and the Company's are established.

Operational Risk Taxonomy

(i) Internal Fraud

Losses due to illegal acts (explicitly prohibited by internal policies/guidelines or external regulations/law provisions) committed by employees intentionally. It also includes fraudulent activities/theft perpetrated by employees or in collusion with external party against the company/organisation for personal gain.

(ii) External Fraud

Losses due to fraudulent activities/theft perpetrated by third party against the company/organisation for personal gain. 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. OPERATIONAL RISKS (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 equality during employment.

(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. OPERATIONAL RISKS (CONTD.)

(viii) Technology and Cyber Risk

Risk which impacts confidentiality, availability and integrity of information and services related to information technology. 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 and vendors or external parties. 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 and reputational impact.

(ix) People & Performance Risk

Inability to identify the suitable talent/personnel to deliver/manage and deliver/control business process/function/entity/business units, do not possess the necessary knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risk are reduced to an acceptable level.

Failure or gap that leads to disruptions in the workplace that detract the business from necessary & smooth business 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 incurring actual or potential loss that arises due to interalia, flawed documentation, change in regulations/laws, new judicial decisions, legal jurisdiction of our counterparties and choice of governing law that threatens the capacity to consummate important transactions, enforce contractual agreements or implement specific strategies and activities.

(xii) Data Quality Risk

Risk of poor quality data in terms of data integrity, compliance and timeliness, thus rendering the data unreliable and unfit for its intended usage in operations, analytics and reporting needs.

(xiii) Outsourcing 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 for the provision of the intended services/deliverables.

(xiv) Conduct Risk

The risk of an organization or an individual's activities having a detrimental impact on customers or negatively impacting the market and/or shareholder value.

50. ENTERPRISE RISK

Risk of loss or adverse impact arising from business/strategic, industry, corporate governance and systematic risk. Enterprise risk covers external and internal factors that can impact the Group's and the Company's ability to meet their 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 Group and the Company has operations) threaten the competitive position and the capacity to efficiently conduct business. This can result in increased competitive pressures and significantly affect the ability to efficiently conduct business.

(ii) Business & Strategic Risk

Risk of current or prospective impact on earnings, capital, reputation or standing arising from changes in the environment the MAHB Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Risk of failure in directing and managing the business and affairs towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iii) Reputational Risk

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.

50. ENTERPRISE RISK (CONTD.)

(iv) Sustainability Risk

The risk of failure in conducting analysis and decision making on environment (the threat of climate change and depletion of resources), social (concerns on diversity, human rights, consumer protection and animal welfare) and corporate governance (concerns on the rights and responsibilities of the management of the Group and the Company, management structure, documentation) when measuring the sustainability and ethical impact of business exposures.

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. 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.

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.

51. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

The levels of the Fair Value hierarchy as defined by MFRS 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.

51. 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(xiv)(h)(i). The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(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.

51. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy

Group	**Valuation technique using :**			
	Level 1	**Level 2**	**Level 3**	
31.12.2023	**Quoted market prices RM'000**	**Using observable inputs RM'000**	**Using significant unobservable inputs RM'000**	**Total RM'000**
Assets				
Investment properties	-	-	1,012,155	1,012,155
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	1,086,003	-	1,086,003
Singapore government securities	1,039,695	-	-	1,039,695
Equity securities	537,142	-	-	537,142
Unit and property trust funds	289,762	-	-	289,762
Other debt securities, structured products NCDs and NICDs	292,579	12,402,441	-	12,695,020
(ii) Held-for-trading (HFT)				
Malaysian government papers	-	224,986	-	224,986
Equity securities	2,167,350	-	169,941	2,337,291
Unit and property trust funds	24,730	946,065	-	970,795
Other debt securities, structured products NCDs and NICDs	-	759,297	-	759,297

51. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			
	Level 1	Level 2	Level 3	
31.12.2023	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
Assets (contd.)				
Financial investments at FVOCI				
Malaysian government papers	-	1,374,165	-	1,374,165
Singapore government papers	2,688,268	-	-	2,688,268
Equity securities	404,791	-	-	404,791
Debt securities, structured products, NCDs and NICDs	5,297,393	11,927,161	-	17,224,554
Derivative assets	-	218,679	-	218,679
Total assets	12,741,710	28,938,797	1,182,096	42,862,603
Liabilities				
Derivative liabilities	-	94,073	-	94,073
Total liabilities	-	94,073	-	94,073

51. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	**Valuation technique using :**			
	Level 1	**Level 2**	**Level 3**	
31.12.2022	**Quoted market prices RM'000**	**Using observable inputs RM'000**	**Using significant unobservable inputs RM'000**	**Total RM'000**
Assets				
Investment properties	-	-	980,360	980,360
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	868,066	-	868,066
Singapore government securities	1,124,171	94,732	-	1,218,903
Equity securities	512,530	-	-	512,530
Unit and property trust funds	215,028	-	-	215,028
Other debt securities, structured products NCDs and NICDs	24,187	11,876,908	-	11,901,095
(ii) Held-for-trading (HFT)				
Malaysian government papers	-	81,639	-	81,639
Equity securities	2,096,552	-	165,969	2,262,521
Unit and property trust funds	64,404	641,981	-	706,385
Other debt securities, structured products and NCDs	-	684,228	-	684,228

51. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	**Valuation technique using :**			
	Level 1	**Level 2**	**Level 3**	
31.12.2022	**Quoted market prices RM'000**	**Using observable inputs RM'000**	**Using significant unobservable inputs RM'000**	**Total RM'000**
Assets (contd.)				
Financial investments at FVOCI				
Malaysian government papers	-	1,253,330	-	1,253,330
Singapore government papers	3,236,555	-	-	3,236,555
Equity securities	190,994	-	-	190,994
Debt securities, structured products, NCDs and NICDs	4,402,596	11,111,885	-	15,514,481
Derivative assets	-	239,732	-	239,732
Total assets	11,867,017	26,852,501	1,146,329	39,865,847
Liabilities				
Derivative liabilities	-	42,109	-	42,109
Total liabilities	-	42,109	-	42,109

51. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	**Valuation technique using :**			
	Level 1	**Level 2**	**Level 3**	
31.12.2023	**Quoted market prices RM'000**	**Using observable inputs RM'000**	**Using significant unobservable inputs RM'000**	**Total RM'000**
Assets				
Financial investments at FVOCI				
Malaysian government papers	-	14,931	-	14,931
Debt securities, structured products, NCDs and NICDs	-	100,749	-	100,749
	-	115,680	-	115,680
Liabilities				
Derivative liabilities	-	70,480	-	70,480
Total liabilities	-	70,480	-	70,480

51. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	**Valuation technique using :**			
	Level 1	**Level 2**	**Level 3**	
31.12.2022	**Quoted market prices RM'000**	**Using observable inputs RM'000**	**Using significant unobservable inputs RM'000**	**Total RM'000**
Assets				
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Debt securities, structured products, NCDs and NICDs	-	15,148	-	15,148
	-	15,148	-	15,148
Financial investments at FVOCI				
Malaysian government papers	-	14,703	-	14,703
Debt securities, structured products, NCDs and NICDs	-	171,925	-	171,925
	-	186,628	-	186,628
Liabilities				
Derivative liabilities	-	21,288	-	21,288
Total liabilities	-	21,288	-	21,288

51. 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 2023 and 31 December 2022.

(e) Movements of Level 3 assets and financial investments

Group

31.12.2023	**Assets and financial investments measured at fair value**		
	Investment properties RM'000	**Unquoted equity securities designated at FVTPL RM'000**	**Total RM'000**
At 1 January	980,360	165,969	1,146,329
Recognised in income statement:			
Fair value gains	30,940	3,972	34,912
Purchases	856	-	856
Translation differences	(1)	-	(1)
At 31 December	1,012,155	169,941	1,182,096
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the year	30,940	3,972	34,912

31.12.2022			
As at 1 January	966,429	160,007	1,126,436
Recognised in income statement:			
Fair value gains	13,452	5,962	19,414
Purchases	479	-	479
As at 31 December	980,360	165,969	1,146,329
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the year	13,452	5,962	19,414

51. 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
31.12.2023			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM10.50
Land	Comparison	Sales price per square foot for similar properties	RM4,270.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,145.45
31.12.2022			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM10.25
Land	Comparison	Sales price per square foot for similar properties	RM4,027.66
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,145.45

51. 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

Net asset value	Changes in variables	Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<--------- Increase/(Decrease)		---------->
31.12.2023	+5%	8,497	8,258	2,819
	-5%	(8,497)	(8,258)	(2,819)
31.12.2022	+5%	8,306	8,077	5,905
	-5%	(8,306)	(8,077)	(5,905)

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

52. LIQUIDATION OF A SUBSIDIARY AND UPDATE ON MYCC CASE

(a) Liquidation of Asian Forum Inc ("AFI"), a subsidiary of Etiqa General Insurance Berhad ("EGIB") based in Labuan

Asian Forum Inc (Labuan) (“AFI”), the former subsidiary of Etiqa General Insurance Berhad (“EGIB”) was established with the objective of a Government to Government ("G to G") collaboration to set up a captive insurance set up in Labuan Offshore, Malaysia. Following the Board approval to liquidate AFI in 2011, many obstacles challenged the dissolution till it was dissolved on 6 February 2023 pursuant to Section 490 of the Companies Act 2016.

On 22 August 2022, EGIB has received the proceeds based on the share of the balance of assets/monies of AFI amounting to RM1,062,950.

(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.

52. LIQUIDATION OF A SUBSIDIARY AND UPDATE ON MYCC CASE (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 6 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.

53. 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 2023.

54. INSURANCE BUSINESS

STATEMENTS OF FINANCIAL POSITION BY INSURANCE BUSINESS
AS AT 31 DECEMBER 2023

	General			Life			General Takaful			Family Takaful			*Others			**Consolidation			Total		
	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000	31.12.2023 RM'000	31.12.2022 (Restated) RM'000	1.1.2022 (Restated) RM'000
Assets:																					
Property, plant and equipment	17,313	10,731	13,184	29,482	32,454	37,697	62	82	58	228	200	101	1,689	1,602	322	59,322	61,516	63,708	108,096	106,585	115,070
Investment properties	337,920	323,892	311,866	1,006,410	980,395	971,170	-	-	-	-	-	-	865	895	1,015	(333,040)	(324,822)	(317,622)	1,012,155	980,360	966,429
Prepaid land lease payments	-	-	-	888	737	763	-	-	-	-	-	-	-	-	-	14,930	15,390	15,850	15,818	16,127	16,613
Right-of-use assets ("ROU")	14,837	19,651	25,603	170	134	124	-	-	-	713	112	280	724	601	909				16,444	20,498	26,916
Intangible assets	29,254	33,582	33,425	50,216	53,794	54,854	1,641	1,803	1,759	11,012	7,969	7,974	973	162	1,330				93,096	97,310	99,342
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	3,378,647	3,378,647	2,641,886	(3,378,647)	(3,378,647)	(2,641,886)	-	-	-
Investment in associates	-	152	152	-	-	-	-	-	-	-	-	-	-	-	-	-	1,086	1,086	-	1,238	1,238
Investments	2,473,603	2,221,658	2,099,332	21,791,703	20,781,416	20,780,825	4,803,233	4,365,752	3,964,705	15,683,519	14,590,834	14,466,355	395,708	237,077	937,919				45,147,766	42,196,737	42,249,136
Financing receivables	29,259	28,993	26,150	24,745	23,713	22,775	648	423	148	10,193	11,201	12,901	705,817	661,935	624,215	(693,798)	(655,692)	(616,594)	76,864	70,573	69,595
Reinsurance contract/ retakaful certificate assets	3,172,403	3,600,762	3,798,406	2,334,588	1,567,652	1,234,540	334,607	286,047	802,578	305,758	280,558	257,782	-	-	-				6,147,356	5,735,019	6,093,306
Insurance contract/Takaful certificate assets	185,217	154,519	-	-	-	-	168,415	129,377	-	5	-	-	-	-	-				353,637	283,896	-
Other assets	85,879	78,073	88,168	258,657	239,384	264,379	60,414	62,912	49,419	214,217	170,874	192,043	21,841	26,585	31,645	(24,459)	(21,370)	(1,810)	616,549	556,458	623,844
Derivative assets	5,432	3,710	873	213,247	236,022	35,092	-	-	-	-	-	-	-	-	-				218,679	239,732	35,965
Deferred tax assets	9,375	8,144	7,436	40,380	46,381	8,702	65,062	88,486	58,659	69,347	61,644	37,018	2,860	1,748	3,547				187,024	206,403	115,362
Current tax assets	16,006	16,006	28,239	-	-	11,555	-	-	-	79,295	79,675	82,053	37	38	37				95,338	95,719	121,884
Cash and bank balances	110,365	119,953	107,786	695,722	621,738	718,710	50,152	8,630	3,344	23,681	59,972	58,808	20,812	42,759	39,626				900,732	853,052	928,274
Total Assets	6,486,863	6,619,826	6,540,620	26,446,208	24,583,820	24,141,186	5,484,234	4,943,512	4,880,670	16,397,968	15,263,039	15,115,315	4,529,973	4,352,049	4,282,451				54,989,554	51,459,707	51,462,974
Equity:																					
Share capital	373,219	373,219	373,219	1,090,285	1,090,285	453,525	970,001	970,001	870,000	100,000	100,000	100,000	696,460	696,460	696,460	(2,569,099)	(2,569,099)	(1,832,338)	660,866	660,866	660,866
Reserves	445,607	395,636	438,594	1,228,380	1,117,068	1,720,206	912,586	681,836	544,413	2,648,136	2,485,558	2,480,861	2,715,913	2,593,583	2,547,571	(1,009,206)	(999,448)	(990,019)	6,941,416	6,274,233	6,741,626
Total Equity	818,826	768,855	811,813	2,318,665	2,207,353	2,173,731	1,882,587	1,651,837	1,414,413	2,748,136	2,585,558	2,580,861	3,412,373	3,290,043	3,244,031				7,602,282	6,935,099	7,402,492
Liabilities:																					
Insurance contract/Takaful certificate liabilities	4,194,912	4,794,824	4,771,062	23,264,680	21,665,169	21,226,983	3,312,283	3,001,575	3,158,536	13,197,041	12,210,833	12,007,768	-	-	-				43,968,916	41,672,401	41,164,349
Reinsurance contract/retakaful certificate liabilities	426,557	89,836	24,373	-	-	22	44,916	7,037	3,641	25,986	-	-	-	-	-				497,459	96,873	28,036
Subordinated obligations	696,226	655,922	616,400	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000	1,000,000	(696,226)	(655,922)	(616,400)	1,000,000	1,000,000	1,000,000
Derivative liabilities	35	-	696	23,558	20,821	12,311	-	-	-	-	-	487	70,480	21,288	8,755				94,073	42,109	22,249
Deferred tax liabilities	73,782	44,805	43,550	405,774	360,201	398,264	4,570	31	1,052	43,123	1,812	33,944	3,580	37	98	(43,198)	(43,198)	(43,198)	487,631	363,688	433,710
Other liabilities	264,161	252,644	256,938	400,947	306,547	310,079	224,908	253,171	277,380	367,840	435,639	468,085	31,706	29,411	18,972	(22,095)	(19,290)	-	1,267,467	1,258,122	1,331,454
Interest payable on subordinated obligations	4,922	4,637	4,368	-	-	-	-	-	-	-	-	-	9,875	9,875	9,848	(4,922)	(4,637)	(4,368)	9,875	9,875	9,848
Current tax liabilities	7,442	8,303	11,420	32,584	23,729	19,796	14,970	29,861	25,648	15,842	29,197	24,170	1,959	1,395	747	(10,946)	(10,945)	(10,945)	61,851	81,540	70,836
Total Liabilities	5,668,037	5,850,971	5,728,807	24,127,543	22,376,467	21,967,455	3,601,647	3,291,675	3,466,257	13,649,832	12,677,481	12,534,454	1,117,600	1,062,006	1,038,420				47,387,272	44,524,608	44,060,482
Total Equity and Liabilities	6,486,863	6,619,826	6,540,620	26,446,208	24,583,820	24,141,186	5,484,234	4,943,512	4,880,670	16,397,968	15,263,039	15,115,315	4,529,973	4,352,049	4,282,451				54,989,554	51,459,707	51,462,974

** Applicable to investment holding and non-insurance entities.*
*** The consolidation elimination indicated the group consolidation adjustments and inter-company elimination.*

54. INSURANCE BUSINESS (CONTD.)

INCOME STATEMENT/REVENUE ACCOUNT BY INSURANCE BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2023

	General		Life		General Takaful		Family Takaful		*Others		**Consolidation		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance/Takaful revenue	2,396,829	1,912,719	726,436	683,538	2,192,820	1,945,115	1,491,527	1,337,281	-	-			6,807,612	5,878,653
Insurance/Takaful service expenses	(653,306)	(932,906)	(371,190)	(1,017,880)	(1,940,946)	(1,694,048)	(1,396,610)	(1,430,918)	-	-			(4,362,052)	(5,075,752)
Net expenses from reinsurance contracts/ retakaful certificates held	(1,647,925)	(903,906)	(3,633)	(3,744)	(8,843)	(5,474)	(3,353)	17,106	-	-			(1,663,754)	(896,018)
Insurance/Takaful service result	95,598	75,907	351,613	(338,086)	243,031	245,593	91,564	(76,531)	-	-			781,806	(93,117)
Interest/profit revenue from financial assets not measured at FVTPL	85,243	37,797	438,641	364,662	192,065	166,651	359,378	321,822	62,272	64,088	(20,619)	(18,862)	1,116,980	936,158
Net fair value gains/(losses) on financial assets measured at FVTPL	8,667	(34,908)	530,134	(891,514)	9,944	(23,018)	278,448	(307,821)	(1,784)	(8,901)	(47,542)	(3,957)	777,867	(1,270,119)
Net fair value (losses) on derecognition of financial assets measured at FVOCI	(7,348)	18,274	(261,191)	(256,484)	2,719	3,670	(3)	821	(3,180)	(6,047)			(269,003)	(239,766)
Other investment income	29,703	22,840	523,341	422,350	3,550	326	313,407	307,312	530,360	291,919	(540,575)	(303,642)	859,786	741,105
Net impairment losses on financial assets	9,322	(8,636)	116,550	(110,877)	(525)	(323)	(936)	(514)	(560)	(403)	578	424	124,429	(120,329)
Net foreign exchange expenses	(6,906)	14	(143,566)	(83,972)	6	230	1,007	(1,544)	6	(271)			(149,453)	(85,543)
Net investment income/(losses)	118,681	35,381	1,203,909	(555,835)	207,759	147,536	951,301	320,076	587,114	340,385			2,460,606	(38,494)
Finance (expenses)/income from insurance contracts/takaful certificates issued	(118,171)	(44,100)	(1,108,401)	531,442	(170,361)	(109,924)	(649,954)	(27,758)	-	-	1,316	1,176	(2,045,571)	350,836
Finance income/(expenses) from reinsurance contracts/retakaful certificates held	107,215	36,434	27,793	17,682	8,843	5,474	3,353	(17,106)	-	-			147,204	42,484
Net Insurance/Takaful financial result	(10,956)	(7,666)	(1,080,608)	549,124	(161,518)	(104,450)	(646,601)	(44,864)	-	-			(1,898,367)	393,320
Other income	(18,292)	(12,373)	5,530	(10,273)	4,886	1,396	6,465	2,328	8,951	9,893	42,461	42,141	50,001	33,112
Other finance costs	(968)	(862)	(173)	(1,350)	-	-	-	-	(39,716)	(39,527)			(40,857)	(41,739)
Other expenses	(28,862)	(7,981)	(12,182)	(15,805)	(8,599)	(5,382)	(9,775)	(9,385)	(40,239)	(38,049)	(2,653)	(2,654)	(102,310)	(79,256)
Other expenses, net	(48,122)	(21,216)	(6,825)	(27,428)	(3,713)	(3,986)	(3,310)	(7,057)	(71,004)	(67,683)			(93,166)	(87,883)
Profit before taxation and zakat	155,201	82,406	468,089	(372,225)	285,559	284,693	392,954	191,624	516,110	272,702			1,250,879	173,826
Tax (expense)/credit incurred on behalf of of policyholders/participants	-	-	(88,084)	9,400	(1,816)	458	(20,463)	17,355	-	-			(110,363)	27,213
Profit before taxation and zakat attributable to shareholders	155,201	82,406	380,005	(362,825)	283,743	285,151	372,491	208,979	516,110	272,702			1,140,516	201,039
Tax expense attributable to shareholders	(46,646)	(49,327)	(44,600)	(9,473)	(68,035)	(95,514)	(69,804)	(94,340)	(11,542)	(13,227)			(240,627)	(261,881)
Zakat	-	-	-	-	(18,921)	(17,396)	(12,479)	(7,976)	-	-			(31,400)	(25,372)
Net profit/(losses) for the financial year	108,555	33,079	335,405	(372,298)	196,787	172,241	290,208	106,663	504,568	259,475			868,489	(86,214)

**Applicable to investment holding and non-insurance entities.*
***The consolidation elimination indicated the group consolidation adjustments and inter-company elimination.*