ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(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 management of General Takaful business.

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

RESULTS

	RM'000
Net profit for the financial year	224,585

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

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

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 Plan ("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 as 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 scheme.

DIRECTORS

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

Dato' Majid Bin Mohamad (Chairman)
Mr. Dominik Jacqueline A. Smeets (Vice Chairman)
Mr. Wong Shu Yoon
Dato' Muzaffar Bin Hisham (Appointed with effect from 21 June 2024)
Cik Nora Junita Binti Mohd Hussaini (Appointed with effect from 1 July 2024)
Dato’ Mohamed Rafique Merican Bin Mohd Wahiduddin Merican (Retired with effect from 20 June 2024)
Professor Datin Dr. Rusni Binti Hassan (Resigned with effect from 30 June 2024)

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

DIRECTORS' BENEFITS

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

Since the end of previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Notes 28 and 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	RM'000
Fees	693
Other emoluments	159
	852

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.

DIRECTORS' INDEMNITY (CONTD.)

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

	Number of Ordinary Shares		
	As at 1 January 2024	**Acquired/ Disposed 2024**	**As at 31 December 2024**
Ultimate Holding Company			
Direct Interest:			
Dato' Muzaffar Bin Hisham[1]	466,791	-	466,791
Indirect Interest:			
Mr. Wong Shu Yoon [2]	-	2,000	2,000

1 The disclosure is from the appointment date, 21 June 2024 onwards.

2 Shares in Maybank held by daughter in law.

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

	Award date	**Number of ESGP shares awarded**	**Vesting year**
Dato' Muzaffar Bin Hisham	14 December 2018	104,000	2021
	30 September 2019	104,000	2022
	30 September 2020	104,000	2023
	30 September 2021	104,000	2024
	30 September 2022	104,000	2025
	20 September 2023	195,000	2026
	8 March 2024	195,000	2027
		910,000	

DIRECTORS' INTERESTS (CONTD.)

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

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 8 to 28.

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 allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

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

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

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

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

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

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

AUDITORS

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

Auditors' remuneration is as follows:

	RM'000
Ernst & Young PLT	770

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 March 2025.

DATO' MAJID BIN MOHAMAD

DATO' MUZAFFAR BIN HISHAM

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

The Board of Directors (“the Board”) of Etiqa General Takaful 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 five (5) Directors:-

(i) One (1) Executive Director (“ED”);
(ii) One (1) Non-Independent Non-Executive Director (“NINED”); and
(iii) 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 INEDs had exceeded their respective nine (9) years’ 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. Dato’ Majid Bin Mohamad, an INED, is the Chairman of the Board; Dato' Muzaffar Bin Hisham is the ED; 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

The Board meets at least once on a 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.

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**	**%**
Dato' Majid Bin Mohamad *(Chairman)*	INED	11/11	100
Mr. Dominik Jacqueline A. Smeets *(Vice Chairman)*	NINED	10/11	91
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	ED[1]	3/5	60
Professor Datin Dr. Rusni Binti Hassan	INED[2]	3/5	60
Mr. Wong Shu Yoon	INED	11/11	100
Dato' Muzaffar Bin Hisham	ED[3]	6/6	100
Cik Nora Junita Binti Mohd Hussaini	INED[4]	6/6	100

[1] *Retired as an ED of the Company effective 20 June 2024.*
[2] *Resigned as an INED of the Company effective 30 June 2024.*
[3] *Appointed as an ED of the Company effective 21 June 2024.*
[4] *Appointed as an INED of the Company effective 1 July 2024.*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

Profile of Directors

Name/Designation/Age/ Nationality	Background/ Experience	Other Directorships within the Group
Dato' Majid Bin Mohamad Independent Non-Executive Director Chairman 70 years of age Malaysian	Banking & Insurance	• Director of Maybank Ageas Holdings Berhad • Chairman of Etiqa Family Takaful Berhad • Chairman of Etiqa Offshore Insurance (L) Ltd *(incorporated in F.T. Labuan)* • Chairman of Etiqa Life International (L) Ltd *(incorporated in F.T. Labuan)*
Mr. Dominik Jacqueline A. Smeets Non-Independent Non-Executive Director Vice-Chairman 48 years of age Belgian	Legal	Nil
Mr. Wong Shu Yoon Independent Non-Executive Director 69 years of age Malaysian	Insurance	• Director of Etiqa Offshore Insurance (L) Ltd (incorporated in F.T. Labuan) • Director of Etiqa Life International (L) Ltd (incorporated in F.T. Labuan)
Dato' Muzaffar Bin Hisham Executive Director 52 years of age Malaysian	Banking	• Director of Maybank Islamic Asset Management Sdn. Bhd
Cik Nora Junita Binti Mohd Hussaini Independent Non-Executive Director 51 years of age Malaysian	Finance	Nil

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(a) Board Composition (contd.)

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

(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;
(iii) Risk Management Committee; and

To ensure that the Company's operations comply with Shariah principles pursuant to the Islamic Financial Services Act 2013 ("IFSA"), the Board is assisted by:

(iv) Shariah Committee.

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

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.

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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(i) Nomination and Remuneration Committee (contd.)

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

In addition, the NRC is also responsible to implement a formal and transparent procedure for developing a remuneration framework for Directors, CEOs, Shariah Committee members[1], Senior Officers[2] and Other Material Risk Takers of the Group, and also to ensure 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 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 the Company and Etiqa Family Takaful Berhad, a wholly-owned subsidiary of MAHB.*

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

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

(i) Nomination and Remuneration Committee (contd.)

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

Members of 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[3]	10/10	100
Dato' Majid Bin Mohamad	INED[4]	10/10	100
Ms. Daniela Adaggi	NINED[5]	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, Chairman of Etiqa Life Insurance Berhad and Etiqa General Insurance Berhad, wholly-owned subsidiaries of MAHB.*

[4] *INED of the Company, MAHB, Etiqa Family Takaful Berhad, Etiqa Offshore Insurance (L) Ltd and Etiqa Life International (L) Ltd (incorporated in F.T. Labuan), wholly-owned subsidiaries of MAHB.*

[5] *NINED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of MAHB.*

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

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

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

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

The composition of the ACB and the attendance of its members at meetings 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 the Company, 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 Etiqa Family Takaful Berhad and Chairman of Shariah Committee for the Company and Etiqa Family Takaful Berhad.*

[5] *Appointed as an INED of the Company, a wholly-owned subsidiary of MAHB, and redesignated as a member of the ACB effective 1 July 2024*

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

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).

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**	**%**
En. Mohd Din Bin Merican *(Chairman)*	INED[1]	8/8	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED[2]	8/8	100
Mr. Emmanuel Gerard C. Van Grimbergen	NINED[3]	6/8	75
En. Mohamad Shukor Bin Ibrahim	INED[4]	8/8	100
Professor Datin Dr. Rusni Binti Hassan	INED[5]	2/4	50
Mr. Tan Kwang Kherng	INED[6]	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] *INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of MAHB.*

[5] *Resigned as an INED of the Company, a wholly-owned subsidiary of MAHB, and ipso facto ceased as a member of the RMC effective 30 June 2024.*

[6] *INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of MAHB.*

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

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

(iv) Shariah Committee

Shariah Committee ("SC") consists of five (5) members.

The Board of the Company set up SC in compliance with the IFSA, which will oversee the operations of the Company to ensure that they are in line with the principles of Shariah.

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

Members of SC	Designation	Number of SC Meetings attended	%
Professor Dr. Azman Bin Mohd Noor (Chairman)	INED[1]	10/10	100
Professor Dr. Aznan Bin Hasan	Member[2]	4/4	100
Professor Datin Dr. Rusni Binti Hassan	INED[3]	2/2	100
Professor Dr. Abdul Rahim Bin Abdul Rahman	Member[4]	3/5	60
Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar	Member	10/10	100
Dr. Muhammad Najib Bin Abdullah	Member[5]	8/8	100
Professor Dr. Sharifah Faigah Binti Syed Alwi	Member[6]	6/6	100
Professor Dato' Dr. Ahmad Hidayat Bin Buang	Member[7]	5/5	100

[1] *INED of Etiqa Family Takaful Berhad, a wholly-owned subsidiary of MAHB.*
[2] *Retired as a member effective 31 May 2024.*
[3] *Resigned as a member effective 29 February 2024.*
[4] *Resigned as a member effective 30 June 2024.*
[5] *Appointed as a member effective 4 April 2024.*
[6] *Appointed as a member effective 1 June 2024.*
[7] *Appointed as a member effective 1 July 2024.*

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

(d) Directors' Training

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

During the financial year, all the Board members have attended various training programmes and workshops on issues relevant to the Group, including key training programmes for new Directors, namely the Induction Programme, Financial Institutions Directors' Education ("FIDE") and In-house training programme by international speakers and Senior Management Committee members/Heads 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 the Directors

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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended (contd.)

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

A. In-house Training	^{1}DM	^{2}DS	^{3}DMH	^{4}WSY	^{5}NJ
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: 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. MAHB Offsite Strategy Meeting - ASEAN Macro- Economic / Geo –Political Outlook, Sustainability: Global Trends, ASEAN Highlights, Technology Approaches Globally	√			√	√
9. MAMG Board Members Offsite			√		
10. Invest Malaysia 2024 - collaboration with China International Capital Corporation (CICC), with the theme 'Regaining Malaysia's Lead in Asia', Maybank Investment			√		
11. Islamic Wealth Management Dialogue with Mufti Menk, Maybank Islamic			√		
12. STAR Check-In : Fireside Chat with Prof Philipp by Maybank Human Capital &INSEAD			√		
13. Maybank Group Contingency Funding Plan ("CFP") by Maybank Group Risk			√		
14. IIF-Maybank Sustainable Finance Forum 2024 by Maybank Group Corporate Affairs			√		
15. Maybank Islamic Board of Directors Briefing Session by Maybank Islamic Board			√		

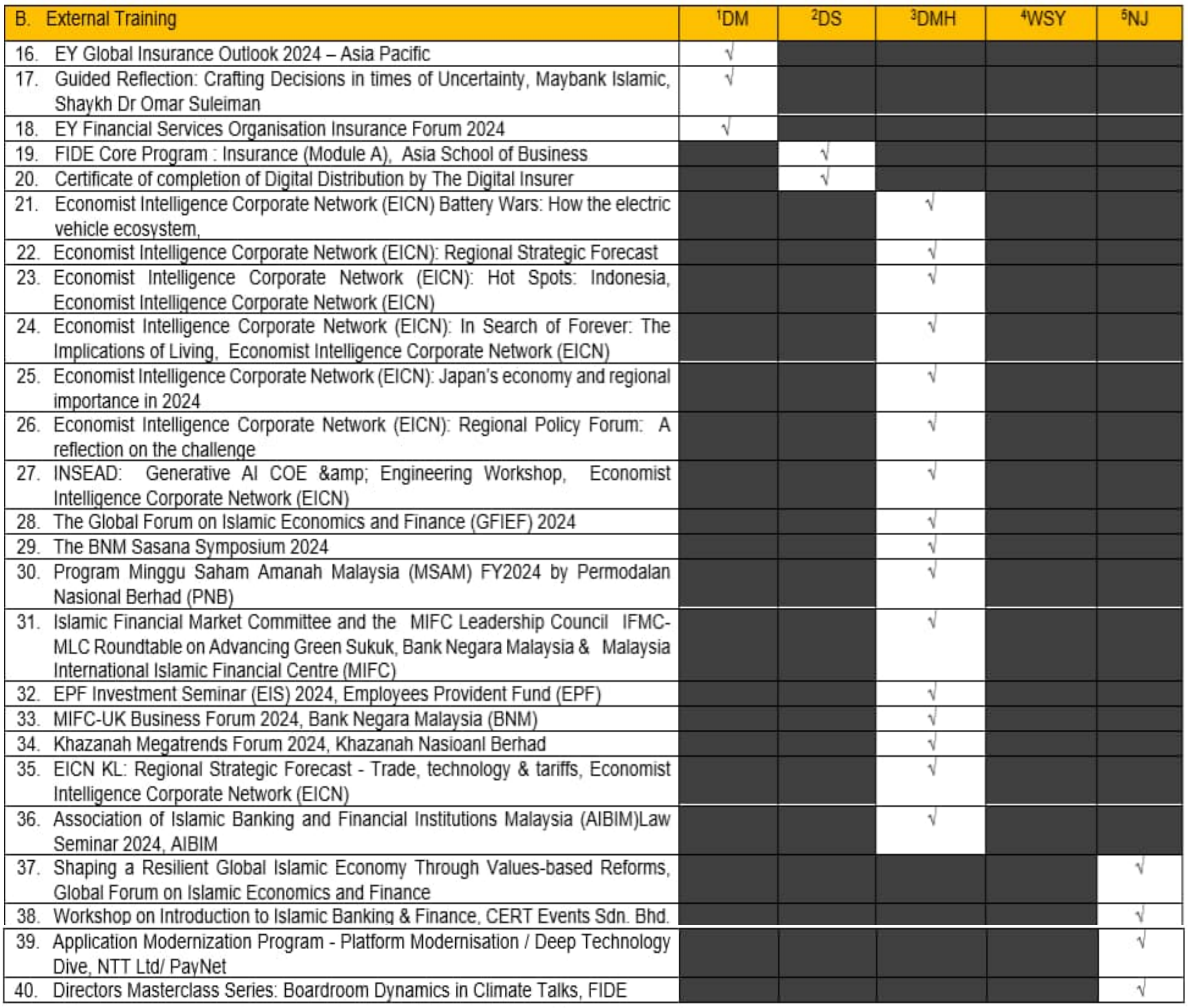
CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

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

(d) Directors' Training (contd.)

(ii) Training Attended (contd.)

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



B. External Training	1DM	2DS	3DMH	4WSY	5NJ
16. EY Global Insurance Outlook 2024 – Asia Pacific	√				
17. Guided Reflection: Crafting Decisions in times of Uncertainty, Maybank Islamic, Shaykh Dr Omar Suleiman	√				
18. EY Financial Services Organisation Insurance Forum 2024	√				
19. FIDE Core Program : Insurance (Module A), Asia School of Business		√			
20. Certificate of completion of Digital Distribution by The Digital Insurer		√			
21. Economist Intelligence Corporate Network (EICN) Battery Wars: How the electric vehicle ecosystem,			√		
22. Economist Intelligence Corporate Network (EICN): Regional Strategic Forecast			√		
23. Economist Intelligence Corporate Network (EICN): Hot Spots: Indonesia, Economist Intelligence Corporate Network (EICN)			√		
24. Economist Intelligence Corporate Network (EICN): In Search of Forever: The Implications of Living, Economist Intelligence Corporate Network (EICN)			√		
25. Economist Intelligence Corporate Network (EICN): Japan's economy and regional importance in 2024			√		
26. Economist Intelligence Corporate Network (EICN): Regional Policy Forum: A reflection on the challenge			√		
27. INSEAD: Generative AI COE & Engineering Workshop, Economist Intelligence Corporate Network (EICN)			√		
28. The Global Forum on Islamic Economics and Finance (GFIEF) 2024			√		
29. The BNM Sasana Symposium 2024			√		
30. Program Minggu Saham Amanah Malaysia (MSAM) FY2024 by Permodalan Nasional Berhad (PNB)			√		
31. Islamic Financial Market Committee and the MIFC Leadership Council IFMC-MLC Roundtable on Advancing Green Sukuk, Bank Negara Malaysia & Malaysia International Islamic Financial Centre (MIFC)			√		
32. EPF Investment Seminar (EIS) 2024, Employees Provident Fund (EPF)			√		
33. MIFC-UK Business Forum 2024, Bank Negara Malaysia (BNM)			√		
34. Khazanah Megatrends Forum 2024, Khazanah Nasioanl Berhad			√		
35. EICN KL: Regional Strategic Forecast - Trade, technology & tariffs, Economist Intelligence Corporate Network (EICN)			√		
36. Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)Law Seminar 2024, AIBIM			√		
37. Shaping a Resilient Global Islamic Economy Through Values-based Reforms, Global Forum on Islamic Economics and Finance					√
38. Workshop on Introduction to Islamic Banking & Finance, CERT Events Sdn. Bhd.					√
39. Application Modernization Program - Platform Modernisation / Deep Technology Dive, NTT Ltd/ PayNet					√
40. Directors Masterclass Series: Boardroom Dynamics in Climate Talks, FIDE					√

1 DM - Dato' Majid Bin Mohamad
2 DS - Mr. Dominik Jacqueline A. Smeets
3 DMH – Dato' Muzaffar Bin Hisham
4 WSY – Mr. Wong Shu Yoon
5 NJ – Cik Nora Junita Binti Mohd Hussaini

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 honesty 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 shareholder.

(b) Senior Management Appointment and Performance

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

The NRC is responsible to oversee 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 January 2024 - 31 May 2024) Per Annum (RM)	Revised NEDs Remuneration Framework (1 June 2024 - 31 December 2024) Per Annum (RM)
(i) Fees		
• Board		
- Chairman	180,000	190,000
- Member	120,000	130,000
• Board Committee		
- Chairman	32,500	34,000
- Member	28,000	30,000
• Shariah Committee		
- Chairman	*60,000	*80,000
- Member	^50,000	^67,500
(ii) Meeting Allowance		
• per meeting attended	2,000	2,200

**The amount of RM80,000 is borne equally by the Company and Etiqa Family Takaful Berhad*

^The amount of RM67,500 is borne equally by the Company and Etiqa Family Takaful Berhad

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

The details of Directors' and CEO's Remuneration for FYE 2024 are disclosed in Notes 28 and 27(b) to the 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.

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

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 remain 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.

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.

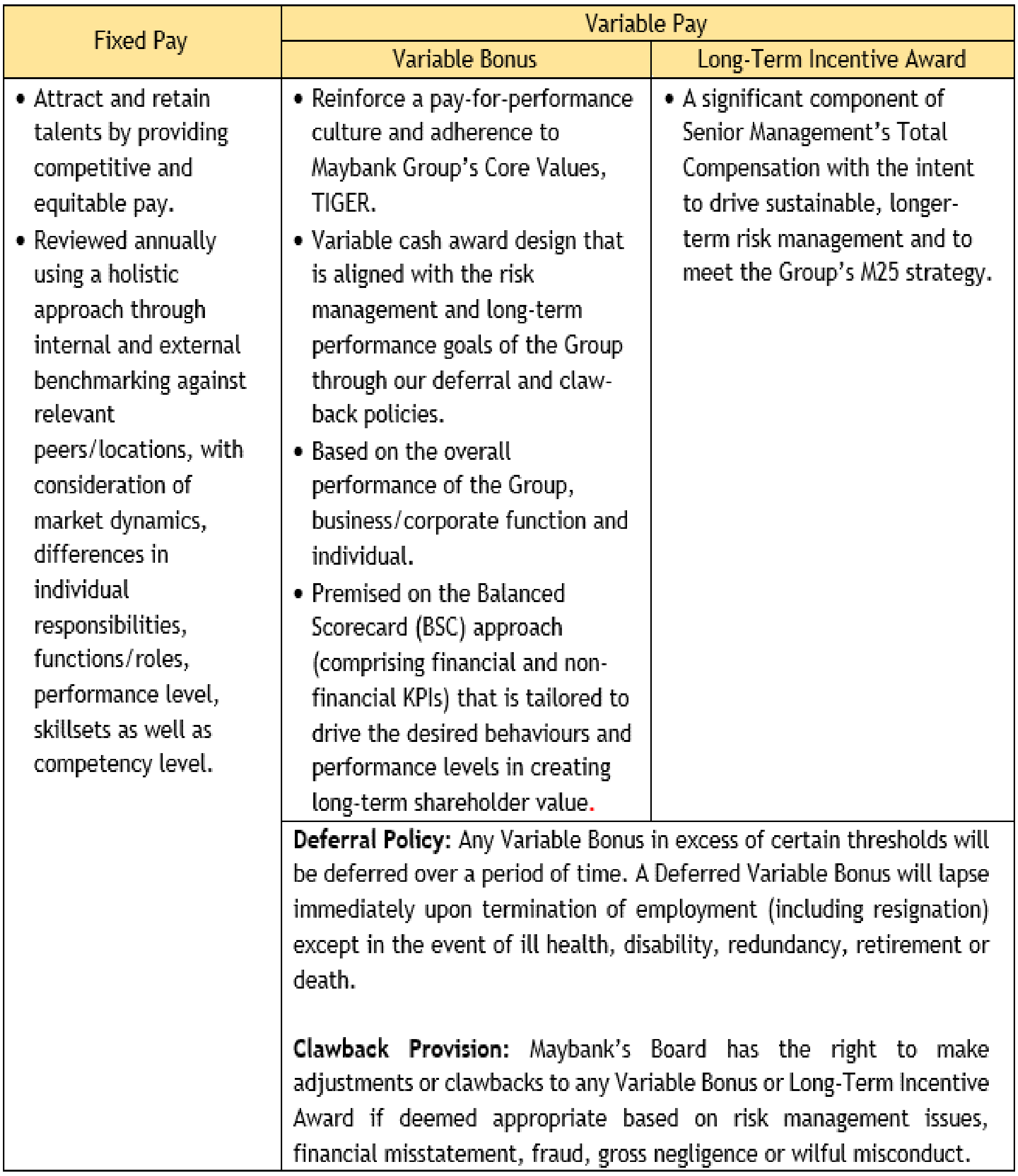
Our holistic approach to total compensation includes fixed pay and variable pay, with the latter comprising variable bonuses and incentives and long-term awards. This dynamic framework is designed to reflect targeted pay mix levels, intricately calibrated to align with the organisation’s long-term performance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

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

i) Total Compensation (contd.)



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 and 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 financing 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 and 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.

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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

LONG-TERM INCENTIVE PLAN ("LTIP") (CONTD.)

Employees' Share Grant Plan ("ESGP") (contd.)

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 and 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

LONG-TERM INCENTIVE PLAN ("LTIP") (CONTD.)

Employees' Share Grant Plan ("ESGP") (contd.)

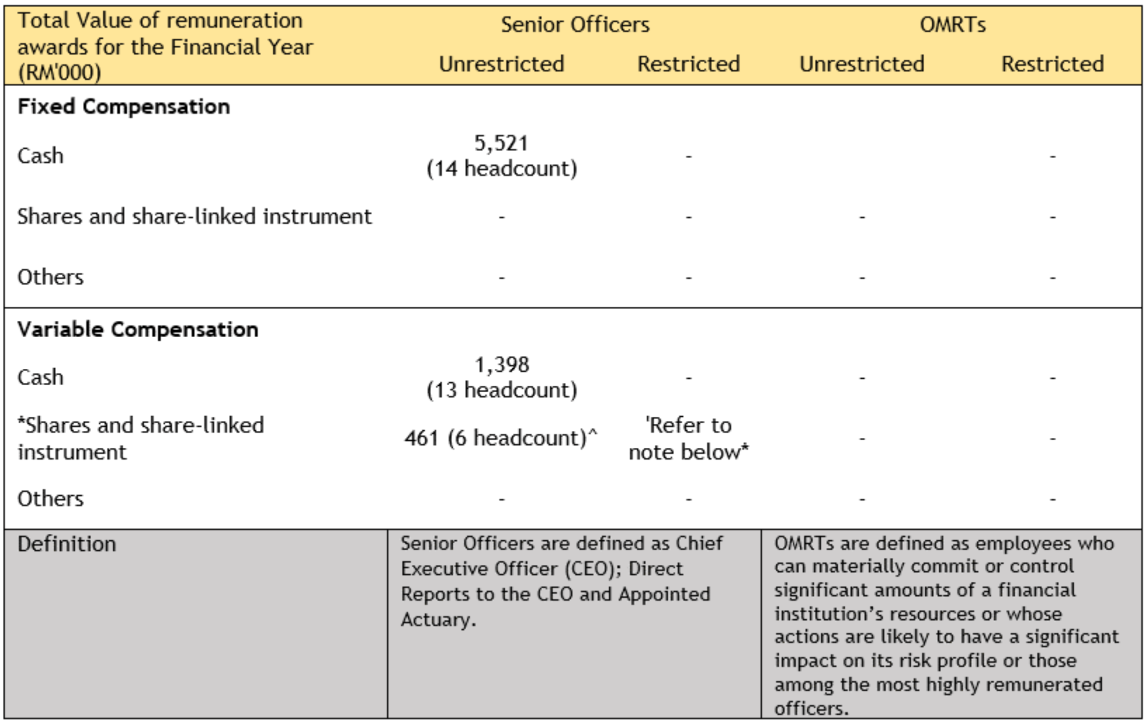
Governance and Controls – Remuneration Practices (contd.)

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.

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.

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	5,521 (14 headcount)	-		-
Shares and share-linked instrument	-	-	-	-
Others	-	-	-	-
Variable Compensation				
Cash	1,398 (13 headcount)	-	-	-
*Shares and share-linked instrument	461 (6 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.	

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

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

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

Notes:

* In FY2024, a total of 148,000 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 12 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 48,400 units of ESGP/CESGP granted in September 2021 have vested to 6 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 GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

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

We, Dato' Majid Bin Mohamad and Dato' Muzaffar Bin Hisham, being two of the Directors of Etiqa General Takaful Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 188 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 25 March 2025.

DATO' MAJID BIN MOHAMAD

DATO' MUZAFFAR BIN HISHAM

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

I, Munahar Bin Mohd Mokhtar, being the Officer primarily responsible for the financial management of Etiqa General Takaful Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 188 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 MUNAHAR BIN MOHD MOKHTAR
at Kuala Lumpur in Wilayah Persekutuan on
25 March 2025

MUNAHAR BIN MOHD MOKHTAR
HEAD OF FINANCE

Before me,

Commissioner for Oaths

W 904
ROSLI BIN SAAD
01.01.2025 - 31.12.2027

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

REPORT OF THE SHARIAH COMMITTEE

In the name of Allah, the Most Beneficent, the Most Merciful

We, Professor Dr. Azman Bin Mohd Noor and Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar, being two of the members of the Shariah Committee of Etiqa General Takaful Berhad, do hereby report on behalf of the Committee that to the best of our knowledge and belief:

In compliance with our letter of appointment and terms of reference, we have reviewed and approved the principles, policies, products and the contracts relating to the transactions undertaken by the Company during the financial year ended 31 December 2024. We have also conducted our review to form an opinion pursuant to Section 30(1) of Islamic Financial Services Act 2013 ("IFSA"), as to whether the Company has complied with the principles of Shariah, Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia ("BNM"), Shariah standards issued by BNM pursuant to Section 29 of IFSA, relevant guidelines and circulars issued by BNM, Shariah rulings issued by the Shariah Advisory Council of Securities Commission (for capital market related matters), as well as Shariah resolutions resolved by us.

During the financial year of 2024, the Committee had convened 10 times and all members have satisfied the minimum attendance requirement as per Paragraph 11.4 of Shariah Governance Policy Document of BNM which stipulates that a Committee member must attend at least 75% of the Committee meetings held in each financial year.

The management of the Company has been held responsible for ensuring that the Company conducts its business in accordance with Shariah rules and principles. It is our responsibility to express an independent opinion based on our review of the operations of the Company.

We have assessed the work carried out by Shariah review function and Shariah audit function which included examining, on a test basis, the relevant type of transactions, documentations and procedures adopted by the Company.

The Company also has organised the necessary Shariah training programs to the Board of Directors, senior management, staff and agents to enhance the Shariah awareness and instill the Shariah compliant culture throughout the organisation.

As part of the initiatives towards strengthening capabilities of the Shariah Committee, a series of relevant training programmes were conducted and participated by the Committee during the financial year of 2024, among others; Shariah Compliance Culture, Takaful Business Operation, Risk Management, Compliance, Generative Artificial Intelligence (“AI”) and Environmental, Social and Governance ("ESG").

We obtained all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated the rules and principles of Shariah.

In our opinion:

1. The relevant contracts, transactions and dealings entered into by the Company during the financial year ended 31 December 2024 that we have reviewed are in compliance with the Shariah principles;

REPORT OF THE SHARIAH COMMITTEE (CONTD.)

In our opinion: (contd.)

2. The investment activities and the investment avenues conform to the basis that had been approved by us in accordance with Shariah principles;

3. The sharing of surplus arising from the tabarru' fund (Participants' Risk Fund) conforms with the respective internal policies and approved by us;

4. Nothing has come to our attention that causes us to believe that the operations, business, affairs and activities of the Company involve in any material Shariah non-Compliant incidents;

5. Accordingly, there were no Shariah non-compliant events encountered by us during the financial year ended 31 December 2024. However, there were Shariah non-compliant earnings derived from prohibited sources by EGTB during the same period. These earnings were disposed of and channelled to the Amal Jariah fund for the purpose of purification;

6. The Shariah Committee has endorsed and approved the zakat calculation method, as well as the amount of RM22,216,179 for the Company's zakat for the 2024 financial year. Of this total, 25% will be distributed directly by the Company, while 75% will be paid to each state zakat center, Majlis Agama Islam Negeri, across Malaysia; and

7. The payment and distribution of business zakat and distribution of Amal Jariah fund during 2024 is in compliance with the principles of Shariah.

This opinion is rendered based on what has been presented to us by the management of the Company and its Shariah Management. To the best of our knowledge and belief, the information provided to us is true and accurate.

All in all, we, the members of the Shariah Committee of Etiqa General Takaful Berhad, do hereby confirm that, in our level best, the operations of the Company for the financial year ended 31 December 2024 have been conducted in conformity with the rules and principles of Shariah.

They said, "Exalted are You (Allah); we have no knowledge except what You have taught us. Indeed, it is You who is the Knowing, the Wise." (Surah al-Baqarah, chapter 2, verse 32)

Allah knows best.

Signed on behalf of the Committee.

PROFESSOR DR. AZMAN
BIN MOHD NOOR

PROFESSOR EMERITUS DATO'
DR. MOHD AZMI BIN OMAR

Kuala Lumpur, Malaysia
25 March 2025

**Shape the future
with confidence**

Ernst & Young PLT
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SST ID: W10-2002-32000062
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Independent auditors' report to the member of Etiqa General Takaful Berhad
201701025031 (1239197-A)
(Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Etiqa General Takaful 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 36 to 188.

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, Corporate Governance disclosures and the Report of the Shariah Committee but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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.

Independent auditors' report to the member of
Etiqa General Takaful Berhad (contd.)
201701025031 (1239197-A)
(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
25 March 2025

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		2024		2023	
	Note	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
ASSETS					
Property, plant and equipment	3	-	37	-	62
Intangible assets	4	-	5,785	-	1,641
Investments	5	3,050,461	5,364,502	2,720,536	4,803,233
Financing receivables	6	-	826	-	648
Retakaful certificate assets	7	463,045	463,045	334,607	334,607
Takaful certificate assets	8	40,887	60,178	182,318	168,415
Other assets	9	30,244	51,268	36,412	60,413
Derivative assets	10	* -	** -	-	-
Deferred tax assets	13	-	46,676	1,346	60,492
Cash and bank balances		51,604	51,856	49,923	50,152
Total Assets		**3,636,241**	**6,044,173**	**3,325,142**	**5,479,663**
EQUITY AND LIABILITIES					
Equity					
Share capital	11	-	970,001	-	970,001
Reserves	12	-	1,147,935	-	912,586
Total Equity		**-**	**2,117,936**	**-**	**1,882,587**
Liabilities					
Takaful certificate liabilities	8	3,445,577	3,606,596	3,153,900	3,312,284
Retakaful certificate liabilities	7	33,733	33,733	44,916	44,916
Deferred tax liabilities	13	5,748	-	-	-
Other liabilities	14	151,183	271,942	126,326	224,906
Current tax liabilities		-	13,966	-	14,970
Total Liabilities		**3,636,241**	**3,926,237**	**3,325,142**	**3,597,076**
Total Equity and Liabilities		**3,636,241**	**6,044,173**	**3,325,142**	**5,479,663**

* Representing RM122
** Representing RM190

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

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		2024		2023	
	Note	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Takaful revenue	15	2,288,919	2,288,919	2,192,820	2,192,820
Takaful service expenses	16	(2,286,424)	(2,066,092)	(2,144,332)	(1,940,946)
Net expenses from retakaful certificates held	17	(12,242)	(12,242)	(8,843)	(8,843)
Takaful service result		**(9,747)**	**210,585**	**39,645**	**243,031**
Profit income from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	18	118,105	204,593	112,321	192,065
Net fair value gains on financial assets measured at FVTPL	19	22,172	43,657	5,343	9,944
Net fair value gains on derecognition of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")	20	760	900	1,489	2,719
Other investment income	21	811	4,003	674	3,550
Reversal of/(allowance for) impairment losses on financial assets	22	393	589	(317)	(525)
Net foreign exchange (losses)/gains	23	(134)	(208)	3	6
Net investment income		**142,107**	**253,534**	**119,513**	**207,759**
Finance expenses from takaful certificates issued	24	(142,466)	(143,121)	(169,753)	(170,361)
Finance income from retakaful certificates held	25	12,242	12,242	8,843	8,843
Takaful financial result		**(130,224)**	**(130,879)**	**(160,910)**	**(161,518)**
Total net investment income and net Takaful financial results		**11,883**	**122,655**	**(41,397)**	**46,241**
Other income/(expenses), net	26	527	(7,515)	3,568	(3,713)
Profit before taxation and zakat attributable to participants		**2,663**	**325,725**	**1,816**	**285,559**
Tax expenses attributable to participants	30	(2,663)	(2,663)	(1,816)	(1,816)
Profit before taxation and zakat		**-**	**323,062**	**-**	**283,743**
Tax expense	31	-	(76,261)	-	(68,035)
Zakat		-	(22,216)	-	(18,921)
Net profit for the financial year		**-**	**224,585**	**-**	**196,787**
Basic and diluted earnings per share (sen):	32		24.11		21.13

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

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

		2024		2023	
	Note	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
Net profit for the financial year		-	224,585	-	196,787
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:		-	5,037	-	32,866
Net fair value gains on investments in debt securities measured at FVOCI		13,324	20,092	81,056	125,532
Net fair value gains on derecognition of financial assets measured at FVOCI	20	(760)	(900)	(1,489)	(2,719)
Fair value adjustments on FVOCI financial assets backing participants' funds		(9,549)	(9,549)	(60,471)	(60,471)
Tax effects relating to these items	31	(3,015)	(4,606)	(19,096)	(29,476)
Items that will not be subsequently reclassified to profit or loss:		-	5,727	-	1,097
Change in fair value of equity securities at FVOCI		7,853	15,389	1,634	3,078
Fair value adjustments on FVOCI financial assets backing participants' funds		(6,438)	(6,438)	(1,242)	(1,242)
Tax effects relating to these items	31	(1,415)	(3,224)	(392)	(739)
Other comprehensive income for the financial year, net of tax		-	10,764	-	33,963
Total comprehensive income for the financial year, attributable to equity holders of the Company		-	235,349	-	230,750

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

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Non-Distributable		Distributable	
	Share Capital RM'000	**FVOCI Reserve RM'000**	**Takaful Finance Reserve RM'000**	**Retained Profits RM'000**	**Total Equity RM'000**
At 1 January 2024,	970,001	2,312	697	909,577	1,882,587
Net profit for the financial year	-	-	-	224,585	224,585
Other comprehensive income/(loss) for the financial year	-	26,751	(15,987)	-	10,764
Total comprehensive income/(loss) for the financial year	-	26,751	(15,987)	224,585	235,349
At 31 December 2024	970,001	29,063	(15,290)	1,134,162	2,117,936

		Non-Distributable		Distributable	
	Share Capital RM'000	**FVOCI Reserve RM'000**	**Takaful Finance Reserve RM'000**	**Retained Profits RM'000**	**Total Equity RM'000**
At 1 January 2023	970,001	(93,362)	62,410	712,788	1,651,837
Net profit for the financial year	-	-	-	196,787	196,787
Other comprehensive income/(loss) for the financial year	-	95,676	(61,713)	-	33,963
Total comprehensive income/(loss) for the financial year	-	95,676	(61,713)	196,787	230,750
Reclassification upon disposal of equity securities measured at FVOCI	-	(2)	-	2	-
At 31 December 2023	970,001	2,312	697	909,577	1,882,587

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

ETIQA GENERAL TAKAFUL BERHAD
201701025031 (1239197-A)
(Incorporated in Malaysia)

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

	Note	2024 RM'000	2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation and zakat:		323,062	283,743
Adjustments for :			
Amortisation of:			
- Intangible assets	4	624	312
Net amortisation of premiums	21	7,220	6,433
Depreciation of property, plant and equipment	3	34	33
Fair value gains on:			
- Investments	19	(35,956)	(22,774)
(Gains)/losses on disposal of:			
- Investments	19, 20	(8,601)	10,111
Profit income	18, 21	(205,351)	(192,754)
Dividend income	21	(12,050)	(10,556)
(Reversal of)/allowance for impairment losses on:			
- Investments	22	(589)	526
Losses/(gains) on foreign exchange:			
- Realised	23	200	15
- Unrealised	23	8	(21)
Tax credit incurred on behalf of participants	30	2,663	1,816
Operating cash flows before working capital changes		71,264	76,884
Changes in working capital:			
(Increase)/decrease in:			
- Deposits with financial institution		(165,944)	50,987
- Retakaful certificate assets		(128,438)	(48,560)
- Takaful certificate assets		108,237	(39,038)
- Financing receivables		(178)	(225)
- Other assets		(281)	19,274
Increase/(decrease) in:			
- Retakaful certificate liabilities		(11,183)	37,879
- Takaful certificate liabilities		280,283	249,481
- Other liabilities		38,989	(25,572)
Operating cash flows after working capital changes, carried forward		192,749	321,110

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

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

	Note	2024 RM'000	2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (CONTD.)			
Operating cash flows after working capital changes, brought forward		192,749	321,110
Profit income received		214,331	174,345
Gross dividend income received		12,494	11,702
Zakat paid		(13,801)	(20,906)
Taxation paid		(74,312)	(87,701)
Net cash flows generated from operating activities	34	331,461	398,550
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		215,161	410,980
Purchase of:			
- Property, plant and equipment	3	(9)	(13)
- Intangible assets	4	(4,768)	(150)
- Investment		(540,141)	(767,845)
Net cash flows used in investing activities	34	(329,757)	(357,028)
Increase in cash and cash equivalents	34	1,704	41,522
Cash and cash equivalents at beginning of financial year	34	50,152	8,630
Cash and cash equivalents at end of financial year	34	51,856	50,152
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's Fund		252	229
General Takaful Fund		51,604	49,923
		51,856	50,152

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 activity of the Company is the management of General Takaful business.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation and presentation of 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 Takaful Operators ("RBCT Framework") issued by BNM, as at the reporting date.

The Takaful fund is consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases which will occur when the Company's license to manage takaful business is withdrawn or surrendered.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

(a) Statement of compliance (contd.)

Takaful operation and its funds

Under the concept of Takaful, individuals make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a Takaful Operator, the Company manages the General Takaful fund in line with the principles of Wakalah (agency), which is the main business model adopted by the Company. Under the Wakalah model, the Takaful Operator is not a participant in the fund but manages the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the Islamic Financial Services Act 2013 ("IFSA"), the assets and liabilities of the Takaful fund are segregated from those of the Takaful Operator: a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements* , the assets, liabilities, income and expenses of the Takaful fund are consolidated with those of the Takaful Operator to represent the control possessed by the operator over the respective funds.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

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

(i) Estimates of future cash flows

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

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

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

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

(ii) Discount rates

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(ii) Discount rates (contd.)

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

	Portfolio duration									
	1 year		3 year		5 year		10 year		15 year	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Insurance contracts/Takaful certificates issued										
Ringgit Malaysia	3.28%	3.32%	3.47%	3.51%	3.68%	3.64%	3.87%	3.81%	4.05%	4.01%
Reinsurance contracts/Retakaful certificates held										
Ringgit Malaysia	3.28%	3.32%	3.47%	3.51%	3.68%	3.64%	3.87%	3.81%	4.05%	4.01%

(iii) Risk adjustments for non-financial risk

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

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 calculate the risk adjustment for non-financial risk 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 75th percentile, in line with the regulatory requirement of BNM under the RBCT Framework for Takaful Operator.

(iv) Takaful and retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 2.1(d)(i) to Note 2.1(d)(iv). The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

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

(iv) Takaful and retakaful certificates (contd.)

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose General Takaful certificates issued and retakaful certificates held separately. This disaggregation has been determined based on how the company is managed.

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

2.2 Summary of material accounting policies 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.

Work-in-progress are not depreciated as these assets are 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.

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:

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

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

Furniture, fittings, office equipment and renovations	20% - 25%
Computer and peripherals	14% - 25%

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

In July 2024, the 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 companies.

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) Intangible assets

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ii) Intangible assets (contd.)

(a) Software development costs

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

(b) Computer software and licences

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

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

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

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

(c) Amortisation period

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

	Useful lives
Computer software and licences	10 years

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) 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 initial 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 depending on the business model for managing the financial assets and the contractual cash flows characteristics as below:

(i) Business model assessment

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

- 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

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

‘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 profit 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 characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(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 profit.

(a) Financial assets at FVOCI (debt instruments)

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

(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 at FVOCI when they meet the definition and are 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 is 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(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 profit.

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

(b) Derecognition of financial assets

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

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

(c) Write off of financial assets

An estimate is made for doubtful debts based on a review of all outstanding balances as at reporting date. Any financial assets which are 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 may be expected so to realise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(iii) Financial assets (contd.)

(c) Write off of financial assets (contd.)

The amount written off for bad debts in the financial statements of the Company are expensed to profit or loss as disclosed in Note 22.

(iv) 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. For investments in unquoted equity instruments that do not have quoted market price 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 of foreign exchange forward contracts, currency swap contracts and options. Over-the-counter derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) 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 financing commitments, financial guarantee contracts, which will include advances, financing, takaful 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-months ECL must be recognised initially for all assets subject to impairment.

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment (contd.)

(a) Financial assets (contd.)

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

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

(ii) Forward-looking information and ECL measurement

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

<u>Financing receivables</u>

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment (contd.)

(a) Financial assets (contd.)

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

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

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

Financial assets at FVOCI and AC

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

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. These are assessed to have low credit risk on the basis that both federal government and central bank have strong capacity in repaying the instruments upon maturity. In addition, there is no past historical loss experiences arising from these government securities in all jurisdiction.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(v) Impairment (contd.)

(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 or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(vi) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vi) Financial liabilities (contd.)

The Company's other financial liabilities include other payables.

(1) Other payables

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (i.e. the present value of the cash flows under the new financing (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 financing), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(vii) Takaful certificates and retakaful certificates classification

Takaful certificates

The Company issues certificates that contain Takaful risk or both Takaful risk and financial risk.

Financial risk is the risk of a possible future change in one or more of a specified profit 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 certificates. Takaful risk is risk other than financial risk.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(vii) Takaful certificates and retakaful certificates classification (contd.)

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

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

<u>Retakaful certificates</u>

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment

(a) Separating components from Takaful certificates and retakaful certificates

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

(b) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise group of certificates with similar risks which are managed together. In determining the level of aggregation, the Company identifies a group of certificates as the smallest ‘unit’, i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were stand-alone certificates. As such, what is treated as certificates for accounting purposes may differ from what is considered as certificates for other purposes (i.e. legal or management). For retakaful certificates held, the basis depends on the type of retakaful arrangement. There is no group for level of aggregation purposes that contain certificates issued more than one year apart except those as highlighted in Note 2.2(viii)(f).

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(b) Level of aggregation (contd.)

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

- Groups of certificates that are onerous at initial recognition;
- Groups of certificates that at initial recognition have no significant possibility of becoming onerous subsequently; and
- Groups of the remaining certificates in the portfolio.

The retakaful certificates held portfolios are divided into:

- Groups of certificates on which there are net gains on initial recognition;
- Groups of certificates that have no significant possibility of a net gain arising subsequent to initial recognition; and
- Groups of the remaining certificates in the portfolio.

(c) Recognition

The Company recognises groups of Takaful certificates that it issues from the earliest of the following:

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

The Company recognises a group of retakaful certificates held at:

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(c) Recognition (contd.)

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

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

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

(d) Onerous groups of certificates

For General Takaful, the Company assumes no certficates in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

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

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

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

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 (viii)(k)(ii).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(e) Certificate boundary

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

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  (i) The Company has the practical ability to reassess the risks of the portfolio of Takaful certificates that contain the certificate and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  (ii) The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contribution or claims outside the boundary of the Takaful certificates are not recognised. Such amounts relate to future Takaful certificates.

(f) Measurement - Takaful certificates

Certificates measured under the Premium Allocation approach ("PAA")

Initial measurement

The Company may apply the PAA to the Takaful certificates that it issues and retakaful certificates that it holds, provided that:

- The coverage period of each certificate in the group is one year or less, including coverage arising from all contributions within the certificate boundary in Note 2.2(viii)(e); or

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(f) Measurement - Takaful certificates (contd.)

Certificates measured under the Premium Allocation approach ("PAA") (contd.)

Initial measurement (contd.)

- For certificates 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 certificates under the PAA does not differ materially from the measurement that would be produced by applying the general model. PAA eligibility is assessed at the inception of the group of certificates and does not need to be reassessed at subsequent measurement.

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

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

- While the Company can further subdivide groups of certificates 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 certificates longer than 1 year.

Where facts and circumstances indicate that certificates are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the certificate. Such onerous certificates are separately grouped from other certificates 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 certificates 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(viii)(k)(ii).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(f) Measurement - Takaful certificates (contd.)

Certificates measured under the Premium Allocation approach ("PAA") (contd.)

Subsequent measurement

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

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

The Company estimates the liability for incurred claims ("LIC") 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 Takaful certificates 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.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(g) Measurement - Retakaful certificates

Initial measurement

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

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

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

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

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

Subsequent measurement

For General Takaful, the subsequent measurement of retakaful certificates held follows the same principles as those for Takaful certificates issued and has been adapted to reflect the specific features of retakaful held.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(g) Measurement - Retakaful certificates (contd.)

Subsequent measurement (contd.)

Any change in the fulfilment cash flows of a group of retroactive retakaful certificates held due to the changes of the liability for incurred claims of the underlying certificates is taken to profit or loss and not the contractual service margin of the retakaful certificate held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying Takaful certificates, the portion of income that has been recognised from related retakaful certificates 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 Takaful certificates.

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

(h) Takaful receivables and payables

The liability for remaining coverage disclosed under Takaful certificates liabilities are including Takaful receivables and payables.

i) Liability for remaining coverage - Takaful receivables

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(h) Takaful receivables and payables (contd.)

i) Liability for remaining coverage - Takaful receivables (contd.)

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

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

ii) Liability for remaining coverage - Takaful payables

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

(i) Takaful certificates – modification and derecognition

The Company derecognises Takaful certificates when:

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(i) Takaful certificates – modification and derecognition (contd.)

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

(j) Takaful acquisition cash flows

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

The Company uses a systematic and rational method to allocate:

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(j) Takaful acquisition cash flows (contd.)

After any re-allocation, the Company assesses the recoverability of the asset for Takaful 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 Takaful certificates; and
- An additional impairment test specifically covering the Takaful acquisition cash flows allocated to expected future certificate renewals.

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

The 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 Takaful certificates issued that are assets, groups of Takaful certificates issued that are liabilities, retakaful certificates held that are assets and groups of retakaful certificates held that are liabilities.

Any assets or liabilities for Takaful acquisition cash flows recognised before the corresponding Takaful certificates are included in the carrying amount of the related groups of Takaful certificates 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 Takaful service result.

The Company separately presents income or expenses from retakaful certificates held from the expenses or income from Takaful certificates issued.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

(i) Takaful revenue

Certificates measured under PAA

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

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

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

(ii) Loss components

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

(ii) Loss components (contd.)

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 certificates (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 Takaful certificates or when further onerous underlying Takaful certificates are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(viii) Takaful certificates and retakaful certificates accounting treatment (contd.)

(k) Presentation (contd.)

(iv) Net income or expense from retakaful certificates held

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

The Company treats retakaful cash flows that are contingent on claims on the underlying certificates as part of the claims that are expected to be reimbursed under the retakaful certificate held, and excludes investment components and commissions from an allocation of retakaful contributions presented on the face of the statement of profit or loss and OCI. Amounts relating to the recovery of losses relating to retakaful of onerous direct certificates are included as amounts recoverable from the retakaful operators.

(v) Takaful finance income or expenses

Takaful finance income or expenses comprise the change in the carrying amount of the group of Takaful certificates arising from:

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(ix) Revenue recognition

Revenue from contracts with customers

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

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) Profit income

Profit income is recognised using the effective profit 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.)

(x) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and Social Security Contributions ("SOCSO") are recognised as an expense in profit or loss 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(x)(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, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss when incurred.

(d) Share-based compensation

(1) <u>Employees’ Share Grant Plan (“ESGP Shares”)</u>

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(x) 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.

(xi) 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").

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xi) Foreign currencies (contd.)

(a) Functional and presentation currency (contd.)

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

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

(xii) Zakat

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

2.2 Summary of material accounting policy information (contd.)

(xiii) 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 Group 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 on the face of the financial statements.

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:

	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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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 Standards 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
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

General Takaful Fund

	Furniture, fittings, office equipment and renovations RM'000
2024/2023	
Cost	
At 1 January/At 31 December	23
Accumulated depreciation	
At 1 January/At 31 December	23
Net Book Value	
At 31 December 2024/2023	-

Company

	Computers and peripherals RM'000	Furniture, fittings, office equipment and renovations RM'000	Total RM'000
2024			
Cost			
At 1 January 2024	134	29	163
Additions	7	2	9
At 31 December 2024	141	31	172
Accumulated depreciation			
At 1 January 2024	78	23	101
Depreciation charge for the financial year (Note 27)	33	1	34
At 31 December 2024	111	24	135
Net Book Value			
At 31 December 2024	30	7	37

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Computers and peripherals RM'000	Furniture, fittings, office equipment and renovations RM'000	Total RM'000
2023			
Cost			
At 1 January 2023	127	23	150
Additions	7	6	13
At 31 December 2023	134	29	163
Accumulated depreciation			
At 1 January 2023	45	23	68
Depreciation charge for the financial year (Note 27)	33	-	33
At 31 December 2023	78	23	101
Net Book Value			
At 31 December 2023	56	6	62

4. INTANGIBLE ASSETS

Company

2024	**Software development costs RM'000**	**Computer software and licences RM'000**	**Total RM'000**
Cost			
At 1 January 2024	1,666	3,439	5,105
Additions	4,304	464	4,768
At 31 December 2024	5,970	3,903	9,873
Accumulated amortisation			
At 1 January 2024	311	3,153	3,464
Amortisation charge for the financial year (Note 27)	530	94	624
At 31 December 2024	841	3,247	4,088
Net Book Value			
At 31 December 2024	5,129	656	5,785

2023	**Software development costs RM'000**	**Computer software and licences RM'000**	**Total RM'000**
Cost			
At 1 January 2023	1,666	3,291	4,957
Additions	-	150	150
Retirement	-	(2)	(2)
At 31 December 2023	1,666	3,439	5,105
Accumulated amortisation			
At 1 January 2023	144	3,010	3,154
Amortisation charge for the financial year (Note 27)	167	145	312
Retirement	-	(2)	(2)
At 31 December 2023	311	3,153	3,464
Net Book Value			
At 31 December 2023	1,355	286	1,641

5. INVESTMENTS

	General Takaful Fund RM'000	Company RM'000
2024		
Malaysian government papers	92,754	186,743
Debt securities	2,102,435	3,474,973
Equity securities	180,904	363,676
Deposits with financial institutions	674,368	1,339,110
	3,050,461	5,364,502
2023		
Malaysian government papers	92,638	185,451
Debt securities	1,980,256	3,232,337
Equity securities	101,563	212,279
Deposits with financial institutions	546,079	1,173,166
	2,720,536	4,803,233

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

	General Takaful Fund RM'000	Company RM'000
2024		
Fair value through profit or loss ("FVTPL") (Note i)		
- Designated upon initial recognition	13,369	13,369
- Held for trading ("HFT")	139,318	272,222
	152,687	285,591
Fair value through other comprehensive income ("FVOCI") (Note ii)	2,223,406	3,739,801
Amortised cost ("AC") (Note iii)	674,368	1,339,110
	3,050,461	5,364,502
2023		
Fair value through profit or loss ("FVTPL") (Note i)		
- Designated upon initial recognition	13,533	13,533
- Held for trading ("HFT")	65,874	134,258
	79,407	147,791
Fair value through other comprehensive income ("FVOCI") (Note ii)	2,095,050	3,482,276
Amortised cost ("AC") (Note iii)	546,079	1,173,166
	2,720,536	4,803,233

5. INVESTMENTS (CONTD.)

Of which, the following investments will mature after 12 months:

	General Takaful Fund RM'000	Company RM'000
2024		
FVTPL		
- Designated upon initial recognition	10,184	10,184
FVOCI	2,126,586	3,543,042
	2,136,770	3,553,226
2023		
FVTPL		
- Designated upon initial recognition	13,533	13,533
FVOCI	2,024,238	3,287,115
	2,037,771	3,300,648

(i) FVTPL

	General Takaful Fund RM'000	Company RM'000
(a) Designated upon initial recognition		
2024		
At fair value:		
Debt securities:		
Unquoted in Malaysia	13,369	13,369
Total financial assets designated as FVTPL upon initial recognition	13,369	13,369
2023		
At fair value:		
Debt securities:		
Unquoted in Malaysia	13,533	13,533
Total financial assets designated as FVTPL upon initial recognition	13,533	13,533

5. INVESTMENTS (CONTD.)

(i) FVTPL (CONTD.)

(b) HFT

	General Takaful Fund RM'000	Company RM'000
2024		
At fair value:		
Equity securities:		
Quoted in Malaysia	137,575	269,572
Quoted outside Malaysia	1,743	2,650
Total HFT financial assets	139,318	272,222
2023		
At fair value:		
Equity securities:		
Quoted in Malaysia	64,648	132,324
Quoted outside Malaysia	1,226	1,934
Total HFT financial assets	65,874	134,258

(ii) FVOCI

	General Takaful Fund RM'000	Company RM'000
2024		
At fair value:		
Malaysian government papers	92,754	186,743
Debt securities:		
Unquoted in Malaysia	2,089,066	3,461,604
Equity securities:		
Quoted in Malaysia	41,586	91,454
Total FVOCI financial assets	2,223,406	3,739,801
2023		
At fair value:		
Malaysian government papers	92,638	185,451
Debt securities:		
Unquoted in Malaysia	1,966,723	3,218,804
Equity securities:		
Quoted in Malaysia	35,689	78,021
Total FVOCI financial assets	2,095,050	3,482,276

In the previous 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 RM72,000 and realised losses recognised on disposal of these securities amounted to RM2,000.

5. INVESTMENTS (CONTD.)

(iii) AC

	General Takaful Fund RM'000	Company RM'000
2024		
Islamic investment accounts with:		
Licenced financial institutions	351,854	810,440
Other licenced financial institutions	322,514	528,670
Total AC financial assets	674,368	1,339,110
2023		
Islamic investment accounts with:		
Licenced financial institutions	391,018	917,892
Other licenced financial institutions	155,061	255,274
Total AC financial assets	546,079	1,173,166

The carrying amounts of financial assets classified as 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 42(c) to the financial statements.

6. FINANCING RECEIVABLES

Company

	2024 RM'000	2023 RM'000
Staff financing - secured	826	648
Of which, receivable after 12 months	613	485

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

The profit rate during the financial year was 1.19% (2023: 0.69%).

7. RETAKAFUL CERTIFICATE ASSETS/LIABILITIES

Composition of Statement of Financial Position

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

	2024			2023		
	Assets RM'000	**Liabilities RM'000**	**Net RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Net RM'000**
Retakaful certificates held						
General Takaful Fund/Company						
Motor	53,317	-	53,317	39,682	(61)	39,621
Fire	110,340	-	110,340	88,894	(14,887)	74,007
Marine, Aviation, Cargo and Transit	3,565	(19,660)	(16,095)	3,522	(19,804)	(16,282)
Miscellaneous	295,823	(14,073)	281,750	202,509	(10,164)	192,345
Total retakaful certificates held	**463,045**	**(33,733)**	**429,312**	**334,607**	**(44,916)**	**289,691**

7. RETAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

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

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

2024

			AIC for certificates under PAA		
	Note	ARC RM'000	Present value of future cash flows RM'000	Risk adjustment for non-financial risks RM'000	Total RM'000
General Takaful Fund/Company					
Retakaful certificate assets as at 1 January		85,806	239,612	9,189	334,607
Retakaful certificate liabilities as at 1 January		(22,001)	(24,355)	1,440	(44,916)
Net balances as at 1 January		**63,805**	**215,257**	**10,629**	**289,691**
Allocation of retakaful contributions:					
Amounts relating to the changes in the assets for remaining coverage	17	(317,003)	-	-	(317,003)
Amounts recoverable from retakaful operators:					
Amounts recoverable for incurred claims and other expenses*		-	295,829	15,696	311,525
Changes that relate to past services - adjustment to AIC*		-	(10,959)	4,195	(6,764)
	17	-	284,870	19,891	304,761
Net (expenses)/income from retakaful certificates held	17	**(317,003)**	**284,870**	**19,891**	**(12,242)**
Finance income from retakaful certificates held	25	-	11,818	424	12,242
Total amount recognised in profit or loss		**(317,003)**	**296,688**	**20,315**	**-**
Cash flows					
Contributions paid, net of ceding commission		313,574	-	-	313,574
Recoveries from retakaful		-	(43,509)	-	(43,509)
Total cash flows		**313,574**	**(43,509)**	**-**	**270,065**
Other movements	(i)	-	(130,444)	-	(130,444)
Net balance as at end of the year		**60,376**	**337,992**	**30,944**	**429,312**
Represented by:					
Retakaful certificate assets as at 31 December		100,603	331,375	31,067	463,045
Retakaful certificate liabilities as at 31 December		(40,227)	6,617	(123)	(33,733)
Net balances as at 31 December		**60,376**	**337,992**	**30,944**	**429,312**

Notes:

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

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

7. RETAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

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

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

2023

	Note	ARC RM'000	AIC for certificates under PAA: Present value of future cash flows RM'000	AIC for certificates under PAA: Risk adjustment for non-financial risks RM'000	Total RM'000
General Takaful Fund/Company					
Retakaful certificate assets as at 1 January		49,216	225,593	11,238	286,047
Retakaful certificate liabilities as at 1 January		(8,398)	1,226	135	(7,037)
Net balances as at 1 January		**40,818**	**226,819**	**11,373**	**279,010**
Allocation of retakaful contributions					
Amounts relating to the changes in the asset for remaining coverage	17	(318,196)	-	-	(318,196)
Amounts recoverable from retakaful operators					
Amounts recoverable for incurred claims and other expenses*		-	349,222	2,776	351,998
Changes that relate to past services - adjustment to AIC*		-	(38,819)	(3,826)	(42,645)
	17	-	310,403	(1,050)	309,353
Net (expenses)/income from retakaful certificates held	17	**(318,196)**	**310,403**	**(1,050)**	**(8,843)**
Finance income from retakaful certificates held	25	-	8,537	306	8,843
Total amount recognised in profit or loss		**(318,196)**	**318,940**	**(744)**	**-**
Cash flows					
Contributions paid, net of ceding commission		341,183	-	-	341,183
Recoveries from retakaful		-	(82,798)	-	(82,798)
Total cash flows		**341,183**	**(82,798)**	**-**	**258,385**
Other movements	(i)	-	(247,704)	-	(247,704)
Net balance as at end of the year		**63,805**	**215,257**	**10,629**	**289,691**
Represented by:					
Retakaful certificate assets as at 31 December		85,806	239,612	9,189	334,607
Retakaful certificate liabilities as at 31 December		(22,001)	(24,355)	1,440	(44,916)
Net balances as at 31 December		**63,805**	**215,257**	**10,629**	**289,691**

Notes:

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

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

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES

Composition of Statement of Financial Position

The breakdown of groups of takaful certificates issued, that are in asset position and those in a liability position are set out in the table below:

	2024			2023		
	Assets RM'000	**Liabilities RM'000**	**Net RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Net RM'000**
Takaful certificates issued						
General Takaful Fund						
Motor	-	2,629,543	2,629,543	-	2,483,454	2,483,454
Fire	(12,191)	273,184	260,993	(90,320)	261,150	170,830
Marine, Aviation, Cargo and Transit	(12,368)	1,615	(10,753)	(13,975)	2,673	(11,302)
Miscellaneous	(16,328)	203,033	186,705	(78,023)	120,920	42,897
Unallocated surplus	-	338,202	338,202	-	285,703	285,703
Total takaful certificates issued	**(40,887)**	**3,445,577**	**3,404,690**	**(182,318)**	**3,153,900**	**2,971,582**
Company						
Motor	-	2,750,793	2,750,793	-	2,618,722	2,618,722
Fire	(12,191)	302,138	289,947	(80,092)	275,478	195,386
Marine, Aviation, Cargo and Transit	(15,165)	2,250	(12,915)	(15,612)	2,086	(13,526)
Miscellaneous	(32,822)	213,213	180,391	(72,711)	130,295	57,584
Unallocated surplus	-	338,202	338,202	-	285,703	285,703
Total takaful certificates issued	**(60,178)**	**3,606,596**	**3,546,418**	**(168,415)**	**3,312,284**	**3,143,869**

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

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

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

2024

		LRC	LIC			
	Note	Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	Assets for takaful acquisition cashflows RM'000	Total RM'000
General Takaful Fund						
Takaful certificate liabilities as at 1 January		1,267,969	1,760,068	125,863	-	3,153,900
Takaful certificate assets as at 1 January		(374,075)	180,512	11,245	-	(182,318)
Net balances as at 1 January		**893,894**	**1,940,580**	**137,108**	**-**	**2,971,582**
Takaful revenue	15	(2,288,919)	-	-	-	(2,288,919)
Takaful service expenses						
Incurred claims and other takaful service expenses*		-	1,530,491	76,102	-	1,606,593
Amortisation of takaful acquisition cash flows		560,185	-	-	-	560,185
Changes that relate to past services - adjustment to LIC*		-	172,923	(53,277)	-	119,646
	16	560,185	1,703,414	22,825	-	2,286,424
Takaful service result		**(1,728,734)**	**1,703,414**	**22,825**	**-**	**(2,495)**
Finance expenses from takaful certificates issued	24	-	137,716	4,750	-	142,466
Total amount recognised in profit or loss		**(1,728,734)**	**1,841,130**	**27,575**	**-**	**139,971**
Cash flows						
Contributions received		2,400,284	-	-	-	2,400,284
Claims and other takaful service expenses paid		-	(1,489,728)	-	-	(1,489,728)
Takaful acquisition cash flows		(582,587)	-	-	-	(582,587)
Total cash flows		**1,817,697**	**(1,489,728)**	**-**	**-**	**327,969**
Other movements	(i)	-	(38,866)	5,046	-	(33,820)
Transfer to other liabilities	14 & (ii)	-	(1,012)	-	-	(1,012)
Net balance as at end of the year		**982,857**	**2,252,104**	**169,729**	**-**	**3,404,690**
Represented by:						
Takaful certificate liabilities as at 31 December		1,320,187	1,968,875	156,515	-	3,445,577
Takaful certificate assets as at 31 December		(337,330)	283,229	13,214	-	(40,887)
Net balances as at 31 December		**982,857**	**2,252,104**	**169,729**	**-**	**3,404,690**

Notes:

(i) Other movements include of movement of unallocated surplus and interfund elimination.

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

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

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

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

The overview of movements for net asset or liability for takaful certificate 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	LIC		Assets for takaful acquisition cashflows	
		Excluding loss component RM'000	Present value of future cash flow RM'000	Risk adj. for non-financial risks RM'000	RM'000	Total RM'000
Company						
Takaful certificate liabilities as at 1 January		1,408,674	1,776,121	127,489	-	3,312,284
Takaful certificate assets as at 1 January		(361,200)	181,445	11,340	-	(168,415)
Net balances as at 1 January		**1,047,474**	**1,957,566**	**138,829**	**-**	**3,143,869**
Takaful revenue	15	(2,288,919)	-	-	-	(2,288,919)
Takaful service expenses						
Incurred claims and other takaful service expenses*		-	1,552,533	76,944	-	1,629,477
Amortisation of takaful acquisition cash flows		316,567	-	-	-	316,567
Changes that relate to past services - adjustment to LIC*		-	174,183	(54,135)	-	120,048
	16	316,567	1,726,716	22,809	-	2,066,092
Takaful service result		**(1,972,352)**	**1,726,716**	**22,809**	**-**	**(222,827)**
Finance expenses from takaful certificates issued	24	-	138,311	4,810	-	143,121
Total amount recognised in profit or loss		**(1,972,352)**	**1,865,027**	**27,619**	**-**	**(79,706)**
Cash flows						
Contributions received		2,400,283	-	-	-	2,400,283
Claims and other takaful service expenses paid		-	(1,509,149)	-	-	(1,509,149)
Takaful acquisition cash flows		(353,023)	-	-	-	(353,023)
Total cash flows		**2,047,260**	**(1,509,149)**	**-**	**-**	**538,111**
Other movements	(i)	(16,755)	(22,111)	5,046	-	(33,820)
Transfer to other liabilities	14 & (ii)	-	(22,036)	-	-	(22,036)
Net balance as at end of the year		**1,105,627**	**2,269,297**	**171,494**	**-**	**3,546,418**
Represented by:						
Takaful certificate liabilities as at 31 December		1,462,938	1,985,437	158,221	-	3,606,596
Takaful certificate assets as at 31 December		(357,311)	283,860	13,273	-	(60,178)
Net balances as at 31 December		**1,105,627**	**2,269,297**	**171,494**	**-**	**3,546,418**

Notes:

(i) Other movements include of movement of unallocated surplus and interfund elimination.

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

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

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

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

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

2023

		LRC	**LIC**			
	Note	**Excluding loss component RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**Assets for takaful acquisition cashflows RM'000**	**Total RM'000**
General Takaful Fund						
Takaful certificate liabilities as at 1 January		1,216,993	1,556,316	105,269	-	2,878,578
Takaful certificate assets as at 1 January		(365,325)	225,809	11,144	-	(128,372)
Net balances as at 1 January		**851,668**	**1,782,125**	**116,413**	**-**	**2,750,206**
Takaful revenue	15	(2,192,820)	-	-	-	(2,192,820)
Takaful service expenses						
Incurred claims and other takaful service expenses*		-	1,382,838	59,955	-	1,442,793
Amortisation of takaful acquisition cash flows		577,621	-	-	-	577,621
Changes that relate to past services - adjustment to LIC*		-	167,087	(43,169)	-	123,918
	16	577,621	1,549,925	16,786	-	2,144,332
Takaful service result		**(1,615,199)**	**1,549,925**	**16,786**	**-**	**(48,488)**
Finance expenses from takaful certificates issued	24	-	165,844	3,909	-	169,753
Total amount recognised in profit or loss		**(1,615,199)**	**1,715,769**	**20,695**	**-**	**121,265**
Cash flows						
Contributions received		2,234,094	-	-	-	2,234,094
Claims and other takaful service expenses paid		-	(1,371,301)	-	-	(1,371,301)
Takaful acquisition cash flows		(576,669)	-	-	-	(576,669)
Total cash flows		**1,657,425**	**(1,371,301)**	**-**	**-**	**286,124**
Other movements	(i)	-	(185,991)	-	-	(185,991)
Transfer to other liabilities	14 & (ii)	-	(22)	-	-	(22)
Net balance as at end of the year		**893,894**	**1,940,580**	**137,108**	**-**	**2,971,582**
Represented by:						
Takaful certificate liabilities as at 31 December		1,267,969	1,760,068	125,863	-	3,153,900
Takaful certificate assets as at 31 December		(374,075)	180,512	11,245	-	(182,318)
Net balances as at 31 December		**893,894**	**1,940,580**	**137,108**	**-**	**2,971,582**

Notes:

(i) Other movements include of movement of unallocated surplus and interfund elimination.

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

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

8. TAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONTD.)

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

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

2023

		LRC	**LIC**			
	Note	**Excluding loss component RM'000**	**Present value of future cash flow RM'000**	**Risk adj. for non-financial risks RM'000**	**Assets for takaful acquisition cashflows RM'000**	**Total RM'000**
Company						
Takaful certificate liabilities as at 1 January		1,324,555	1,571,252	105,768	-	3,001,575
Takaful certificate assets as at 1 January		(367,787)	227,537	11,193	(320)	(129,377)
Net balances as at 1 January		**956,768**	**1,798,789**	**116,961**	**(320)**	**2,872,198**
Takaful revenue	15	(2,192,820)	-	-	-	(2,192,820)
Takaful service expenses						
Incurred claims and other takaful service expenses*		-	1,429,537	60,808	-	1,490,345
Amortisation of takaful acquisition cash flows		325,491	-	-	-	325,491
Changes that relate to past services - adjustment to LIC*		-	168,009	(42,899)	-	125,110
	16	325,491	1,597,546	17,909	-	1,940,946
Takaful service result		**(1,867,329)**	**1,597,546**	**17,909**	**-**	**(251,874)**
Finance expenses from takaful certificate issued	24	-	166,402	3,959	-	170,361
Total amount recognised in profit or loss		**(1,867,329)**	**1,763,948**	**21,868**	**-**	**(81,513)**
Cash flows						
Contributions received		2,234,093	-	-	-	2,234,093
Claims and other takaful service expenses paid		-	(1,363,906)	-	-	(1,363,906)
Takaful acquisition cash flows		(314,021)	-	-	-	(314,021)
Total cash flows		**1,920,072**	**(1,363,906)**	**-**	**-**	**556,166**
Allocation from assets for takaful acquisition cash flows to group of takaful certificates		-	-	-	320	320
Other movements	(i)	37,963	(223,953)	-	-	(185,990)
Transfer to other liabilities	14 & (ii)	-	(17,312)	-	-	(17,312)
Net balance as at end of the year		**1,047,474**	**1,957,566**	**138,829**	**-**	**3,143,869**
Represented by:						
Takaful certificate liabilities as at 31 December		1,408,674	1,776,121	127,489	-	3,312,284
Takaful certificate assets as at 31 December		(361,200)	181,445	11,340	-	(168,415)
Net balances as at 31 December		**1,047,474**	**1,957,566**	**138,829**	**-**	**3,143,869**

Notes:

(i) Other movements include of movement of unallocated surplus and interfund elimination.

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

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

9. OTHER ASSETS

	General Takaful Fund RM'000	Company RM'000
2024		
Sundry receivables, deposits and prepayments	203	1,583
Allowance for impairment losses (Note 39 (i))	-	(362)
	203	1,221
Survey fees	1,348	1,348
Income and profit due and accrued*	28,112	47,667
Amount due from stockbrokers	581	1,032
	30,244	51,268
2023		
Sundry receivables, deposits and prepayments	263	1,088
Allowance for impairment losses (Note 39 (i))	-	(362)
	263	726
Survey fee	2,407	2,407
Income and profit due and accrued*	33,602	57,091
Amount due from stockbrokers	140	189
	36,412	60,413

* Included in the income and profit due and accrued are mainly consist of profit and dividend receivables.

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.

10. 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.

10. DERIVATIVES (CONTD.)

	<------2024------>			<------2023------>		
	Principal Notional Amount RM'000 (Note 33)	**Assets RM'000**	**Liability RM'000**	**Principal Notional Amount RM'000**	**Assets RM'000**	**Liability RM'000**
General Takaful Fund						
Hedging derivatives:-						
Forward foreign exchange contract	* -	* -	-	-	-	-
Total derivatives	-	-	-	-	-	-

* General Takaful Fund has foreign exchange contract for the year ended 31 December 2024 with principal/notional amount amounting to RM900 (2023: Nil) and an asset position amounting to RM122 (2023: Nil).

	<------2024------>			<------2023------>		
	Principal Notional Amount RM'000 (Note 33)	**Assets RM'000**	**Liability RM'000**	**Principal Notional Amount RM'000**	**Assets RM'000**	**Liability RM'000**
Company						
Hedging derivatives:-						
Forward foreign exchange contract	* -	* -	-	-	-	-
Total derivatives	-	-	-	-	-	-

* The Company has foreign exchange contract for the year ended 31 December 2024 with principal/notional amount amounting to RM1,400 (2023: Nil) and an asset position amounting to RM190 (2023: Nil).

The fair value of derivatives are derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 33.

Hedging derivatives:

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

11. SHARE CAPITAL

	No. of shares Units '000	Amount RM'000
Company		
2024		
Issued and fully paid, at no par value:		
Ordinary shares		
At 1 January/At 31 December	931,350	970,001
2023		
Issued and fully paid, at no par value:		
Ordinary shares		
At 1 January/At 31 December	931,350	970,001

12. RESERVES

	2024 RM'000	2023 RM'000
Company		
Non-distributable:		
FVOCI reserve	29,063	2,312
Takaful finance reserve	(15,290)	697
Distributable:		
Retained profits	1,134,162	909,577
	1,147,935	912,586

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

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

13. DEFERRED TAXATION

	General Takaful Fund RM'000	Company RM'000
2024		
At 1 January	1,346	60,492
Recognised in:		
Profit or loss (Note 30)		
- Tax expenses attributable to participants	(2,663)	(2,663)
- Taxation	-	(3,323)
Other comprehensive income	(4,431)	(7,830)
At 31 December	(5,748)	46,676

	General Takaful Fund RM'000	Company RM'000
2023		
At 1 January	22,650	88,455
Recognised in:		
Profit or loss (Note 30)		
- Tax expenses attributable to participants	(1,816)	(1,816)
- Taxation	-	4,068
Other comprehensive income	(19,488)	(30,215)
At 31 December	1,346	60,492

13. DEFERRED TAXATION (CONTD.)

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 incom 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
General Takaful Fund	
Deferred tax assets	5,052
Deferred tax liabilities	(10,800)
	(5,748)

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

(i) Deferred tax assets

	Net amortisation of premiums on investments RM'000	Fair value adjustment RM'000	Impairment of takaful certificate liabilities RM'000	FVOCI reserve RM'000	Impairment of investments RM'000	Unrealised currency exchange RM'000	Takaful certificate liabilities RM'000
2024							
At 1 January	2,555	-	517	-	270	-	-
Recognised in:							
Profit or loss							
- Tax (expenses)/credit attributable to participants	1,084	-	309	-	(94)	-	411
At 31 December	3,639	-	826	-	176	-	411
2023							
At 1 January	1,627	1,380	385	19,090	194	5	-
Recognised in:							
Profit or loss							
- Tax (expenses)/credit attributable to participants	928	(1,380)	132	-	76	(5)	-
Other comprehensive income	-	-	-	(19,090)	-	-	-
At 31 December	2,555	-	517	-	270	-	-

13. DEFERRED TAXATION (CONTD.)

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

(ii) Deferred tax liabilities

	Fair value adjustment RM'000	FVOCI reserve RM'000	Unrealised currency exchange RM'000	Takaful certificate liabilities RM'000	Total RM'000
2024					
At 1 January	(1,545)	(398)	(1)	(52)	(1,996)
Recognised in:					
Profit or loss					
- Tax (expenses)/credit attributable to participants	(4,426)	-	1	52	(4,373)
Other comprehensive income	-	(4,431)	-	-	(4,431)
At 31 December	(5,971)	(4,829)	-	-	(10,800)
2023					
At 1 January	-	-	-	(31)	(31)
Recognised in:					
Profit or loss					
- Tax expenses attributable to participants	(1,545)	-	(1)	(21)	(1,567)
Other comprehensive income	-	(398)	-	-	(398)
At 31 December	(1,545)	(398)	(1)	(52)	(1,996)

13. DEFERRED TAXATION (CONTD.)

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 (contd.):

	2024 RM'000	2023 RM'000
Company		
Deferred tax assets	68,214	65,062
Deferred tax liabilities	(21,538)	(4,570)
	46,676	60,492

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

(i) Deferred tax assets

	Fair value adjustment RM'000	Impairment of investments RM'000	Net amortisation of premiums on investments RM'000	Impairment of takaful certificate liabilities RM'000	Impairment of other receivables RM'000	FVOCI reserve RM'000	Provision for bonus RM'000	Takaful certificate liabilities RM'000	Unrealised currency exchange RM'000	Total RM'000
2024										
At 1 January	-	397	3,986	517	88	-	4,961	55,113	-	65,062
Recognised in:										
Profit or loss										
- Tax (expenses)/credit attributable to participants	-	(94)	1,084	309	-	-	-	411	-	1,710
- Taxation	-	(47)	513	-	-	-	582	394	-	1,442
At 31 December	-	256	5,583	826	88	-	5,543	55,918	-	68,214
2023										
At 1 January	2,307	271	2,592	385	88	28,866	2,652	51,317	8	88,486
Recognised in:										
Profit or loss										
- Tax (expenses)/credit attributable to participants	(1,380)	76	928	132	-	-	-	-	(5)	(249)
- Taxation	(927)	50	466	-	-	-	2,309	3,796	(3)	5,691
Other comprehensive income	-	-	-	-	-	(28,866)	-	-	-	(28,866)
At 31 December, as restated	-	397	3,986	517	88	-	4,961	55,113	-	65,062

13. DEFERRED TAXATION (CONTD.)

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

(ii) Deferred tax liabilities

	FVOCI reserve RM'000	Takaful certificate liabilities RM'000	Fair value adjustment RM'000	Unrealised currency exchange RM'000	Accelerated capital allowance RM'000	Total RM'000
2024						
At 1 January	(1,348)	(52)	(3,157)	(2)	(11)	(4,570)
Recognised in:						
Profit or loss						
- Tax (expenses)/credit attributable to participants	-	52	(4,426)	1	-	(4,373)
- Taxation	-	-	(4,204)	-	(561)	(4,765)
Other comprehensive income	(7,830)	-	-	-	-	(7,830)
At 31 December	(9,178)	-	(11,787)	(1)	(572)	(21,538)
2023						
At 1 January	-	(31)	-	-	-	(31)
Recognised in:						
Profit or loss						
- Tax expenses attributable to participants	-	(21)	(1,545)	(1)	-	(1,567)
- Taxation	-	-	(1,612)	(1)	(11)	(1,624)
Other comprehensive income	(1,348)	-	-	-	-	(1,348)
At 31 December	(1,348)	(52)	(3,157)	(2)	(11)	(4,570)

14. OTHER LIABILITIES

	General Takaful Fund RM'000	Company RM'000
2024		
Amount due to Shareholder's Fund*	17,308	-
Unclaimed monies	51,740	51,740
Service tax payable	56,447	56,447
Stamp duty payable	2,195	2,195
Withholding tax payable	21,384	21,385
Amount due to related companies (Note 36 (b))*:		
- Ultimate holding company	-	7,211
- Penultimate holding company	-	65
- Immediate holding company	-	4,581
- Other related companies	52	6,156
Zakat payable	-	28,692
Provisions for bonus	-	24,021
Other components of Takaful certificate liabilities (Note 8(a))	1,012	22,036
Sundry payables and accrued liabilities**	1,045	47,413
	151,183	271,942
2023		
Amount due to Shareholder's Fund*	9,625	-
Due to stockbroker	119	258
Unclaimed monies	51,538	51,539
Service tax payable	40,560	40,560
Stamp duty payable	2,699	2,699
Withholding tax payable	21,017	21,017
Amount due to related companies (Note 36 (b))*:		
- Ultimate holding company	-	7,758
- Penultimate holding company	-	584
- Immediate holding company	-	2,197
- Other related companies	51	3,902
Zakat payable	-	20,056
Provisions for bonus	-	20,569
Other components of Takaful certificate liabilities (Note 8(a))	22	17,312
Sundry payables and accrued liabilities**	695	36,455
	126,326	224,906

* Amounts due to related companies and the Shareholder's fund are non-trade in nature, unsecured, not subject to any profit elements and are repayable in the short-term.

** Included in the sundry payables and accrued liabilities are mainly consist of accruals and other miscellaneous of provision expenses.

15. TAKAFUL REVENUE

The table below presents an analysis of the total takaful revenue recognised in the financial year.

		2024		2023	
	Note	**General Takaful Fund RM'000**	**Company RM'000**	**General Takaful Fund RM'000**	**Company RM'000**
Takaful revenue from certificates measured under the PAA					
Release of contributions for current financial year		2,288,919	2,288,919	2,192,820	2,192,820
Total takaful revenue	8(a)	2,288,919	2,288,919	2,192,820	2,192,820

16. TAKAFUL SERVICE EXPENSES

The table below presents an analysis of the total takaful service expenses recognised in the financial year.

		2024		2023	
		PAA		PAA	
	Note	**General Takaful Fund RM'000**	**Company RM'000**	**General Takaful Fund RM'000**	**Company RM'000**
Incurred claims and other directly attributable expenses*		(1,339,220)	(1,511,067)	(1,179,911)	(1,346,784)
Incurred wakalah fees	(i)	(133,609)	-	(124,086)	-
Incurred surplus to Shareholder's Fund	(ii)	(21,200)	-	-	-
Incurred surplus to participants	(ii)	(21,200)	(21,200)	-	-
Unallocated surplus		(91,364)	(97,210)	(138,796)	(143,561)
Changes that relate to past services - adjustment to LIC*		(119,646)	(120,048)	(123,918)	(125,110)
Takaful acquisition cash flow amortisation	(i),(iii)	(560,185)	(316,567)	(577,621)	(325,491)
Total takaful service expenses	8(a)	(2,286,424)	(2,066,092)	(2,144,332)	(1,940,946)

Notes:

(i) The wakalah fees paid to the Shareholder's fund during the financial year is RM725,954,000 (2023: RM703,088,000).

(ii) The surplus paid to the Shareholder's fund and certificate holder during the financial year were RM21,200,000 (2023: nil) and RM21,200,000 (2023: nil) respectively.

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

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

17. NET EXPENSES FROM RETAKAFUL CERTIFICATES HELD

The Company has disclosed an analysis of the net expenses from retakaful certificates held during the financial year, shown in the table below:

		2024		2023	
		PAA		PAA	
	Note	**General Takaful Fund RM'000**	**Company RM'000**	**General Takaful Fund RM'000**	**Company RM'000**
Amounts relating to the changes in the assets for remaining coverage					
Net cost recognised in profit or loss	(i)	(317,003)	(317,003)	(318,196)	(318,196)
Allocation of retakaful contributions		(317,003)	(317,003)	(318,196)	(318,196)
Amounts recoverable for incurred claims and other expenses incurred in the year					
Amounts recoverable for incurred claims*		181,081	181,081	104,294	104,294
Incurred unallocated surplus		130,444	130,444	247,704	247,704
Changes that relate to past services - adjustment to AIC*		(6,764)	(6,764)	(42,645)	(42,645)
Amounts recoverable from retakaful operators		304,761	304,761	309,353	309,353
Total net expenses from retakaful certificates held	7(a)	(12,242)	(12,242)	(8,843)	(8,843)

Notes:

(i) Net cost or gain recognised in profit or loss during the coverage period of the corresponding group of retakaful certificates held based on coverage units. Refer to Note 2.2(viii)(g).

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

18. PROFIT INCOME FROM FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	General Takaful Fund RM'000	**Company RM'000**
2024		
Financial assets at FVOCI:		
- Malaysian government papers	3,811	7,726
- Debt securities	91,008	149,652
Financial assets at AC:		
- Deposits with financial institutions	23,286	47,211
Financing receivables		
- Staff financing	-	4
Total profit income from financial assets not measured at FVTPL	**118,105**	**204,593**
2023		
Financial assets at FVOCI:		
- Malaysian government papers	4,107	8,092
- Debt securities	80,312	129,156
Financial assets at AC:		
- Deposits with financial institutions	27,747	54,635
Financing receivables		
- Staff financing	-	4
Other profit income	155	178
Total profit income from financial assets not measured at FVTPL	**112,321**	**192,065**

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

	General Takaful Fund RM'000	Company RM'000
2024		
Realised gains on financial assets, net	3,731	7,701
Fair value gains/(losses) on:		
- Equity securities	18,474	35,990
- Debt securities	(33)	(34)
Total net fair value gains on financial assets measured at FVTPL	**22,172**	**43,657**
2023		
Realised losses on financial assets, net	(6,850)	(12,830)
Fair value gains on:		
- Equity securities	11,864	22,326
- Debt securities	247	247
- Property trust funds	82	201
Total net fair value gains on financial assets measured at FVTPL	**5,343**	**9,944**

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

	General Takaful Fund RM'000	Company RM'000
2024		
Fair value gains on:		
- Debt securities	760	900
Total net fair value gains on derecognition of financial assets measured at FVOCI	**760**	**900**
2023		
Financial Assets at FVOCI		
- Debt securities	1,069	1,831
- Malaysian government papers	420	888
Total net fair value gains on derecognition of financial assets measured at FVOCI	**1,489**	**2,719**

21. OTHER INVESTMENT INCOME

	General Takaful Fund RM'000	Company RM'000
2024		
Dividend/distribution income:		
- Equity securities	5,895	12,050
Profit income at FVTPL:		
- Debt securities	758	758
Net amortisation of premiums	(4,919)	(7,220)
Investment related expenses	(923)	(1,585)
Total other investment income	**811**	**4,003**
2023		
Dividend/distribution income:		
- Equity securities	5,029	10,482
- Property trust funds	44	74
Profit income at FVTPL:		
- Debt securities	867	867
Net amortisation of premiums	(4,422)	(6,433)
Investment related expenses	(844)	(1,440)
Total other investment income	**674**	**3,550**

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

	General Takaful Fund RM'000	Company RM'000
2024		
Reversal of impairment losses on:		
- Investments	393	589
Total reversal of impairment losses on financial assets	**393**	**589**
2023		
(Allowance for)/reversal of impairment losses on:		
- Investments	(317)	(526)
- Financing receivables	-	1
Total allowance for impairment losses on financial assets	**(317)**	**(525)**

23. NET FOREIGN EXCHANGE (LOSSES)/GAINS

	General Takaful Fund RM'000	Company RM'000
2024		
Net realised losses	(129)	(200)
Net unrealised losses	(5)	(8)
Total net foreign exchange losses	**(134)**	**(208)**
2023		
Net realised losses	(10)	(15)
Net unrealised gains	13	21
Total net foreign exchange gains	**3**	**6**

24. FINANCE EXPENSES FROM TAKAFUL CERTIFICATES ISSUED

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

	2024		**2023**	
	PAA		**PAA**	
	General Takaful Fund RM'000	**Company RM'000**	**General Takaful Fund RM'000**	**Company RM'000**
Takaful certificates				
Finance expenses/(income) from takaful certificates issued				
Profit accreted using current financial assumptions	(60,110)	(60,758)	(51,200)	(51,820)
Effect of changes in profit rates and other financial assumptions	(618)	(625)	960	972
Changes in the fair value of underlying assets of the Takaful fund	(81,738)	(81,738)	(119,513)	(119,513)
Total finance expenses from takaful certificates issued (Note 8(a))	**(142,466)**	**(143,121)**	**(169,753)**	**(170,361)**
Represented by:				
Amount recognised in profit or loss	(142,466)	(143,121)	(169,753)	(170,361)
Net finance income/(expenses):-				
Represented by:				
Amount recognised in profit or loss				
Finance expenses from takaful certificates issued	(142,466)	(143,121)	(169,753)	(170,361)
Finance income from retakaful certificates held	12,242	12,242	8,843	8,843
	(130,224)	(130,879)	(160,910)	(161,518)

25. FINANCE INCOME FROM RETAKAFUL CERTIFICATES HELD

	2024		2023	
	PAA		PAA	
	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
<u>Retakaful certificates</u>				
Finance income/(expenses) from retakaful certificates held				
Profit accreted using current financial assumptions	12,117	12,117	8,902	8,902
Effect of changes in profit rates and other financial assumptions	121	121	(155)	(155)
Changes in non-performance risk of retakaful operators	4	4	96	96
Total finance income from retakaful certificates held (Note 7(a))	**12,242**	**12,242**	**8,843**	**8,843**
Represented by:				
Amount recognised in profit or loss	12,242	12,242	8,843	8,843

26. OTHER INCOME/(EXPENSES), NET

	2024		2023	
	General Takaful Fund RM'000	Company RM'000	General Takaful Fund RM'000	Company RM'000
(A) Other income				
Other revenue				
Sundry income	527	1,168	3,568	4,023
Total other income	**527**	**1,168**	**3,568**	**4,023**
(B) Total other expenses (Note 27)	**-**	**(8,683)**	**-**	**(7,736)**
Total other income/(expenses), net	**527**	**(7,515)**	**3,568**	**(3,713)**

27. OTHER EXPENSES

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

		2024				**2023**			
		Takaful service expenses*				**Takaful service expenses***			
	Note	**Expenses attributed to takaful acquisition cash flows RM'000**	**Other directly attributable expenses RM'000**	**Other expenses RM'000**	**Total RM'000**	**Expenses attributed to takaful acquisition cash flows RM'000**	**Other directly attributable expenses RM'000**	**Other expenses RM'000**	**Total RM'000**
Commission expenses	**(A)**	**248,634**	**2,267**	**-**	**250,901**	**218,607**	**-**	**-**	**218,607**
Other expenses									
Employee benefits expense	(a)	52,876	84,986	3,557	141,419	48,759	78,169	3,220	130,148
Directors' fees and remuneration	28	-	-	852	852	-	-	788	788
Shariah Committee's fees and remuneration	29	-	-	229	229	-	-	277	277
Auditors' remuneration:									
- statutory audits		441	301	-	742	639	296	-	935
- regulatory related services		28	-	-	28	28	-	-	28
- other services		-	-	-	-	33	-	-	33
Amortisation of intangible assets	4	317	307	-	624	135	177	-	312
Auto assist services		-	23,729	-	23,729	-	24,755	-	24,755
Other finance cost		-	13,800	-	13,800	-	12,717	4	12,721
Depreciation of property, plant and equipment	3	16	18	-	34	-	33	-	33
Other management fees		430	562	-	992	336	615	-	951
Outside services and others		70	652	-	722	44	940	-	984
Professional fees		2,466	3,654	-	6,120	3,440	6,913	-	10,353
Short term leases		2,749	4,442	-	7,191	2,781	4,650	-	7,431
Low value assets		13	498	-	511	11	485	-	496
Office facilities expenses		346	408	-	754	275	494	-	769
Electronic data processing expenses		4,854	5,680	-	10,534	1,872	3,358	-	5,230
Expensed assets		1	1	-	2	-	-	-	-
Information technology outsourcing		3,315	3,879	-	7,194	4,088	7,339	-	11,427
Postage and stamp duties		41	1,468	40	1,549	42	2,776	-	2,818
Printing and stationery		96	1,671	-	1,767	64	1,276	-	1,340
Promotional and marketing costs		20,487	709	3,988	25,184	20,460	612	3,586	24,658
Training expenses		331	423	14	768	825	1,204	1	2,030
Utilities, assessment and maintenance		672	1,107	3	1,782	756	1,682	8	2,446
Entertainment		-	-	424	424	-	-	325	325
Travelling expenses		568	953	5	1,526	442	680	4	1,126
Tax services expenses		(9)	(10)	-	(19)	1	3	-	4
Legal fees		90	124	-	214	23	40	-	63
Licence, subscription and levies		931	8,245	2	9,178	386	6,030	1	6,417
Contract staff services		735	2,592	-	3,327	447	1,951	1	2,399
Certificate related expenses		9,730	4,432	162	14,324	6,142	3,937	213	10,292
Others		108	438	179	725	-	-	-	-
Total other expenses	**(B)**	**101,702**	**165,069**	**9,455**	**276,226**	**92,029**	**161,132**	**8,428**	**261,589**
Other operating expenses									
Sundry expenditure, net		2,398	5,316	(772)	6,942	1,890	6,045	(692)	7,243
Total other operating expenses	**(C)**	**2,398**	**5,316**	**(772)**	**6,942**	**1,890**	**6,045**	**(692)**	**7,243**
Total other expenses	**(A) + (B) + (C)**	**352,734**	**172,652**	**8,683**	**534,069**	**312,526**	**167,177**	**7,736**	**487,439**

27. OTHER EXPENSES (CONTD.)

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

	2024 RM'000	2023 RM'000
Represented by:		
Takaful service expenses*	525,386	479,703
Other expenses	8,683	7,736
	534,069	487,439

* Takaful service expenses included acquisition and maintenance expenses which are directly attributable to group of Takaful certificate. Takaful acquisition cash flow is subjected to amortisation in accordance to Note 2.2(viii)(j).

	2024 RM'000	2023 RM'000
(a) Employee benefits expenses		
Wages, salaries and bonuses	106,758	96,917
Employees' Provident Fund ("EPF")	16,623	15,359
Social Security Organisation ("SOCSO")	873	883
Share-based compensation	1,769	1,529
Other benefits	15,396	15,460
	141,419	130,148

Included in employee benefits expenses is CEO' remuneration of RM1,958,000 (2023 : RM1,755,000) as further disclosed in Note 27(b) below.

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

	2024 RM'000	2023 RM'000
Salary	954	885
Directors fees	59	63
Bonus	450	350
EPF and Pension Scheme	232	205
Share-based compensation	140	124
Other emoluments	123	128
	1,958	1,755

28. DIRECTORS' FEES AND REMUNERATION

	2024 RM'000	2023 RM'000
Company		
Executive directors:		
Fees	129	120
Other emoluments	23	20
	152	140
Non executive directors:		
Fees	564	540
Other emoluments	136	108
	700	648
Total remuneration of the directors	852	788

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

	Fees RM'000	Other Emoluments RM'000	Total RM'000
2024			
Executive directors:			
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican (Retired as Director w.e.f 20 June 2024)	60	8	68
Dato Muzaffar Bin Hisham (Appointed as Director w.e.f 21 June 2024)	69	15	84
	129	23	152
Non-executive directors:			
Dato' Majid Bin Mohamad (Chairman)	186	27	213
Professor Datin Dr. Rusni Binti Hassan (Resigned as Director w.e.f 30 June 2024)	61	21	82
Mr. Wong Shu Yoon	126	46	172
Mr. Dominik Jacqueline A Smeets*	126	25	151
Cik Nora Junita Binti Mohd Hussaini (Appointed as Director w.e.f 1 July 2024)	65	17	82
	564	136	700
Total remuneration of the directors	693	159	852

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

28. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The details of the remuneration of the directors of the Company are as follows (contd.):

	Fees RM'000	Other Emoluments RM'000	Total RM'000
2023			
Executive director:			
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	120	20	140
Non-executive directors:			
Dato' Majid Bin Mohamad (Chairman)	180	22	202
Mr Philippe Pol Arthur Latour (Resigned as Director w.e.f 15 October 2023)	95	14	109
Professor Datin Dr. Rusni Binti Hassan	120	26	146
Mr. Wong Shu Yoon	120	40	160
Mr. Dominik Jacqueline A Smeets* (Appointed as Director w.e.f 15 October 2023)	25	6	31
	540	108	648
Total remuneration of the directors	660	128	788

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

29. SHARIAH COMMITTEE'S FEES AND REMUNERATION

Company	**2024** **RM'000**	**2023** **RM'000**
Fees	137	139
Other emoluments	92	138
Total Shariah Committee's fees and remuneration	229	277

The details of the remuneration of the Shariah Committee of the Company are as follows:

2024	**Fees RM'000**	**Other Emoluments RM'000**	**Total RM'000**
Shariah Committee:			
Professor Dr. Azman Bin Mohd Noor	32	19	51
Professor Emeritus Dato' Dr. Mohd Azmi Bin Omar	27	19	46
Dr. Muhammad Najib Bin Abdullah (Appointed w.e.f 4 April 2024)	21	15	36
Professor Dr. Sharifah Faigah Binti Syed Alwi (Appointed w.e.f 1 June 2024)	17	12	29
Professor Dato' Dr. Ahmad Hidayat Bin Buang (Appointed w.e.f 1 July 2024)	15	10	25
Professor Dr. Aznan Bin Hasan (Retired w.e.f 31 May 2024)	10	8	18
Professor Datin Dr. Rusni Binti Hassan (Resigned w.e.f 29 February 2024)	3	4	7
Professor Dr. Abdul Rahim Bin Abdul Rahman (Resigned w.e.f 30 June 2024)	12	5	17
Total Shariah Committee's fees and remuneration	137	92	229
2023			
Shariah Committee:			
Professor Dr. Azman Bin Mohd Noor (Chairman w.e.f 1 January 2023)	27	23	50
Professor Dr. Aznan Bin Hasan (Member w.e.f 1 January 2023)	24	25	49
Professor Datin Dr. Rusni Binti Hassan	22	23	45
Professor Dr. Abdul Rahim Bin Abdul Rahman	22	23	45
Professor Emeritus Dato' Dr. Mohd Azmi bin Omar	22	23	45
Sahibus Samahah Dr. Mohamad Sabri Bin Haron (Retired w.e.f 31 December 2023)	22	21	43
Total Shariah Committee's fees and remuneration	139	138	277

30. TAX EXPENSES ATTRIBUTABLE TO PARTICIPANTS

	2024 RM'000	2023 RM'000
General Takaful Fund/Company		
Profit or loss		
Deferred taxation:		
Relating to origination and reversal of temporary differences	2,663	1,816
	2,663	1,816

The deferred income tax for General Takaful Fund is calculated at the Malaysian statutory tax rate of 24% (2023 : 24%) of the estimated assessable profit for the financial year.

31. TAX EXPENSE

Tax expense/(credit)

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

	2024 RM'000	2023 RM'000
Company		
Profit or loss		
Income tax:		
Current financial year	78,308	74,816
Over provision of taxation in prior financial year	(5,371)	(2,713)
	72,937	72,103
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 13)	3,324	(4,068)
	76,261	68,035

31. TAX EXPENSE (CONTD.)

	2024 RM'000	2023 RM'000
General Takaful Fund		
Statement of Comprehensive Income		
Deferred income tax related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI	3,015	19,096
- Fair value changes on equity securities at FVOCI	1,415	392
	4,430	19,488
Company		
Statement of Comprehensive Income		
Deferred income tax related to other comprehensive income:		
- Fair value changes on debt securities at FVOCI	4,606	29,476
- Fair value changes on equity securities at FVOCI	3,224	739
	7,830	30,215

Reconciliation between tax expense and accounting profit

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

	2024 RM'000	2023 RM'000
Company		
Profit before taxation and zakat	323,062	283,743
Taxation at Malaysian statutory tax rate of 24%	77,535	68,098
Income not subject to tax	(1,602)	(2,983)
Expenses not deductible for tax purposes	8,582	6,419
Effect of zakat deduction and approved donation	(2,883)	(786)
Over provision of taxation in prior financial year	(5,371)	(2,713)
Tax expense for the financial year	76,261	68,035

The domestic income tax for the General Takaful Fund and Company are calculated at the Malaysian statutory tax rate of 24% (2023 : 24%) of the estimated assessable profit for the financial year.

32. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is 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 **RM'000**	**2023** **RM'000**
Profit attributable to ordinary equity holders	224,585	196,787

	2024 **Units '000**	**2023** **Units '000**
Weighted average number of ordinary shares in issue at 31 December	931,350	931,350

	2024 **sen**	**2023** **sen**
Basic and diluted earnings per share	24.11	21.13

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 these financial statements.

33. OTHER COMMITMENTS AND CONTINGENCIES

	General Takaful Fund RM'000	**Company RM'000**
2024		
Derivative financial assets (Note 10):		
Foreign exchange related contracts		
Less than a year	* -	** -
	* -	** -

* General Takaful Fund has foreign exchange contract for the year ended 31 December 2024 with principal/notional amount amounting to RM900 (2023: Nil).

** The Company has foreign exchange contract for the year ended 31 December 2024 with principal/notional amount amounting to RM1,400 (2023: Nil).

34. SEGMENTAL INFORMATION ON CASH FLOW

	General Takaful Fund RM'000	Company RM'000
2024		
Net cash flows generated/(used in) from:		
Operating activities	161,298	331,461
Investing activities	(164,902)	(329,757)
Net increase in cash and cash equivalents:	(3,604)	1,704
At 1 January 2024	49,923	50,152
At 31 December 2024	46,319	51,856
2023		
Net cash flows generated/(used in) from:		
Operating activities	159,195	398,550
Investing activities	(117,716)	(357,028)
Net increase in cash and cash equivalents:	41,479	41,522
At 1 January 2023	8,444	8,630
At 31 December 2023	49,923	50,152

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

Other principal features of the ESGP are as follows:

(i) The employees eligible to participate in the ESGP must be on the payroll of the Participating Maybank Group and has 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 plan 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.

36. SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

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

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

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

	General Takaful Fund RM'000	**Company RM'000**
Income/(expenses):		
2024		
Ultimate holding company:		
Gross contribution income	1,967	1,967
Commission and fee expenses	-	(25,535)
Claims paid	(302)	(302)
Other expenses	-	(693)
Bank charges	-	(826)
Employee's Share Grant Plan ("ESGP")	-	(770)
Penultimate holding company:		
Gross contribution income	1	1
Shared service costs	-	(963)
Other expenses	-	(305)
Immediate holding company:		
Gross contribution income	316	316
Shared services costs	-	(27,908)
Remuneration of a seconded employee	-	(90)
Fellow subsidiaries within the MAHB Group:		
Gross contribution income	25	25

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	General Takaful Fund RM'000	Company RM'000
Income/(expenses) (contd.):		
2024 (contd.)		
Fellow subsidiaries within the MAHB Group: (contd.)		
Claims paid	(13)	(13)
Rental expenses	-	(7,186)
Shared services costs	-	(30,352)
Fellow subsidiaries within the EIHSB Group:		
Gross contribution income	13	13
Consultation fee	-	(3,356)
Shared services costs	-	(1,092)
Other related companies within the Maybank Group:		
Gross contribution income	3,925	3,925
Profit income	3,295	5,621
Information technology outsourcing	-	(7,309)
Commission and fee expenses	-	(9,604)
Investment expenses	(632)	(1,106)
Claims paid	(3)	(3)
Companies related to a company with significant influence over the Maybank Group:		
Gross contribution income	6,606	6,606
Claims paid	(1,427)	(1,427)
Companies with significant influence over the MAHB Group:		
Contribution ceded to retakaful	(779)	(779)
Claims paid recovery from retakaful	8	8
2023		
Ultimate holding company:		
Gross contribution income	1,980	1,980
Commission and fee expenses	-	(27,316)
Other expenses	-	(744)
Bank charges	-	(977)
Employee's Share Grant Plan ("ESGP")	-	(902)
Penultimate holding company:		
Other expenses	-	(247)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	General Takaful fund RM'000	Company RM'000
Income/(expenses) (contd.):		
2023 (contd.)		
Immediate holding company:		
Gross contribution income	288	288
Claims paid	(6)	(6)
Shared services costs	-	(17,949)
Remuneration of a seconded employee	-	(130)
Fellow subsidiaries within the MAHB Group:		
Gross contribution income	53	53
Rental expense	-	(7,141)
Shared services costs	-	(36,684)
Fellow subsidiaries within the EIHSB Group:		
Consultation fee	-	(6,501)
Shared service costs	-	(865)
Other related companies within the Maybank Group:		
Gross contribution income	3,113	3,113
Profit income	6,733	12,484
Information technology outsourcing	-	(6,171)
Commission and fee expenses	-	(9,274)
Investment expenses	(577)	(1,004)
Claims paid	(64)	(64)
Companies related to a company with significant influence over the Maybank Group:		
Gross contribution income	33,827	33,827
Claims paid	(494)	(494)
Companies with significant influence over the MAHB Group:		
Contribution ceded to retakaful	(961)	(961)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	General Takaful Fund RM'000	Company RM'000
2024		
Ultimate holding company:		
Bank balances	3,231	3,483
Claim liabilities	(514)	(514)
Amount due to ultimate holding company (Note 14)	-	(7,211)
Immediate and penultimate holding companies:		
Claim liabilities	(167)	(167)
Amount due to immediate holding company (Note 14)	-	(4,581)
Amount due to penultimate holding company (Note 14)	-	(65)
Fellow subsidiaries within the MAHB Group:		
Amount due to other related companies (Note 14)	-	(3,025)
Fellow subsidiaries within the EIHSB Group:		
Outstanding contributions	27	27
Amount due to other related companies (Note 14)	-	(3,040)
Other related companies within the Maybank Group:		
Fixed and call deposits	121,682	230,442
Income and profit due and accrued	386	854
Outstanding contributions	479	479
Claims liabilities	(33)	(33)
Amount due to other related companies (Note 14)	(52)	(91)
Derivatives	* -	** -
Sundry payables and accrued liabilities	-	(648)

* Representing RM122
** Representing RM190

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	General Takaful Fund RM'000	**Company RM'000**
2024 (contd.)		
Companies related to a company with significant influence over the Maybank Group:		
Outstanding contributions	2	2
Claims liabilities	(2,961)	(2,961)
Companies with significant influence over the MAHB Group:		
Outstanding contribution to retakaful	(496)	(496)
Outstanding claims recovery	72	72
2023		
Ultimate holding company:		
Bank balances	18,725	18,954
Outstanding contributions	2,746	2,746
Amount due to ultimate holding company (Note 14)	-	(7,758)
Immediate and penultimate holding companies:		
Outstanding contributions	289	289
Amount due to immediate holding company (Note 14)	-	(2,197)
Amount due to penultimate holding company (Note 14)	-	(584)
Fellow subsidiaries within the MAHB Group:		
Amount due to other related companies (Note 14)	-	(3,313)
Outstanding claim recovery from retakaful	60	60
Fellow subsidiaries within the EIHSB Group:		
Amount due to other related companies (Note 14)	-	(498)
Other related companies within the Maybank Group:		
Fixed and call deposits	150,404	249,533
Income and profit due and accrued	2,052	2,971

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	General Takaful Fund RM'000	Company RM'000
2023 (contd.)		
Other related companies within the Maybank Group: (contd.)		
Claims liabilities	(31)	(31)
Amount due to other related companies (Note 14)	(51)	(91)
Sundry payables and accrued liabilities	-	(7,512)
Companies related to a company with significant influence over the Maybank Group:		
Claims liabilities	-	(3,121)

Trade and investments related balances with related companies are subject to normal trade terms. The terms for non-trade balances with related companies are as disclosed in Note 14.

(c) Key management personnel compensation

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

	2024 RM'000	2023 RM'000
Short-term employee benefits		
- Fees	752	660
- Salaries, allowances and bonuses	1,404	1,235
- Contribution to EPF and pension scheme	232	205
- Share-based compensation	140	124
- Other emoluments	282	319
	2,810	2,543

The remuneration of other key management personnel, being the executive directors and non-executive directors of the Company are as disclosed in Note 27 and Note 28 of the financial statements.

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

	2024 '000	2023 '000
At 1 January	393	348
Awarded	45	45
At 31 December	438	393

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK

The MAHB Group Enterprise Risk Management Framework ("ERMF") 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.

Risk Culture
How do we embed a sound risk culture to ensure a strong foundation for a robust enterprise-wide risk management structure?

Risk Coverage
What are the risks to our business strategy and operation?

Risk Appetite
What and how much risk should we take within our capacity to meet overall strategic and business objectives?

Risk Response
How do we react and select the appropriate response to risk?

Governance & Risk Oversight
Do we have a clear, effective and robust governance structure to oversee risk?

Risk Management Practices & Processes
How well do we identify, measure, control, monitor and report risk?

Stress Test
How sufficiently capitalized are we to sustain the impact of external factors?

Resources & System Infrastructure
Do we have the right and sufficient people, tools, process in place to manage risk?

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.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Principles

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

- 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.

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.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Culture (contd.)

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 the 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 business and market conditions. The articulation of the risk appetite is done through a set of Risk Appetite Statements, which include a comprehensive view of material risks selected on the basis of having more strategic focus on the risks that will significantly impact our capital, liquidity, asset quality, profitability and ultimately MAHB Group’s strategic objectives and reputation. This forms the link in which risk limits and controls are set to manage risk exposures arising from business activities. An effective risk appetite can also act as a powerful reinforcement to a strong risk culture.

Adequate Capital

Capital Management is the key element for ensuring that MAHB Group have 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 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.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Response

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

Deploying exits strategies/plans to the activities that are giving rise to risk

Taking action to reduce the likelihood or impact related to the risk

Accepting the risk and willingness to absorb plausible implications due to a cost and benefit decision.

Transferring the risk or part of the risk to a third party

When strategising the response action, it is important to thoroughly consider is 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

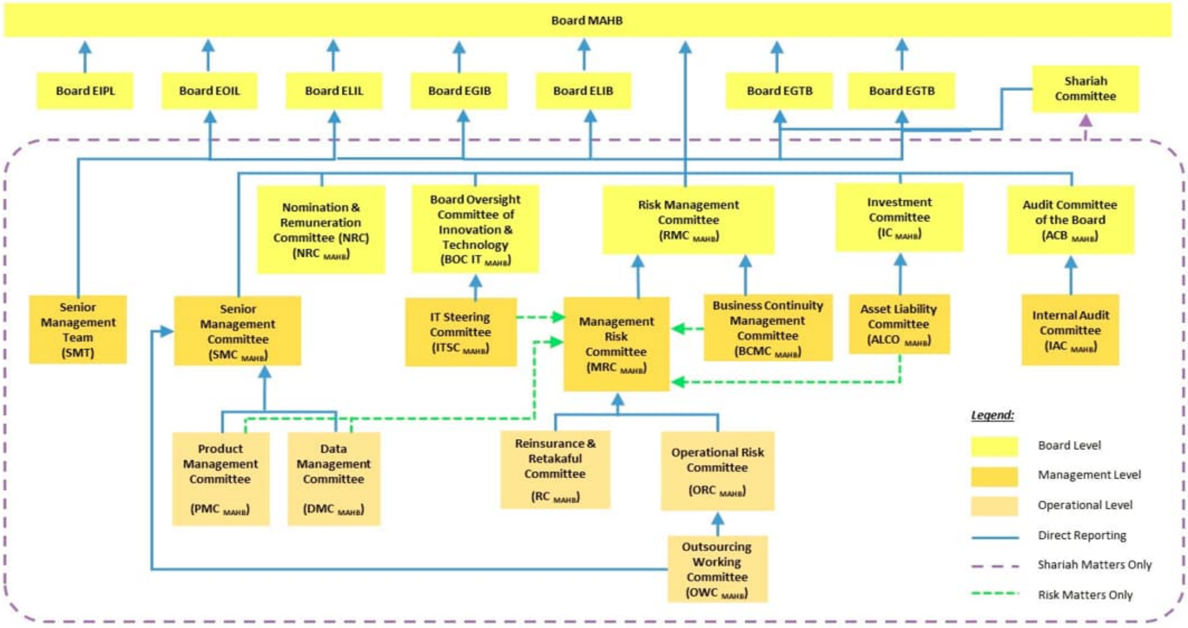
A governance structure should be clear, effective as well as robust and includes the role of the Board, Risk Committees and Senior Management with well defined, transparent and consistent lines of responsibilities.

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

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

37. 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 focused supervision shall be escalated to the risk governance bodies for deliberations as captured above.

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

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.

MAHB Board

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

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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 ("ALM") constraints.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Information Technology Steering Committee ("ITSC")

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

Internal Audit Committee ("IAC")

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

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

Operational Risk Committee ("ORC")

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

Product Management Committee ("PMC")

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

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 retakaful management of the Takaful certificates. The scope of the RC covers General Retakaful, Inward / Outward Retakaful and deliberation in relation to the arrangement for Catastrophe protection.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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.

Fire Committee ("FC")

FC is responsible to verify the 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 customer are treated fairly as per item no 12 'Fair Business Practices and Adequate Disclosure' under the BNM Phase Liberalisation of Motor & Fire Tarifs 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 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 area within the MAHB Group. It is also provide centralised co-ordination of the response to, and recovery from, any incident, or situation that causes potential or significant disruption to MAHB Group in delivering its products and services.

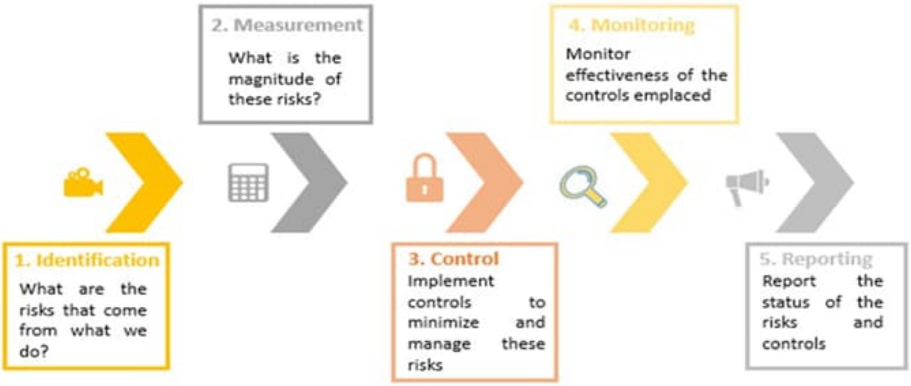
Risk Management Practices and Processes

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.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Management Practices and Processes (contd.)

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



Stress Test

Stress Test should be used to identify and quantify possible events or future changes in the financial and economic conditions that could have unfavourable effects on the MAHB Group's exposure. This involves an assessment of MAHB Group’s capability to withstand such changes in relation to 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 thereafter, taking appropriate measures to address these risks accordingly.

Resource and System Insfrastructure

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

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

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.

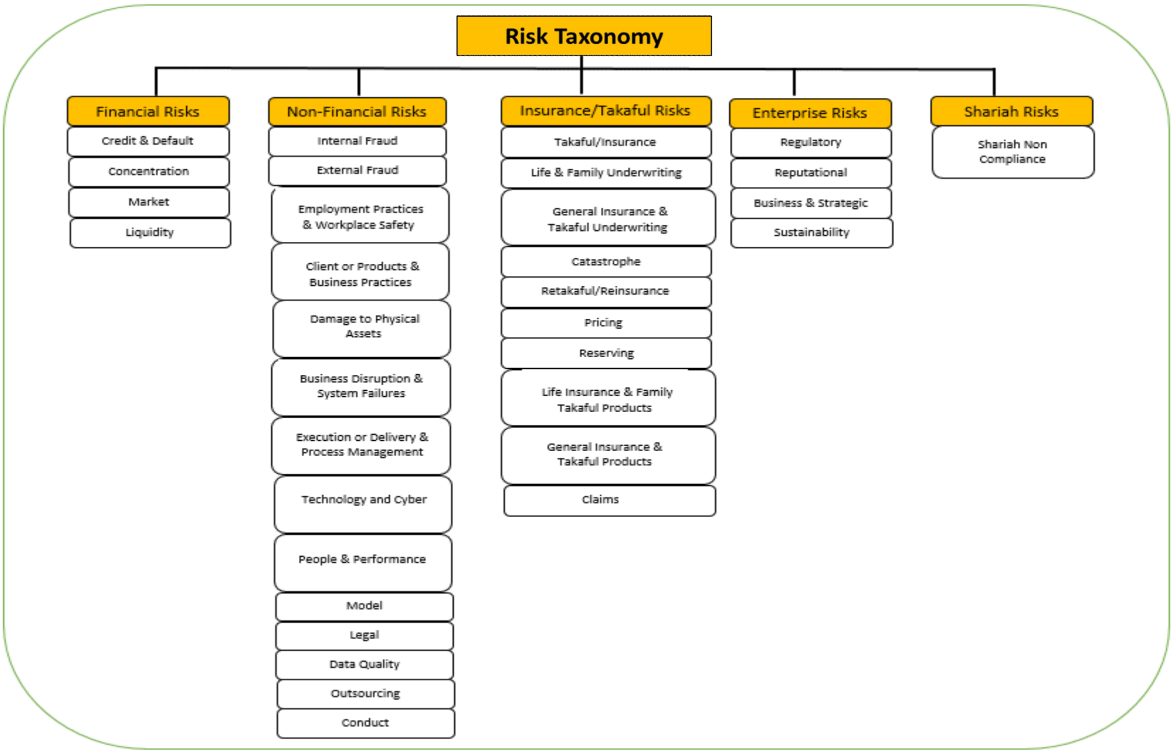
Risk Taxonomy

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, Takaful Risk, Non-Financial Risk, Enterprise Risk and Shariah Risk.

37. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Taxonomy (contd.)



38. TAKAFUL RISK

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

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

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 contribution charged resulting in higher than expected losses and expenses.

(iii) Retakaful Risk

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

(iv) Product Risk

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

38. TAKAFUL RISK (CONTD.)

(v) Reserving Risk

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

(vi) Catastrophe Risk

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

(vii) Claims Risk

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

38. TAKAFUL RISK (CONTD.)

(i) The tables below disclose General Takaful revenue and allocation of retakaful contributions by line of business:

	2024		
	Takaful revenue RM'000	**Allocation of retakaful contributions RM'000**	**Net RM'000**
Takaful certificates issued and retakaful certificates held			
Fire	322,546	(158,847)	163,699
Motor	1,602,739	(18,487)	1,584,252
Marine, Aviation, Cargo and Transit	37,493	(29,633)	7,860
Miscellaneous	326,141	(110,036)	216,105
	2,288,919	(317,003)	1,971,916

	2023		
	Takaful revenue RM'000	**Allocation of retakaful contributions RM'000**	**Net RM'000**
Takaful certificates issued and retakaful certificates held			
Fire	284,119	(13,998)	270,121
Motor	1,486,954	(112,150)	1,374,804
Marine, Aviation, Cargo and Transit	32,903	(24,415)	8,488
Miscellaneous	388,844	(167,633)	221,211
	2,192,820	(318,196)	1,874,624

All of the General Takaful business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Company.

Refer Note 8(a) and Note 7(a) for the breakdown of takaful and retakaful certificate liabilities and assets by line of business, respectively.

(ii) Key assumptions and methods

The Liability for Incurred Claims is estimated as the fulfilment cash flows related to incurred claims. It includes an explicit risk adjustment for non-financial risk and the future cash flows are adjusted for the time value of money by discounting the cash flows using the risk-free yield curves. The ultimate costs of outstanding claims are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods.

38. TAKAFUL RISK (CONTD.)

(ii) Key assumptions and methods (contd.)

The main assumption underlying these techniques is that past claims development experience, where appropriate, can be used to project future claims development and, hence the ultimate costs of claims. Historical claims development is analysed by accident period and lines of business. Certain lines of business are also further analysed by type of claim.

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

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

The unallocated loss adjustment expense ("ULAE") assumptions are derived based on historical claims handling expenses. Loadings are applied to the central estimate of loss to derive the ULAE.

Unallocated loss adjustment expense	**2024**	**2023**
ULAE ratio	2.0%	2.2%

(iii) Sensitivity analysis

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

Illustrative results of sensitivity testing for the General Takaful Fund's claim liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and net claims ratio for the financial year. Therefore, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on gross and net claim liabilities, profit before tax and participants' fund.

38. TAKAFUL RISK (CONTD.)

(iii) Sensitivity analysis (contd.)

	Change in assumptions %	Impact on takaful service result before retakaful certificates RM'000	Impact on takaful service results RM'000	Impact on equity before retakaful certificates held* RM'000	Impact on equity* RM'000
		<-------------------- Increase/(decrease)			--------------------->
2024					
Incurred claims ratio	+ 5%	(114,322)	(96,088)	(86,884)	(73,027)
	- 5%	114,322	96,088	86,884	73,027
Profit rate	+100 basis points	19,709	17,220	14,979	13,087
	-100 basis points	(20,342)	(17,793)	(15,460)	(13,523)
2023					
Incurred claims ratio	+ 5%	(106,816)	(88,792)	(81,180)	(67,482)
	- 5%	106,816	88,792	81,180	67,482
Profit rate	+100 basis points	16,578	14,840	12,600	11,278
	-100 basis points	(17,086)	(15,308)	(12,985)	(11,634)

* It is assumed that the changes in incurred claims ratio and profit rate will not affect surplus distribution.

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

(iv) Claims development table

The following tables show the estimated incurred claims, including both claims notified and Incurred But Not Reported ("IBNR") for each successive accident year at the end of each reporting period, together with cumulative payments to date. The management of the Company believes the estimate of total claims liabilities as at the financial year end are adequate. The Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

38. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(a) Gross claims development table

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

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

		Accident year						
2024	**Before 2019**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs (gross of retakaful, undiscounted)								
At the end of accident year		946,499	1,000,258	1,391,364	1,183,150	1,385,679	1,553,391	
1 year later		924,486	973,211	839,987	1,162,458	1,314,809		
2 years later		909,997	961,141	837,902	1,126,833			
3 years later		919,888	955,936	816,810				
4 years later		921,058	950,335					
5 years later		922,450						
Cumulative gross claims and other directly attributable expenses paid								
Gross cumulative payments		867,147	822,955	712,732	911,383	928,199	608,911	
Gross cumulative claims liabilities - accident years from 2019 to 2024	-	55,303	127,380	104,078	215,450	386,610	944,480	1,833,301
Gross cumulative claims liabilities - prior accident years	28,913	-	-	-	-	-	-	28,913
Effect of discounting	(358)	(1,457)	(2,027)	(3,046)	(8,529)	(15,741)	(33,257)	(64,415)
Effect of the risk adjustment margin for non-financial risk	2,880	5,451	9,747	11,136	23,453	38,498	78,564	169,729
Trade balances and others*	-	-	-	-	-	-	454,305	454,305
Gross LIC for the certificates originated	31,435	59,297	135,100	112,168	230,374	409,367	1,444,092	2,421,833

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

38. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(a) Gross claims development table (contd.)

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

	Before				**Accident year**			
2023	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs (gross of retakaful, undiscounted)								
At the end of accident year		725,826	946,499	1,000,258	1,391,364	1,183,150	1,385,679	
1 year later		698,316	924,486	973,211	839,987	1,162,458		
2 years later		694,842	909,997	961,141	837,902			
3 years later		693,581	919,888	955,936				
4 years later		693,849	921,058					
5 years later		703,604						
Cumulative gross claims and other directly attributable expenses paid		664,084	857,918	789,336	652,503	815,117	608,911	
Gross cumulative claims liabilities - accident years from 2018 to 2023	-	39,520	63,140	166,600	185,399	347,341	776,768	1,578,768
Gross cumulative claims liabilities - prior accident years	36,218	-	-	-	-	-	-	36,218
Effect of discounting	(223)	(535)	(1,416)	(3,739)	(6,149)	(13,853)	(28,648)	(54,563)
Effect of the risk adjustment margin for non-financial risk	3,611	3,311	5,318	10,617	17,400	34,947	61,904	137,108
Trade balances and others*	-	-	-	-	-	-	380,157	380,157
Gross LIC for the certificates originated	39,606	42,296	67,042	173,478	196,650	368,435	1,190,181	2,077,688

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

38. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(b) Net claims development table

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

2024	**Before 2019**	**2019**	**2020**	**2021**	**Accident year 2022**	**2023**	**2024**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs (net of retakaful, undiscounted)								
At the end of accident year		913,618	906,151	723,067	1,103,414	1,268,592	1,358,370	
1 year later		895,213	867,718	760,387	1,099,103	1,213,351		
2 years later		878,593	775,100	758,261	1,054,862			
3 years later		887,150	763,270	734,251				
4 years later		894,489	761,837					
5 years later		896,589						
Cumulative net claims and other directly attributable expenses paid		847,979	701,819	657,875	868,580	907,858	602,209	
Net cumulative claims liabilities - accident years from 2019 to 2024	-	48,610	60,018	76,376	186,282	305,493	756,161	1,432,940
Net cumulative claims liabilities - prior accident years	17,908	-	-	-	-	-	-	17,908
Effect of discounting	(330)	(1,438)	(1,882)	(2,841)	(8,048)	(13,926)	(28,060)	(56,525)
Effect of the risk adjustment margin for non-financial risk	2,148	4,966	6,214	8,620	20,906	33,336	62,595	138,785
Trade balances and others*	-	-	-	-	-	-	519,789	519,789
Net LIC for the certificates originated	19,726	52,138	64,350	82,155	199,140	324,903	1,310,485	2,052,897

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

38. TAKAFUL RISK (CONTD.)

(iv) Claims development table (contd.)

(b) Net claims development table (contd.)

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

2023	**Before 2018**	**2018**	**2019**	**2020**	**Accident year 2021**	**2022**	**2023**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of ultimate claim costs (net of retakaful, undiscounted)								
At the end of accident year		699,161	913,618	906,151	723,067	1,103,414	1,268,592	
1 year later		671,700	895,213	867,718	760,387	1,099,103		
2 years later		662,981	878,593	775,100	758,261			
3 years later		664,437	887,150	763,270				
4 years later		664,397	894,489					
5 years later		674,332						
Cumulative net claims and other directly attributable expenses paid		647,283	838,824	668,689	603,783	797,461	602,209	
Net cumulative claims liabilities - accident years from 2018 to 2023	-	27,049	55,665	94,581	154,478	301,642	666,383	1,299,798
Net cumulative claims liabilities - prior accident years	30,463	-	-	-	-	-	-	30,463
Effect of discounting	(207)	(506)	(1,380)	(2,999)	(5,505)	(12,902)	(25,331)	(48,830)
Effect of the risk adjustment margin for non-financial risk	3,632	2,532	4,969	9,317	15,256	31,746	59,027	126,479
Trade balances and others*	-	-	-	-	-	-	443,892	443,892
Net LIC for the certificates originated	33,888	29,075	59,254	100,899	164,229	320,486	1,143,971	1,851,802

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

39. FINANCIAL RISKS

(i) Credit and Default Risk

Credit and 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 both 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 retakaful.

The Company measures and manages its 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.

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit Exposure

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

	General Takaful Fund RM'000	**Company RM'000**
2024		
Financial assets at FVTPL:		
- Designated upon initial recognition		
Unquoted debt securities in Malaysia	13,369	13,369
Financial assets at FVOCI:		
Malaysian government papers	92,754	186,743
Unquoted debt securities in Malaysia	2,089,066	3,461,604
Financial assets at AC:		
Islamic investment accounts with:		
Licensed financial institutions	351,854	810,440
Other licensed financial institutions	322,514	528,670
Financing receivables	-	826
Retakaful certificate assets and takaful certificate assets*	160,857	160,857
Other assets**	28,817	49,139
Derivatives	^ -	^^ -
Cash and bank balances***	51,603	51,855
	3,110,834	5,263,503

* Comprise receivables from retakaful, net of impairment and outstanding contributions, net of impairment

** Excluding non-financial assets such as prepayments and deposits.

*** Excluding petty cash

^ Representing RM122

^^ Representing RM190

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit Exposure (contd.)

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

	General Takaful Fund RM'000	Company RM'000
2023		
Financial assets at FVTPL:		
- Designated upon initial recognition		
Unquoted debt securities in Malaysia	13,533	13,533
Financial assets at FVOCI:		
Malaysian government papers	92,638	185,451
Unquoted debt securities in Malaysia	1,966,723	3,218,804
Financial assets at AC:		
Islamic investment accounts with:		
Licensed financial institutions	391,018	917,892
Other licensed financial institutions	155,061	255,274
Financing receivables	-	648
Retakaful certificate assets and takaful certificate assets*	101,232	101,232
Other assets**	33,926	57,166
Cash and bank balances***	49,922	50,151
	2,804,053	4,800,151

* Comprise receivables from retakaful, net of impairment and outstanding contributions, net of impairment

** Excluding non-financial assets such as prepayments and deposits.

*** Excluding petty cash

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit quality of financial assets

The four (4) risks 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/ defaulted	: 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(v)(a).
Unrated	: Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of ratings models.
Sovereign	: Refer to obligors which are governments and/or government-related agencies.

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure by rating

The table below provides information regarding the credit risk exposure of the General Takaful Fund by classifying financial assets according to the risk categories:

General Takaful Fund

	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							
Debt securities	-	-	13,369	-	-	-	13,369
Financial assets at FVOCI:							
Malaysian government papers	92,754	-	-	-	-	-	92,754
Debt securities	408,244	851,194	799,739	29,890	-	-	2,089,067
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	336,211	15,643	-	-	-	351,854
Other licensed financial institutions	-	239,402	83,112	-	-	-	322,514
Retakaful certificate assets and takaful certificate assets*	-	-	88	4,753	-	156,016	160,857
Other assets**	6,823	11,365	9,462	321	-	846	28,817
Derivative assets	-	-	-	-	-	^ -	^ -
Cash and bank balances***	-	16,390	34,668	-	-	545	51,603
	507,821	1,454,562	956,081	34,964	-	157,407	3,110,835

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment

** Excluding non-financial assets such as prepayments and deposits

*** Excluding petty cash

^ Representing RM122

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure of rating (contd.)

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

General Takaful Fund (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							
Debt securities	-	-	13,533	-	-	-	13,533
Financial assets at FVOCI:							
Malaysian government papers	92,638	-	-	-	-	-	92,638
Debt securities	417,742	835,449	698,637	14,895	-	-	1,966,723
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	325,767	65,251	-	-	-	391,018
Other licensed financial institutions	-	124,642	30,419	-	-	-	155,061
Retakaful certificate assets and takaful certificate assets*	-	-	18	2,090	-	99,124	101,232
Other assets**	7,048	17,030	9,088	88	-	672	33,926
Cash and bank balances***	-	27,020	22,535	-	-	367	49,922
	517,428	1,329,908	839,481	17,073	-	100,163	2,804,053

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment

** Excluding non-financial assets such as prepayments and deposits

*** Excluding petty cash

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure of rating (contd.)

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

Company

	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							
Debt securities	-	-	13,369	-	-	-	13,369
Financial assets at FVOCI:							
Malaysian government papers	186,743	-	-	-	-	-	186,743
Debt securities	611,359	1,535,957	1,274,468	39,819	-	-	3,461,603
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	784,797	25,643	-	-	-	810,440
Other licensed financial institutions	-	445,559	83,111	-	-	-	528,670
Financing receivables	-	-	-	-	-	826	826
Retakaful certificate assets and takaful certificate assets*	-	-	88	4,753	-	156,016	160,857
Other assets**	10,470	21,344	15,093	474	-	1,758	49,139
Derivative assets	-	-	-	-	-	^ -	^ -
Cash and bank balances***	-	16,642	34,668	-	-	545	51,855
	808,572	2,804,299	1,446,440	45,046	-	159,145	5,263,502

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment
** Excluding non-financial assets such as prepayments and deposits
*** Excluding petty cash
^ Representing RM190

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Credit exposure of rating (contd.)

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

Company (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							
Debt securities	-	-	13,533	-	-	-	13,533
Financial assets at FVOCI:							
Malaysian government papers	185,451	-	-	-	-	-	185,451
Debt securities	623,196	1,523,940	1,056,773	14,895	-	-	3,218,804
Financial assets at AC:							
Islamic investment accounts with:							
Licensed financial institutions	-	791,945	125,947	-	-	-	917,892
Other licensed financial institutions	-	218,815	36,459	-	-	-	255,274
Financing receivables	-	-	-	-	-	648	648
Retakaful certificate assets and takaful certificate assets*	-	-	18	2,090	-	99,124	101,232
Other assets**	10,728	30,766	14,779	88	-	805	57,166
Cash and bank balances***	-	27,249	22,535	-	-	367	50,151
	819,375	2,592,715	1,270,044	17,073	-	100,944	4,800,151

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment

** Excluding non-financial assets such as prepayments and deposits

*** Excluding petty cash

39. FINANCIAL RISKS (CONTD.)

(i) Credit and 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

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

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the General Takaful fund financial assets measured by credit risk, based on the risk categories:

General Takaful Fund

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Financial assets at FVOCI				
Sovereign	500,997	-	-	500,997
Very low	851,194	-	-	851,194
Low	663,591	136,150	-	799,741
Medium	29,889	-	-	29,889
Total carrying amount	2,045,671	136,150	-	2,181,821
Total ECL	(195)	(543)	-	(738)
2023				
Financial assets at FVOCI				
Sovereign	510,380	-	-	510,380
Very low	835,449	-	-	835,449
Low	556,128	142,509	-	698,637
Medium	14,895	-	-	14,895
Total carrying amount	1,916,852	142,509	-	2,059,361
Total ECL	(437)	(694)	-	(1,131)

39. FINANCIAL RISKS (CONTD.)

(i) Credit and 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 risk, based on the risk categories:

Company

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Financial assets at FVOCI				
Sovereign	798,102	-	-	798,102
Very low	1,535,957	-	-	1,535,957
Low	1,091,325	183,142	-	1,274,467
Medium	39,820	-	-	39,820
Total carrying amount	3,465,204	183,142	-	3,648,346
Total ECL	(323)	(752)	-	(1,075)
2023				
Financial assets at FVOCI				
Sovereign	808,647	-	-	808,647
Very low	1,523,940	-	-	1,523,940
Low	866,956	189,817	-	1,056,773
Medium	14,895	-	-	14,895
Total carrying amount	3,214,438	189,817	-	3,404,255
Total ECL	(705)	(959)	-	(1,664)

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The movements in allowance for impairment losses for financial assets at FVOCI are as follows:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
General Takaful Fund				
2024				
Financial assets at FVOCI				
At 1 January 2024	437	694	-	1,131
Writeback of loss allowance	(265)	(148)	-	(413)
New financial assets originated or purchased	30	-	-	30
Financial assets derecognised during the financial year	(10)	-	-	(10)
Changes due to change in credit risk	3	(3)	-	-
Allowance for impairment losses during the financial year (Note 22)	(242)	(151)	-	(393)
At 31 December 2024	195	543	-	738
2023				
Financial assets at FVOCI				
At 1 January 2023	134	680	-	814
Net adjustment of loss allowance	296	14	-	310
New financial assets originated or purchased	13	-	-	13
Financial assets derecognised during the financial year	(6)	-	-	(6)
Allowance for impairment losses during the financial year (Note 22)	303	14	-	317
At 31 December 2023	437	694	-	1,131

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The movements in allowance for impairment losses for financial assets at FVOCI are as follows (contd.):

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit impaired	Stage 3 Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
Company				
2024				
Financial assets at FVOCI				
At 1 January 2024	705	959	-	1,664
Writeback of loss allowance	(424)	(204)	-	(628)
New financial assets originated or purchased	63	-	-	63
Financial assets derecognised during the financial year	(24)	-	-	(24)
Changes due to change in credit risk	3	(3)	-	-
Allowance for impairment losses during the financial year (Note 22)	(382)	(207)	-	(589)
At 31 December 2024	323	752	-	1,075
2023				
Financial assets at FVOCI				
At 1 January 2023	202	936	-	1,138
Net adjustment of loss allowance	478	23	-	501
New financial assets originated or purchased	31	-	-	31
Financial assets derecognised during the financial year	(6)	-	-	(6)
Allowance for impairment losses during the financial year (Note 22)	503	23	-	526
At 31 December 2023	705	959	-	1,664

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Other financial assets - Reconciliation of allowance account

The Company applied the Simplified Approach where the ECL is measured at initial recognition of other 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 takaful and retakaful receivables are grouped based on different sales channels and different retakaful arrangements respectively with forward looking elements being applied to it.

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

	<--------Not credit-impaired--------		<-----------Credit-impaired-----------		<------------------Total------------------	
	Retakaful certificate assets and Takaful certificate assets* RM'000	**Other assets** RM'000**	**Retakaful certificate assets and Takaful certificate assets* RM'000**	**Other assets** RM'000**	**Retakaful certificate assets and Takaful certificate assets* RM'000**	**Other assets** RM'000**
General Takaful Fund						
Gross carrying amount						
At 1 January 2023	75,878	24,581	37,371	-	113,249	24,581
(Decrease)/increase	(12,300)	9,345	2,412	-	(9,888)	9,345
At 31 December 2023	63,578	33,926	39,783	-	103,361	33,926
Increase/(decrease)	7,612	(5,109)	53,316	-	60,928	(5,109)
At 31 December 2024	71,190	28,817	93,099	-	164,289	28,817
Lifetime ECL						
At 1 January 2023	276	-	1,230	-	1,506	-
Increase	57	-	566	-	623	-
At 31 December 2023	333	-	1,796	-	2,129	-
Increase	167	-	1,136	-	1,303	-
At 31 December 2024	500	-	2,932	-	3,432	-

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment.
** Excluding non-financial assets such as prepayments and deposits.

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

The Company applied the Simplified Approach where the ECL is measured at initial recognition of other 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 takaful and retakaful receivables are grouped based on different sales channels and different retakaful arrangements respectively with forward looking elements being applied to it. (contd.)

Movements in gross carrying value and allowances for impairment losses recognised for not credit impaired and credit impaired other financial assets are as follows: (contd.)

	<----------------Not credit-impaired--------------->			<-----------------Credit-impaired----------------->			<-----------------------Total----------------------->		
	Financing receivables RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000	Financing receivables RM'000	Retakaful certificate assets and Takaful certificate assets* RM'000	Other assets** RM'000	Financing receivables RM'000	Retakaful certificate assets and Takaful certificate assets** RM'000	Other assets* RM'000
Company									
Gross carrying amount									
At 1 January 2023	423	75,878	59,555	-	37,371	-	423	113,249	59,555
Increase/(decrease)	225	(12,300)	(2,389)	-	2,412	-	225	(9,888)	(2,389)
At 31 December 2023	648	63,578	57,166	-	39,783	-	648	103,361	57,166
Increase/(decrease)	178	7,612	(5,536)	-	53,316	-	178	60,928	(5,536)
At 31 December 2024	826	71,190	51,630	-	93,099	-	826	164,289	51,630
Lifetime ECL									
At 1 January 2023	-	276	363	-	1,230	-	-	1,506	363
Increase/(decrease)	-	57	(1)	-	566	-	-	623	(1)
At 31 December 2023	-	333	362	-	1,796	-	-	2,129	362
Increase	-	167	-	-	1,136	-	-	1,303	-
At 31 December 2024	-	500	362	-	2,932	-	-	3,432	362

* Comprise of receivables from retakaful, net of impairment and outstanding contributions, net of impairment
** Excluding non-financial assets such as prepayments and deposits

39. FINANCIAL RISKS (CONTD.)

(i) Credit and Default Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

Movements in allowance for impairment losses for other financial assets are as follows:

	Other assets RM'000 (Note 9)	Total RM'000
Company		
2024		
At 1 January 2024/31 December 2024	362	362
2023		
At 1 January 2023	363	363
Write-back of allowance for impairment losses during the financial year (Note 22)	(1)	(1)
At 31 December 2023	362	362

Financial Effects of Collateral Held

The main types of collateral held as security by the Company to mitigate credit risk are as follows:

Type of financing receivables	Types of collateral
Corporate financing	Charges over properties, lands being financed and bank guarantees
Secured staff financing	Charges over residential properties and vehicles

The financial effects 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% at 31 December 2024 (2023: 100%). The financing receivables after accounting for ECL, amounted to RM826,000 as at 31 December 2024 (2023: RM648,000).

39. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk

Liquidity risk is the risk of an adverse impact to the firm's financial condition or overall safety and soundness that could arise from their inability (or perceived inability) or unexpected higher cost to meet obligations. Generally, there are two types of liquidity risks, 1) funding liquidity risk and 2) market liquidity risk.

Funding liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the Company.

Market liquidity risk is the risk that the Company cannot easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

The objective of Liquidity Risk management is to have sufficient availability of cash to meet participants' liabilities, such as claims and financial obligations to other contract holders without endangering the business financials due to constraints on liquidating assets.

The Company measure and manage Liquidity Risk following the philosophies and principles below:

(a) The Risk Management and Investment Management Departments 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 for assets held at all times; and

(c) The Risk Management Department uses Key Risk Indicators ("KRI") to alert the management to impending problems in a timely manner.

Maturity Profiles

The following table summarises the Maturity Profiles of the financial assets, and financial liabilities and Takaful certificate assets/liabilities of the Company based on remaining undiscounted contractual obligations, including profit payable and receivable. For Takaful certificate liabilities and retakaful certificate assets, Maturity Profiles are determined based on the estimated timing of net cash outflows of the recognised Takaful certificate liabilities.

39. 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
General Takaful Fund						
2024						
Financial assets:						
FVTPL	152,687	3,756	10,282	-	139,318	153,356
FVOCI	2,223,406	151,842	1,412,273	1,368,593	41,586	2,974,294
AC	674,368	674,368	-	-	-	674,368
Retakaful certificate assets, net^	434,426	342,597	99,662	694	-	442,953
Other assets*	28,817	28,817	-	-	-	28,817
Derivative assets	^^^ -	^^^ -	-	-	-	^^^ -
Cash and bank balances**	51,603	-	-	-	51,603	51,603
Total assets	3,565,307	1,201,380	1,522,217	1,369,287	232,507	4,325,391
Takaful certificate liabilities, net^^	1,967,468	1,222,192	787,824	28,499	-	2,038,515
Other liabilities	151,183	151,183	-	-	-	151,183
Total liabilities	2,118,651	1,373,375	787,824	28,499	-	2,189,698

* Excluding non-financial assets such as prepayments and deposits
** Excluding petty cash
^ Including AIC, net of impairment.
^^ Including LIC, net of impairment.
^^^ Representing RM122

Other non-financial assets and liabilities of the General Takaful fund are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

39. 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
General Takaful Fund (contd.)						
2023						
Financial assets:						
FVTPL	79,407	756	14,514	-	65,874	81,144
FVOCI	2,095,050	127,488	1,227,551	1,540,607	35,689	2,931,335
AC	546,079	546,079	-	-	-	546,079
Retakaful certificate assets, net^	289,621	231,832	63,699	55	-	295,586
Other assets*	33,926	33,926	-	-	-	33,926
Cash and bank balances**	49,922	-	-	-	49,922	49,922
Total assets	3,094,005	940,081	1,305,764	1,540,662	151,485	3,937,992
Takaful certificate liabilities, net^^	1,697,530	1,068,135	673,380	15,872	-	1,757,387
Other liabilities	126,326	126,326	-	-	-	126,326
Total liabilities	1,823,856	1,194,461	673,380	15,872	-	1,883,713

* Excluding non-financial assets such as prepayments and deposits
** Excluding petty cash
^ Including AIC, net of impairment.
^^ Including LIC, net of impairment.

Other non-financial assets and liabilities of the General Takaful fund are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

39. 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
Company						
2024						
Financial assets:						
FVTPL	285,591	3,756	10,283	-	272,221	286,260
FVOCI	3,739,801	265,980	2,436,634	2,168,871	91,454	4,962,939
AC	1,339,110	1,339,110	-	-	-	1,339,110
Financing receivables	826	256	597	-	-	853
Retakaful certificate assets, net^	434,426	342,597	99,662	694	-	442,953
Other assets*	49,139	49,139	-	-	-	49,139
Derivative assets	^^^ -	^^^ -	-	-	-	^^^ -
Cash and bank balances**	51,855	-	-	-	51,855	51,855
Total assets	5,900,748	2,000,838	2,547,176	2,169,565	415,530	7,133,109
Takaful certificate liabilities, net^^	1,986,626	1,232,555	797,069	28,886	-	2,058,510
Other liabilities	271,942	271,942	-	-	-	271,942
Total liabilities	2,258,568	1,504,497	797,069	28,886	-	2,330,452

* Excluding non-financial assets such as prepayments and deposits
** Excluding petty cash
^ Including AIC, net of impairment.
^^ Including LIC, net of impairment.
^^^ Representing RM190

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).

39. 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
Company (contd.)						
2023						
Financial assets:						
FVTPL	147,791	756	14,514	-	134,258	149,528
FVOCI	3,482,276	237,357	2,090,842	2,419,229	78,021	4,825,449
AC	1,173,166	1,173,166	-	-	-	1,173,166
Financing receivables	648	178	518	-	-	696
Retakaful certificate assets, net^	289,621	231,832	63,699	55	-	295,586
Other assets*	57,166	57,166	-	-	-	57,166
Cash and bank balances**	50,151	-	-	-	50,151	50,151
Total assets	5,200,819	1,700,455	2,169,573	2,419,284	262,430	6,551,742
Takaful certificate liabilities, net^^	1,716,236	1,078,780	681,970	16,096	-	1,776,846
Other liabilities	224,906	240,453	-	-	-	240,453
Total liabilities	1,941,142	1,319,233	681,970	16,096	-	2,017,299

* Excluding non-financial assets such as prepayments and deposits
** Excluding petty cash
^ Including AIC, net of impairment.
^^ Including LIC, 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).

39. 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) Profit Rate 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 policies are monitored, 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’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.

(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 Singapore Dollar, Hong Kong Dollar and US Dollar.

As the Company’s business is conducted primarily in Malaysia, the Company’s financial assets are also primarily maintained in Malaysia as required under the Islamic Financial Services Act 2013, and hence, primarily denominated in the same currency (the local "RM") as its takaful certificate liabilities.

39. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(a) Foreign Exchange Risk (contd.)

The Company’s main foreign exchange risk from recognised assets and liabilities arises from retakaful transactions for which the balances are expected to be settled and realised in less than a year. Accordingly, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Company has no significant concentration of foreign currency risk.

(b) Profit Rate Risk

Profit Rate Risk is the risk that the fair value of future cash flows of a financial instrument or Takaful certificate or retakaful certificate will fluctuate because of changes in market profit rates.

Profit Rate Risks arise from exposures to profit rate related assets and liabilities. It is also known as asset-liability mismatch ("ALM") risk. It is mainly driven by the volatility of future cash flows. The quantum is also proxied to the duration mismatch between the assets and the liabilities of the Company.

The Company measures and manages Profit Rate Risk mainly based on the following four philosophies and principles, as below:

(a) Risk Management Department sets the limits for asset duration in line with the Company's risk appetite;

(b) Investment Management Department actively aims to match the asset duration with the liability duration, without compromising credit quality;

(c) The Risk Management uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner; and

(d) Risk Management Department monitors the asset duration in accordance with the limits set, as well as the duration gap to the liability duration.

There is no direct contractual relationship between financial assets and Takaful certificates. However, the Company’s profit rate risk policy requires it to manage the extent of net profit rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the Takaful certificates liabilities. The certificate also requires it to manage the maturities of profit bearing financial assets.

The Company’s exposure to profit rate risk sensitive Takaful and retakaful certificates and financial instruments are, as follows:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

39. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Profit Rate Risk (contd.)

	Changes in variables	2024 Impact on carrying value RM'000	2024 Impact on participants' fund* RM'000
		<--------(Decrease)/Increase-------->	
General Takaful Fund			
Financial Assets at FVTPL	+100 basis points	(280)	(213)
	-100 basis points	8	6
Financial Assets at FVOCI	+100 basis points	(128,519)	(97,675)
	-100 basis points	143,568	109,112
Financial Assets at AC	+100 basis points	(1,913)	(1,454)
	-100 basis points	1,873	1,423

* Impact on participants' fund is stated net of corporate tax of 24%

	Changes in variables	2024 Impact on carrying value RM'000	2024 Impact on profit/equity* RM'000
		<--------(Decrease)/Increase-------->	
Company			
Financial Assets at FVTPL	+100 basis points	(280)	(53)
	-100 basis points	8	2
Financial Assets at FVOCI	+100 basis points	(209,601)	(159,297)
	-100 basis points	234,103	177,918
Financial Assets at AC	+100 basis points	(4,526)	(2,349)
	-100 basis points	4,457	2,320

* Impact on Company's profit/equity is stated net of corporate tax of 24%.
* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities & Government Investment Issues).

39. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Profit Rate Risk (contd.)

	Changes in variables	**2023** **Impact on carrying value RM'000**	**2023** **Impact on participants' fund* RM'000**
		<--------(Decrease)/Increase-------->	
General Takaful Fund			
Financial Assets at FVTPL	+100 basis points	(330)	(251)
	-100 basis points	343	261
Financial Assets at FVOCI	+100 basis points	(136,136)	(103,463)
	-100 basis points	153,007	116,285
Financial Assets at AC	+100 basis points	(1,467)	(1,115)
	-100 basis points	1,431	1,087

* Impact on participants' fund is stated net of corporate tax of 24%

	Changes in variables	**2023** **Impact on carrying value RM'000**	**2023** **Impact on profit/equity* RM'000**
		<--------(Decrease)/Increase-------->	
Company			
Financial Assets at FVTPL	+100 basis points	(330)	(113)
	-100 basis points	343	117
Financial Assets at FVOCI	+100 basis points	(219,371)	(166,722)
	-100 basis points	246,412	187,273
Financial Assets at AC	+100 basis points	(3,923)	(2,369)
	-100 basis points	3,857	2,334

* Impact on Company's profit/equity is stated net of corporate tax of 24%.

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities & Government Investment Issues).

39. 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 Takaful certificate or retakaful certificate assets and/or liabilities would fluctuate because of changes in its market prices whether those changes are caused by factors specific to the individual equity instruments 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.

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 to also 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 Takaful and retakaful certificates and equity instruments are, as follows:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Market Index

		2024		
	Change in market indices	**Impact on carrying value RM'000**	**Impact on profit before tax RM'000**	**Impact on participants' fund* RM'000**
		<-----------------Increase/(Decrease)------------------>		
General Takaful Fund				
Financial Instruments	+10%	13,932	13,932	10,588
at FVTPL	-10%	(13,932)	(13,932)	(10,588)
Financial Instruments	+10%	4,159	-	3,161
at FVOCI	-10%	(4,159)	-	(3,161)

* Impact on participants' fund is stated net of corporate tax of 24%

		2024		
	Change in market indices	**Impact on carrying value RM'000**	**Impact on profit before tax RM'000**	**Impact on equity* RM'000**
		<-----------------Increase/(Decrease)------------------>		
Company				
Financial Instruments	+10%	27,222	16,773	12,748
at FVTPL	-10%	(27,222)	(16,773)	(12,748)
Financial Instruments	+10%	9,145	-	6,950
at FVOCI	-10%	(9,145)	-	(6,950)

* Impact on Company's profit/equity is stated net of corporate tax of 24%

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities & Government Investment Issues).

39. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk (contd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant. (contd.)

Market Index (contd.)

		2023		
	Change in market indices	Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on participants' fund* RM'000
		<-----------------Increase/(Decrease)------------------>		
General Takaful Fund				
Financial Instruments	+10%	6,587	6,587	5,006
at FVTPL	-10%	(6,587)	(6,587)	(5,006)
Financial Instruments	+10%	3,569	-	2,712
at FVOCI	-10%	(3,569)	-	(2,712)

* Impact on participants' fund is stated net of corporate tax of 24%

		2023		
	Change in market indices	Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<-----------------Increase/(Decrease)------------------>		
Company				
Financial Instruments	+10%	13,426	9,803	7,450
at FVTPL	-10%	(13,426)	(9,803)	(7,450)
Financial Instruments	+10%	7,802	-	5,930
at FVOCI	-10%	(7,802)	-	(5,930)

* Impact on Company's profit/equity is stated net of corporate tax of 24%

* Changes in credit spread on financial instruments have no impacts to General Takaful's certificates liabilities as these are discounted using risk-free profit rates (i.e Malaysian Government Securities & Government Investment Issues)

(iv) 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.

(v) Concentration Risk

Concentration risk as its name suggest, is the risk of concentration in any type of market risk, liquidity risk and credit risk. Risk concentration can materialize from excessive exposures to single counterparty and persons connected to it, a particular instrument or a particular market segment / sector.

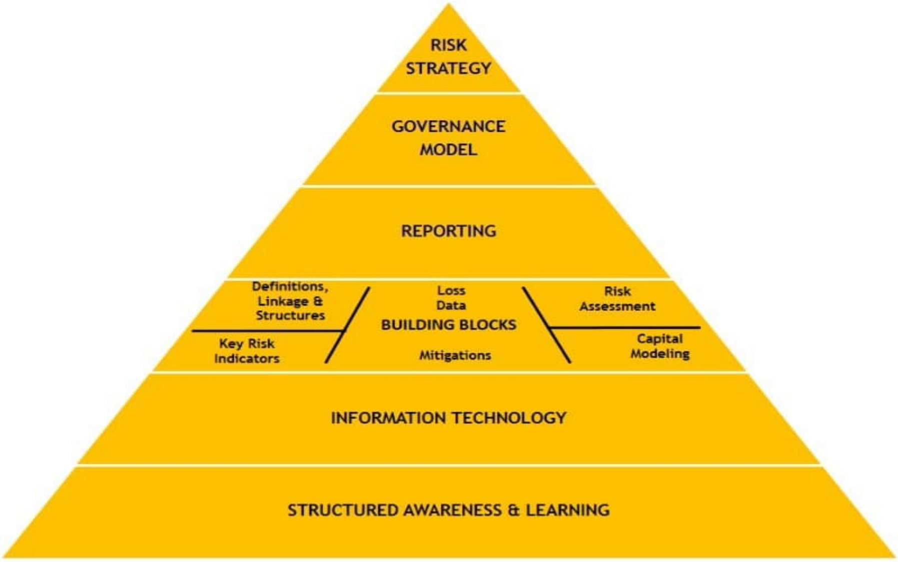
The Company's quantitative controls to manage concentration risk is through diversification. A minimum level of diversification is realised by observing the single counterparty limits. The single counterparty exposure limit represents maximum concentration of a particular counterparty. The limit exists for each asset class as well as across all investment assets, retakaful and derivative counterparty.

40. NON-FINANCIAL 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 MAHB Group.

Non-Financial Risk Taxonomy

(i) Internal Fraud

Losses due to illegal acts (explicitly prohibited by the 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.

40. NON-FINANCIAL RISKS (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(ii) External Fraud

Losses due to fraudulent activities/theft perpetrated by third party against the company/organisation. External fraud could arise from system security risk, i.e. failure to provide a secure system platform or an activity/incident that can and will threaten the integrity of a system, which will in turn affect the reliability and privacy of data.

(iii) Employment Practices and Workplace Safety

(a) Employee relations - failure to maintain positive employer-employee relationships that contributes to unsatisfactory productivity, demotivation and low morale;

(b) Safe environment - failure in the provision of a safe working environment from events that could endanger the safety of the employees; and

(c) Diversity and discrimination - failure to provide equalities in the employment practise.

(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.

40. NON-FINANCIAL 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 unauthorized 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 risk 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.

40. NON-FINANCIAL RISKS (CONTD.)

Non-Financial Risk Taxonomy (contd.)

(x) Model Risk

Model risk is the risk arising from a model that does not operate as intended resulting in adverse consequences (e.g. financial loss, poor business or strategic decisions, reputational damage) arising from inappropriate decisions based on incorrect or misused model outputs.

(xi) Legal Risk

Risk of 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 organization or an individual’s activities having a detrimental impact on customers or negatively impacting the market and/or shareholder value.

41. ENTERPRISE RISK

Risk of loss or adverse impact arising from business/strategic, industry, corporate governance and systemic risk. Enterprise risk covers external and internal factors that can impact the Company's ability to meet its current business plan for achieving ongoing growth and value creation. It includes changes in the external environment including regulatory, economic environment, competitive landscape or the way people (customers or staff) behave. It can also be due to poor internal decision making and management or due to loss of reputation. Enterprise Risk will be exacerbated when there is a disruption to financial services that is caused by an impairment of all or parts of the financial system, with the potential to have serious negative consequences to the real/entire economy.

(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 and Strategic Risk

Risk of current or prospective impact on earnings, capital, reputation or standing arising from changes in the environment the MAHB Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Risk of failure in directing and managing the business and affairs towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iii) Reputational Risk

Reputational Risk is 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.

41. ENTERPRISE RISK (CONTD.)

(iii) Reputational Risk (contd.)

Reputational risk can have severe impact on overall value either directly, by causing an increase in lapses, or indirectly through the inability of future value generation as a result of not being able to attract and keep new customers, distribution partners and staff.

(iv) Sustainability Risk

Sustainability risks is the uncertainty in being able to sustain the growth of our organization. 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 takaful 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.

42. FAIR VALUES MEASUREMENTS

This disclosure provides information on fair value measurements for both financial instruments as well as non-financial assets and liabilities which is structured as follows:

(a) Valuation principles;
(b) Valuation techniques;
(c) Fair value measurements and classification within the fair value hierarchy; and
(d) Transfers between Level 1 and Level 2 in the fair value hierarchy.

(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.

42. FAIR VALUES MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Company follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Company continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

The levels of the fair value hierarchy as defined by MFRS Accounting Standards are an indication of the observability of prices or valuation input. It can be classified by the following hierarchies/levels:

- Level 1 : Active Market – Quoted price

  Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. Such financial instruments include actively traded government securities, listed derivatives, quoted securities and cash products traded on an exchange.

- Level 2 : No Active Market – Valuation techniques using observable input

  Refers to inputs other than quoted prices 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 other government bonds, less liquid equities 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 and private equity investments.

42. FAIR VALUES 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 profit rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amount of the financing receivables approximate their fair values as the impact of discounting is not material.

(iii) Takaful receivables and payables

.

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in Note 2.2 (viii)(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 (iii). The carrying amounts and fair values of investments are disclosed in Note 5 to the financial statements.

42. FAIR VALUES MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy

General Takaful Fund

	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				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,369	-	13,369
(ii) Held for trading (HFT)				
Equity securities	139,318	-	-	139,318
Financial assets at FVOCI				
Malaysian government papers	-	92,754	-	92,754
Debt securities	-	2,089,066	-	2,089,066
Equity securities	41,586	-	-	41,586
Derivative assets	-	-	-	*-
Total assets	**180,904**	**2,195,189**	**-**	**2,376,093**
2023				
Assets				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,533	-	13,533
(ii) Held for trading (HFT)				
Equity securities	65,874	-	-	65,874
Financial assets at FVOCI				
Malaysian government papers	-	92,638	-	92,638
Debt securities	-	1,966,723	-	1,966,723
Equity securities	35,689	-	-	35,689
Total assets	**101,563**	**2,072,894**	**-**	**2,174,457**

* Representing RM122

42. FAIR VALUES MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Company

	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				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,369	-	13,369
(ii) Held for trading (HFT)				
Equity securities	272,222	-	-	272,222
Financial assets at FVOCI				
Malaysian government papers	-	186,743	-	186,743
Debt securities	-	3,461,604	-	3,461,604
Equity securities	91,454	-	-	91,454
Derivative assets	-	-	-	*-
Total assets	**363,676**	**3,661,716**	**-**	**4,025,392**
2023				
Assets				
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	13,533	-	13,533
(ii) Held for trading (HFT)				
Equity securities	134,258	-	-	134,258
Financial assets at FVOCI				
Malaysian government papers	-	185,451	-	185,451
Debt securities	-	3,218,804	-	3,218,804
Equity securities	78,021	-	-	78,021
Total assets	**212,279**	**3,417,788**	**-**	**3,630,067**

* Representing RM190

42. FAIR VALUES 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.

43. REGULATORY CAPITAL REQUIREMENT

The Company's Internal Capital Adequacy Assessment Process ("ICAAP") Framework is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and to ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above individual Target Capital Level ("ITCL") and Supervisory Level. Pursuant to the Risk-Based Capital Framework issued by BNM, the Company has met the minimum CAR of 130%.

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

The total capital available of the Company as at 31 December 2024 and 31 December 2023, as prescribed under the RBCT Framework is provided below:

Company

	2024 **RM'000**	**2023** **RM'000**
Eligible Tier 1 Capital		
Paid up share capital	970,001	970,001
Valuation surplus in takaful funds	258,384	218,647
Retained earnings	1,117,794	907,901
	2,346,179	2,096,549
Tier 2 Capital		
FVOCI reserve	27,106	2,312
	27,106	2,312
Amount deducted from capital	(54,902)	(54,187)
Total Capital Available	2,318,383	2,044,673

44. SHARIAH DISCLOSURES

Shariah principles are the foundation of the practice of Islamic Finance through the observance of the tenets, conditions and principles espoused by Shariah to ensure all the operations and activities of the Company complies with Shariah rules and principles at all times.

The Company has put in place a sound Shariah governance framework to ensure strict adherence to Shariah requirements in its processes. A dedicated Shariah Committee ("SC") provides Shariah oversight on all material Shariah non-compliant risks across the Company. Supporting the SC are the Shariah Risk Management and Shariah Review and Compliance ("SRC") functions that respectively identify, measure, monitor and control Shariah non-compliance risks, and provides regular assessment on the compliance of the operations, business, affairs and activities of the Company with Shariah requirements.

Underpinning the governance framework are the detailed policies and procedures that include the required steps to ensure that each transaction executed by the Company complies with Shariah requirements. A dedicated internal audit team was also established to provide the required check and balance in ensuring strict compliance with the policies and procedures.

Any transaction classified as potential Shariah non-compliant will be escalated to the SC for deliberation and decision whether any Shariah requirements have been breached. Shariah Risk Management will track on the incident and rectification status, and ensure timely reporting to the SC, Board and BNM. For Shariah non-compliant transactions, any related income earned will be purified by channeling the amount to charity or given back to the customer, as determined by the SC.

The nature of transactions deliberated to SC for Shariah non-compliance are as follows:

(i) Shariah non-compliant earnings

2024

Shariah non-compliant sources	**Measures undertaken**	**Status**
Holding of security that has subsequently been considered Shariah non-compliant (Tencent Holdings Ltd.)	The Shariah non-compliant earnings from the selling of the security has been transferred to Amal Jariah Fund.	Pending distribution of charity funds

Apart from the purification of income from Shariah non-compliant events, the Company has instituted several rectification measures relating to systems, processes and procedures to enhance control mechanism and minimise recurrence of Shariah non-compliant incidents.

44. SHARIAH DISCLOSURES (CONTD.)

(ii) Sources and uses of charity funds

	2024	2023
Sources of charity funds		
Shariah non-compliant prohibited income	* -	-
Total sources of charity funds during the year	* -	-
Uses of charity funds		
Contribution to non-profit organisation	* -	-
Total uses of charity funds during the year	* -	-

*Representing RM211