ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2024

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the underwriting of life insurance and investment-linked businesses.

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

RESULTS

	2024 **RM'000**
Net profit for the financial year	244,134

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

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

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2023 was as follows:

	RM'000
In respect of financial year ended 31 December 2023, final dividend of:	
- 400 sen per share, single-tier tax exempt dividend on 100,000,000 ordinary shares	400,000

The final dividend was declared on 20 May 2024 and paid on 4 June 2024.

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

The existing ESGP (“ESGP2018”) is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022. Four (4) out of the five (5) awards made have been vested to eligible employees in 2021 to 2024 whilst balance of the one (1) award will vest in 2025. Starting from 2023, no new awards have been issued to staff under the ESGP2018.

As continuation of the existing employees’ share grant plan, the shareholders at the EGM held on 3 May 2023 have approved the establishment of a new ESGP plan (“ESGP2023”). 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 as compared to ESGP2018 of 7 years. The first and second awards under the ESGP2023, granted in 2023 and 2024, will vest in 2026 and 2027, respectively, 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 Mohd Najib Bin Abdullah (Chairman)
Mr. Frank Johan Gerard Van Kempen [Redesignated as Vice Chairman w.e.f. 16 October 2024]
Mr. Wong Pakshong Kat Jeong Colin Stewart
Dr. Ariffin Bin Datuk Yahaya
Dr. Siew Chan Cheong [Appointed w.e.f. 17 February 2025]
Mr. Glenn John Williams (Vice Chairman) [Resigned w.e.f. 16 October 2024]

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

DIRECTORS' 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 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 shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	RM'000
Fees	663
Other emoluments	143
	806

DIRECTORS' INDEMNITY

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

Indemnity given to or insurance effected for any directors during the year is RM1.38 million (2023: RM1.25 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 2024	Acquired 2024	As at 31 December 2024
Ultimate Holding Company			
Indirect interest:			
Mr. Wong Pakshong Kat Jeong Colin Stewart[1]	34,253	-	34,253

[1] Shares in Maybank held by spouse

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

CORPORATE GOVERNANCE

The Company has complied with the prescriptive requirements of, and adopted Management practices that are consistent with the principles prescribed under Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance as disclosed from pages 7 to 23.

FINANCIAL HOLDING COMPANY

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

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

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

OTHER STATUTORY INFORMATION

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

  (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts and satisfied themselves that 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.

OTHER STATUTORY INFORMATION (CONTD.)

(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 Company inadequate to any substantial extent; and

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

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

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

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

AUDITORS

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

Auditors' remuneration is as follows:

	RM'000
Ernst & Young PLT	1,129

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 March 2025.

DATUK MOHD NAJIB BIN ABDULLAH

WONG PAKSHONG KAT JEONG COLIN STEWART

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

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

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

(a) Board Composition

As at 31 December 2024, the Board comprises four (4) Directors:-

(i) One (1) Non-Independent Non-Executive Director ("NINED"); and
(ii) Three (3) Independent Non-Executive Directors ("INED").

The composition of the Board meets the requirement of having a majority of independent directors and common directors remain in the minority as set out in the BNM Policy Document on CG. None of the INED had exceeded their respective nine-year tenure pursuant to the MAHB Group's Policy on Tenure of Directorship which limits the tenure of an INED to a cumulative period of nine (9) years. Datuk Mohd Najib Bin Abdullah, an INED, is the Chairman of the Board, and the NINED who is also the Vice Chairman, is a nominee of Ageas Insurance International N.V. ("Ageas"), a shareholder of MAHB.

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

The Board meets at least once on a bi-monthly 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

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

Members of the Board	Designation	Number of Board Meetings attended	%
Datuk Mohd Najib Bin Abdullah *(Chairman)*	INED	12/12	100
Mr. Glenn John Williams *(Vice Chairman)*	NINED[1]	9/11	82
Mr. Frank Johan Gerard Van Kempen	NINED[2]	12/12	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED	12/12	100
Dr. Ariffin Bin Datuk Yahaya	INED	12/12	100

[1] *Resigned as NINED and Vice Chairman of the Company effective 16 October 2024.*
[2] *Appointed as Vice Chairman of the Company effective 14 November 2024.*

Profile of Directors

Name/Designation/Age/ Nationality	Background/ Experience	Other Directorship within the Group
Datuk Mohd Najib Bin Abdullah Independent Non-Executive Director Chairman 64 years of age Malaysian	Banking & Insurance	• Director of Maybank Ageas Holdings Berhad • Chairman of Etiqa General Insurance Berhad
Mr. Frank Johan Gerard Van Kempen Non-Independent Non-Executive Director 57 years of age Dutch	Insurance	Nil

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 Directorship within the Group
Mr. Wong Pakshong Kat Jeong Colin Stewart Independent Non-Executive Director 65 years of age Singaporean	Insurance	• Director of Etiqa Family Takaful Berhad
Dr. Ariffin Bin Datuk Yahaya Independent Non-Executive Director 60 years of age Malaysian	Economics and Computer Science	Nil
Dr. Siew Chan Cheong Executive Director 48 years of age Malaysian	Strategy & Innovation	Nil

Detailed profile of each Director is available on the Group's corporate website (www.etiqa.com). Directors' interests in shares and share options in the ultimate holding company, 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 2024 ("FYE 2024").

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

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

(c) Board Committees Composition and Roles & Responsibilities

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

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

(i) Nomination and Remuneration Committee

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

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

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 Policy Document on CG 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 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 (www.etiqa.com).

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

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(i) Nomination and Remuneration Committee (contd.)

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

Members of NRC	Designation	Number of NRC Meetings attended	%
Cik Che Zakiah Che Din *(Chairperson)*	INED[1]	3/3	100
Puan Fauziah Binti Hisham	INED[2]	10/10	100
Datuk Mohd Najib Bin Abdullah	INED	10/10	100
Dato' Majid Bin Mohamad	INED[3]	10/10	100
Ms. Daniela Adaggi	NINED[4]	9/10	90

[1] INED of MAHB. Appointed as the Chairperson of the NRC effective 1 July 2024.
[2] Re-designated as a member of the NRC effective 1 July 2024, following her appointment as Chairperson of the MAHB Board pursuant to the requirement of Paragraph 12.4 of the BNM Policy Document on CG.
[3] INED of MAHB, Etiqa General Takaful Berhad, , Etiqa Offshore Insurance (L) Ltd and Etiqa Life International (L) Ltd (incorporated in F.T. Labuan), wholly-owned subsidiaries of MAHB.
[4] NINED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of MAHB.

(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, access the suitability, objectivity and independence of the Group’s appointed external auditors and independently assess the integrity of organisational wide management practices through the review of audit findings raised by the internal auditors, external auditors and/or regulators, ensuring that corrective actions, where necessary, are resolved in a timely manner to ensure the Group’s operations run in an effective and efficient manner as well as to safeguard Group’s assets and stakeholders’ interests.

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

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

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

Members of ACB	Designation	Number of ACB Meetings attended	%
Mr. Wong Shu Yoon	INED[1]	10/10	100
Mr. Gary Lee Crist	NINED[2]	10/10	100
Cik Serina Binti Abdul Samad	INED[3]	9/9	100
Professor Dr. Azman Bin Mohd Noor	INED[4]	10/10	100
Cik Nora Junita Binti Mohd Hussaini (Chairperson)	INED[5]	4/4	100

[1] 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 MAHB, and ceased to act as interim Chairman of the ACB effective 1 July 2024.

[2] NINED of MAHB.

[3] Retired as an INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of MAHB, and ipso facto, ceased as a member of the ACB effective 1 December 2024.

[4] INED of the Etiqa Family Takaful Berhad, a wholly-owned subsidiary of MAHB.

[5] Appointed as an INED of Etiqa General Takaful Berhad, a wholly-owned subsidiary of MAHB, and redesignated as a member of the ACB effective 1 July 2024.

(iii) Risk Management Committee

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

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

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(iii) Risk Management Committee (contd.)

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

Members of RMC	**Designation**	**Number of RMC Meetings attended**	**%**
Encik 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]	6/8	75
Encik Mohamad Shukor Bin Ibrahim	INED	8/8	100
Professor Datin Dr. Rusni Binti Hassan	INED[4]	2/4	50
Mr. Tan Kwang Kherng	INED	8/8	100

[1] *INED of Etiqa Family Takaful Berhad, a wholly-owned subsidiary of MAHB.*

[2] *INED of Etiqa Life Insurance Berhad and Etiqa Family Takaful Berhad wholly-owned subsidiaries of MAHB.*

[3] *NINED of MAHB.*

[4] *Resigned as an INED of Etiqa Family Takaful Berhad, and ipso facto, ceased as a member of the RMC effective 30 June 2024.*

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, 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) <u>Training Attended by Directors (contd.)</u>

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

A.	In-house Training	DN[1]	FVK[2]	WPC[3]	DA[4]
1.	MAHB Directors' Training Program Module 3 – Risk Management Topic : Free Capital Generation	√	√	√	
2.	MAHB Directors' Training Program – Compliance Topic Introduction to FATF Mutual Evaluation; and A Quick Guide: Compliance to Personal Data Protection Act 2010 (PDPA) and Managing Customer Information Policy Document (MCIPD), Compliance MAHB	√		√	
3.	MAHB Directors' Training Program 2024 Module 2 - Cybersecurity Topic: An Update on the Cyber Threat Landscape and the Latest Trends and Key Learnings on Ransomware, PWC & MAHB	√	√	√	
4.	MAHB Directors' Training Program 2024 Module 2: Generative AI Revolution: Strategies, Risks, Opportunities, Institute of Corporate Directors Malaysia (ICDM)	√	√		
5.	MAHB Directors' Training Program - Module 2 : Beyond Compliance: Governance at The Core of Driving ESG, Institute of Corporate Directors Malaysia (ICDM)		√	√	
6.	Maybank Annual Board Risk Workshop: Risk Landscape, Economic Outlook, Basel III Reforms, AI Frontier: Navigating Opportunities and Risks Responsibly (PwC), Cyber and Technology Risk Management (Deloitte)	√	√		
7.	Maybank ESG Talk: Global Trends and Rising Stakeholder Demand, Ernst & Young (EY)	√	√		
8.	Maybank's International Women's Day	√			
9.	MAHB Offsite Strategy Meeting - ASEAN Macro- Economic / Geo –Political Outlook, Sustainability: Global Trends, ASEAN Highlights, Technology Approaches Globally	√	√	√	√
10.	MAHB Board Risk Landscape	√	√		

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CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended by Directors (contd.)

B.	External Training	DN[1]	FVK[2]	WPC[3]	DA[4]
1.	The AI Dilemma, International Institute for Management Development (IMD), Art Kleiner and Principal, Kleiner Powell International	√			
2.	Ageas Partnership Days 2024 - Reinsurance, Sustainable Investments and Insights on AI, New Technologies and Innovation	√	√		
3.	Dare series, Will you thrive in a Cyborg Future, Ageas		√		
4.	Bancassurance Conference, Ageas		√		
5.	Asia Sustainability Conference, Bangkok, Ageas		√		
6.	Generative AI, by Data Robot, Ageas		√		
7.	Next-Gen Partnership Conference in Singapore, Ageas		√		
8.	Ethical Finance ASEAN 2024, Asian Institute of Chartered Bankers (AICB) & Global Ethical Finance Initiative (GEFI)	√			
9.	Winning Strategies For Future Ready Leadership, International Institute for Management Development (IMD)	√			
10.	Digital Insurance Conference Asia Pacific (APAC)		√		
11.	Gen AI Unveiled: Potential in Revolutionizing Actuarial Practice, Singapore Actuarial Society			√	
12.	Takeaways from International Actuarial Association Summit on AI, Institute and Faculty of Actuaries			√	
13.	Beyond the hype of Gen AI – from proof of concept to production, Ernst & Young (EY)			√	
14.	Guardians of AI: A focus on data protection and privacy, Ernst & Young (EY)			√	
15.	Practising Certificate Seminar Forum, Singapore Actuarial Society			√	
16.	Artificial Intelligence Thought Leadership Series: AI and the work of Actuaries, Institute and Faculty of Actuaries			√	
17.	Introduction To Price Optimisation Through Behavioural Modelling For Retail Customers, Singapore Actuarial Society			√	
18.	Professional Skills Training, Institute and Faculty of Actuaries			√	
19.	Singapore Actuarial Conference, Singapore Actuarial Society			√	

[1] *DN - Datuk Mohd Najib Bin Abdullah*
[2] *FVK - Mr. Frank Johan Gerard Van Kempen*
[3] *WPC - Mr. Wong Pakshong Kat Jeong Colin Stewart*
[4] *AY – Dr. Ariffin Bin Datuk Yahaya*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(3) INTERNAL CONTROL FRAMEWORK

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

(4) REMUNERATION - QUALITATIVE DISCLOSURES

(a) Board Performance

In line with good corporate governance, the Board via NRC has set out its intention to periodically review the remuneration of NEDs as per Maybank's Remuneration Policy for Directors.

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

The remuneration package of NEDs consists of the following:

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

(b) Senior Management Appointment and Performance

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

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

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES

(a) Non-Executive Directors' Remuneration

The Non-Executive Directors' Remuneration for the financial year has been revised as follows, with retrospective effect from 1 June 2024:-

Remuneration	Previous NEDs Remuneration Framework (1.1.2024 - 31.5.2024) Per Annum (RM)	Revised NEDs Remuneration Framework (1.6.2024 - 31.12.2024) Per Annum (RM)
(i) **Fees**		
• Board		
- Chairman	180,000	190,000
- Member	120,000	130,000
• Committee		
- Chairman	32,500	34,000
- Member	28,000	30,000
(ii) **Meeting Allowance**		
• per meeting attended	2,000	2,200

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

The details of Directors' and CEO's Remuneration for FYE 2024 are disclosed in the Notes 31 and 32 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.

In support of our M25+ purpose to be "a values-driven platform, powered by a bionic workforce that humanises financial services", our integrated Talent Management Framework and Total Rewards Framework are focused on attracting and retaining top talent through timely and differentiated rewards, benefits and career development/progression opportunities. This approach positions us to drive employee engagement, foster positive outcomes and deliver exponential business results responsibly.

The frameworks are anchored in the principles of pay for performance and affordability, ensuring our workforce is rewarded equitably, reasonably and in line with relevant indices. We are driven to remaining competitive against our peers in the market, while embracing the principle of differentiation to contribute positively to diversity, balance and relevance. Our commitment to fairness, respect and equality in all our business practices, including remuneration of our employees, fosters a work environment where all employees are valued and rewarded fairly for their unique and invaluable contributions.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

We place great emphasis on accelerating our environmental, social and governance ("ESG") as well as sustainability commitments and have embedded ESG considerations into our total rewards management through rigorous governance, performance metrics, and prudent risk management. Our remuneration policies and practices are periodically reviewed to align with regulatory requirements and promote a high-performance culture.

COMPONENTS OF REMUNERATION

Maybank Group has in place a comprehensive Total Rewards Framework supported by three integral pillars: total compensation, benefits and well-being, and development and career opportunities.

i) Total Compensation

Maybank Group's Compensation Policy ensures competitive pay aligned with market standards through annual salary reviews, variable bonuses, and long-term incentives for eligible senior management and above, to retain, motivate and reward our talents.

Our holistic approach to total compensation includes fixed pay and variable pay, with the latter comprising variable bonuses and incentives and long-term awards. This dynamic framework is designed to reflect targeted pay mix levels, intricately calibrated to align with the organisation's long-term performance goals and objectives while motivating and rewarding employees for outstanding efforts and achievements.

Fixed Pay	Variable Pay	
	Variable Bonus	Long-Term Incentive Award
• 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, with consideration of market dynamics, differences in individual responsibilities, functions/roles, performance level, skillsets as well as competency level.	• 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 claw-back 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 the desired behaviours and performance levels in creating long-term shareholder value.	• 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.
	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:** Maybank's 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.	

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

ii) Benefits & Well-being

Maybank's benefits are a key pillar of our total rewards strategy, aligned with our ESG commitments and the M25+ strategic objectives. Our benefits programme offers comprehensive support across multiple dimensions-financial, physical, mental and social-ensuring employees' professional and personal well-being.

Financial security is afforded through competitive compensation, healthcare coverage, paid time off, and employee loans at preferential rates. These offerings are regularly reviewed to ensure they remain competitive and meet our employees' evolving needs. We offer comprehensive well-being initiatives in recognition of the impact that employees' well-being has on engagement and productivity as well as to mitigate medical risks.

Our recognition programmes reward employees for outstanding contributions through innovation, excellence or ethical behaviour fostering a high-performance culture aligned with the Group's long-term sustainability objectives.

Via this holistic approach, we integrate sustainability principles with employee wellbeing, catering to their physical, mental and emotional health, as well as their financial, social and career development needs. This underscores Maybank's commitment to a supportive, sustainable work environment, enabling employees to flourish both professionally and personally while driving the Group's growth.

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 programs are designed to offer flexibility and customisation, ensuring that they remain relevant for the long term, enhance our competitive edge, and promote sustained growth.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

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

The ESGP launched in December 2018 and is set to expire in 2025. Under this plan five awards have been granted from 2018 to 2022, with four tranches having already vested to eligible employees between 2021 and 2024. The fifth and final award under this plan was issued in September 2022 and will vest in 2025. From 2023 onwards, no additional awards will be granted under the Existing ESGP.

To align with our LTIP and M25+ strategic objectives of rewarding sustainable performance, retaining key talent and strengthening ESG commitments, a new ESGP scheme was introduced on 20 September 2023. The new scheme will be effective for 10 years, sustaining our LTIP strategy until 2033.

- First and Second Awards: The first and second awards, granted in September 2023 and March 2024, will vest in 2026 and 2027, contingent upon the fulfilment of both Group and individual-level performance criteria and vesting conditions.

- Performance Measures: To support our sustainability goals, ESG KPIs have been integrated into the vesting criteria alongside financial metrics such as ROE and our relative total shareholder earnings ("TSE"), reinforcing our dedication to embedding sustainable business practices into our compensation strategy.

Aligning our LTIP with financial performance and ESG commitments ensures our incentive structures drive long-term shareholder value and a sustainable future for our business and communities.

Governance & Controls – Remuneration Practices

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

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

Based on sound Performance Management principles, our Key Performance Indicators ("KPIs") continue to focus on outcomes and are aligned with our business plans. Each of the Senior Officers and Other Material Risk Takers ("OMRT") carries Risk, Governance and Compliance goals in his/her individual scorecards which are cascaded accordingly. The right KPI 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 Group Board for approval.

This ensures alignment with risk management and sustainability goals, while maintaining fairness and transparency in deferred compensation.

The remuneration of Maybank Group's senior officers and OMRTs in FY2024 are summarised in the table below:

Total Value of remuneration awards for the Financial Year (RM'000)	Senior Officers		OMRTs	
	Unrestricted	Restricted	Unrestricted	Restricted
Fixed Compensation				
Cash	4,671 (13 headcount)	-	-	-
Shares and share-linked instrument	-	-	-	-
Others	-	-	-	-
Variable Compensation				
Cash	1,320 (12 headcount)	-	-	-
*Shares and share-linked instrument	446 (7 headcount)^	Refer to note below*	-	-
Others	-	-	-	-
Definition	Senior Officers are defined as Chief Executive Officer (CEO); Direct Reports to the CEO and Appointed Actuary.		OMRTs are defined as employees who can materially commit or control significant amounts of a financial institution's resources or whose actions are likely to have a significant impact on its risk profile or those among the most highly remunerated officers.	

Notes:

* In FY2024, a total of 120,000 units of Maybank shares (based on On Target performance levels) under the Maybank Group ESGP/Cash-settled Employees' Share Grant Plan (CESGP) were awarded to 10 senior officers. The number of ESGP/CESGP units to be vested/paid by 2027 would be conditional upon the said employees fulfilling the vesting/payment criteria.

^ A total of 46,800 units of ESGP/CESGP granted in September 2021 have vested to 7 senior officers in February 2024. ESGP values are based on statutory guidelines for taxable gains calculation while CESGP value is based on volume weighted average market price (VWAMP) for the five market days immediately preceding the CESGP vesting date.

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

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

We, Datuk Mohd Najib Bin Abdullah and Wong Pakshong Kat Jeong Colin Stewart, being two of the Directors of Etiqa Life Insurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 29 to 203 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the results and the cash flows of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2025.

DATUK MOHD NAJIB BIN ABDULLAH

WONG PAKSHONG KAT JEONG
COLIN STEWART

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

I, Lee Hin Sze, being the officer primarily responsible for the financial management of Etiqa Life Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 203 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 24 March 2025

LEE HIN SZE
(MIA 15432)
Chief Financial Officer

Before me,

PESURUHJAYA SUMPAH
W 904
ROSLI BIN SAAD
01.01.2025 - 31.12.2027
MALAYSIA

Commissioner for Oaths

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

Shape the future
with confidence

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Independent auditors' report to the member of Etiqa Life Insurance Berhad 201701025113 (1239279-P) (Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Etiqa Life Insurance Berhad ("the Company"), which comprise the statement of financial position as at 31 December 2024 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 29 to 203.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

Independent auditors' report to the member of
Etiqa Life Insurance Berhad (contd.)
201701025113 (1239279-P)
(Incorporated in Malaysia)

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the member of
Etiqa Life Insurance Berhad (contd.)
201701025113 (1239279-P)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (Contd.)

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

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

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

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

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

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

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

Shape the future
with confidence

Independent auditors' report to the member of
Etiqa Life Insurance Berhad (contd.)
201701025113 (1239279-P)
(Incorporated in Malaysia)

Other Matters

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

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

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

Kuala Lumpur, Malaysia
24 March 2025

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Property, plant and equipment	3	28,384	26,443
Investment properties	4	1,027,510	1,006,410
Prepaid land lease payments	5	862	888
Right-of-use assets ("ROU")	6	28	61
Intangible assets	7	36,531	42,203
Investments	8	12,265,208	12,105,679
Financing receivables	10	23,874	23,045
Reinsurance contract assets	11	71,246	71,477
Other assets	13	161,028	155,675
Derivative assets	14	5,679	181
Current tax assets		21,098	-
Cash and bank balances		87,111	43,607
Total Assets		13,728,559	13,475,669
Equity			
Share capital	16	100,000	100,000
Reserves	17	1,454,201	1,594,550
Total Equity		1,554,201	1,694,550
Liabilities			
Insurance contract liabilities	12	11,310,129	10,988,535
Derivative liabilities	14	665	2,904
Deferred tax liabilities, net	15	508,179	399,739
Other liabilities	18	355,385	360,389
Current tax liabilities		-	29,552
Total Liabilities		12,174,358	11,781,119
Total Equity and Liabilities		13,728,559	13,475,669

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

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Insurance revenue	19	590,130	541,776
Insurance service expenses	20	(366,855)	(348,052)
Net expenses from reinsurance contracts held	21	(29,236)	(26,453)
Insurance service result		194,039	167,271
Interest revenue from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	22	80,910	85,388
Net fair value gains on financial assets measured at FVTPL	23	629,108	574,443
Net fair value gains/(losses) on derecognition of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")	24	4,296	(2,799)
Other investment income	25	479,909	486,869
Reversal of/(allowance for) impairment loss on financial assets	26	172	(239)
Net foreign exchange (losses)/gains	27	(42,659)	51,911
Net investment income		1,151,736	1,195,573
Finance expenses from insurance contracts issued	28	(941,535)	(996,764)
Finance income from reinsurance contracts held	29	2,666	5,394
Net insurance financial result		(938,869)	(991,370)
Total net investment income and net insurance financial results		212,867	204,203
Other expenses, net	30	(7,470)	(4,136)
Profit before taxation attributable to policyholders		399,436	367,338
Tax expense attributable to policyholders	33	(80,062)	(88,084)
Profit before taxation		319,374	279,254
Tax expense	34	(75,240)	(44,600)
Net profit for the financial year		244,134	234,654
Basic and diluted earnings per share (sen)	35	244.13	234.65

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

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Net profit for the financial year		244,134	234,654
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to income statement:			
Net fair value gains on investments in debt securities measured at FVOCI		18,885	75,413
Net fair value (losses)/gains on derecognition of financial assets measured at FVOCI	24	(4,296)	2,799
Tax effect relating to these items	34	(2,687)	(8,635)
		11,902	69,577
Finance expenses from insurance contracts issued	28	(31,504)	(55,034)
Tax effect relating to these items	34	1,852	2,822
		(29,652)	(52,212)
Items that will not be subsequently reclassified to income statement:			
Change in fair value of equity securities at FVOCI		36,645	4,660
Tax effect relating to these items	34	(3,378)	(46)
		33,267	4,614
Other comprehensive income for the financial year, net of tax		15,517	21,979
Total comprehensive income for the financial year		259,651	256,633

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

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		<------------ Non-distributable ------------>				Retained Earnings			
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Insurance Finance Reserve RM'000	Revaluation Reserve RM'000	Non-Distributable Life Fund Surplus RM'000	Distributable Shareholder's Fund Surplus RM'000	Sub-total Retained Profits RM'000	Total Equity RM'000
At 1 January 2024		100,000	45,472	(63,633)	78,896	1,095,744	438,071	1,533,815	1,694,550
Net profit/(loss) for the financial year		-	-	-	-	254,085	(9,951)	244,134	244,134
Other comprehensive income/(loss) for the financial year		-	45,169	(29,652)	-	-	-	-	15,517
Total comprehensive income/(loss)		-	45,169	(29,652)	-	254,085	(9,951)	244,134	259,651
Transfer from life fund surplus upon recommendation by Appointed Actuary[1]		-	-	-	-	(22,548)	22,548	-	-
Reclassification upon disposal of equity securities		-	(128)	-	-	(619)	747	128	-
Dividend on ordinary shares	36	-	-	-	-	-	(400,000)	(400,000)	(400,000)
At 31 December 2024		100,000	90,513	(93,285)	78,896	1,326,662	51,415	1,378,077	1,554,201

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		<------------ Non-distributable ------------>				Retained Earnings			
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Insurance Finance Reserve RM'000	Revaluation Reserve RM'000	Non-Distributable Life Fund Surplus RM'000	Distributable Shareholder's Fund Surplus RM'000	Sub-total Retained Profits RM'000	Total Equity RM'000
At 1 January 2023		100,000	(33,371)	(11,421)	78,896	1,102,984	478,829	1,581,813	1,715,917
Net profit for the financial year		-	-	-	-	210,031	24,623	234,654	234,654
Other comprehensive income/(loss) for the financial year		-	74,191	(52,212)	-	-	-	-	21,979
Total comprehensive income/(loss)		-	74,191	(52,212)	-	210,031	24,623	234,654	256,633
Transfer from life fund surplus upon recommendation by Appointed Actuary[1]		-	-	-	-	(212,814)	212,814	-	-
Reclassification upon disposal of equity securities		-	4,652	-	-	(4,457)	(195)	(4,652)	-
Dividend on ordinary shares	36	-	-	-	-	-	(278,000)	(278,000)	(278,000)
At 31 December 2023		100,000	45,472	(63,633)	78,896	1,095,744	438,071	1,533,815	1,694,550

[1] In accordance with the Financial Services Act 2013 in Malaysia, the unallocated surplus of the Life Fund can only be distributed to the shareholder upon approval by the Appointed Actuary. The approved transfers from the life fund's unallocated surplus for the financial years ended 31 December 2024 and 31 December 2023 were RM29,400,000 and RM279,750,000, respectively (or RM22,548,000 and RM212,814,000, net of tax at 24%).

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

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		319,374	279,254
Adjustments for:			
Amortisation of:			
- intangible assets	31	8,528	8,523
- prepaid land lease payments	31	26	26
Net amortisation of premiums	25	8,493	9,956
Depreciation of property, plant and equipment	31	6,242	7,103
ROU expenses:			
- depreciation	31	34	37
- interest on lease liability	31	1	3
Fair value gains on:			
- investments	23	(452,932)	(550,460)
- investment properties	25	(20,626)	(25,159)
Losses/(gains) on foreign exchange:			
- realised	27	2,396	(14,360)
- unrealised	27	40,263	(37,551)
Gains on disposal of investments		(180,472)	(21,184)
Dividend income	25	(85,502)	(70,646)
Interest income	22, 25	(414,038)	(441,097)
Rental income	25	(79,946)	(77,227)
Reversal of impairment losses on prepaid land lease payments	30	-	(177)
(Reversal of)/allowance for impairment losses on investments	26	(64)	156
(Reversal of)/allowance for impairment losses on financing receivables	26	(108)	83
Reversal of impairment losses on other assets	30	(70)	(326)
Reversal of impairment losses on reinsurance contract assets	43(i)	(85)	(209)
Tax expense attributable to policyholders	33	80,062	88,084
Operating cash flows before working capital changes, carried forward		(768,424)	(845,171)

ETIQA LIFE INSURANCE BERHAD
201701025113 (1239279-P)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS (CONTD.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)			
Operating cash flows before working capital changes, brought forward		(768,424)	(845,171)
Changes in working capital:			
(Increase)/Decrease in placement of deposits with financial institutions		(101,315)	59,620
Decrease in reinsurance contract assets		316	22,340
Increase in ROU assets	6	(1)	-
Increase in financing receivables		(721)	(1,115)
Increase in other assets		(14,405)	(8,612)
Increase in insurance contract liabilities		291,942	572,582
(Decrease)/Increase in other liabilities		(16,536)	93,917
Operating cash flows after working capital changes		(609,144)	(106,439)
Investment income received		420,798	432,357
Dividends received		86,558	69,614
Rental income received		81,252	80,792
Tax paid		(103,576)	(79,806)
Net cash (used in)/generated from operating activities		(124,112)	396,518
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of:			
- property, plant and equipment	3	(8,928)	(7,272)
- intangible assets	7	(2,856)	(3,022)
- investment properties	4	(474)	(856)
- investments		(3,372,196)	(2,600,482)
Proceeds from disposals of:			
- property, plant and equipment	3	745	495
- investments		3,951,360	2,510,636
Net cash invested/(used in) in investing activities		567,651	(100,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend	36	(400,000)	(278,000)
Payment of lease liabilities	6	(35)	(39)
Net cash used in financing activities		(400,035)	(278,039)

STATEMENT OF CASH FLOWS (CONTD.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Net increase in cash and cash equivalents		43,504	17,978
Cash and cash equivalents at beginning of financial year		43,607	25,629
Cash and cash equivalents at end of financial year		87,111	43,607
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's fund		637	792
Life Insurance fund		86,474	42,815
		87,111	43,607

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

1. CORPORATE INFORMATION

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

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

The principal activities of the Company are the underwriting of life insurance and investment-linked businesses.

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 24 March 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation and presentation of the financial statements

(a) Statement of compliance

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

The accounting policies and presentation adopted by the Company for the financial statements are consistent with those used in the financial year ended 31 December 2023 except for those disclosed in Note 2.3.

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

(b) Basis of measurement

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

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

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

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

i) Estimates of future cash flows

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events, as referred in Note 12(b).

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

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

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 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.

The following assumptions were used when estimating future cash flows:

<u>Mortality and morbidity rates</u>
Assumptions are based on standard industry, reinsurance, national and/or company specific tables, according to the type of contract written and the territory in which the covered person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company'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 type.

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

<u>Longevity</u>
Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company’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 gender, underwriting class and contract 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 Company.

<u>Lapse and surrender rates</u>
Lapses relate to the termination of contracts due to non–payment of premiums. Surrenders relate to the voluntary termination of contracts by policyholders. Contract termination assumptions are determined using statistical measures based on the Company’s experience and vary by product type, contract duration and sales trends.

An increase in lapse rates early in the life of the contract would tend to reduce profits of the Company, 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

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

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

	Portfolio duration									
	1 year		3 year		5 year		10 year		15 year	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Insurance contracts issued										
Ringgit Malaysia	3.28% - 3.48%	3.30% - 3.57%	3.53% - 3.73%	3.53% - 3.80%	3.66% - 3.86%	3.65% - 3.92%	3.86% - 4.06%	3.74% - 4.01%	4.03% - 4.23%	4.05% - 4.32%
Reinsurance contracts held										
Ringgit Malaysia	3.28% - 3.45%	3.30% - 3.53%	3.53% - 3.70%	3.53% - 3.76%	3.66% - 3.83%	3.65% - 3.88%	3.86% - 4.03%	3.74% - 3.97%	4.03% - 4.20%	4.05% - 4.28%

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

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

iv) Contractual service margin

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

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the 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 in the group, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage duration.

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

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.)

v) Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 2.1(d)(i) to Note 2.1(d)(iv). The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose insurance contracts issued and reinsurance contracts held separately. This disaggregation has been determined based on how the Company are managed.

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

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

2.2 Summary of material accounting policy information

(i) Property, plant and equipment and depreciation

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

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

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

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

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

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

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

(ii) Investment properties

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ii) Investment properties (contd.)

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(i) up to the date of change in use. Where the fair value of the property exceeds its carrying amount, the difference or revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

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

(iii) Leases

(a) Classification

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

(b) Recognition and initial measurement

(1) The Company as lessee

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Leases (contd.)

(b) Recognition and initial measurement (contd.)

(1) The Company as lessee (contd.)

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Company are reasonably certain to exercise that option, unless the Company are reasonably certain to obtain ownership of the leased asset at the end of the lease term.

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

Premises	2 to 5 years

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

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Leases (contd.)

(b) Recognition and measurement (contd.)

(1) The Company as lessee (contd.)

(ii) Lease liabilities (contd.)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. 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) Short-term leases, leases of low-value assets and variable payments

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

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

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

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

(iii) Leases with variable lease payments

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Leases (contd.)

(b) Recognition and measurement (contd.)

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

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

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

(c) Lease modifications

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

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

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

(iv) Intangible assets

Intangible assets include software development costs and 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 a finite useful life are reviewed at least at each reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iv) Intangible assets (contd.)

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.

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iv) Intangible assets (contd.)

(c) Amortisation period

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

	Useful lives
Computer software and licences	10 years

(v) Financial assets

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

(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 Company determines the classification of financial assets at initial recognition depends on the business model for managing the financial assets and the contractual cash flows characteristic as below:

(i) Business model assessment

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

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

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

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

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

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

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

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

i) Determined by the Company's senior management as a result of external or internal changes;

ii) Significant to the Company's operations; and

iii) Demonstrable to external parties.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

A change in the Company's business model will occur only when 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 Company assesses the contractual terms to identify whether they meet the SPPI test.

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

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

(iii) Classification of financial assets

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

(i) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(i) Financial assets at FVTPL (contd.)

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

(ii) 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.

(a) Financial assets at FVOCI (debt instruments)

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(ii) Financial assets at FVOCI (contd.)

(b) Financial assets at FVOCI (equity instruments)

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

(iii) Financial assets at AC

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Financial assets (contd.)

(c) Write off of financial assets

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

The amount written off for bad debts in the financial statements of the Company are expensed to profit or loss as disclosed in Note 30.

(vi) Fair value of financial assets

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

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

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

Over-the-counter derivatives comprise foreign exchange forward contracts and 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Impairment

(a) Financial assets

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

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Impairment (contd.)

(a) Financial assets (contd.)

(ii) Forward-looking information and ECL measurement

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

<u>Financing receivables</u>

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

- Base scenario: Assumes the continuation of current macroeconomic conditions.

- Upside and Downside scenarios: Represent optimistic and pessimistic economic projections relative to the Base scenario, determined through expert judgment and comprehensive analysis.

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Impairment (contd.)

(a) Financial assets (contd.)

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

<u>Financial assets at FVOCI and AC (contd.)</u>

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

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

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

(b) Non-financial assets

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

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

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, 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Financial liabilities

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

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

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

The Company's other financial liabilities include other payables.

<u>Other payables</u>

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

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

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

(ix) Repurchase (“repo”)/Sale and buy back (“SBBA”) agreement

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Repurchase (“repo”)/Sale and buy back (“SBBA”) agreement (contd.)

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

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

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

(x) Insurance contracts and reinsurance contracts classification

Insurance contracts

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

Insurance contracts and investment contracts 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 or a specified type of contracts;
- 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.

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

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

Reinsurance contracts

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) Insurance contracts and reinsurance contracts accounting treatment

(a) Separating components from insurance and reinsurance contracts

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

Some term insurance contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contracts. 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 requires an insurer to repay to a policyholder in all circumstances, regardless of whether a insured event occurs. Investment components which are highly interrelated with the insurance contract 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 Company is unable to measure the value of the surrender option component separately from the insurance portion of the contract.

(b) Level of aggregation

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(b) Level of aggregation (contd.)

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

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

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

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

The reinsurance contracts held portfolios are divided into:

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

(c) Recognition

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(c) Recognition (contd.)

The Company recognises a group of reinsurance contracts held at:

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

The reinsurance contracts held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised. Groups of reinsurance contracts held are recognised when the coverage of the first underlying contract starts.

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

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

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

(d) Onerous groups of contracts

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(d) Onerous groups of contracts (contd.)

The Company looks at facts and circumstances to identify if groups of contracts are onerous based on:
- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

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

(e) Contract boundary

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

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

For contracts with renewal periods, the Company assess whether premiums and related cash flows that arise from the renewed contracts are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks covered for the policyholder by the Company, that the Company would considers when underwriting equivalent contracts on the renewal dates for the remaining coverage. The Company reassess the contract boundary of each group at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(f) Measurement - Insurance contracts

Contracts measured under Premium Allocation approach ("PAA")

Initial measurement

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

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary (Note 2.2(x)(e)); or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. PAA eligibility is assessed at the inception of the group of insurance contracts and does not need to be reassessed at subsequent measurement.

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

- The Company shall assume that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise; and
- While the Company can further subdivide groups of contracts if this is consistent with internal management and reporting purposes, this policy does not require any further subdivision.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(f) Measurement - Insurance contracts (contd.)

Subsequent measurement

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

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

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

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

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

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

Contracts not measured under PAA

Initial measurement

General measurement model ("GMM")

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

- Fulfilment cash flows
- A Contractual Service Margin ("CSM") represents the unearned profit as the Company will recognise as it provides service under the insurance contracts in the group.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(f) Measurement - Insurance contracts (contd.)

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

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

- Premiums 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 resulting from embedded surrender value options.
    - (ii) An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- 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.
- Transaction-based taxes.

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

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

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

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

(f) Measurement - Insurance contracts (contd.)

Variable fee approach ("VFA")

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

An insurance contract certificate with direct participation features is defined by the Company as one which, at inception, meets the following criteria:
- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Company uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

The measurement approach for insurance contracts 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 is a variable fee.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Company'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 account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the fulfilment cash flow ("FCF") that do not vary based on the returns on underlying items.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(f) Measurement - Insurance contracts (contd.)

Subsequent measurement

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

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

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

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

GMM

For insurance contracts 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 receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(f) Measurement - Insurance contracts (contd.)

GMM (contd.)

- 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 profit or loss and other comprehensive income rather than adjusting the CSM).
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Whereas the changes in fulfilment cash flows that are not relating to future service and thus do not adjust the CSM comprise of:
- Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- Changes in the FCF relating to the liability for incurred claims ("LIC");
- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows); and
- Change in the risk adjustment for non-financial risks for risks expired.

VFA

For insurance contracts certificates under the VFA, the changes in fulfilment cash flows relating to future service and thus adjust the CSM comprise of:
- Changes in the Company 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 received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-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
  - (v) Changes in the risk adjustment for non-financial risk that relate to future service.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(f) Measurement - Insurance contracts (contd.)

VFA (contd.)

For insurance contracts 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 the amount equal to the fair value of the underlying items;
- Changes in the FCF that do not vary based on the returns of underlying items:
  (i) Changes in the FCF relating to the LIC;
  (ii) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows); and
  (iii) Change in the risk adjustment for non-financial risks for risks expired.

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

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosure on the loss component, please refer to Note 2.2(x)(k)(ii).

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to 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 Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

(g) Measurement - Reinsurance contracts

Initial measurement

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(g) Measurement - Reinsurance contracts (contd.)

Initial measurement (contd.)

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

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(g) Measurement - Reinsurance contracts (contd.)

Subsequent measurement

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

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurance, including the effects of collateral and losses from disputes.
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurance.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contracts 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 held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit or loss and not the contractual service margin of the reinsurance contract held.

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(h) Insurance receivable and payables

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

i) Liability for remaining coverage - Insurance receivable

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

Insurance receivables are derecognised following the derecognition criteria for financial instruments.

The impairment on insurance receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance and reinsurance receivables are grouped based on different sales channel and different reinsurance premium type's arrangement respectively. The impairment is calculated on the total outstanding balance including all 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 payable

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

(i) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(j) Insurance acquisition cash flows

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

The Company uses a systematic and rational method to allocate:

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

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

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(j) Insurance acquisition cash flows (contd.)

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

(k) Presentation

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

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

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

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

(i) Insurance revenue

Contracts measured under PAA

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(k) Presentation (contd.)

(i) Insurance revenue (contd.)

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

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

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

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

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

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- Amounts related to tax that are specifically chargeable to the policyholders.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- The experience adjustments for premium receipts other than those that related to future service.
- Amount related to insurance acquisition cash flows.

For management judgement applied to the amortisation of CSM, please refer to Note 2.1(d)(iv).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(k) Presentation (contd.)

(ii) Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company 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 (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

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

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

(iii) Loss-recovery components

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(k) Presentation (contd.)

(iii) Loss-recovery components (contd.)

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

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

(iv) Net income or expense from reinsurance contracts held

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

(k) Presentation (contd.)

(v) Insurance finance income and expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:
- Interest accreted on the LIC; and
- the effect of changes in interest rates and other financial assumptions.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:
- Interest accreted on the FCF and the CSM;
- The effect of changes in interest rates and other financial assumptions; and
- Net foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:
- Changes in the fair value of underlying items;
- Interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- The effect of changes in interest 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.)

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

(k) Presentation (contd.)

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

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

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

(xi) Revenue recognition

<u>Revenue from contracts with customers</u>

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xi) Revenue recognition (contd.)

Revenue from contracts with customers (contd.)

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

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

Other revenue

(a) Interest income

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

(b) Dividend income

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

(c) Rental income

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xii) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions ("SOCSO") are recognised as an expense in profit or loss in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as an expenses 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 Company using the recognition and measurement bases similar to that for defined contribution plans disclosed in Note 2.2(xiii)(c), except that the remeasurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

(c) Defined contribution plans

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

(d) Share-based compensation

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiii) Foreign currencies

(a) Functional and presentation currency

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

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

(b) Foreign currency transactions and balances

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

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the dates 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.

(xiv) 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 Company have determined the Chief Executive Officer as its chief operating decision-maker.

All transactions between business segments (Intra-segment revenue and costs) are eliminated at Company level. Income and expenses directly associated with each business segment are included in determining business segment performance.

The Company disclosed its segment information by funds in Note 48.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.3 New and amended standards and interpretations

On 1 January 2024, the Company adopted the following Amendments to Standards mandatory for annual financial periods beginning on or after 1 January 2024:

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT

	Properties # RM'000	Furniture, fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Electrical and security equipment RM'000	Work-in-progress RM'000	Total RM'000
2024						
Cost						
At 1 January 2024	305	50,274	11,871	53,095	5,434	120,979
Additions	-	3,063	42	345	5,478	8,928
Disposals	-	(489)	(22)	-	(377)	(888)
At 31 December 2024	305	52,848	11,891	53,440	10,535	129,019
Accumulated Depreciation and Impairment Losses						
At 1 January 2024	259	42,835	10,148	41,294	-	94,536
Depreciation charge for the financial year (Note 31)	-	2,776	1,085	2,381	-	6,242
Disposals	-	(142)	(1)	-	-	(143)
At 31 December 2024	259	45,469	11,232	43,675	-	100,635
Analysed as:						
- Accumulated depreciation	50	45,469	11,232	43,675	-	100,426
- Accumulated allowance for impairment losses	209	-	-	-	-	209
	259	45,469	11,232	43,675	-	100,635
Net Book Value						
At 31 December 2024	46	7,379	659	9,765	10,535	28,384

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Properties # RM'000	Furniture, fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Electrical and security equipment RM'000	Work-in-progress RM'000	Total RM'000
2023						
Cost						
At 1 January 2023	305	48,512	11,862	48,359	7,630	116,668
Additions	-	1,786	9	99	5,378	7,272
Disposal	-	(508)	-	-	-	(508)
Reclassification	-	484	-	4,637	(5,121)	-
Transfer to intangible assets (Note 7)	-	-	-	-	(2,453)	(2,453)
At 31 December 2023	305	50,274	11,871	53,095	5,434	120,979
Accumulated Depreciation and Impairment Losses						
At 1 January 2023	259	39,817	8,896	38,474	-	87,446
Depreciation charge for the financial year (Note 31)	-	3,031	1,252	2,820	-	7,103
Disposal	-	(13)	-	-	-	(13)
At 31 December 2023	259	42,835	10,148	41,294	-	94,536
Analysed as:						
- Accumulated depreciation	50	42,835	10,148	41,294	-	94,327
- Accumulated allowance for impairment losses	209	-	-	-	-	209
	259	42,835	10,148	41,294	-	94,536
Net Book Value						
At 31 December 2023	46	7,439	1,723	11,801	5,434	26,443

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Properties consist of:

	Freehold land RM'000	Buildings on freehold land RM'000	Total RM'000
2024			
Cost			
At 1 January/31 December 2024	100	205	305
Accumulated Depreciation and Impairment Losses			
At 1 January/31 December 2024	54	205	259
Analysed as:			
- Accumulated depreciation	-	50	50
- Accumulated allowance for impairment losses	54	155	209
	54	205	259
Net Book Value			
At 31 December 2024	46	-	46
2023			
Cost			
At 1 January/31 December 2023	100	205	305
Accumulated Depreciation and Impairment Losses			
At 1 January/31 December 2023	54	205	259
Analysed as:			
- Accumulated depreciation	-	50	50
- Accumulated allowance for impairment losses	54	155	209
	54	205	259
Net Book Value			
At 31 December 2023	46	-	46

4. INVESTMENT PROPERTIES

	Freehold land and buildings	Leasehold land and buildings	Total
	<----- At valuation ------>		
	RM'000	RM'000	RM'000
2024			
At 1 January 2024	366,410	640,000	1,006,410
Additions	-	474	474
Fair value adjustments (Note 25)	4,100	16,526	20,626
At 31 December 2024	370,510	657,000	1,027,510
2023			
At 1 January 2023	361,395	619,000	980,395
Additions	-	856	856
Fair value adjustments (Note 25)	5,015	20,144	25,159
At 31 December 2023	366,410	640,000	1,006,410

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

	2024 RM'000	2023 RM'000
Rental income (Note 25)	79,946	77,227
Rental related expenses (Note 25)	(26,398)	(28,217)
	53,548	49,010

4. INVESTMENT PROPERTIES (CONTD.)

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

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

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

5. PREPAID LAND LEASE PAYMENTS

	2024 RM'000	2023 RM'000
Cost		
At 1 January/31 December	1,298	1,298
Accumulated Depreciation and Impairment Losses		
At 1 January	410	561
Amortisation charge for the financial year (Note 31)	26	26
Reversal of impairment losses (Note 30)	-	(177)
At 31 December	436	410
Analysed as:		
- Accumulated depreciation	436	410
Net Book Value		
At 31 December	862	888

6. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

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

	Premises 2024 RM'000	Premises 2023 RM'000
Cost		
At 1 January	110	110
Contract renewal	1	-
At 31 December	111	110
Accumulated Depreciation and Impairment Losses		
At 1 January	49	12
Depreciation charge for the financial year (Note 31)	34	37
At 31 December	83	49
Net Book Value		
At 31 December	28	61

The movement of lease liabilities is disclosed as follows:

	Premises 2024 RM'000	Premises 2023 RM'000
Lease liabilities		
At 1 January	62	98
Interest on lease liabilities (Note 31)	1	3
Payment of lease liabilities	(35)	(39)
At 31 December (Note 18)	28	62
Lease liabilities by remaining maturity:		
Less than 12 months	28	37
More than 12 months	-	25
Total	28	62

7. INTANGIBLE ASSETS

	Computer software and licences RM'000	Software development costs RM'000	Total RM'000
2024			
Cost			
At 1 January 2024	121,397	519	121,916
Additions	2,484	372	2,856
At 31 December 2024	123,881	891	124,772
Accumulated Amortisation			
At 1 January 2024	79,713	-	79,713
Amortisation charge for the financial year (Note 31)	8,528	-	8,528
At 31 December 2024	88,241	-	88,241
Net Book Value			
At 31 December 2024	35,640	891	36,531
2023			
Cost			
At 1 January 2023	116,038	403	116,441
Additions	2,057	965	3,022
Reclassification	1,852	(1,852)	-
Transfer from property, plant and equipment (Note 3)	1,450	1,003	2,453
At 31 December 2023	121,397	519	121,916
Accumulated Amortisation			
At 1 January 2023	71,190	-	71,190
Amortisation charge for the financial year (Note 31)	8,523	-	8,523
At 31 December 2023	79,713	-	79,713
Net Book Value			
At 31 December 2023	41,684	519	42,203

8. INVESTMENTS

	2024 RM'000	2023 RM'000
Malaysian government papers	1,179,656	1,354,761
Equity securities	2,276,738	1,695,982
Debt securities	6,865,470	7,461,500
Unit and property trust funds	1,111,193	869,756
Structured products (Note 9)	219,667	212,511
Deposits with financial institutions	612,484	511,169
	12,265,208	12,105,679

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

	2024 RM'000	2023 RM'000
Fair value through profit or loss ("FVTPL") (Note a):		
- Designated upon initial recognition	6,140,596	6,875,103
- Held for trading ("HFT")	4,005,476	3,187,545
	10,146,072	10,062,648
Fair value through other comprehensive income ("FVOCI") (Note b)	1,506,652	1,531,862
Amortised cost ("AC") (Note c)	612,484	511,169
	12,265,208	12,105,679

Of which, the following investments mature after 12 months:

	2024 RM'000	2023 RM'000
FVTPL		
- Designated upon initial recognition	5,990,103	6,632,262
- HFT	785,627	764,647
FVOCI	1,331,545	1,374,068
	8,107,275	8,770,977

8. INVESTMENTS (CONTD.)

	2024 RM'000	2023 RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
At fair value		
Malaysian government papers	663,055	918,883
Debt securities:		
Unquoted in Malaysia	5,156,536	5,655,816
Unquoted outside Malaysia	101,430	87,901
Structured products (Note 9)	219,575	212,503
Total financial assets designated as FVTPL upon initial recognition	6,140,596	6,875,103
(ii) HFT		
At fair value		
Malaysian government papers	138,522	171,194
Debt securities:		
Unquoted in Malaysia	648,908	595,349
Equity securities:		
Quoted in Malaysia	1,909,385	1,410,578
Quoted outside Malaysia	60,595	55,331
Unquoted in Malaysia	136,781	85,329
Unit and property trust funds:		
Quoted in Malaysia	15,951	22,491
Quoted outside Malaysia	1,095,242	847,265
Structured products (Note 9)	92	8
Total HFT financial assets	4,005,476	3,187,545
Total FVTPL financial assets	10,146,072	10,062,648

8. INVESTMENTS (CONTD.)

(b) FVOCI

	2024 RM'000	2023 RM'000
At fair value		
Malaysian government papers	378,079	264,684
Debt securities:		
Unquoted in Malaysia	958,596	1,122,434
Equity securities*:		
Quoted in Malaysia	169,977	144,744
Total FVOCI financial assets	1,506,652	1,531,862

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

During the financial year, the Company 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 Company as high dividend yielding stocks. The total fair value on the date of sales (gross of tax) are RM11,468,000 (2023: RM3,472,000) and the realised gains/(losses) recognised on disposal of these securities amounted to RM214,000 (2023: (RM5,810,000)).

(c) AC

	2024 RM'000	2023 RM'000
Fixed and call deposits with:		
Licenced financial institutions	591,371	506,169
Other licenced financial institutions	21,113	5,000
Total AC financial assets	612,484	511,169

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 46(c) to the financial statements.

9. STRUCTURED PRODUCTS

Structured products of the Company 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:

	<------------ 2024 ------------>		<------------- 2023 ------------>	
	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	210,000	219,575	210,000	212,503
Index-linked notes	27,063	92	27,063	8
Total structured products (Note 8)		219,667		212,511

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

10. FINANCING RECEIVABLES

	2024 RM'000	**2023 RM'000**
<u>At amortised cost:</u>		
Staff loans - Secured	23,104	22,632
Non-staff loans	1,254	1,005
Allowance for impairment losses (Note 43(i))	(484)	(592)
	23,874	23,045
Of which, receivable after 12 months	22,159	20,902

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

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

	2024 Per annum	**2023 Per annum**
Staff loans	1.93%	1.96%
Non-staff loans	5.02%	5.00%

11. REINSURANCE CONTRACT ASSETS

Composition of Statement of Financial Position

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

	2024 RM'000	2023 RM'000
Reinsurance contracts held		
Retail		
Non-participating:		
- Proportional Non-Par	52,981	52,320
- Non-Proportional Excess of Loss	1,359	1,599
	54,340	53,919
Investment linked:		
- Proportional: Investment-linked	16,906	17,558
Total reinsurance contracts held	71,246	71,477
Of which:		
Measured at PAA	1,359	1,544
Not measured at PAA	69,887	69,933
	71,246	71,477

11. REINSURANCE CONTRACT ASSETS (CONTD.)

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

The Company's roll forward of reinsurance contract assets 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:

		ARC	AIC	
2024	**Note**	**Excluding loss recovery component RM'000**	**Present value of future cash flows RM'000**	**Total RM'000**
Reinsurance contract assets as at 1 January 2024		(581)	2,125	1,544
Allocation of reinsurance premium:				
Amounts relating to the changes in assets for remaining coverage		(2,663)	-	(2,663)
Amounts recoverable from reinsurers:				
Amounts recoverable for incurred claims and other expenses		-	1,239	1,239
Changes that relates to past services - adjustment to AIC		-	561	561
		-	1,800	1,800
Net (expense)/income from reinsurance contracts held	21	(2,663)	1,800	(863)
Total amount recognised in profit or loss		(2,663)	1,800	(863)
Cash flows				
Premiums paid, net of ceding commission		3,244	-	3,244
Recoveries from reinsurer		-	(2,566)	(2,566)
Total cash flows		3,244	(2,566)	678
Reinsurance contract assets as at 31 December 2024		-	1,359	1,359

11. REINSURANCE CONTRACT ASSETS (CONTD.)

Reinsurance Contract Assets (contd.)

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

The Company's roll forward of reinsurance contract assets 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.):

		ARC	AIC	
2023	**Note**	**Excluding loss recovery component RM'000**	**Present value of future cash flows RM'000**	**Total RM'000**
Reinsurance contract assets as at 1 January 2023		-	1,285	1,285
Allocation of reinsurance premium:				
Amounts relating to the changes in assets for remaining coverage		(1,047)	-	(1,047)
Amounts recoverable from reinsurers:				
Amounts recoverable for incurred claims and other expenses*		-	732	732
Changes that relates to past services - adjustment to AIC*		-	506	506
		-	1,238	1,238
Net (expense)/income from reinsurance contracts held	21	(1,047)	1,238	191
Effect of changes in non-performance risk of reinsurers	29	-	2	2
Total amount recognised in profit or loss		(1,047)	1,240	193
Cash flows				
Premiums paid, net of ceding commission		466	-	466
Recoveries from reinsurer		-	(400)	(400)
Total cash flows		466	(400)	66
Reinsurance contract assets as at 31 December 2023		(581)	2,125	1,544

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

11. REINSURANCE CONTRACT ASSETS (CONTD.)

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

The Company's roll forward of reinsurance contract assets 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.):

2024	Note	ARC Excluding loss recovery component RM'000	AIC RM'000	Total RM'000
Reinsurance contract assets as at 1 January 2024		(1,209)	71,142	69,933
Allocation of reinsurance premium:				
Amounts relating to the changes in assets for remaining coverage		(50,672)	-	(50,672)
Amounts recoverable from reinsurers:				
Amounts recoverable for incurred claims and other expenses		-	21,723	21,723
Changes that relates to past services - adjustment to AIC		-	576	576
		-	22,299	22,299
Net (expense)/income from reinsurance contracts held	21	(50,672)	22,299	(28,373)
Finance income from reinsurance contracts held	29	2,662	-	2,662
Effect of changes in non-performance risk of reinsurers	29	-	4	4
Total amount recognised in profit or loss		(48,010)	22,303	(25,707)
Cash flows				
Premiums paid, net of ceding commission		80,473	-	80,473
Recoveries from reinsurer		-	(54,812)	(54,812)
Total cash flows		80,473	(54,812)	25,661
Reinsurance contract assets as at 31 December 2024		31,254	38,633	69,887

11. REINSURANCE CONTRACT ASSETS (CONTD.)

Reinsurance Contract Assets (contd.)

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

The Company's roll forward of reinsurance contract assets 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.):

2023	Note	ARC Excluding loss recovery component RM'000	AIC RM'000	Total RM'000
Reinsurance contract assets as at 1 January 2023		36,117	56,206	92,323
Allocation of reinsurance premium:				
Amounts relating to the changes in assets for remaining coverage		(42,912)	-	(42,912)
Amounts recoverable from reinsurers:				
Amounts recoverable for incurred claims and other expenses*		-	7,244	7,244
Changes that relates to past services - adjustment to AIC*		-	9,024	9,024
		-	16,268	16,268
Net (expense)/income from reinsurance contracts held	21	(42,912)	16,268	(26,644)
Finance income from reinsurance contracts held	29	5,390	-	5,390
Effect of changes in non-performance risk of reinsurers	29	-	2	2
Total amount recognised in profit or loss		(37,522)	16,270	(21,252)
Cash flows				
Premiums paid, net of ceding commission		196	-	196
Recoveries from reinsurer		-	(1,334)	(1,334)
Total cash flows		196	(1,334)	(1,138)
Reinsurance contract assets as at 31 December 2023		(1,209)	71,142	69,933

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

11. REINSURANCE CONTRACT ASSETS (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, CSM and the impact of the transition approaches adopted to establish CSMs for Life insurance contract portfolios are shown below:

					CSM			
2024	Note	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	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
Reinsurance contract assets as at 1 January 2024		(8,940)	69,610	9,263	(190)	719	8,734	69,933
Changes that relate to current services								
CSM recognised for services received		-	-	(5,661)	(2,144)	(1,172)	(2,345)	(5,661)
Change in the risk adjustment for non-financial risks for the risks expired	21	-	(7,694)	-	-	-	-	(7,694)
Experience adjustments		(15,594)	-	-	-	-	-	(15,594)
Changes that relate to future services								
Contracts initially recognised in the year		(32,828)	17,479	15,349	15,349	-	-	-
Changes in estimates that adjust the CSM		(19,335)	9,371	9,964	39	8,569	1,356	-
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims*	21	576	-	-	-	-	-	576
Insurance service results		(67,181)	19,156	19,652	13,244	7,397	(989)	(28,373)
Finance (expenses)/income from reinsurance contract held		(1,947)	3,819	790	255	257	278	2,662
Effect of changes in non-performance risk		4	-	-	-	-	-	4
Total amount recognised in profit or loss		(69,124)	22,975	20,442	13,499	7,654	(711)	(25,707)
Cash flows								
Premiums paid, net of ceding commission		80,473	-	-	-	-	-	80,473
Recoveries from reinsurer		(54,812)	-	-	-	-	-	(54,812)
Total cash flows		25,661	-	-	-	-	-	25,661
Reinsurance contract assets as at 31 December 2024		(52,403)	92,585	29,705	13,309	8,373	8,023	69,887

11. REINSURANCE CONTRACT ASSETS (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, CSM and the impact of the transition approaches adopted to establish CSMs for Life insurance contract portfolios are shown below (contd.):

					CSM			
2023	**Note**	**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**	**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**
Reinsurance contract assets as at 1 January 2023		60,734	54,279	(22,690)	(2,457)	(18,180)	(2,053)	92,323
Changes that relate to current services								
CSM recognised for services received		-	-	(3,385)	(1,112)	253	(2,526)	(3,385)
Change in the risk adjustment for non-financial risks for the risks expired	21		(4,389)	-	-	-	-	(4,389)
Experience adjustments*		(27,894)	-	-	-	-	-	(27,894)
Changes that relate to future services								
Contracts initially recognised in the year		(18,915)	12,318	6,597	6,597	-	-	-
Changes in estimates that adjust the CSM		(31,075)	2,461	28,614	(3,249)	18,767	13,096	-
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims*	21	9,024	-	-	-	-	-	9,024
Insurance service results		(68,860)	10,390	31,826	2,236	19,020	10,570	(26,644)
Finance income/(expenses) from reinsurance contract held		322	4,941	127	31	(121)	217	5,390
Effect of changes in non-performance risk		2	-	-	-	-	-	2
Total amount recognised in profit or loss		(68,536)	15,331	31,953	2,267	18,899	10,787	(21,252)
Cash flows								
Premiums paid, net of ceding commission		196	-	-	-	-	-	196
Recoveries from reinsurer		(1,334)	-	-	-	-	-	(1,334)
Total cash flows		(1,138)	-	-	-	-	-	(1,138)
Reinsurance contract assets as at 31 December 2023		(8,940)	69,610	9,263	(190)	719	8,734	69,933

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

11. REINSURANCE CONTRACT ASSETS (CONTD.)

(c) Impact of contracts recognised in the period

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

	2024 Contracts purchased RM'000	2023 Contracts purchased RM'000
Estimates of the present value of future cash outflows	(99,909)	(89,878)
Estimates of the present value of future cash inflows	67,081	70,963
Risk adjustment for non-financial risks	17,479	12,318
CSM	15,349	6,597
Cost of retroactive cover on reinsurance contract assets held at 31 December	-	-

12. INSURANCE CONTRACT LIABILITIES

Composition of Statement of Financial Position

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

	2024 RM'000	2023 RM'000
Insurance contracts issued		
Group	2,169	1,522
Retail		
- Non-partipating	2,665,493	2,653,286
- Participating	5,550,201	5,715,281
- Investment linked	3,092,266	2,618,446
	11,307,960	10,987,013
Total insurance contracts issued	11,310,129	10,988,535
Of which:		
Measured at PAA	17,634	19,681
Not measured at PAA	11,292,495	10,968,854
	11,310,129	10,988,535

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

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

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

		LRC		LIC		
2024	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January 2024		4,917	2,003	11,786	975	19,681
Insurance revenue						
Contracts under fair value approach		(178)	-	-	-	(178)
Contracts under full restrospective approach and new contracts issued during the year		(48,763)	-	-	-	(48,763)
	19	(48,941)	-	-	-	(48,941)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	46,922	805	47,727
Amortisation of insurance acquisition cash flows		5,250	-	-	-	5,250
Changes that relates to past services - adjustment to LIC		-	-	(5,906)	(968)	(6,874)
Losses and reversal of losses on onerous contracts		-	(889)	-	-	(889)
	20	5,250	(889)	41,016	(163)	45,214
Insurance service result		(43,691)	(889)	41,016	(163)	(3,727)
Finance expenses from insurance contract issued	28	-	-	292	30	322
Total amount recognised in profit or loss and OCI		(43,691)	(889)	41,308	(133)	(3,405)

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

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

The overview of the movement for liabilities 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.):

		LRC		LIC		
2024	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Cash flows						
Premiums received	(i)	46,542	-	-	-	46,542
Claims and other insurance service expenses paid		-	-	(38,849)	-	(38,849)
Insurance acquisition cash flows		(4,951)	-	-	-	(4,951)
Total cash flows		41,591	-	(38,849)	-	2,742
Transfer to other liabilities	(ii)	-	-	(1,384)	-	(1,384)
Insurance contract liabilities as at 31 December 2024		2,817	1,114	12,861	842	17,634

Notes:

(i) Refunds of premiums have been included in this line.

(ii) These are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of premiums in the course of collection and witholding tax on amount payables.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

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

The overview of the movement for liabilities 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.):

2023	Note	LRC Excluding loss component RM'000	LRC Loss component RM'000	LIC Present value of future cash flows RM'000	LIC Risk adjustment for non-financial risks RM'000	Total RM'000
Insurance contract liabilities as at 1 January 2023		1,690	2,726	9,958	839	15,213
Insurance revenue						
Contracts under fair value approach		(460)	-	-	-	(460)
Contracts under full restrospective approach and new contracts issued during the year		(36,690)	-	-	-	(36,690)
	19	(37,150)	-	-	-	(37,150)
Insurance service expenses						
Incurred claims and other insurance service expenses*		-	-	40,201	834	41,035
Amortisation of insurance acquisition cash flows		5,779	-	-	-	5,779
Changes that relates to past services - adjustment to LIC*		-	-	(4,349)	(723)	(5,072)
Losses and reversal of losses on onerous contracts		-	(723)	-	-	(723)
	20	5,779	(723)	35,852	111	41,019
Insurance service result		(31,371)	(723)	35,852	111	3,869
Finance expenses from insurance contract issued	28	-	-	224	25	249
Total amount recognised in profit or loss and OCI		(31,371)	(723)	36,076	136	4,118

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

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

The overview of the movement for liabilities 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.):

		LRC		LIC		
2023	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**Present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Total RM'000**
Cash flows						
Premiums received	(i)	39,131	-	-	-	39,131
Claims and other insurance service expenses paid		-	-	(33,059)	-	(33,059)
Insurance acquisition cash flows		(4,533)	-	-	-	(4,533)
Total cash flows		34,598	-	(33,059)	-	1,539
Transfer to other liabilities	(ii)	-	-	(1,189)	-	(1,189)
Insurance contract liabilities as at 31 December 2023		4,917	2,003	11,786	975	19,681

Notes:

(i) Refunds of premiums have been included in this line.

(ii) These are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of premiums in the course of collection and witholding tax on amount payables.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA

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

		LRC			
2024	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**LIC RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January 2024		9,623,417	1,453	1,343,984	10,968,854
Insurance revenue					
Contracts under modified retrospective approach		(126,988)	-	-	(126,988)
Contracts under fair value approach		(231,307)	-	-	(231,307)
Contracts under full restrospective approach and new contracts issued during the year		(182,894)	-	-	- (182,894)
	19	(541,189)	-	-	(541,189)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	-	269,702	269,702
Amortisation of insurance acquisition cash flows		44,945	-	-	44,945
Changes that relates to past services - adjustment to LIC		-	-	6,871	6,871
Losses and reversal of losses on onerous contracts		-	123	-	123
	20	44,945	123	276,573	321,641
Investment components		(2,135,763)	-	2,135,763	-
Insurance service result		(2,632,007)	123	2,412,336	(219,548)
Finance expenses from insurance contract issued	28	972,381	57	279	972,717
Total amount recognised in profit or loss and OCI		(1,659,626)	180	2,412,615	753,169

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The overview of the movement for liabilities 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.):

2024	Note	LRC Excluding loss component RM'000	LRC Loss component RM'000	LIC Present value of future cash flow RM'000	Total RM'000
Cash flows					
Premiums received	(i)	1,140,609	-	-	1,140,609
Claims and other insurance service expenses paid		-	-	(1,428,338)	(1,428,338)
Insurance acquisition cash flows		(143,678)	-	-	(143,678)
Total cash flows		996,931	-	(1,428,338)	(431,407)
Transfer to other liabilities	(ii)	-	-	1,879	1,879
Insurance contract liabilities as at 31 December 2024		8,960,722	1,633	2,330,140	11,292,495

Notes:

(i) Refunds of premiums have been included in this line.

(ii) These are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of premiums in the course of collection and witholding tax on amount payables.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The overview of the movement for liabilities 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.):

		LRC		LIC	
2023	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**Present value of future cash flows RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January 2023		9,866,061	292	482,175	10,348,528
Insurance revenue					
Contracts under modified retrospective approach		(135,006)	-	-	(135,006)
Contracts under fair value approach		(256,306)	-	-	(256,306)
Contracts under full restrospective approach and new contracts issued during the year		(113,314)	-	-	(113,314)
	19	(504,626)	-	-	(504,626)
Insurance service expenses					
Incurred claims and other insurance service expenses*		-	-	251,435	251,435
Amortisation of insurance acquisition cash flows		28,649	-	-	28,649
Changes that relates to past services - adjustment to LIC*		-	-	25,802	25,802
Losses and reversal of losses on onerous contracts		-	1,147	-	1,147
	20	28,649	1,147	277,237	307,033
Investment components		(1,797,200)	-	1,797,200	-
Insurance service result		(2,273,177)	1,147	2,074,437	(197,593)
Finance expenses from insurance contract issued	28	1,050,003	14	1,532	1,051,549
Total amount recognised in profit or loss and OCI		(1,223,174)	1,161	2,075,969	853,956

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(a) Analysis by liability for remaining coverage and the liability for incurred claims not measured at PAA (contd.)

The overview of the movement for liabilities 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.):

		LRC		LIC	
2023	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**Present value of future cash flow RM'000**	**Total RM'000**
Cash flows					
Premiums received	(i)	1,137,681	-	-	1,137,681
Claims and other insurance service expenses paid		-	-	(1,214,859)	(1,214,859)
Insurance acquisition cash flows		(157,151)	-	-	(157,151)
Total cash flows		980,530	-	(1,214,859)	(234,329)
Transfer to other liabilities	(ii)	-	-	699	699
Insurance contract liabilities as at 31 December 2023		9,623,417	1,453	1,343,984	10,968,854

Notes:

(i) Refunds of premiums have been included in this line.

(ii) These are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of premiums in the course of collection and witholding tax on amount payables.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract not measured at PAA

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact on the current year of the transition approaches adopted to establishing CSMs for Life insurance contracts issued.

					CSM			
2024	**Note**	**Estimates of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**New contracts and contracts measured under the full retrospective approach at transition RM'000**	**Contracts measured under the modified retrospective approach at transition RM'000**	**Contracts measured under the fair value approach at transition RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January 2024		9,702,613	372,315	893,926	92,915	314,606	486,405	10,968,854
Changes that relate to current services								
CSM recognised for services provided		-	-	(113,023)	(32,584)	(27,872)	(52,567)	(113,023)
Change in the risk adjustment for non-financial risks for risk expired		-	(49,672)	-	-	-	-	(49,672)
Experience adjustments		(63,847)	-	-	-	-	-	(63,847)
Changes that relate to future services								
Contracts initially recognised in the year	12(c)	(257,864)	64,683	193,187	193,187	-	-	6
Changes in estimate that adjust the CSM		(52,819)	39,091	13,728	(8,226)	(61,270)	83,224	-
Changes in estimate that do not adjust the CSM		117	-	-	-	-	-	117
Changes that relate to past services								
Adjustments to liabilities for incurred claims	20	6,871	-	-	-	-	-	6,871
Insurance service result		(367,542)	54,102	93,892	152,377	(89,142)	30,657	(219,548)
Finance expenses from insurance contracts issued		950,666	9,050	13,001	6,115	-	6,886	972,717
Total amount recognised in profit or loss and OCI		583,124	63,152	106,893	158,492	(89,142)	37,543	753,169
Cash flows								
Premiums received	(i)	1,140,609	-	-	-	-	-	1,140,609
Claims and other insurance service expenses paid		(1,428,338)	-	-	-	-	-	(1,428,338)
Insurance acquisition cash flows		(143,678)	-	-	-	-	-	(143,678)
Total cash flows		(431,407)	-	-	-	-	-	(431,407)
Transfer to other liabilities	(ii)	1,879	-	-	-	-	-	1,879
Insurance contract liabilities as at 31 December 2024		9,856,209	435,467	1,000,819	251,407	225,464	523,948	11,292,495

Notes:
(i) Refunds of premiums have been included in this line.
(ii) These are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and witholding tax on amount payables.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(b) Analysis by measurement component of insurance contract not measured at PAA (contd.)

Insurance Contract Issued (contd.)

The table below presents a roll-forward of the net asset or liability showing estimates of the present value of future cash flows, risk adjustment, CSM and the impact on the current year of the transition approaches adopted to establishing CSMs for Life insurance contracts issued (contd.)

					CSM			
2023	**Note**	**Estimates of the present value of future cash flows RM'000**	**Risk adjustment for non-financial risks RM'000**	**Contractual service margin (CSM) RM'000**	**New contracts and contracts measured under the full retrospective approach at transition RM'000**	**Contracts measured under the modified retrospective approach at transition RM'000**	**Contracts measured under the fair value approach at transition RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January 2023		9,159,190	344,749	844,589	26,281	335,365	482,943	10,348,528
Changes that relate to current services								
CSM recognised for services provided		-	-	(97,647)	(18,936)	(30,144)	(48,567)	(97,647)
Change in the risk adjustment for non-financial risks for risk expired		-	(42,139)	-	-	-	-	(42,139)
Experience adjustments*		(84,756)	-	-	-	-	-	(84,756)
Changes that relate to future services								
Contracts initially recognised in the year	12(c)	(213,275)	56,786	156,572	156,572	-	-	83
Changes in estimate that adjust the CSM		16,302	1,628	(17,930)	(73,482)	9,385	46,167	-
Changes in estimate that do not adjust the CSM		1,064	-	-	-	-	-	1,064
Changes that relate to past services								
Adjustments to liabilities for incurred claims*	20	25,805	(3)	-	-	-	-	25,802
Insurance service result		(254,860)	16,272	40,995	64,154	(20,759)	(2,400)	(197,593)
Finance expenses from insurance contracts issued		1,031,913	11,294	8,342	2,480	-	5,862	1,051,549
Total amount recognised in profit or loss and OCI		777,053	27,566	49,337	66,634	(20,759)	3,462	853,956
Cash flows								
Premiums received	(i)	1,137,681	-	-	-	-	-	1,137,681
Claims and other insurance service expenses paid		(1,214,859)	-	-	-	-	-	(1,214,859)
Insurance acquisition cash flows		(157,151)	-	-	-	-	-	(157,151)
Total cash flows		(234,329)	-	-	-	-	-	(234,329)
Transfer to other liabilities	(ii)	699	-	-				699
Insurance contract liabilities as at 31 December 2023		9,702,613	372,315	893,926	92,915	314,606	486,405	10,968,854

Notes:

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

(i) Refunds of premiums have been included in this line.

(ii) These are the amounts that are classified as deemed settlement. Deemed settlement includes payables to intermediaries on commission of contribution in the course of collection and witholding tax on amount payables.

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(c) Impact of contracts recognised in the year

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

	2024			2023		
	Contracts issued			Contracts issued		
	Non-onerous RM'000	Onerous RM'000	Total RM'000	Non-onerous RM'000	Onerous RM'000	Total RM'000
Estimates of present value of future cash inflows	(1,981,735)	(404)	(1,982,139)	(1,744,740)	(9,321)	(1,754,061)
Estimate of present value of future cash outflows:						
Benefits/claims payable and other expenses	1,590,117	405	1,590,522	1,420,435	9,278	1,429,713
Insurance acquisition cash flows	133,751	2	133,753	111,023	50	111,073
Risk adjustment for non-financial risks	64,680	3	64,683	56,710	76	56,786
CSM	193,187	-	193,187	156,572	-	156,572
Losses on onerous contracts at initial recognition	-	6	6	-	83	83

12. INSURANCE CONTRACT LIABILITIES (CONTD.)

(d) Expected release of CSM

The disclosure of when the CSM is expected to be recognised in profit or loss in future years is presented below:

	2024							
	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	5 - 10 years RM'000	More than 10 years RM'000	Total RM'000
Insurance contracts issued	110,131	97,642	86,926	77,236	68,669	245,090	315,125	1,000,819
Reinsurance contacts held	(5,851)	(4,322)	(3,523)	(2,944)	(2,523)	(7,444)	(3,098)	(29,705)

	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 issued	93,980	83,760	75,067	67,163	60,035	220,261	293,660	893,926
Reinsurance contacts held	(2,471)	(1,815)	(1,420)	(1,125)	(932)	(2,343)	843	(9,263)

13. OTHER ASSETS

	2024 RM'000	2023 RM'000
Sundry receivables, deposits and prepayments	33,156	15,441
Allowance for impairment losses (Note 43(i))	(254)	(254)
	32,902	15,187
Income due and accrued*	119,838	128,890
Allowance for impairment losses (Note 43(i))	(86)	(156)
	119,752	128,734
Amounts due from**: (Note 40(b))		
- Other related companies within the EIHSB Group	111	-
- Other related companies within the MAHB Group	1,804	2,230
Amount due from stockbrokers	6,459	9,204
Amount due from fund manager	-	320
	8,374	11,754
Total other assets	161,028	155,675

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

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

The carrying amounts (other than prepayments and deposits) are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

14. 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.

	2024			2023		
	Principal/ Notional Amount RM'000	Asset RM'000	Liabilities RM'000	Principal/ Notional Amount RM'000	Asset RM'000	Liabilities RM'000
Hedging derivatives:						
Cross currency swaps	49,300	5,679	-	49,300	-	2,891
Forward foreign exchange contracts	129,249	-	665	55,474	181	13
Total derivatives		5,679	665		181	2,904

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

<u>Hedging derivatives:</u>

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

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

15. DEFERRED TAXATION

	2024 RM'000	2023 RM'000
At 1 January	(399,739)	(346,173)
Recognised in:		
Profit or loss	(102,375)	(44,885)
- Taxation borne by policyholders (Note 33)	(30,922)	(48,979)
- Taxation (Note 34)	(71,453)	4,094
Other comprehensive income (Note 34)	(6,065)	(8,681)
At 31 December	(508,179)	(399,739)

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

	2024 RM'000	2023 RM'000
Deferred tax assets	3,435	6,031
Deferred tax liabilities	(511,614)	(405,770)
	(508,179)	(399,739)

15. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Assets

2024	**Impairment losses on receivables RM'000**	**Net amortisation of premium on investments RM'000**	**Unrealised currency exchange RM'000**	**Impairment losses on investments RM'000**	**Provision for bonus RM'000**	**Total RM'000**
At 1 January 2024	546	3,113	-	37	2,335	6,031
Recognised in:						
Profit or loss	71	(513)	203	(22)	(2,335)	(2,596)
- Taxation borne by policyholders	97	241	203	6	-	547
- Taxation	(26)	(754)	-	(28)	(2,335)	(3,143)
At 31 December 2024	617	2,600	203	15	-	3,435

15. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Assets (contd.)

2023	Impairment losses on receivables RM'000	Net amortisation of premium on investments RM'000	Unrealised currency exchange RM'000	Unit-linked RM'000	Impairment losses on investments RM'000	FVOCI reserve RM'000	Provision for bonus RM'000	Total RM'000
At 1 January 2023	607	2,748	128	1,386	26	7,240	1,893	14,028
Recognised in:								
Profit or loss	(61)	365	(128)	(1,386)	11	-	442	(757)
- Taxation borne by policyholders	(81)	308	(128)	(1,386)	5	-	-	(1,282)
- Taxation	20	57	-	-	6	-	442	525
Other comprehensive income	-	-			-	(7,240)	-	(7,240)
At 31 December 2023	546	3,113	-	-	37	-	2,335	6,031

15. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Liabilities

	Accelerated capital allowances RM'000	Fair value adjustment RM'000	Life fund unallocated surplus RM'000	Unrealised currency exchange RM'000	Unit-linked RM'000	FVOCI reserve RM'000	Total RM'000
2024							
At 1 January 2024	(6,034)	(66,216)	(311,297)	(406)	(19,217)	(2,600)	(405,770)
Recognised in:							
Profit or loss	2,846	(14,925)	(68,456)	406	(19,736)	86	(99,779)
- Taxation borne by policyholders	2,846	(14,935)	-	406	(19,736)	(50)	(31,469)
- Taxation	-	10	(68,456)	-	-	136	(68,310)
Other comprehensive income	-	-	-	-	-	(6,065)	(6,065)
At 31 December 2024	(3,188)	(81,141)	(379,753)	-	(38,953)	(8,579)	(511,614)

15. DEFERRED TAXATION (CONTD.)

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

Deferred Tax Liabilities (contd.)

	Accelerated capital allowances RM'000	Fair value adjustment RM'000	Life fund unallocated surplus RM'000	Unrealised currency exchange RM'000	Unit-linked RM'000	FVOCI reserve RM'000	Total RM'000
2023							
At 1 January 2023	(3,745)	(40,627)	(315,829)	-	-	-	(360,201)
Recognised in:							
Profit or loss	(2,289)	(25,589)	4,532	(406)	(19,217)	(1,159)	(44,128)
- Taxation borne by policyholders	(2,289)	(25,419)	-	(406)	(19,217)	(366)	(47,697)
- Taxation	-	(170)	4,532	-	-	(793)	3,569
Other comprehensive income	-	-	-	-	-	(1,441)	(1,441)
At 31 December 2023	(6,034)	(66,216)	(311,297)	(406)	(19,217)	(2,600)	(405,770)

16. SHARE CAPITAL

	<-Number of shares->		<---------Amount---------->	
	2024	**2023**	**2024**	**2023**
	Units '000	**Units '000**	**RM'000**	**RM'000**
Issued and fully paid:				
Ordinary Shares				
At 1 January/31 December	100,000	100,000	100,000	100,000

17. RESERVES

	Note	2024 RM'000	2023 RM'000
Reserves:			
FVOCI reserve	(i)	90,513	45,472
Insurance finance reserve	(ii)	(93,285)	(63,633)
Revaluation reserve	(iii)	78,896	78,896
		76,124	60,735
Retained profits:			
Distributable	(iv)	51,415	438,071
Non distributable life funds surplus	(v)	1,326,662	1,095,744
		1,378,077	1,533,815
Total reserves		1,454,201	1,594,550

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

(ii) Insurance finance reserve presents the impact of changes in market discount rates on the insurance contract assets and liabilities.

(iii) The revaluation reserve of the Company 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.

(iv) The entire distributable profits of the Company may be distributed to the shareholders under the single-tier system.

(v) Non-distributable life fund surplus represents the unallocated surplus from the life funds. In accordance with the Financial Services Act 2013, in Malaysia, the unallocated surplus is only available for distribution to the shareholder's fund upon approval by the Appointed Actuary of the Company. Upon such approval, the distribution is presented as a transfer from non-distributable life fund surplus to distributable retained profits.

18. OTHER LIABILITIES

	2024 RM'000	2023 RM'000
Premium deposits	4,466	6,697
Dividend payable to policyholders	68,875	68,582
Lease liabilities (Note 6)	28	62
Provision for restoration costs	2	2
Amount due to*: (Note 40(b))		
- Ultimate holding company	12,104	10,650
- Immediate holding company	3,814	2,753
- Penultimate holding company	93	914
- Other related companies within the EIHSB Group	24	3
- Other related companies within the MAHB Group	17	96
- Other related companies within the Maybank Group	42	42
Amount due to stockbrokers	24,605	17,004
Amount due to fund manager	337	-
Unclaimed monies	32,728	17,594
Service tax payable	853	563
Sundry payables and other liabilities**	195,820	223,356
Other components of insurance contract liabilities	11,577	12,071
Total other liabilities	355,385	360,389

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

** Included in the sundry payables and other liabilities are mainly consist of provision for bonus, accrual, payroll payable and other miscellaneous or provision of expenses.

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

19. INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognised in the financial year:

	Note	2024 RM'000	2023 RM'000
Contracts not measured under the PAA			
Amounts relating to the changes in the liability for remaining coverage			
- Expected claims and insurance service expenses incurred in the year		338,098	335,582
- Change in the risk adjustment for non financial risk		49,672	42,139
- Amount of CSM recognised in profit or loss		113,023	97,647
Amounts relating to recovery of insurance acquisition cash flows		41,078	32,515
Experience adjustments for premiums receipts		(682)	(3,257)
Insurance revenue from contracts not measured under the PAA	12(a)	541,189	504,626
Insurance revenue from contracts measured under the PAA			
Release of premiums for current year	12(a)	48,941	37,150
Total insurance revenue		590,130	541,776

20. INSURANCE SERVICE EXPENSES

The table below presents an analysis of the total insurance service expenses recognised in the financial year:

		2024			2023*		
	Note	**PAA RM'000**	**Non-PAA RM'000**	**Total RM'000**	**PAA RM'000**	**Non-PAA RM'000**	**Total RM'000**
Incurred claims and other directly attributable expenses*		47,727	269,702	317,429	41,035	251,435	292,470
Changes that relates to past services - adjustment to LIC*		(6,874)	6,871	(3)	(5,072)	25,802	20,730
Losses on onerous contracts and reversal of those losses		(889)	123	(766)	(723)	1,147	424
Insurance acquisition cash flow amortisation		5,250	44,945	50,195	5,779	28,649	34,428
Total insurance service expenses	12(a)	45,214	321,641	366,855	41,019	307,033	348,052

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

21. NET (EXPENSES)/INCOME FROM REINSURANCE CONTRACTS HELD

The Company has disclosed an analysis of the net (expenses)/income from reinsurance contracts held during the year, shown in the table below:

	Note	2024 PAA RM'000	2024 Non-PAA RM'000	2024 Total RM'000	2023* PAA RM'000	2023* Non-PAA RM'000	2023* Total RM'000
Amounts relating to the changes in the assets for remaining coverage							
Expected recovery for insurance service expenses incurred in the year	(i)	-	(37,081)	(37,081)	-	(35,257)	(35,257)
Net cost recognised in profit or loss	(ii)	(2,663)	(5,897)	(8,560)	(1,047)	(3,266)	(4,313)
Change in the risk adjustment for non-financial risks	(iii)	-	(7,694)	(7,694)	-	(4,389)	(4,389)
Allocation of reinsurance premium		(2,663)	(50,672)	(53,335)	(1,047)	(42,912)	(43,959)
Amounts recoverable for claims and other expenses incurred in the year*		1,239	21,723	22,962	732	7,244	7,976
Changes that relates to past services - adjustment to AIC*		561	576	1,137	506	9,024	9,530
Amounts recoverable from reinsurers		1,800	22,299	24,099	1,238	16,268	17,506
Total net (expenses)/income from reinsurance contracts held	11(a)	(863)	(28,373)	(29,236)	191	(26,644)	(26,453)

Notes:

* Certain amounts have been reclassified between the line items to conform with current year's presentation and disclosure requirements.

(i) Expected recovery for insurance service expenses incurred in the year comprise recovery for claims and other expenses which the Company expects to receive from reinsurers on covered events occurred during the year.

(ii) Net cost recognised in profit or loss during the coverage period of the corresponding groups of reinsurance contracts held based on established coverage units. Refer to Note 2.2(x)(g).

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

22. INTEREST REVENUE FROM FINANCIAL ASSETS NOT MEASURED AT FVTPL

	2024 RM'000	2023 RM'000
Interest income		
(i) Financial Assets at FVOCI		
Investment		
- Malaysian government papers	12,324	11,567
- Debt securities	47,690	53,049
(ii) Financial Assets at AC		
Investment		
- Deposits with financial institutions	20,433	20,346
Financing receivables		
- Staff loans	427	387
- Non-staff loans	36	39
Total interest revenue from financial assets not measured at FVTPL	80,910	85,388

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

	2024 RM'000	2023 RM'000
Realised gains on financial assets, net	176,176	23,983
Fair value gains/(losses) on:		
Investment		
- Malaysian government papers	9,865	40,002
- Equity securities	258,369	102,686
- Debt securities	41,935	296,664
- Unit and property trust funds	127,870	107,410
- Structured products	7,156	6,929
- Derivatives	7,737	(3,231)
Total net fair value gains on financial assets measured at FVTPL	629,108	574,443

24. NET FAIR VALUE GAINS/(LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	2024 RM'000	2023 RM'000
Fair value (losses)/gains on:		
- Malaysian government papers	(6,570)	(2,858)
- Debt securities	10,866	59
Total net fair value gains/(losses) on derecognition of financial assets measured at FVOCI	4,296	(2,799)

25. OTHER INVESTMENT INCOME

	2024 RM'000	2023 RM'000
Dividend income:		
Equity securities	84,071	69,325
Unit and property trust funds	1,431	1,321
Fair value gains:		
Investment properties (Note 4)	20,626	25,159
Interest income at FVTPL:		
Investments	333,128	355,709
Rental income (Note 4)	79,946	77,227
Rental related expenses (Note 4)	(26,398)	(28,217)
Net amortisation of premiums	(8,493)	(9,956)
Investment related expenses, net	(4,401)	(3,699)
Obligations on financial assets sold under repurchase agreements	(1)	-
Total other investment income	479,909	486,869

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

	2024 RM'000	2023 RM'000
Reversal of/(Allowance for) impairment losses on:		
- financing receivables (Note 43(i))	108	(83)
- investments	64	(156)
Total net reversal of/(allowance for) impairment losses on financial assets	172	(239)

27. NET FOREIGN EXCHANGE (LOSSES)/GAINS

	2024 RM'000	2023 RM'000
Net realised (losses)/gains	(2,396)	14,360
Net unrealised (losses)/gains	(40,263)	37,551
Total net foreign exchange (losses)/gains	(42,659)	51,911

28. FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED

An analysis of net investment income and net insurance finance expenses.

	Note	2024 PAA RM'000	2024 Non-PAA RM'000	2024 Total RM'000	2023 PAA RM'000	2023 Non-PAA RM'000	2023 Total RM'000
Finance expenses from insurance contracts issued							
Changes in fair value of underlying assets of contractsmeasured under the VFA		-	(870,585)	(870,585)	-	(924,109)	(924,109)
Change in financial risk on LIC claims reserve component - Direct		(3)	-	(3)	(1)	-	(1)
Interest accreted using current financial assumption		(319)	(21,915)	(22,234)	(248)	(14,589)	(14,837)
Effect of changes in interest rates and other financial assumptions		-	(67,216)	(67,216)	-	(98,114)	(98,114)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/Interest accreted using locked-in-rates		-	(13,001)	(13,001)	-	(14,737)	(14,737)
Finance expenses from insurance contracts issued	12(a)	(322)	(972,717)	(973,039)	(249)	(1,051,549)	(1,051,798)
Represented by:							
Amount recognised in profit or loss		(322)	(941,213)	(941,535)	(249)	(996,515)	(996,764)
Amount recognised in OCI		-	(31,504)	(31,504)	-	(55,034)	(55,034)
		(322)	(972,717)	(973,039)	(249)	(1,051,549)	(1,051,798)

29. FINANCE INCOME FROM REINSURANCE CONTRACTS HELD

	Note	2024 PAA RM'000	2024 Non-PAA RM'000	2024 Total RM'000	2023 PAA RM'000	2023 Non-PAA RM'000	2023 Total RM'000
<u>**Reinsurance contracts held**</u>							
Finance income from reinsurance contracts held							
Interest accreted using current financial assumptions		-	2,633	2,633	-	2,213	2,213
Effect of changes in interest rates and other financial assumptions		-	(64)	(64)	-	2,407	2,407
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/interest accreted using locked-in-rates		-	93	93	-	770	770
Changes in risk non-performance reinsurer		-	4	4	2	2	4
Finance income from reinsurance contracts held	11(a)	-	2,666	2,666	2	5,392	5,394
Represented by:							
Amount recognised in profit or loss		-	2,666	2,666	2	5,392	5,394

29. FINANCE INCOME FROM REINSURANCE CONTRACTS HELD (CONTD.)

	2024 PAA RM'000	2024 Non-PAA RM'000	2024 Total RM'000	2023 PAA RM'000	2023 Non-PAA RM'000	2023 Total RM'000
Net investment result and net finance income/(expenses):						
Represented by:						
Amount recognised in profit or loss						
Net investment income	-	1,151,736	1,151,736	-	1,195,573	1,195,573
Finance expense from insurance contracts	(322)	(941,213)	(941,535)	(249)	(996,515)	(996,764)
Finance income from reinsurance contracts	-	2,666	2,666	2	5,392	5,394
	(322)	213,189	212,867	(247)	204,450	204,203
Amount recognised in OCI						
Net investment income	-	14,589	14,589	-	78,212	78,212
Finance expense from insurance contracts	-	(31,504)	(31,504)	-	(55,034)	(55,034)
	-	(16,915)	(16,915)	-	23,178	23,178

30. OTHER EXPENSES, NET

	2024 RM'000	2023 RM'000
(A) Other income		
Reversal of impairment losses on:		
- prepaid land lease payments (Note 5)	-	177
- other assets (Note 43(i))	70	326
Sundry income	1,509	2,492
Total other income	1,579	2,995
(B) Total other expenses (Note 31)	(9,049)	(7,131)
Total other expenses, net	(7,470)	(4,136)

31. EXPENSES

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

	2024				2023			
	Insurance service expenses*				Insurance service expenses*			
	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Commission expenses (A)	71,610	50,898	-	122,508	62,451	32,222	-	94,673
<u>Other expenses</u>								
Employee benefits expense (Note a)	32,945	69,539	2,176	104,660	34,278	72,598	2,763	109,639
Directors' remuneration (Note 32)	-	-	806	806	-	-	830	830
Shariah Committee's remuneration	-	2	-	2	-	2	-	2
Auditors' remuneration:								
- statutory audits	-	920	-	920	-	1,226	-	1,226
- regulatory related services	-	209	-	209	-	209	-	209
- other services	-	-	-	-	-	61	-	61
Amortisation of intangible assets (Note 7)	-	8,528	-	8,528	-	8,523	-	8,523
Amortisation of prepaid land lease payments (Note 5)	-	26	-	26	-	26	-	26
Assured medical fees	1,025	-	-	1,025	760	-	-	760
Other finance cost	-	4,242	5	4,247	-	4,250	52	4,302
Depreciation of property, plant and equipment (Note 3)	-	6,242	-	6,242	-	7,103	-	7,103
Right-of-use expenses: (Note 6)								
- Depreciation	-	34	-	34	-	37	-	37
- Lease liabilities interest	-	1	-	1	-	3	-	3
Other management fees	345	574	7	926	254	596	3	853
Outside services and others	-	325	-	325	-	800	-	800
Professional fees	1	(73)	-	(72)	-	529	-	529
Short term leases	1,140	3,329	10	4,479	1,143	3,005	9	4,157
Small value assets	-	1	-	1	-	-	-	-
Office facilities expenses	5	526	-	531	-	738	-	738

31. EXPENSES (CONTD.)

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

	2024				2023			
	Insurance service expenses*				Insurance service expenses*			
	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Electronic data processing expenses	1,720	749	-	2,469	1,155	3,464	-	4,619
Expensed assets	-	1	-	1	-	1	-	1
Information technology outsourcing	2,078	6,235	-	8,313	1,712	533	-	2,245
Postage and stamp duties	567	1,252	7	1,826	523	1,110	5	1,638
Printing and stationery	-	794	-	794	-	476	-	476
Promotional and marketing costs	33,818	109	841	34,768	19,543	55	594	20,192
Training expenses	951	780	1	1,732	650	1,942	2	2,594
Utilities, assessment and maintenance	-	1,272	2	1,274	-	1,841	3	1,844
Entertainment	-	-	171	171	-	-	140	140
Travelling expenses	534	630	9	1,173	579	488	28	1,095
Tax services expense	-	1	-	1	-	-	-	-
Legal fees	-	97	-	97	-	85	-	85
Licence, subscription and levies	-	728	-	728	-	1,163	-	1,163
Contract staff services	403	1,521	1	1,925	308	2,059	2	2,369
Policy related expenses	2,310	7,725	175	10,210	3,574	4,723	2	8,299
Others	-	410	228	638	-	(3,229)	75	(3,154)
Total other expenses (B)	77,842	116,729	4,439	199,010	64,479	114,417	4,508	183,404
<u>Other operating expenses</u>								
Sundry expenditure	-	(782)	4,610	3,828	-	2,189	2,623	4,812
Total other operating expenses (C)	-	(782)	4,610	3,828	-	2,189	2,623	4,812
Total other expenses (A) + (B) + (C)	149,452	166,845	9,049	325,346	126,930	148,828	7,131	282,889

31. EXPENSES (CONTD.)

	2024 RM'000	2023 RM'000
Represented by:		
Insurance service expenses	316,297	275,758
Other expenses	9,049	7,131
	325,346	282,889

* Insurance service expenses included acquisition and maintenance expenses which are directly attributable to group of insurance contracts. Insurance acquisition cash flow is subjected to amortisation in accordance to Note 2.1(d)(i).

(a) Employee Benefits Expense:

	2024 RM'000	2023 RM'000
Wages, salaries and bonuses	80,012	82,469
Employees Provident Fund ("EPF")	12,516	13,223
Social Security Contributions ("SOCSO")	575	582
Employees' Share Grant Plan ("ESGP")	1,598	1,871
Other benefits	9,959	11,494
	104,660	109,639

Included in employee benefits expense above are remuneration of CEOs of the Company amounting to nil (2023: RM1,712,000) as further disclosed in Note (d).

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

	2024 RM'000	2023 RM'000
Salary	-	885
EPF	-	211
ESGP	-	124
Other emoluments	-	492
	-	1,712

32. DIRECTORS' FEES AND REMUNERATION

	2024 RM'000	2023 RM'000
Non-executive directors:		
Fees	663	700
Other emoluments	143	130
Total directors' fees and remuneration	806	830

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

2024	Fees RM'000	Other emoluments RM'000	Total RM'000
Non-executive directors:			
Datuk Mohd Najib Bin Abdullah	186	32	218
Mr. Frank Johan Gerard Van Kempen*	126	25	151
Mr. Wong Pakshong Kat Jeong Colin Stewart	126	32	158
Dr. Ariffin Bin Datuk Yahaya	126	33	159
Mr. Glenn John Williams* *(resigned w.e.f. 16 October 2024)*	99	21	120
Total remuneration of the directors of the Company	663	143	806

2023	Fees RM'000	Other emoluments RM'000	Total RM'000
Non-executive directors:			
Datuk Mohd Najib Bin Abdullah	180	24	204
Mr. Philippe Pol Arthur Latour* *(resigned w.e.f. 1 November 2023)*	100	14	114
Mr. Frank Johan Gerard Van Kempen*	120	22	142
Mr. Wong Pakshong Kat Jeong Colin Stewart	120	26	146
Puan Norazilla Binti Md Tahir *(resigned w.e.f. 1 May 2023)*	40	13	53
Dr. Ariffin Bin Datuk Yahaya	120	27	147
Mr. Glenn John Williams* *(appointed w.e.f. 1 November 2023)*	20	4	24
Total remuneration of the directors of the Company	700	130	830

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

33. TAX EXPENSE ATTRIBUTABLE TO POLICYHOLDERS

	2024 RM'000	2023 RM'000
Income tax:		
Current financial year	47,728	37,376
Under provision of taxation in prior financial years	1,412	1,729
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 15)	30,922	48,979
	80,062	88,084

Taxation of life insurance business

The income tax for life funds are calculated based on the statutory rate of 8% (2023: 8%) of the estimated assessable investment income net of allowable deductions for the financial year for the Malaysian operations.

34. TAXATION

Tax expense

The major components of income tax expense for the years ended 31 December 2024 and 31 December 2023 are as follows:

	2024 RM'000	2023 RM'000
Profit or loss		
Current financial year	4,580	48,708
Over provision of taxation in prior financial year	(793)	(14)
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 15)	71,453	(4,094)
	75,240	44,600

34. TAXATION (CONTD.)

	2024 RM'000	2023 RM'000
Statement of Comprehensive Income:		
Deferred taxation related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI (Note 15)	2,687	8,635
- Fair value changes on equity securities at FVOCI (Note 15)	3,378	46
- Insurance finance reserve	(1,852)	(2,822)
	4,213	5,859

Reconciliation between tax expense and accounting profit

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

	2024 RM'000	2023 RM'000
Profit before taxation	319,374	279,254
Taxation at Malaysian statutory tax rate of 24% (2023:24%)	76,650	67,021
Income not subject to tax	(533)	(852)
Expenses not deductible for tax purposes	5,810	3,602
Surplus arising from Annuity funds not subject to tax	(3,542)	(2,777)
Over provision of taxation in prior financial year	(793)	(14)
Tax relief on actuarial surplus transferred to shareholder's fund	(2,352)	(22,380)
Tax expense for the financial year	75,240	44,600

35. 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 Company by the weighted average number of ordinary shares in issue during the financial year.

	2024	**2023**
Profit attributable to ordinary equity holders (RM'000)	244,134	234,654
Weighted average number of ordinary shares in ('000) (Note 16)	100,000	100,000
Basic and diluted earnings per share (sen)	244.13	234.65

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.

36. DIVIDENDS

	2024 RM'000	**2023 RM'000**
Recognised during the financial year:		
Final dividend for the year ended 31 December 2023:		
- 400 sen per share, single-tier tax exempt dividend on 100,000,000 ordinary shares	400,000	-
Final dividend for the year ended 31 December 2022:		
- 278 sen per share, single-tier tax exempt dividend on 100,000,000 ordinary shares	-	278,000

37. OPERATING LEASE COMMITMENTS

The Company as a lessor

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

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

	2024 RM'000	**2023 RM'000**
Not later than one year	61,646	59,025
Between one and five years	74,757	109,746
	136,403	168,771

Rental income on investment properties recognised in the profit or loss during the financial year is disclosed in Note 4 and Note 25.

38. OTHER COMMITMENTS AND CONTINGENCIES

	2024 RM'000	**2023 RM'000**
Approved and contracted for:		
Property, plant and equipment	4,352	1,642
Intangible assets	21	3,621
	4,373	5,263
Approved but not contracted for:		
Property, plant and equipment	14,080	13,192

	2024 Full commitment RM'000	**2023 Full commitment RM'000**
Derivative financial instruments:		
Cross currency swap (Note 14):		
Less than a year	49,300	-
One year to less than five years	-	49,300
Forward foreign exchange contracts (Note 14):		
Less than a year	129,249	55,474
	178,549	104,774

39. SHARE-BASED COMPENSATION

ESGP and CESGP

The existing ESGP (“ESGP2018”) is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022. Four (4) out of the five (5) awards made have been vested to eligible employees in 2021 to 2024 whilst balance of the one (1) award will vest in 2025. Starting from 2023, no new awards have been 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.

39. 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, no additional new awards have been issued to staff under the ESGP2018. As continuation of the existing employees' share grant plan, a new ESGP plan ("ESGP2023") has been established in 2023 and is valid for a period of ten (10) years from the effective date. 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.

40. SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

The Company has 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.

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

	2024 RM'000	**2023 RM'000**
(Expenses)/Income:		
Ultimate holding company:		
Commissions and fees expenses	(85,254)	(77,947)
Dividend income	1,830	1,958
Interest income	158	240
Rental income	6,076	5,790
Other expenses	(7,804)	(6,478)
Hedging expense, net	(409)	-
ESGP	(1,457)	(2,425)
Immediate holding company:		
Rental income	1,115	1,173
Dividend paid	(400,000)	(278,000)
Shared services cost	(26,780)	(18,332)
Remuneration of a seconded employee	(68)	(130)
Penultimate holding company:		
Rental income	107	-
Shared services cost	(340)	-
Reimbursement of expenses	(1,917)	(1,920)

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	2024 RM'000	2023 RM'000
(Expenses)/Income (contd.):		
Fellow subsidiaries within the MAHB Group:		
Claims recovery	7	1,707
Rental income	7,147	6,980
Rental expenses	(1,878)	(1,910)
Other expenses	(724)	(697)
Shared services income	24,387	33,640
Fellow subsidiaries within the EIHSB Group:		
Rental income	1,166	1,248
Other income	-	8
Other expenses	(12)	(14)
Shared service cost	(601)	(407)
Other related companies within the Maybank Group:		
Profit income	11,848	14,338
Rental income	5,241	5,252
Information Technology outsourcing	(8,428)	(6,849)
Companies related to a company with significant influence over the Maybank Group:		
Gross insurance premium income	4,446	3,215
Claims paid	(5,051)	(1,737)

(b) Included in the statement of financial position of the Company are investments placed with and amounts due from/(to) related companies represented by the following:

	Note	2024 RM'000	2023 RM'000
Ultimate holding company:			
Fixed and call deposits		-	1,323
Quoted shares		29,592	28,315
Derivatives assets		5,679	58
Derivatives liabilities		(132)	-
Bank balances		69,758	30,390
Income due and accrued		-	1
Amount due to ultimate holding company	18	(12,104)	(10,650)
Provision for custodian fee		(212)	(214)
Rental receivable		8	-
Sundry receivables, deposits and prepayments		583	-
Sundry payables and accrued liabilities		(921)	-

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	Note	2024 RM'000	2023 RM'000
Immediate holding company:			
Amount due to holding company	18	(3,814)	(2,753)
Penultimate holding company:			
Amount due to penultimate holding company	18	(93)	(914)
Fellow subsidiaries within the MAHB Group:			
Amount due from other related companies	13	1,804	2,230
Amount due to other related companies	18	(17)	(96)
Rental receivable		4	-
Fellow subsidiaries within the EIHSB Group:			
Amount due from other related companies	13	111	-
Amount due to other related companies	18	(24)	(3)
Other related companies within the Maybank Group:			
Fixed and call deposits		329,766	350,301
Income due and accrued		763	1,483
Rental receivable		11	-
Amount due to other related companies	18	(42)	(42)
Companies related to a company with significant influence over the Maybank Group:			
Insurance receivables		645	695
Insurance payables		(1,674)	(467)

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 Notes 13 and 18.

(c) Key management personnel compensation

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

	2024 RM'000	2023 RM'000
Short-term employee benefits		
- Salaries, allowances and bonuses	-	1,402
- Fees	663	700
- Contribution to EPF	-	211
- Other emoluments	149	229
	812	2,542

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(c) Key management personnel compensation (contd.)

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

Award date	**2024 Units '000**	**2023 Units '000**
At 1 January	129	84
Awarded	-	45
Resignation of key management personnel	(129)	-
At 31 December	-	129

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK

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

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

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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

Principles

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

- Maintain 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 Unfavorable 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. If an institution lacks the right culture and strong leadership at the top, the other elements in the structure will be somewhat irrelevant.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Culture (contd.)

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

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

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

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

Risk Coverage

MAHB Group maintains a Risk Taxonomy for assessing risk, which is derived from several risk analysis exercises conducted each year. New risks if any, are added as they are identified through:
- Annual Enterprise Risk Assessment (with methodology of Risk Landscape Survey)
- New Business/Product Approval process as governed by the New Product Approval Policy
- Forward-looking stress testing
- Inputs from the Senior Management and the Board of Directors

Risk Appetite

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

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

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Adequate Capital

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

Risk Response

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

When strategising the response action, it is important to thoroughly consider whether or not the risk that MAHB Group is willing to assume is reasonable. In general, if MAHB Group is unable to manage and mitigate the risk then the risk should be avoided, unless the cost and benefit trade-off of assuming such risks brings greater value to MAHB Group. In a nutshell, the risk responses chosen must be realistic, taking into account the costs of the responses as well as the impact to MAHB Group.

Governance and Risk Oversight

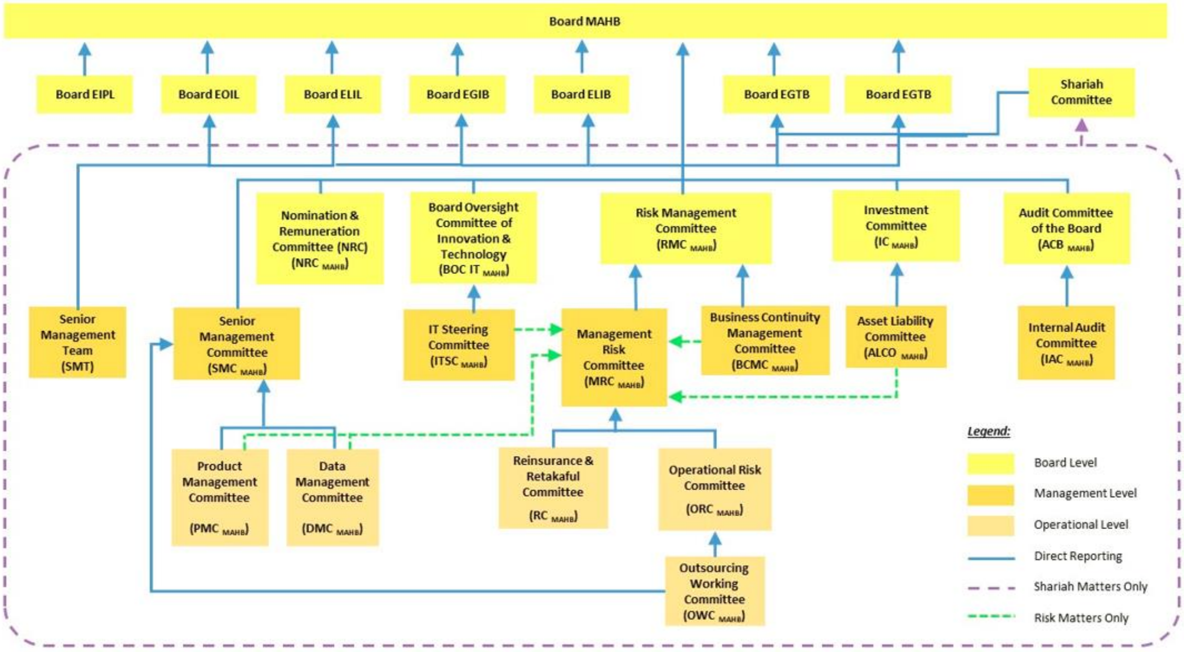
A governance structure should be clear, effective as well as robust and includes the role of the Board, Risk Committees and Senior Management with well defined, transparent and consistent lines of responsibility.

The risk governance model provides a formalised, transparent and effective governance structure which promotes active involvement of the Board of Directors and 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 terms of reference ("TOR").

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Governance and Risk Oversight (contd.)



Note:

1. This is a representation of overall risk governance bodies within MAHB Group, there exist other committees not captured in this diagram as any risk matters that require the risk focus supervision shall be escalated to the risk governance bodies for deliberations as captured above.
2. As for Shariah risk matters, the oversights responsibility resides with the Shariah Committee and report to the Entity Boards respectively.
3. ELIL is undergoing its exit strategy and full closure is tentatively to be completed by end 2025.

Lines of Defence

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

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board

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

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

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

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

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.

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

Asset Liability Committee ("ALCO")

The ALCO is responsible for 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 constraints.

Information Technology Steering Committee ("ITSC")

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

41. 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 and Takaful Products.

Data Management Committee ("DMC")

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

Reinsurance/Retakaful Committee ("RC")

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

Third Party and Outsourcing Working Committee ("TPOWC")

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

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Fire Committee ("FC")

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

Motor Committee ("MC")

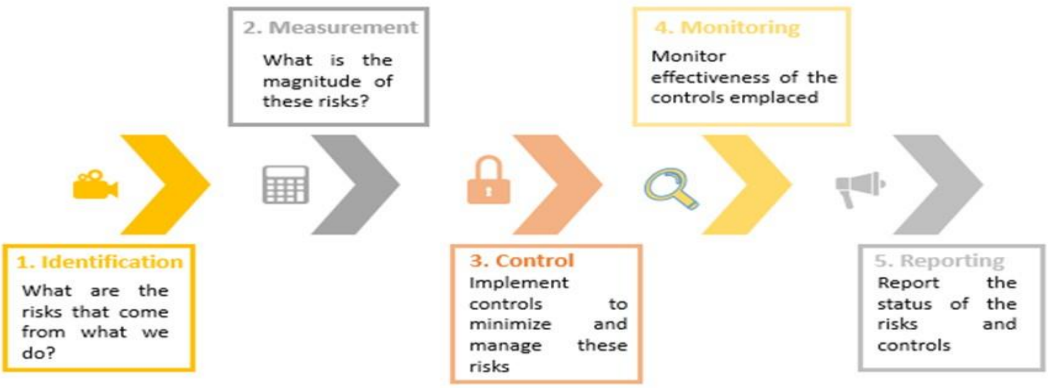
MC is responsible to verify the adequacy of premium/contribution level in complying with BNM guidelines (aligned with Motor Pricing Policy document); Discuss, deliberate and approve Motor Underwriting Guidelines in line with Company's business strategy and risk appetite; Discuss, deliberate and approve 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 and Fire Tariffs policy document.

Business Continuity Management Committee ("BCMC")

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

Risk Management Practices and Processes

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



41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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 MAHB Group's exposure. This involves an assessment of MAHB Group's capability to withstand such changes in relation to the capital and earnings to absorb potentially significant losses.

Stress Test is 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 process. Hence, MAHB Group should equip itself with the necessary resources, infrastructure and support to perform its roles efficiently.

Resources

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

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

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

System Infrastructure

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

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

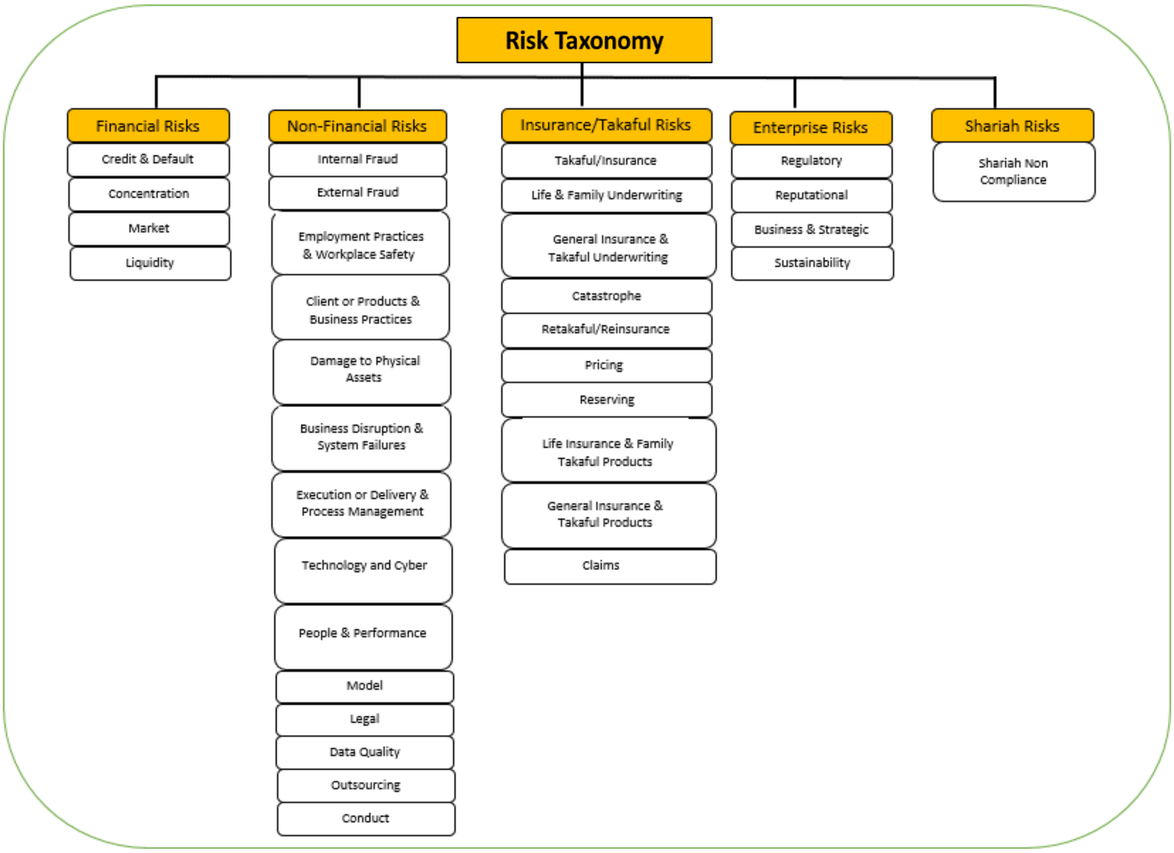
In addition, effective measures and systems should be in place to facilitate the generation and exchange of information within MAHB Group. This is important to ensure a swift response to changes in the operating environment and developments in business strategies.

41. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Taxonomy

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

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



42. INSURANCE RISK

Insurance risk is the risk of loss or adverse change arising from the underwritten insurance 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 have been made.

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

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

(i) Underwriting Risk

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

(ii) Pricing Risk

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

(iii) Reinsurance Risk

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

42. INSURANCE RISK (CONTD.)

(iv) Product Risk

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

(v) Reserving Risk

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

(vi) Catastrophe Risk

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

(vii) Claims Risk

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

42. INSURANCE RISK (CONTD.)

(i) The table below discloses the concentration of Life insurance contract liabilities by type of contracts:

	2024 RM'000	2023 RM'000
Direct insurance		
Group	2,169	1,522
Retail		
- Non-participating	2,665,493	2,653,286
- Participating	5,550,201	5,715,281
- Investment linked	3,092,266	2,618,446
	11,307,960	10,987,013
Total direct insurance	11,310,129	10,988,535
Reinsurance		
Retail		
Non-participating:		
- Proportional Non-Par	52,981	52,320
- Non-proportional Excess of Loss	1,359	1,599
	54,340	53,919
Investment linked:		
- Proportional: Investment-linked	16,906	17,558
Total reinsurance	71,246	71,477

All of the Company's life insurance business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Company.

42. INSURANCE RISK (CONTD.)

(ii) Key assumptions

Significant judgement is required in determining the insurance contract liabilities. Assumptions used in determining the insurance contract liabilities are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of insurance contract liabilities is particularly sensitive to are as follows:

(a) Discount rate

Generally, the time value of money is considered by discounting the insurance contract liabilities using risk free rate plus illiquidity premium where applicable.

(b) Mortality and morbidity rates

Mortality and morbidity rates represent the expected claims experience of the Company.

The Company bases mortality and morbidity on local established, national and/or company specific industry tables which reflect historical experiences and reinsurance premium rates, adjusted to reflect the licenced insurer's unique risk exposure, product characteristics, target markets and its own claims severity and frequency experiences.

(c) Lapse and surrender rates

Lapse and surrender rates are used to determine the expected persistency of the business i.e. the expectation that policyholders will renew their policies. These rates are based on the Company'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.

42. INSURANCE RISK (CONTD.)

(iii) Sensitivity analysis

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance contract liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect on the sensitivities but to demonstrate the impact due to changes in specific assumptions, these sensitivities are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity analysis will also vary depending on the current economic assumptions.

	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
		<-------------------------------- Decrease		------------------------------->	
2024					
Discount rate*	-1%	(202,761)	(196,087)	(154,459)	(149,387)
Mortality and morbidity rates	10% (adverse)	(18,303)	(14,038)	(13,962)	(10,720)
Lapse and surrender rates	10% (adverse)	(5,903)	(5,688)	(4,501)	(4,338)
Expenses	+10%	(5,291)	(5,291)	(4,068)	(4,068)
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)

* Excludes impact of fixed income financial assets.
** The impact on equity is stated after tax of 24%.

42. INSURANCE RISK (CONTD.)

(iii) Sensitivity analysis (contd.)

	Change in assumptions	Impact on CSM before reinsurance contracts held RM'000	Impact on CSM after reinsurance contracts held RM'000
		<---------- Decrease ---------->	
2024			
Discount rate*	-1%	(21,203)	(21,203)
Mortality and morbidity rates	10% (adverse)	(184,777)	(131,620)
Lapse and surrender rates	10% (adverse)	(48,600)	(45,768)
Expenses	+10%	(54,382)	(54,382)
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)

* Excludes impact of fixed income financial assets.

43. FINANCIAL RISKS

(i) Credit & Default Risk

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

Credit spread risk and ultimately default risk result from the intrinsic quality of the issuer of debt securities and the impact it has on the value of 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 Company's exposure to credit risk arises mainly from assets (fixed income and equities) and reinsurance.

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

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

(b) The asset management research team adopts a prudent position in the selection of fixed income investments;

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

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

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement 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 agreements.

	2024 RM'000	2023 RM'000
Financial assets at FVTPL		
(i) **Designated upon initial recognition**		
Malaysian government papers	663,055	918,883
Debt securities and structured products	5,477,541	5,956,220
(ii) **HFT******		
Malaysian government papers	138,522	171,194
Debt securities and structured products	649,000	595,357
Financial assets at FVOCI		
Malaysian government papers	378,079	264,684
Debt securities and structured products	958,596	1,122,434
Financial assets at AC		
Deposits and placements with:		
Licenced financial institutions	591,371	506,169
Others licenced financial institutions	21,113	5,000
Financing receivables	23,874	23,045
Reinsurance contract assets*	5,890	4,105
Other assets**	158,700	154,883
Derivative assets	5,679	181
Cash and bank balances***	87,109	43,605
	9,158,529	9,765,760

* Including receivables from reinsurers net of impairment.

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

*** Excluding petty cash.

**** Included in the above balances are investments of the investment linked funds for which there is no credit exposure to the Company as the credit risk is borned by the policyholders.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit quality of financial assets

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

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

Risk categories are as described below:

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

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

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

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

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

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

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

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

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit exposure by rating

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

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2024							
Financial assets at FVTPL							
(i) **Designated upon initial recognition**							
Malaysian government papers	663,055	-	-	-	-	-	663,055
Debt securities and structured products	1,947,684	1,395,430	1,982,200	152,227	-	-	5,477,541
(ii) **HFT******							
Malaysian government papers	138,522	-	-	-	-	-	138,522
Debt securities and structured products	26,598	232,751	353,047	36,604	-	-	649,000
Financial assets at FVOCI							
Malaysian government papers	378,079	-	-	-	-	-	378,079
Debt securities and structured products	203,887	446,502	299,805	8,402	-	-	958,596
Financial assets at AC							
Deposits and placements with:							
Licenced financial institutions	-	591,371	-	-	-	-	591,371
Others licenced financial institutions	-	21,113	-	-	-	-	21,113
Financing receivables	-	-	-	-	-	23,874	23,874
Reinsurance contract assets*	-	-	-	-	-	5,890	5,890
Other assets**	35,757	32,982	39,462	2,280	-	48,219	158,700
Derivative assets	-	5,679	-	-	-	-	5,679
Cash and bank balances***	-	83,866	3,243	-	-	-	87,109
	3,393,582	2,809,694	2,677,757	199,513	-	77,983	9,158,529

* Including receivables from reinsurers net of impairment.

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

*** Excluding petty cash.

**** Included in the above balances are investments of the investment linked funds for which there is no credit exposure to the Company as the credit risk is borned by the policyholders.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Credit exposure by rating (contd.)

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

	Sovereign RM'000	Very low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2023							
Financial assets at FVTPL							
(i) **Designated upon initial recognition**							
Malaysian government papers	918,883	-	-	-	-	-	918,883
Debt securities and structured products	2,229,861	1,436,294	2,163,643	126,422	-	-	5,956,220
(ii) **HFT******							
Malaysian government papers	171,194	-	-	-	-	-	171,194
Debt securities and structured products	36,819	225,896	322,560	10,082	-	-	595,357
Financial assets at FVOCI							
Malaysian government papers	264,684	-	-	-	-	-	264,684
Debt securities and structured products	381,809	474,376	266,249	-	-	-	1,122,434
Financial assets at AC							
Deposits and placements with:							
Licenced financial institutions	-	506,169	-	-	-	-	506,169
Others licenced financial institutions	-	5,000	-	-	-	-	5,000
Financing receivables	-	-	-	-	-	23,045	23,045
Reinsurance contract assets*	-	-	-	-	-	4,105	4,105
Other assets**	42,407	32,465	40,323	2,067	-	37,621	154,883
Derivative assets	-	181	-	-	-	-	181
Cash and bank balances***	-	41,850	1,755	-	-	-	43,605
	4,045,657	2,722,231	2,794,530	138,571	-	64,771	9,765,760

* Including receivables from reinsurers net of impairment.

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

*** Excluding petty cash.

**** Included in the above balances are investments of the investment linked funds for which there is no credit exposure to the Company as the credit risk is borned by the policyholders.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - reconciliation of allowance account

Significant increase in credit risk

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

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date. These include the establishment of staging criteria to each stage, debt rating deterioration threshold and a waterfall approach 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 ("ECL")

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of default for new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial asset. 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 Company is required to estimate the probability of default occurring in the 12 months after the reporting date and in each subsequent year throughout the expected lives of the financial instruments. The lifetime ECL allowance measured for the Company during the year were mainly in respect of debt securities classified as Watchlist ("WL") or which have been downgraded as at the reporting date.

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

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - reconciliation of allowance account (contd.)

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
2024				
Financial assets at FVOCI				
Sovereign	581,966	-	-	581,966
Very low	446,502	-	-	446,502
Low	262,153	37,652	-	299,805
Medium	8,402	-	-	8,402
Total carrying amount	1,299,023	37,652	-	1,336,675
Total ECL	(72)	(443)	-	(515)
2023				
Financial assets at FVOCI				
Sovereign	646,493	-	-	646,493
Very low	474,376	-	-	474,376
Low	229,656	36,593	-	266,249
Total carrying amount	1,350,525	36,593	-	1,387,118
Total ECL	(191)	(388)	-	(579)

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Financial assets - reconciliation of allowance account (contd.)

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
2024				
Financial assets at FVOCI				
At 1 January	191	388	-	579
Net adjustment of loss allowance	(102)	(6)	-	(108)
New financial assets originated or purchased	4	183	-	187
Financial assets that have been derecognised	(21)	(122)	-	(143)
Allowance for impairment losses (Note 26)	(119)	55	-	(64)
At 31 December	72	443	-	515
2023				
Financial assets at FVOCI				
At 1 January	58	365	-	423
Net adjustment of loss allowance	127	23	-	150
New financial assets originated or purchased	11	-	-	11
Financial assets that have been derecognised	(5)	-	-	(5)
Allowance for impairment losses (Note 26)	133	23	-	156
At 31 December	191	388	-	579

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Other financial assets - Reconciliation of allowance account

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

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

	Not credit-impaired			Credit-impaired			Total		
	Financing receivables RM'000	Reinsurance contract assets* RM'000	Other assets RM'000	Financing receivables RM'000	Reinsurance contract assets* RM'000	Other assets RM'000	Financing receivables RM'000 (Note 10)	Reinsurance contract assets* RM'000	Other assets RM'000 (Note 13)**
Gross carrying amount									
At 1 January 2023	22,014	2,990	137,136	436	638	3,404	22,450	3,628	140,540
Increase/(decrease)	848	335	15,412	339	285	(659)	1,187	620	14,753
At 31 December 2023	22,862	3,325	152,548	775	923	2,745	23,637	4,248	155,293
Increase/(decrease)	1,060	2,279	3,915	(339)	(579)	(168)	721	1,700	3,747
At 31 December 2024	23,922	5,604	156,463	436	344	2,577	24,358	5,948	159,040
Lifetime ECL									
At 1 January 2023	73	62	154	436	290	582	509	352	736
(Decrease)/increase	(36)	(42)	(110)	119	(167)	(216)	83	(209)	(326)
At 31 December 2023	37	20	44	555	123	366	592	143	410
Decrease	(12)	(5)	(31)	(96)	(80)	(39)	(108)	(85)	(70)
At 31 December 2024	25	15	13	459	43	327	484	58	340

* Including receivables from reinsurers net of impairment.
** Other assets is stated net of prepayments, deposits and service tax recoverable.

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

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

	Financing receivables RM'000 (Note 10)	Reinsurance contract assets RM'000	Other assets RM'000 (Note 13)	Total RM'000
2024				
Lifetime ECL				
At 1 January	592	143	410	1,145
Net adjustment of loss allowance	(108)	(85)	(70)	(263)
At 31 December	484	58	340	882
2023				
Lifetime ECL				
At 1 January	509	352	736	1,597
Net adjustment of loss allowance	83	(209)	(326)	(452)
At 31 December	592	143	410	1,145

43. FINANCIAL RISKS (CONTD.)

(i) Credit & Default Risk (contd.)

<u>Financial effects of collateral held</u>

The main types of collateral held as security by the Company to mitigate credit risk are as follows:

Type of financing receivables	Type of collaterals
Secured staff/non-staff loans	Charges over residential properties and motor vehicles

The financial effect of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables is 100% as at 31 December 2024 (2023: 100%).

The remaining balance of financing receivables of the Company are not collateralised.

(ii) Liquidity Risk

Liquidity risk is the risk of an adverse impact to the firm's financial condition or overall safety and soundness that could arise from their inability (or perceived inability) or unexpected higher cost to meet obligations. Generally, there are two types of liquidity risks, 1) funding liquidity risk and 2) market liquidity risk.

Funding liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the Company.

Market liquidity risk is the risk that the Company cannot easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

The objective of liquidity risk management is to have sufficient availability of cash to meet policyholders' liabilities, such as surrenders, withdrawal, claims and maturity benefits, and financial obligations to other contract holders without endangering the business financials due to constraints on liquidating assets.

43. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

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

(a) The Risk Management and Investment Management Department actively monitor the cash flows associated and derived from assets and liabilities of the Company through the ALCO platform;

(b) The Investment Management Department ensures that reasonable liquidity is maintained in the 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 assets/liabiliities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contract liabilities and reinsurance assets, Maturity Profiles are determined based on the estimated timing of net cash outflows of the recognised insurance liabilities.

43. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Financial assets at:						
FVTPL	10,146,072	465,629	2,693,885	7,293,315	3,217,955	13,670,784
FVOCI	1,506,652	65,522	433,174	1,728,542	169,977	2,397,215
AC	612,484	612,796	-	-	-	612,796
Financing receivables	23,874	1,943	9,661	16,959	-	28,563
Reinsurance contract assets, net*	71,246	6,496	31,334	75,391	-	113,221
Other assets**	158,700	158,700	-	-	-	158,700
Derivative assets	5,679	5,679	-	-	-	5,679
Cash and bank balances***	87,109	-	-	-	87,109	87,109
Total assets	12,611,816	1,316,765	3,168,054	9,114,207	3,475,041	17,074,067
Insurance contract liabilities, net****	11,310,129	778,622	2,430,907	14,825,269	-	18,034,798
Derivative liabilities	665	665	-	-	-	665
Other liabilities	355,385	355,385	-	-	-	355,385
Total liabilities	11,666,179	1,134,672	2,430,907	14,825,269	-	18,390,848

* Including AIC and receivables from reinsurers, net of impairment.
** Excluding non-financial assets such as prepayments, deposits and service tax recoverable.
*** Excluding petty cash.
**** Including LIC and receivables from co-insurers, net of impairment.

43. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2023						
Financial assets at:						
FVTPL	10,062,648	609,295	2,809,760	8,645,546	2,420,994	14,485,595
FVOCI	1,531,862	76,981	456,010	1,840,061	144,744	2,517,796
AC	511,169	511,519	-	-	-	511,519
Financing receivables	23,045	3,601	8,836	16,956	-	29,393
Reinsurance contract assets, net*	71,477	8,672	30,504	85,100	-	124,276
Other assets**	154,883	154,883	-	-	-	154,883
Derivative assets	181	181	-	-	-	181
Cash and bank balances***	43,605	-	-	-	43,605	43,605
Total assets	12,398,870	1,365,132	3,305,110	10,587,663	2,609,343	17,867,248
Insurance contract liabilities, net****	10,988,535	1,119,423	2,086,174	14,459,924	-	17,665,521
Derivative liabilities	2,904	2,904	-	-	-	2,904
Other liabilities	360,389	360,389	-	-	-	360,389
Total liabilities	11,351,828	1,482,716	2,086,174	14,459,924	-	18,028,814

* Including AIC and receivables from reinsurers, net of impairment.
** Excluding non-financial assets such as prepayments, deposits and service tax recoverable.
*** Excluding petty cash.
**** Including LIC and receivables from co-insurers, net of impairment.

Other non-financial assets and liabilities of the Company are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk

Market risk is the risk of losses on financial investments caused by adverse price movements.

There are four primary sources of risk that affect the overall market:

(a) Foreign Exchange Risk;
(b) Interest Rates Risk (including the credit spread risk);
(c) Equity Price Risk; and
(d) Property Risk

The Company has three main key features with respect to their Market risk management practices and policies:

(a) The Company's policies on asset allocation, portfolio limit structure and diversification benchmarks have been set in line with the Company'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 Company also issues investment-linked policies for a number of products. For investment-linked business, the policyholders 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 Company'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.

43. 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 Company’s primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to US Dollar and Australian Dollar.

As the Company’s business is conducted primarily in Malaysia, the Company’s financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013, and hence, primarily denominated in the same currency (the local "RM") as its insurance contract and investment contract liabilities.

The Company’s main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year. Accordingly, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant exposure of foreign currency risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

Interest rate risk arise from exposures to interest rate related assets and liabilities. It is also known as asset-liability mismatch risk. It is mainly driven by the volatility of future cash flows. The quantum is also proxied to the duration mismatch between the assets and the liabilities of the Company.

The Company measures and manages interest rate risk mainly based on the following four philosophies and principles:

(a) Risk Management Department sets the limits for asset duration in line with the Company's risk appetite;
(b) Investment Management Department actively aim to match the asset duration with the liability duration, without compromising credit quality;
(c) The Risk Management uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner; and
(d) Risk Management Department monitors the asset duration in accordance with the limits set, as well as the duration gap to the liability duration.

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest Rate Risk (contd.)

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company's interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The policy also requires it to manage the maturities of interest bearing financial assets.

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and financial instruments are, as follows:

	Changes in variables	Impact on carrying value RM'000	Impact on CSM RM'000	Impact on profit/ equity* RM'000
		<------- (Decrease)/Increase ------->		
2024				
Insurance contracts and reinsurance contracts, net	+100bps	(575,403)	(36,973)	412,756
	-100bps	629,730	33,302	(449,175)
Financial Instruments at FVTPL	+100bps	(505,925)	-	(365,642)
	-100bps	548,879	-	397,630
Financial Instruments at FVOCI	+100bps	(131,189)	-	(100,889)
	-100bps	154,633	-	118,739
Financial Instruments at AC	+100bps	(91)	-	(64)
	-100bps	79	-	56
2023				
Insurance contracts and reinsurance contracts, net	+100bps	(652,349)	(61,719)	466,530
	-100bps	714,059	51,989	(511,351)
Financial Instruments at FVTPL	+100bps	(608,404)	-	(437,273)
	-100bps	654,613	-	471,526
Financial Instruments at FVOCI	+100bps	(135,184)	-	(104,737)
	-100bps	165,460	-	127,989
Financial Instruments at AC	+100bps	(94)	-	(66)
	-100bps	83	-	59

*Impact on equity is after tax of 24%.

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk

Equity price risk is the risk that the fair value of an equity instrument or insurance contract or reinsurance contract assets and/or liabilities would fluctuate because of changes in its market prices whether those changes are caused by factors specific to the individual equity instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in equities' market prices and unit trust NAV to equity.

The Company's risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector and market, having regard also to such limits stipulated by BNM. A cut loss mechanism is also put in place to minimise the loss that may occur over time.

The Company’s exposure to equity price risk sensitive insurance and reinsurance contracts and equity instruments are, as follows:

	Change in market indices	Impact on carrying value RM'000	Impact on CSM RM'000	Impact on equity* RM'000
		<-------- Increase/(Decrease)		-------->
2024				
Insurance contracts and reinsurance contracts, net	+10%	184,411	22,213	(41,294)
	-10%	(186,232)	(26,587)	44,956
Financial Instruments at FVTPL	+10%	63,503	-	45,994
	-10%	(63,503)	-	(45,994)
Financial Instruments at FVOCI	+10%	16,998	-	12,654
	-10%	(16,998)	-	(12,654)

43. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk (contd.)

The Company’s exposure to equity price risk sensitive insurance and reinsurance contracts and equity instruments are, as follows (contd.):

	Change in market indices	Impact on carrying value RM'000	Impact on CSM RM'000	Impact on equity* RM'000
		<-------- Increase/(Decrease) -------->		
2023				
Insurance contracts and reinsurance contracts, net	+10%	143,544	21,172	(26,726)
	-10%	(146,763)	(22,269)	27,720
Financial Instruments at FVTPL	+10%	35,213	-	25,843
	-10%	(35,213)	-	(25,843)
Financial Instruments at FVOCI	+10%	14,474	-	10,795
	-10%	(14,474)	-	(10,795)

*Impact on equity is after tax of 24%.

(d) Property Risk

Property risk is the possibility of financial loss occurring as the result of owning a real estate investment. Property risk might arise from such things as liability, legal issues, partner problems that can force a sale, fire or theft, loss of rental income and purchasing property with an imperfect title.

(iv) Concentration Risk

Concentration risk as its name suggests, is the risk of concentration in any type of market risk, liquidity risk and credit risk. Risk concentration can materialise from excessive exposures to single counterparty and persons connected to it, a particular instrument or a particular market segment/sector.

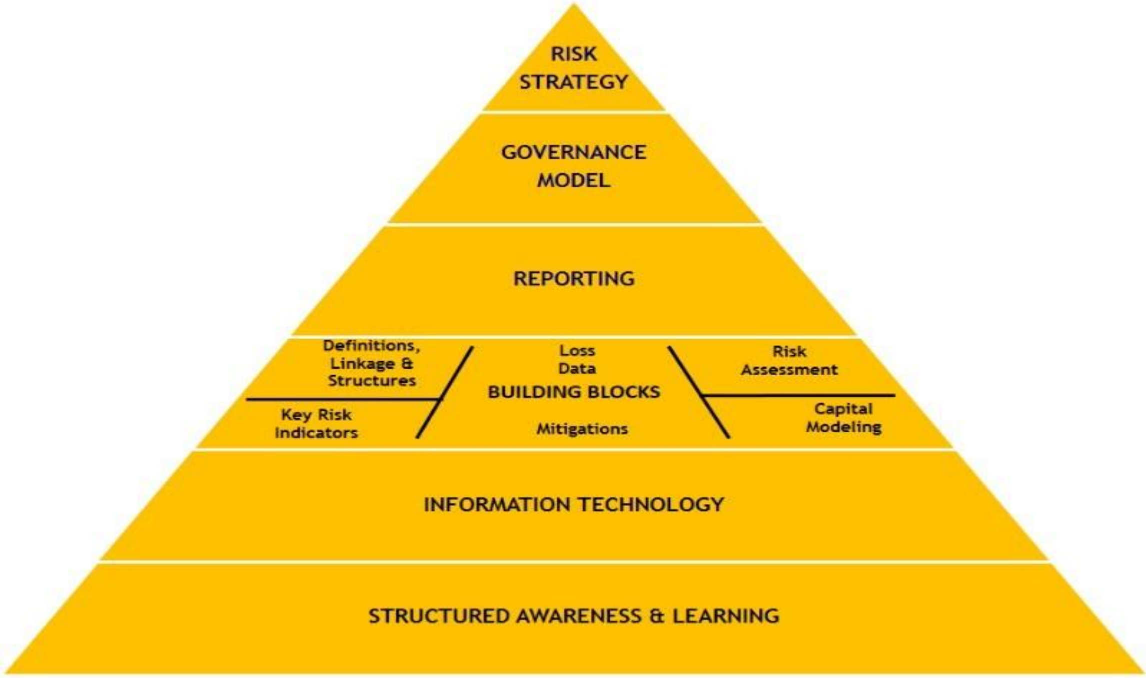
The Company's quantitative controls to manage concentration risk is through diversification. A minimum level of diversification is realised by observing the single counterparty limits. The single counterparty exposure limit represents maximum concentration of a particular counterparty. The limit exists for each asset class as well as across all investment assets, reinsurance and derivative counterparty.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS)

Non-financial risk management is a discipline of systematically identifying the causes of failures in the organisation's day-to-day operations, assessing the risk of loss and taking the appropriate action to minimise the impact of such loss.

Non-financial risk is the risk of loss arising from operational events and/or external factors that could result in monetary losses or negative impact in brand value and stakeholder's perception.

Non-financial risk management methodology comprise of the components summarised in diagram below.



The nature and extent of operational risk can shift quickly in response to changes in people, organisational structure, processes, systems, products, customers or business environments. Hence, continuous review and monitoring of the risks and the control effectiveness is vital for an effective non-financial risk management.

To facilitate this process, specific tools and methodologies to identify, assess and measure, control, monitor and report the non-financial risks that affect the MAHB Group.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy

(i) Internal Fraud

Losses due to illegal acts (explicitly prohibited by internal policies/guidelines or external regulations/law provisions) committed by employees. It also includes fraudulent activities/theft perpetrated by employees or in collusion with external party against the company/organisation.

(ii) External Fraud

Losses due to fraudulent activities/theft perpetrated by third party against the company/organisation. External fraud could arise from system security risk, i.e. failure to provide a secure system platform or an activity/incident that can and will threaten the integrity of a system, which will in turn affect the reliability and privacy of data.

(iii) Employment Practices and Workplace Safety

(a) Employee relations - failure to maintain positive employer-employee relationships that contribute to unsatisfactory productivity, demotivation and low morale;

(b) Safe environment - failure in the provision of a safe working environment from events that could endanger the safety of the employees; and

(c) Diversity and discrimination - failure to provide equalities in the employment practice.

(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.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(vii) Execution or Delivery and Process Management

The risk relates to transaction capture or execution and maintenance, monitoring and reporting, customer intake and documentation, customer or client account management, vendors and suppliers.

Note: all risk types have an element of compliance risk (i.e. inability to comply with existing regulation, such as conduct risk). Regulatory risk under enterprise risk is linked with Changing Regulations and the risk they represent to sustainability of the current Business Model.

(viii) Technology and Cyber Risk

Risk which impacts confidentiality, availability and integrity of information and services related to information technology, be it hosted on-premises or in cloud. This includes risks that customers or the business units may suffer on service disruptions or may incur losses arising from system defects such as failures, faults, incompleteness in computer operations, information security breach, cyber-attacks, illegal or unauthorised use of computer systems or data breach via computer systems that was perpetrated either by internal staff or external parties, intentionally or unintentionally. Besides, cyber risk that can lead to losses due to cyber-crime and cyber terrorism is included. The consequences are potential breach of customers' data/information, jeopardize of data integrity, regulation and reputational impact.

(ix) People and 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 risks are reduced to an acceptable level.

Failure or gap that leads to disruptions in the workplace that detract the business from necessary and smooth business operations.

(x) Model Risk

Model risk is the risk arising from a model that does not operate as intended resulting in adverse consequences (e.g. financial loss, poor business or strategic decisions, reputational damage) arising from inappropriate decisions based on incorrect or misused model outputs.

44. NON-FINANCIAL RISKS (OPERATIONAL RISKS) (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(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 Group for the provision of the intended services/deliverables.

(xiv) Conduct Risk

The risk of an organisation or an individual's activities having a detrimental impact on customers or negatively impacting the market and/or shareholder value.

45. ENTERPRISE RISK

Risk of loss or adverse impact arising from business/strategic, industry, corporate governance and systemic risk. Enterprise risk covers external and internal factors that can impact the Company's ability to meet 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 MAHB Group has operations) threaten the competitive position and the capacity to efficiently conduct business. This can result in increased competitive pressures and significantly affect the ability to efficiently conduct business.

(ii) Business & Strategic Risk

Risk of current or prospective impact on earnings, capital, reputation or standing arising from changes in the environment the MAHB Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Risk of failure in directing and managing the business and affairs towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iii) Reputational Risk

Reputational risk is 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.

45. ENTERPRISE RISK (CONTD.)

(iv) Sustainability Risk

Sustainability risk is the uncertainty in being able to sustain the growth of our organisation. It can either represent a risk on their own or have an impact on other risks and may contribute significantly to such risks, financial, non-financial and insurance risks.

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.

46. FAIR VALUE MEASUREMENTS

This disclosure provides information on fair value measurements for both financial instruments and non-financial assets and liabilities and is structured as follows:

(a) Valuation principles;

(b) Valuation techniques;

(c) Fair value measurements and classification within the fair value hierarchy;

(d) Transfers between Level 1 and Level 2 in the fair value hierarchy;

(e) Movements of Level 3 instruments; and

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Company has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Company follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

46. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

The Company continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

The levels of the Fair Value hierarchy as defined by MFRS Accounting Standards are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1 : Active Market – Quoted price

  Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices which represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

- Level 2 : No Active Market – Valuation techniques using observable input

  Refers to inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

  Examples of level 2 financial instruments include corporate and government bonds, structured products, NCDs/NICDs and over-the-counter ("OTC") derivatives.

- Level 3 : No Active Market – Valuation techniques using unobservable input

  Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with level 2. The chosen valuation technique incorporates management's assumptions and data.

  Examples of level 3 instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

46. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Valuation techniques

(i) Cash and cash equivalents and other assets/liabilities

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Financing receivables

Financing receivables are granted at interest rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amounts of the financing receivables approximate their fair values as the impact of discounting is not material.

(iii) Insurance receivables and payables

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in Note 2.2(x)(h). 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(vi) and 2.2(vii)(a). The carrying amounts and fair values of investments are disclosed in Note 8 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.

46. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy

	Valuation technique using :			
	Level 1 Quoted market prices RM'000	Level 2 Using Observable inputs RM'000	Level 3 Using Significant unobservable inputs RM'000	Total RM'000
2024				
Assets				
Investment properties	-	-	1,027,510	1,027,510
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	663,055	-	663,055
Debt securities and structured products	-	5,477,541	-	5,477,541
(ii) HFT				
Equity securities	1,969,980	-	136,781	2,106,761
Malaysian government papers	-	138,522	-	138,522
Debt securities and structured products	-	649,000	-	649,000
Unit and property trust funds	15,951	1,095,242	-	1,111,193
Financial assets at FVOCI				
Equity securities	169,977	-	-	169,977
Malaysian government papers	-	378,079	-	378,079
Debt securities and structured products	-	958,596	-	958,596
Derivative assets	-	5,679	-	5,679
Total assets	2,155,908	9,365,714	1,164,291	12,685,913
Liabilities				
Derivative liabilities	-	665	-	665
Total liabilities	-	665	-	665

46. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

	Valuation technique using : Level 1 Quoted market prices RM'000	Level 2 Using Observable inputs RM'000	Level 3 Using Significant unobservable inputs RM'000	Total RM'000
2023				
Assets				
Investment properties	-	-	1,006,410	1,006,410
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	918,883	-	918,883
Debt securities and structured products	-	5,956,220	-	5,956,220
(ii) HFT				
Equity securities	1,465,909	-	85,329	1,551,238
Malaysian government papers	-	171,194	-	171,194
Debt securities and structured products	-	595,357	-	595,357
Unit and property trust funds	22,491	847,265	-	869,756
Financial assets at FVOCI				
Equity securities	144,744	-	-	144,744
Malaysian government papers	-	264,684	-	264,684
Debt securities and structured products	-	1,122,434	-	1,122,434
Derivative assets	-	181	-	181
Total assets	1,633,144	9,876,218	1,091,739	12,601,101
Liabilities				
Derivative liabilities	-	2,904	-	2,904
Total liabilities	-	2,904	-	2,904

46. FAIR VALUE MEASUREMENTS (CONTD.)

(d) Transfers between Level 1 and Level 2 in the fair value hierarchy

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. The Company determines whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year. There were no transfers between Level 1 and Level 2 for the Company during the financial years ended 31 December 2024 and 31 December 2023.

(e) Movements of Level 3 assets and financial investments

	Assets and financial investments measured at fair value		
	Investment properties RM'000 (Note 4)	Unquoted equity securities designated at FVTPL RM'000	Total RM'000
2024			
At 1 January	1,006,410	85,329	1,091,739
Recognised in profit or loss:			
Fair value gain	20,626	51,452	72,078
Addition, at cost	474	-	474
At 31 December	1,027,510	136,781	1,164,291
Total gains recognised in profit or loss for assets and financial instruments measured at fair value at the end of the reporting year	20,626	51,452	72,078
2023			
At 1 January	980,395	81,322	1,061,717
Recognised in profit or loss:			
Fair value gain	25,159	4,007	29,166
Addition, at cost	856	-	856
At 31 December	1,006,410	85,329	1,091,739
Total gains recognised in profit or loss for assets and financial instruments measured at fair value at the end of the reporting year	25,159	4,007	29,166

46. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions

The Company'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 Company'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 Company carried at fair values were classified under Level 3. The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach.

	Valuation Method	Significant unobservable inputs	Range
2024			
Building	Income capitalisation	Rental per square foot	RM3.70 to RM10.50
Shop lots	Comparison	Sales price per square foot for similar properties	RM65.00 to RM1,163.00
2023			
Building	Income capitalisation	Rental per square foot	RM3.70 to RM10.50
Shop lots	Comparison	Sales price per square foot for similar properties	RM65.00 to RM1,145.00

46. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd.)

(i) Investment properties (contd.)

Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates. Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

A significant increase or decrease in the unobservable input used in the valuation would result in a correspondingly higher or lower fair value of the investment properties.

(ii) Unquoted equity instruments

All unquoted equity instruments of the Company at fair values were classified under Level 3. The fair value of investments in unquoted equity instruments that do not have quoted market prices in an active market, are measured based on the adjusted net asset method by referencing to the annual financial statements of the entities that the Company invested in.

	Changes in variable	Impact on carrying value RM'000 Increase/ (Decrease)	Impact on profit before tax RM'000 Increase/ (Decrease)	Impact on equity* RM'000 Increase/ (Decrease)
2024	+5%	6,839	6,839	4,782
	-5%	(6,839)	(6,839)	(4,782)
2023	+5%	4,266	4,266	2,983
	-5%	(4,266)	(4,266)	(2,983)

*Impact on equity is after tax of 24%.

47. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 31 December 2024 and 31 December 2023, as prescribed under the RBC Framework, is provided below:

	2024 RM'000	2023 RM'000
Eligible Tier 1 Capital		
Paid up share capital	100,000	100,000
Reserves, including retained earnings	3,287,957	3,433,927
	3,387,957	3,533,927
Tier 2 Capital		
Revaluation reserve	90,362	90,362
FVOCI reserves	83,207	37,521
	173,569	127,883
Amount deducted from Capital	(36,531)	(47,304)
Total Capital Available	3,524,995	3,614,506

ETIQA LIFE INSURANCE BERHAD
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48. INSURANCE FUNDS

STATEMENT OF FINANCIAL POSITION BY FUNDS

	Shareholder's Fund		Life Fund		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets:						
Property, plant and equipment	-	-	28,384	26,443	28,384	26,443
Investment properties	-	-	1,027,510	1,006,410	1,027,510	1,006,410
Prepaid land lease payments	-	-	862	888	862	888
Right-of-use assets	-	-	28	61	28	61
Intangible assets	-	-	36,531	42,203	36,531	42,203
Investments	41,649	244,909	12,223,559	11,860,770	12,265,208	12,105,679
Financing receivables	23,874	23,045	-	-	23,874	23,045
Reinsurance contract assets	-	-	71,246	71,477	71,246	71,477
Other assets	889	2,698	160,139	152,977	161,028	155,675
Derivative assets	-	-	5,679	181	5,679	181
Current tax assets	38,382	-	(17,284)	-	21,098	-
Cash and bank balances	637	792	86,474	42,815	87,111	43,607
Total Assets	105,431	271,444	13,623,128	13,204,225	13,728,559	13,475,669
Equity and liabilities:						
Share capital	100,000	100,000	-	-	100,000	100,000
Reserves	1,454,201	1,594,550	-	-	1,454,201	1,594,550
Total Equity	1,554,201	1,694,550	-	-	1,554,201	1,694,550

48. INSURANCE FUNDS (CONTD.)

STATEMENT OF FINANCIAL POSITION BY FUNDS (CONTD.)

	Shareholder's Fund		Life Fund		Total	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Insurance contract liabilities	(8,181)	(2,283)	11,318,310	10,990,818	11,310,129	10,988,535
Derivative liabilities	-	-	665	2,904	665	2,904
Deferred tax liabilities, net	(1,995)	(7,510)	510,174	407,249	508,179	399,739
Other liabilities[1]	(1,438,594)	(1,426,414)	1,793,979	1,786,803	355,385	360,389
Current tax liabilities	-	13,101	-	16,451	-	29,552
Total Liabilities	(1,448,770)	(1,423,106)	13,623,128	13,204,225	12,174,358	11,781,119
Total Equity and Liabilities	105,431	271,444	13,623,128	13,204,225	13,728,559	13,475,669

[1] Included in other liabilities are the interfund balances elimination, amount due from life fund to shareholder's fund of RM1,441,000,000 (2023: RM1,429,000,000) which is unsecured, not subject to any interest elements and are repayable in short term.

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48. INSURANCE FUNDS (CONTD.)

INCOME STATEMENT/REVENUE ACCOUNT BY FUNDS

	Shareholder's Fund		Life Fund		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue	892	1,020	589,238	540,756	590,130	541,776
Insurance service expenses	(8,318)	(4,850)	(358,537)	(343,202)	(366,855)	(348,052)
Net expenses from reinsurance contracts held	-	-	(29,236)	(26,453)	(29,236)	(26,453)
Insurance service result	(7,426)	(3,830)	201,465	171,101	194,039	167,271
Interest revenue from financial assets not measured at FVTPL	6,042	14,262	74,868	71,126	80,910	85,388
Net fair value gain on financial assets measured at FVTPL	1,684	723	627,424	573,720	629,108	574,443
Net fair value (losses)/gains on derecognition of financial assets measured at FVOCI	(9,005)	(3,161)	13,301	362	4,296	(2,799)
Other investment income	40	(272)	479,869	487,141	479,909	486,869
Reversal of/(allowance for) impairment loss on financial assets	225	(106)	(53)	(133)	172	(239)
Net foreign exchange (losses)/gains	-	-	(42,659)	51,911	(42,659)	51,911
Net investment income	(1,014)	11,446	1,152,750	1,184,127	1,151,736	1,195,573
Finance expenses from insurance contracts issued	(256)	(271)	(941,279)	(996,493)	(941,535)	(996,764)
Finance income from reinsurance contracts held	-	-	2,666	5,394	2,666	5,394
Net insurance financial result	(256)	(271)	(938,613)	(991,099)	(938,869)	(991,370)
Total net investment income and net insurance financial results	(1,270)	11,175	214,137	193,028	212,867	204,203

48. INSURANCE FUNDS (CONTD.)

INCOME STATEMENT/REVENUE ACCOUNT BY FUNDS (CONTD.)

	Shareholder's Fund		Life Fund		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other expenses, net	(1,324)	(526)	(6,146)	(3,610)	(7,470)	(4,136)
Profit before taxation	(10,020)	6,819	409,456	360,519	399,436	367,338
Surplus	329,394	272,435	(329,394)	(272,435)	-	-
Profit before taxation attributable to policyholders	319,374	279,254	80,062	88,084	399,436	367,338
Tax expense attributable to policyholders	-	-	(80,062)	(88,084)	(80,062)	(88,084)
Profit before taxation	319,374	279,254	-	-	319,374	279,254
Tax expenses	(75,240)	(44,600)	-	-	(75,240)	(44,600)
Net profit for the financial year	244,134	234,654	-	-	244,134	234,654

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48. INSURANCE FUNDS (CONTD.)

STATEMENT OF CASH FLOWS BY FUNDS

	Shareholder's Fund		Life Fund		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from:						
Operating activities	191,098	128,405	(315,210)	268,113	(124,112)	396,518
Investing activities	208,747	150,387	358,904	(250,888)	567,651	(100,501)
Financing activities	(400,000)	(278,000)	(35)	(39)	(400,035)	(278,039)
Net (decrease)/increase in cash and cash equivalents	(155)	792	43,659	17,186	43,504	17,978
Cash and cash equivalents:						
Cash and cash equivalents at beginning of financial year	792	-	42,815	25,629	43,607	25,629
Cash and cash equivalents at end of financial year	637	792	86,474	42,815	87,111	43,607