



**mcis LIFE**

member of  **Sanlam** group



# SHAPING A BETTER FUTURE FOR GENERATIONS

ANNUAL REPORT 2025

## Shaping a Better Future for Generations

This cover concept highlights the importance of family, care, and long-term financial well-being, reflecting the message of the tagline “**Shaping a Better Future for Generations.**” Multi-generational family symbolises security, trust, and the reassurance that loved ones are supported through every stage of life. It represents MCIS Life’s role in helping individuals and families plan ahead with confidence, offering financial solutions that contribute to stability and resilience over time. The warm and uplifting imagery reinforces the idea that with thoughtful planning and reliable protection, families can look forward to a stronger and more secure future together, demonstrating MCIS Life’s enduring commitment to safeguarding lives today while shaping a better future for generations to come.



Scan this QR Code to access our corporate website  
<https://www.mcis.my/>

## Our Core Values

### Care and Respect

Care because we respect others



### Integrity and Accountability

Have discipline, take responsibility for actions and act with integrity



### Innovation

Grow value through innovation and superior performance



### Bold and Humble

Lead confidently and serve with humility





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Sec 1

# Corporate Snapshot

# Notice of Twenty-Ninth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Ninth Annual General Meeting of the Company will be conducted fully via Remote Participation and Voting (video-conferencing) on Wednesday, 24 June 2026 at 11.00 a.m. with the Main Venue at Cape Town (MCIS Boardroom) at Wisma MCIS, Level 1 Tower 1, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan for the purpose of transacting the following businesses:

## AGENDA

### As Ordinary Business

1	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2025 together with the Directors' and Auditors' Reports therein.	Please refer to Explanatory Note 1
2	To approve the Directors' remuneration and benefits of up to RM2.5 million for the period from 25 June 2026 until the conclusion of the next Annual General Meeting.	Ordinary Resolution 1 Please refer to Explanatory Note 2
3	To re-elect the following Director retiring in accordance with Article 70 of the Company's Articles of Association and being eligible, he offers himself for re-election: i. Gopala Krishnan A/L K. Sundaram	Ordinary Resolution 2
4	To re-elect the following Directors retiring in accordance with Article 72 of the Company's Articles of Association and being eligible, they offer themselves for re-election: i. Cheryl Khor Hui Peng ii. Omer Abdullah iii. Datuk Sahadivanaidu A/L Baliah	Ordinary Resolution 3 Ordinary Resolution 4 Ordinary Resolution 5
5	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6

### As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution:

6	Authority to Directors pursuant to Section 75 and 76 of the Companies Act, 2016  "THAT pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be further empowered to obtain the approval of the relevant authorities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."	Ordinary Resolution 7 Please refer to Explanatory Note 3
7	To transact any other business of which due notice in writing shall have been given.	

By Order of the Board

**MARY CONSTANCIA D'SILVA (MAICSA 7020517), (Practicing Certificate 202008003164)**

Company Secretary

Petaling Jaya

29 May 2026



# Notice of Twenty-Ninth Annual General Meeting

## EXPLANATORY NOTES

### (1) Audited Financial Statements for the Financial Year ended 31 December 2025

Agenda item number 1 is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.

### (2) Directors' Benefits Payable

The proposed Directors' benefits payable comprises allowances and other benefits.

The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings for the current financial year ended 31 December 2025 until the next Annual General Meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

### (3) Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 7 is the renewal of the mandate obtained from members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Twenty-Eight Annual General Meeting held on 24 June 2025 as there were no requirements for such fund raising activities.

The proposed Ordinary Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

# Board of Directors



**GOPALA KRISHNAN  
A/L K. SUNDARAM**

**Chairman** and Independent,  
Non-Executive Director



**KOKULA KRISHNAN A/L  
GANESALINGAM  
(GOPI GANESALINGAM)**

Independent,  
Non-Executive Director



**ABDUL RAHMAN  
BIN TALIB**

Independent,  
Non-Executive Director



**CHERYL  
KHOR HUI PENG**

Independent,  
Non-Executive Director



**OMER  
ABDULLAH**

Executive Director



**DATUK SAHADIVANAIDU  
A/L BALIAH**

Non-Independent,  
Non-Executive Director

# Get to Know Our Board of Directors

**GOPALA KRISHNAN  
A/L K. SUNDARAM**

**Chairman** and Independent,  
Non-Executive Director



**Mr. Gopala Krishnan A/L K. Sundaram** was appointed as an Independent Non-Executive Director of the Company on 10 March 2025. He also serves as the Chairman of the Governance Committee of the Board and as a member of the Audit Committee.

Mr. Gopal graduated in 1982 with a Bachelor of Law (Hons) degree from the University of Malaya under a Bank Negara Malaysia scholarship. He is currently a partner of Abdullah Chan & Co., Kuala Lumpur. Prior to joining Abdullah Chan & Co., he served for 30 years in various capacities at Bank Negara Malaysia from 1982 until his retirement as Assistant Governor of the Bank in 2011. After retirement, he was appointed for over a year as Project Advisor for the drafting of the Financial Services Act 2013 and the Islamic Financial Services Act 2013.

He is the only member of the International Monetary Law Committee of the International Law Association (MOCOMILA) from ASEAN. He is also a member of the Panel of Experts of P.R.I.M.E. Finance, based at the Peace Palace in The Hague.

With over 42 years working experience in regulatory, legal, and related fields Mr. Gopal has also undertaken consultancy assignments for the World Bank and served as an International Regulatory Expert with the Asian Development Bank.

He currently sits on the Boards of Tenaga Nasional Berhad and YTL Digital Bank Berhad as an Independent Director, and had previously held a similar role at Kuwait Finance House (Malaysia) Berhad.

**KOKULA KRISHNAN  
A/L GANESALINGAM  
(GOPI GANESALINGAM)**

Independent,  
Non-Executive Director



**Mr. Gopi Ganesalingam** is an Independent Board Director at MCIS Life since 19 August 2020, where he serves on the Board Risk, Audit, Technology, and Remuneration Committees.

He is also the Senior Vice President, Industry and Ecosystem at Malaysia Digital Economy Corporation (MDEC), where he leads national initiatives to strengthen Malaysia's digital industry, deepen industry collaboration, and advance an innovation-led digital ecosystem.

In this role, Mr. Gopi oversees programme planning and execution across key digital-economy priorities, including the delivery of national initiatives such as GAIN, FOX, and Malaysia's digital exports expansion programmes. These initiatives have enabled international market access and supported the global scaling of Malaysian technology companies. His portfolio further encompasses industry facilitation, digital investments, digital content development, and funding facilitation for Malaysia Digital (MD) companies, working closely with industry leaders, investors, government agencies, and global partners.

A Finance graduate and a Fellow of CPA Australia, Mr. Gopi brings over 37 years of leadership experience spanning multinational corporations, government-linked agencies, and entrepreneurial ventures. His career includes senior roles at Matsushita, American Express, Alcatel-Lucent, and Telstra. He later co-founded and led Lava Protocols, serving as a go-to-market partner for Salesforce and Google, before joining MDEC in 2015.

Beyond his executive and board roles, Mr. Gopi is an Adjunct Professor at Asia Pacific University of Technology & Innovation (APU) and the Chairman and Trustee of Junior Achievement Malaysia, a non-profit organisation dedicated to empowering young Malaysians through entrepreneurship, work-readiness, and financial-literacy programmes.

## Get to Know Our Board of Directors

**ABDUL RAHMAN  
BIN TALIB**

Independent,  
Non-Executive Director



**Mr. Abdul Rahman Bin Talib** was appointed as Independent Non-Executive Director of the Company on 16 April 2025. He serves as the Chair of the Nominations Remuneration Committee and a member of the Board Risk Management Committee. He holds a Masters in Business Administration (MBA) and Bachelor in Business Administration from the University of Miami, Coral Gables, Florida, USA. He is a Fellow of the Asian Institute of Insurance and a Member of Institute of Corporate Directors Malaysia.

Mr. Rahman retired as the Chief Executive Officer of Pacific & Orient Insurance Company Berhad (P&O) in 2018 after serving as CEO and Director for 20 years. He joined P&O in 1997 as General Manager, Investment.

Mr. Rahman currently serves as an Independent Non Executive Director in Syarikat Takaful Malaysia Am Berhad. He is also a director in a private company, ARTAB Sdn Bhd.

**CHERYL  
KHOR HUI PENG**

Independent,  
Non-Executive Director



**Ms. Cheryl Khor Hui Peng**, a Malaysian aged 50, is our Independent Non-Executive Director.

She was appointed to our Board on 3 November 2025.

Ms. Cheryl Khor graduated with a Bachelor of Mathematics (Honours). She is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). She is also a Fellow and Faculty Member of the Institute of Corporate Directors Malaysia (ICDM) which was established by the Securities Commission Malaysia and supported by Bank Negara Malaysia, Bursa Malaysia and the Capital Market Development Fund. As a faculty member of ICDM, she conducts training for directors on various board, governance and sustainability topics.

Ms. Cheryl Khor has more than twenty-five (25) years of experience covering financial, operational and internal audits as well as governance, controls, sustainability, internal audit and risk assessments for many companies across a broad range of industries.

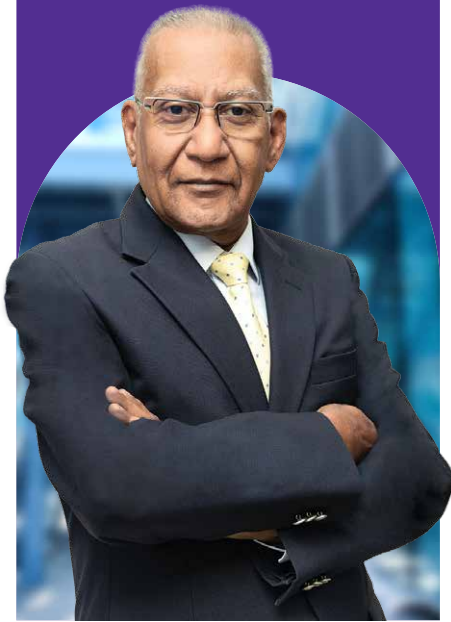
She began her career in 1998 as a financial auditor and Chartered Accountant at Ernst & Young. Ms. Cheryl Khor diversified her skill sets and breadth of experience when she joined Deloitte in 2013 where she led the Risk Advisory practice, complementing her Chartered Accountant experience with sustainability, governance and risk expertise. She was appointed as Managing Director of Deloitte Risk Advisory in 2014 and held the position until 2021. Whilst in Deloitte, she held numerous leadership positions culminating her career as the Asia Pacific Accounting and Internal Control Leader and was also a member of the Deloitte South East Asia Board of Directors.

Currently, she is a Director of Alliance Bank Malaysia Berhad, Kuala Lumpur Kepong Berhad and Hong Leong Industries Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad. She is also a Director of Chubb Insurance Malaysia Berhad, Leader Energy Holdings Berhad and RAM Holdings Berhad, all public companies.

## Get to Know Our Board of Directors

### OMER ABDULLAH

Executive Director



**Mr. Omer Abdullah** was appointed as Executive Director of MCIS Insurance Berhad on 24 November 2025. He currently serves as the Head of Sanlam Malaysia, a role he assumed in October 2024.

He brings over four decades of experience across the general and life insurance sectors, supported by a strong international career spanning South Africa, Mexico, Colombia, India, and China. He is recognised for his strategic leadership, results-driven approach, and proven ability to develop high-performing teams and lead key organisational initiatives.

Mr. Omer began his career with Old Mutual Life Assurance Company (South Africa) Limited (“Old Mutual”) in 1982 and progressed through various senior leadership roles. His career culminated in his appointment as Director and Chief Executive Officer of Old Mutual’s joint venture in China, a position he held from 2016 to 2023.

He completed the Strategic Leadership Programme at the London Business School in 2013, attained a Certification of Directorship in 2016, and completed the CEO Programme in China in 2017.

In addition to his role at MCIS Insurance Berhad, Mr. Omer serves as a Non-Independent and Non-Executive Director on the Board of Pacific & Orient Insurance Co. Berhad, representing Sanlam Emerging Markets Proprietary Limited. He has held this position since 22 April 2025.

### DATUK SAHADIVANAIDU A/L BALIAH

Non-Independent,  
Non-Executive Director



**Datuk Sahadivanaidu A/L Baliah** was appointed to the Board on 5 March 2026 as a Non-Independent, Non-Executive Director. He brings with him a wealth of experience garnered over more than five decades in the co-operative sector.

He holds a Master of Business Administration from Warnborough University, United Kingdom. Datuk Sahadivanaidu retired as the Chief Executive Officer of National Land Finance Co-operative Society Limited (“NLFCS”) in 2013 and subsequently assumed the role of Managing Director, a position he continues to hold to date. Throughout his distinguished career, he has been deeply involved in shaping policies, governance, and strategic development within the co-operative movement both locally and regionally.

Datuk Sahadivanaidu has served as a member of the Malaysian Co-operative Education Trust Fund from 2004 to 2008 and the Malaysian Co-operative Tribunal from 2004 to 2009. At the international level, he has contributed as a member of the International Asia-Pacific Co-operative Agricultural Committee, further underscoring his standing within the global co-operative community.

A respected advocate for sustainable and inclusive economic development, Datuk Sahadivanaidu has participated in numerous national and international conferences, presenting papers on co-operative values, opportunities, and challenges. Among his notable engagements are his presentation at the 7<sup>th</sup> International Co-operative Alliance Regional Congress (Asia-Pacific) in Colombo and his Keynote Address at the ICA-AP Co-operative Trade and Business Conference 2023, titled “*Balancing Sustainability and Profitability in the Agriculture, Forestry and Property Industry*”.

# Corporate Information

## BOARD OF DIRECTORS

**Gopala Krishnan A/L K. Sundaram**  
*Chairman and Independent,  
Non-Executive Director*

**Kokula Krishnan A/L Ganesalingam  
(Gopi Ganesalingam)**  
*Independent,  
Non-Executive Director*

**Abdul Rahman Talib**  
*Independent,  
Non-Executive Director*

**Cheryl Khor Hui Peng**  
*Independent,  
Non-Executive Director*

**Omer Abdullah**  
*Executive Director*

**Datuk Sahadivanaidu A/L Baliah**  
*Non-Independent,  
Non-Executive Director*



## AUDIT COMMITTEE

**Cheryl Khor Hui Peng**  
*Chairman*

**Kokula Krishnan A/L Ganesalingam  
(Gopi Ganesalingam)**

**Abdul Rahman Talib**

## BOARD RISK MANAGEMENT COMMITTEE

**Kokula Krishnan A/L Ganesalingam  
(Gopi Ganesalingam)**  
*Chairman*

**Cheryl Khor Hui Peng**

**Datuk Sahadivanaidu A/L Baliah**

## NOMINATIONS REMUNERATION COMMITTEE

**Abdul Rahman Talib**  
*Chairman*

**Kokula Krishnan A/L Ganesalingam  
(Gopi Ganesalingam)**

**Cheryl Khor Hui Peng**

## TRANSFORMATION AND INNOVATION COMMITTEE

**Kokula Krishnan A/L Ganesalingam  
(Gopi Ganesalingam)**  
*Chairman*

**Abdul Rahman Talib**

## COMPANY SECRETARY

**Mary Constanca D'Silva**

## REGISTERED OFFICE

### Wisma MCIS

Jalan Barat,  
46200 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.

**Tel** : +603 7652 3388

**Fax** : +603 7957 1562

**E-mail** : info@mcis.my

**Website**: www.mcis.my

## SHARE REGISTRAR

### Boardroom Share Registrars Sdn Bhd

11th Floor Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.

**Tel** : +603 7890 4700

**Fax** : +603 7890 4670

**E-mail** : bsrhelpdesk@boardroom  
limited.com

## AUDITOR

### KPMG PLT

Level 10, KPMG Tower,  
8, First Avenue,  
47800 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.

# Executive Management Committee



**Prasheem Seebran**  
Chief Executive Officer  
(up to 10 May 2026)



**Grant Davids**  
Chief Executive Officer  
(appointed with effect  
from 11 May 2026)



**Wan Mohd Fakruddin  
Razi Bin Wan  
Abd Ghani**  
Chief Investment Officer



**Khoo Han Chuan**  
Chief Strategy Officer



**Gan Teong Kiat**  
Chief Corporate  
Development Officer



**Chitra Sridharan**  
Chief Customer  
Experience &  
Marketing Officer



**Susan Cecelia Conradie**  
Chief Financial Officer



**Koo Chee Min**  
Chief People Officer



**Ahmad Zubir Bin Aziz**  
Chief Agency Officer



**Woo Chee Chang**  
Appointed Actuary



**Norlin Fatima  
Binti Albakri**  
Chief Compliance Officer



**Noor Hayati Binti Abu  
Yaziz @ Mohamad**  
Chief Internal Auditor



**Anesh Junak**  
Chief Product Officer



**Michelle Toni Moller**  
Chief Operating Officer



**Ng Chee Sang**  
Chief Technology  
Officer

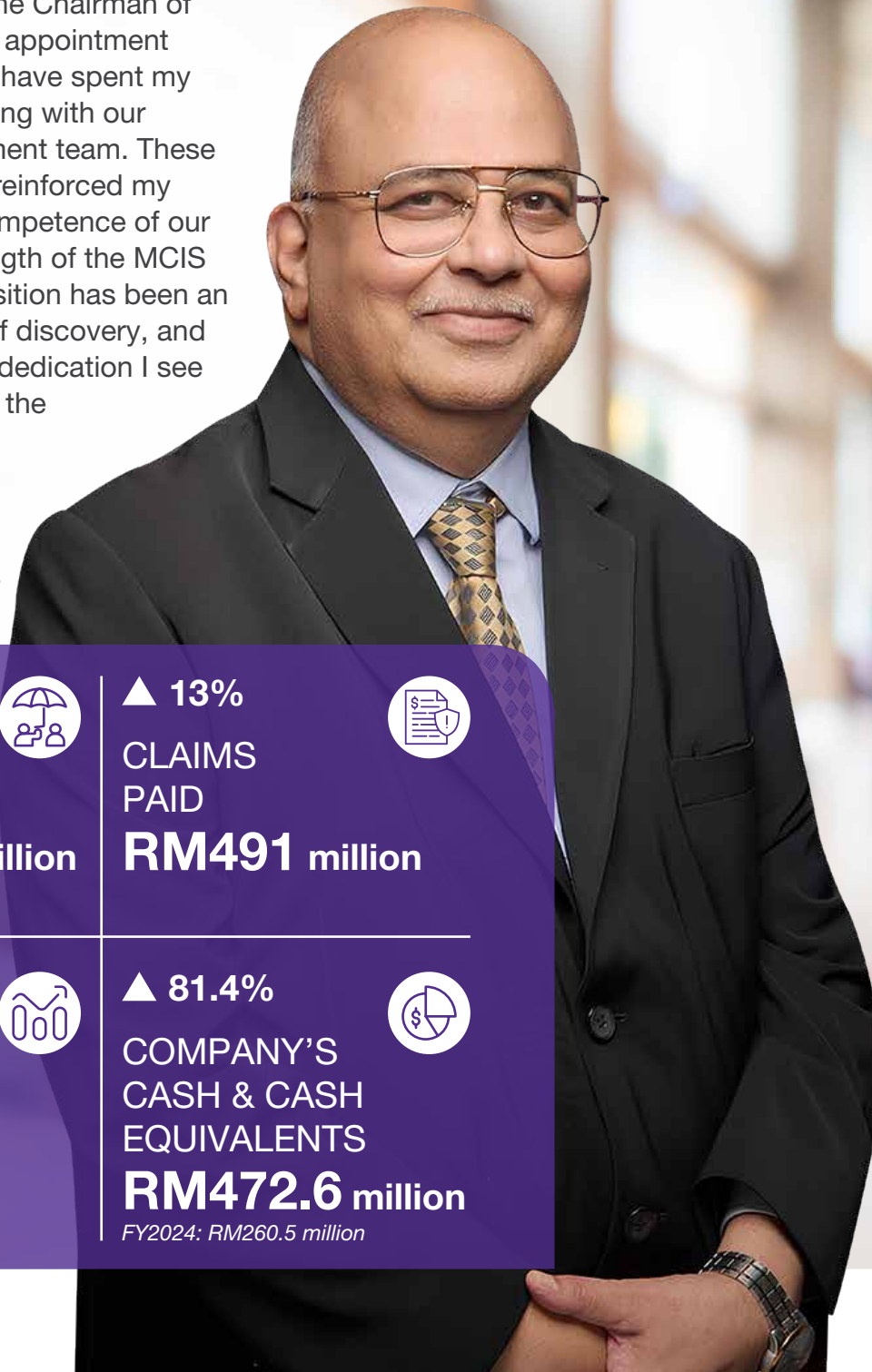


# Chairman’s Statement

## “ Dear Shareholders,

It is a distinct honour to address you for the first time as the Chairman of MCIS Life. Since my appointment on 23 March 2026, I have spent my initial months engaging with our Board and Management team. These conversations have reinforced my confidence in the competence of our people and the strength of the MCIS Life brand. This transition has been an invigorating period of discovery, and I am inspired by the dedication I see across every level of the organisation. ”

**Gopala Krishnan**  
**A/L K. Sundaram**  
*Chairman and Independent,  
Non-Executive Director*



▲ 7.3%  
INSURANCE REVENUE  
**RM494.3 million**  
*FY2024: RM460.7 million*



▲ 13%  
CLAIMS PAID  
**RM491 million**



▲ 9.8%  
APE GROWTH  
*(vs industry 0.7%)*



▲ 81.4%  
COMPANY’S CASH & CASH EQUIVALENTS  
**RM472.6 million**  
*FY2024: RM260.5 million*



# Chairman's Statement

## NAVIGATING A COMPLEX LANDSCAPE

Our performance in 2025 must be viewed against a backdrop of significant industry-wide shifts, rising health and medical care pressures and external conflict. The year was marked by:

- **Accounting Transitions:**

The continued implementation and impact of MFRS 17 have altered the timing of profit recognition, contributing to the net loss of RM21.3 million reported for the financial year.

- **Medical Inflation:**

We faced a challenging environment of rising medical claims and pricing pressures, which tested the margins of the entire life insurance sector. It will come as no surprise to insurance agencies and claimants that insurers paid out a record RM9.4 billion in medical claims for 2025, a 5.3% increase over 2024.

- **Economic Uncertainty:**

Volatile market conditions, rising living costs and geo-political conflict required us to remain agile in our investments, operational and financial management.



## KEY HIGHLIGHTS FOR 2025

- 1 **Resilient Revenue Growth:**

Insurance revenue increased by 7.3%, rising from RM460.7 million in 2024 to RM494.3 million in 2025. This indicates steady growth in our core underwriting of life and investment-linked insurance products, reflecting positive momentum in new business and policy retention.

- 2 **Digital Expansion:**

MCIS Life is prioritising market expansion by advancing a comprehensive digital framework alongside a robust data strategy. These initiatives are aimed at strengthening business execution, leveraging data for more informed decision-making, and enhancing the overall customer experience to capture a larger share of the market.

- 3 **Significant Strengthening of Liquidity:**

Despite the challenging operating environment, the Company improved its liquidity position through prudent capital and investment management initiatives, thereby enhancing overall balance sheet resilience. Continued emphasis on premium collection, policy persistency, and disciplined cash flow management contributed to a significant improvement in cash flow from operating activities, which increased to RM212.1 million during the year. As a result, the Company's cash and cash equivalents strengthened from RM260.5 million to RM472.6 million as at the end of 2025.

## DELIVERING ON OUR PROMISE

The true measure of an insurance company is its ability to stand by its customers when they need it most. Despite the pressures of medical inflation and a rising cost of living, MCIS Life remained a pillar of support for our policyholders.

In 2025, the MCIS Life paid out an estimated RM491 million in claims - we have achieved this while maintaining a strong and resilient capital position, ensuring we remain fully equipped to support our policyholders' future needs and fuel our own long-term growth.

## STRATEGIC MOMENTUM & GROWTH

While the broader life insurance industry saw modest growth of 0.65%, MCIS Life outperformed the market significantly by achieving 9.79% growth in Annualised Premium Equivalent (APE). This momentum is a direct result of our Board's unwavering focus on market expansion, operational excellence and financial prudence.

## Chairman's Statement

A key successful initiative has been the diversification of our unique product offerings, namely the NCSM LungShield, developed in partnership with the National Cancer Society of Malaysia (NCSM). As the first insurance coverage of its kind in Malaysia, NCSM LungShield is an integrated lung cancer screening and diagnostic programme designed to detect lung cancer at its earliest stages. The programme includes complimentary insurance coverage of up to RM10,000 for one year to help ease screening and diagnostic costs for Malaysians. By introducing solutions that emphasise early detection of critical illnesses, we strengthen our ability to provide relevant and impactful protection.

Operational excellence remains a key priority, as we enhance customer engagement through digital transformation and continuous innovation. At the same time, we uphold strong financial prudence by balancing ambitious growth targets with a disciplined and responsible approach to expenditure.

We are optimistic about the path forward. Our focus will remain on strengthening profitability, enhancing operational effectiveness, and



The true measure of an insurance company is its ability to **stand by its customers when they need it most.**

continuing to invest in capabilities that drive long-term value. Sanlam's continued support remains a key enabler of our progress, providing both stability and access to global expertise. Their shareholding strengthens our ability to accelerate transformation and embed best practices across the organisation.

#### ACKNOWLEDGEMENTS

In closing, I would like to highlight that leadership transitions are a natural and essential part of a healthy organisation's evolution. I wish to record my deepest appreciation to those who have contributed significantly to the success of MCIS Life. In particular, I extend my sincere gratitude to my predecessor and former Chairman, En. Mohammad Nizar bin Idris, for his steadfast leadership

over the years, and to our outgoing Chief Executive Officer, Mr. Prasheem Seebran, for his dedication and service.

I am pleased to welcome our new Chief Executive Officer, Mr. Grant Davids, who joined us on 11 May 2026. His global perspective and proven leadership in driving complex transformations position him well to lead MCIS Life into its next phase of growth.

The appointments of Ms. Cheryl Khor Hui Peng, Mr. Omer Abdullah and Datuk Sahadivanaidu Baliah as Directors further strengthen the Board's diversity, expertise and leadership capabilities. Their extensive professional experience and strategic insights will enhance the Board's effectiveness in providing strong governance, sound oversight and long-term strategic guidance, supporting the Company's sustainable growth and value creation.

On behalf of the Board, I would like to express our heartfelt appreciation to our staff, agents and business partners for their unwavering dedication and commitment throughout the year. I thank our shareholders for their continued trust and confidence, which enables us to remain focused on building our business and a resilient future together.

**Gopala Krishnan A/L K. Sundaram**  
Chairman and Independent  
Non-Executive Director



# Sustainability Report



**Sustainable & Responsible Investment**  
*Integrating ESG and climate considerations into asset allocation to safeguard long-term returns.*

**97%**  
of Investment are ESG compliant companies



Engaged  
**73%**  
of investee companies to assess climate impact



**Resilient & Low-Carbon Operations**  
*Enhancing operational efficiency, digitalisation, and carbon reduction to strengthen long-term business resilience.*

**30%**  
reduction of electricity consumption since year 2018



Established baseline emission and committed to achieve net zero by year



**2050**

## Health & Protection

*Promoting preventive care, financial protection, and healthier, longer lives for our policyholders & employees.*

Serves over  
**200,000**  
of individual policies and over  
**300,000**  
participating individuals of group insurance



Launched  
**NCSM LungShield**  
– comprehensive lung screening



## Empowered Workforce

*Building inclusive talent and continuous learning to deliver trusted customer outcomes.*

**96%**  
of staff achieved 24 hours or more learning hours



Hybrid working model and monthly  
**2 hours**  
wellbeing time off



**141**  
training programs with a total of  
**16,861**  
training hours were carried out



# Sustainability Report

## Community & Environmental Stewardship

Driving societal progress through outreach, learning initiatives and environmental conservation.

### Childhood cancer donation drive



**10,847**

free cancer screening done nation wide via

### Purple Truck



Partnered with

### Agensi Kaunseling & Pengurusan Kredit (AKPK)

to train over

**150 people**

from various Government Agencies on financial literacy in East Malaysia



Launched

### 100 Native Tree Species

educational book



## Prudent & Transparent Governance

Upholding strong risk oversight, regulatory compliance, and ethical leadership to protect stakeholders' interests.

Published

**1<sup>st</sup> ever**

Task Force of Climate Disclosures (TCFD) Report



Embarking on

**IFRS S1 & S2**

Disclosure Reporting through digital transformation



## Trusted Brand & Industry Recognition

Celebrating external recognition for our commitment to Sustainability, responsible business practices, and operational excellence.

### 2025 Professional Industry Education Award

Recipient by LIMRA and LOMA



Board members trained on

### Climate Risk Governance & Disclosure Requirements



### Company of the Year – Insurance

(Shield of Care Category) at the Sustainability & CSR Malaysia Awards 2025



# Sustainability Report

## 2025 Sustainability Journey

In 2025, we continued to advance our sustainability journey by embedding responsible practices across our governance, operations and community initiatives. As a life insurance provider, our purpose goes beyond providing financial protection. We are committed to supporting healthier lives, strengthening community resilience and ensuring the long-term sustainability of our business. Guided by this commitment, we made meaningful progress during the year in strengthening climate governance, expanding inclusive protection solutions, reducing our environmental footprint and enhancing the wellbeing of the communities and employees we serve.

A key milestone during the year was the publication of our inaugural **Task Force on Climate-related Financial Disclosures (TCFD) Report**, which enhances transparency on how we identify, assess and manage climate-related risks and opportunities. By aligning our disclosures with globally recognised climate reporting practices, we reinforce our commitment to integrating climate considerations into our enterprise risk management and strategic decision-making processes. Recognising the importance of strong oversight, members of our Board also participated in dedicated training on climate risk governance and disclosure requirements, ensuring that climate-related risks and opportunities continue to be effectively considered at the highest level of decision-making.



MCIS Life x NCSM LungShield

In parallel, we continued to strengthen our role in supporting better health outcomes and expanding access to protection. During the year, we collaborated with the **National Cancer Society Malaysia (NCSM)** to introduce **LungShield**, a microinsurance solution designed to provide affordable protection against lung cancer under the National Lung Health Initiative. By combining financial protection with initiatives that promote early detection, NCSM LungShield helps address protection gaps while improving access to essential healthcare support. This initiative contributes to **United Nations Sustainable Development Goal 3 and**

**Goal 10**, reinforcing our commitment to advancing inclusive healthcare and supporting healthier communities.

Alongside these efforts, we remained focused on reducing the environmental impact of our operations. Since 2018, we have achieved a 30% reduction in electricity consumption, reflecting sustained efforts to improve operational efficiency and promote more sustainable workplace practices. These actions support our broader climate ambition as we remain firmly committed to achieving net-zero emissions by 2050, with an interim target of reducing total emissions by 50% by 2030. Through

# Sustainability Report

these initiatives, we aim to progressively decarbonise our operations while strengthening the resilience and sustainability of our business.

Our commitment to sustainability also extends to the communities we serve. During the year, we partnered with **Agensi Kaunseling dan Pengurusan Kredit (AKPK)** to deliver structured financial literacy programmes in Miri and Sandakan, benefiting 150 government agency personnel. The programme provided practical guidance on financial planning, debt management and long-term financial resilience, supporting individuals in building stronger financial foundations.

In support of public health, we also collaborated with the **National Cancer Society Malaysia** through the **Purple Truck** initiative to provide free cancer screening services to our employees and underserved communities. By bringing essential healthcare services directly to workplaces and rural areas, the initiative helps promote early detection and improve access to preventive healthcare. Complementing these efforts, we organised a childhood cancer donation drive, mobilising employees and stakeholders to support families affected by childhood cancer while raising broader awareness of the challenges faced by young patients and their caregivers.

Internally, we continued to foster a workplace culture that prioritises employee wellbeing and sustainability awareness. During the year, we organised a dedicated Wellness Week named **“MCIS Life Feel Good Fest”** aimed at encouraging healthier lifestyle choices while strengthening employee engagement. The programme featured a range of initiatives designed to support employee health and promote

Financial Literacy Program in Partnership with AKPK



Purple Truck



NCSM Childhood Donation Drive

# Sustainability Report

social responsibility. These included a blood donation drive to support national healthcare needs, partnering with **Alpro Pharmacy** on medicine recycling programme to encourage responsible disposal of unused medication, and a subsidised influenza vaccination programme to help protect employees from seasonal illnesses. In addition, employees were encouraged to adopt healthier eating habits through the promotion of nutritious food and beverage options within the workplace.

Employee health awareness was further strengthened through targeted wellness programmes. **Pink Pause** focused on women’s health by raising awareness on cancer prevention and the importance of early detection. Complementing this initiative, **Bro Pause** was introduced to promote men’s wellness, particularly in raising awareness of prostate health. As part of the programme, male employees received complimentary PSA screening and smokelyser analysis, empowering them to take proactive steps towards early detection and healthier lifestyles.

MCIS Life Feel Good Fest



Medicine Recycling Program



Pink Pause



Bro Pause

Taken together, these initiatives reflect our continued commitment to integrating sustainability into the way we operate and serve our stakeholders. By strengthening governance, expanding access to protection, reducing our environmental footprint and investing in the wellbeing of our communities and employees, we are building a more resilient and responsible organisation. As we look ahead, we remain committed to advancing our sustainability agenda, working collaboratively with our partners and stakeholders to create lasting value for society while fulfilling our role as a trusted life insurance provider.

## Sustainability Report

## 2026 Sustainability Aspiration

**Building on the progress achieved in 2025, we remain committed to strengthening our sustainability agenda in the year ahead. As a life insurance provider, our long-term aspiration is to continue integrating sustainability into our governance, operations and stakeholder engagement while supporting healthier communities and a more resilient environment. In 2026, we aim to further advance our sustainability journey through enhanced climate governance, deeper decarbonisation efforts, expanded community initiatives and stronger employee wellbeing programmes.**

A key focus area for 2026 will be strengthening our sustainability governance and disclosure practices. We plan to embark on the implementation of **IFRS S1 and IFRS S2** disclosure reporting, aligning our sustainability and climate-related disclosures with internationally recognised reporting standards under the **National Sustainability Reporting Framework (NSRF)**. As part of this effort, we intend to leverage AI-enabled tools to support data management, analysis and reporting processes. This digital transformation initiative is expected to position the Company ahead of evolving regulatory expectations while progressively building internal capabilities in artificial intelligence and data-driven sustainability management. Through this approach, we aim to enhance the quality, transparency and efficiency of our sustainability disclosures while reinforcing our long-term governance framework.

Alongside these governance enhancements, we will continue advancing our efforts to reduce the environmental impact of our operations. Having secured renewable energy sources in 2025, we expect to fully offset our **Scope 2 emissions from 2026 onwards**, marking a significant milestone in our decarbonisation journey. At the same time, we intend to promote more sustainable commuting

practices by incentivising employees to utilise public transportation and adopt greener mobility options. These initiatives reflect our broader commitment to supporting low-carbon operations while encouraging environmentally responsible behavior within our workforce.

Looking ahead, we also plan to deepen our understanding of our climate impact by expanding our greenhouse gas (GHG) inventory to include **financed emissions** associated with our investment portfolio. As a life insurer with long-term investment responsibilities, assessing financed emissions represents an important step in strengthening our climate risk management and aligning our investment practices with global climate ambitions.

Beyond our operational footprint, we remain committed to contributing positively to the communities we serve. In 2026, we plan to continue supporting public health initiatives through ongoing **free cancer screening programmes delivered via the Purple Truck initiative**, in collaboration with the **National Cancer Society Malaysia (NCSM)**. By bringing essential screening services closer to workplaces and underserved communities, the programme aims to promote early detection and improve

health awareness. In parallel, we intend to further expand our financial literacy initiatives, working with partners such as **Agensi Kaunseling dan Pengurusan Kredit (AKPK)** to reach more targeted community segments and strengthen financial resilience among individuals and families.

Internally, we will continue to prioritise employee wellbeing as a key pillar of our sustainability strategy. In 2026, we aim to introduce additional programmes that support a healthier workforce, including complimentary health check-ups, weight management initiatives and activities that encourage healthier lifestyles. We also plan to promote greater awareness of nutrition and wellbeing by encouraging the adoption of healthier food choices and supplements. Through these initiatives, we seek to cultivate a workplace environment that supports both the physical and mental wellbeing of our employees while reinforcing a culture of sustainable living.

Our sustainability aspirations also extend to environmental stewardship and biodiversity conservation. In early 2026, we launched the **100 Native Tree Species** educational book, developed in collaboration with the **Forest Research Institute Malaysia (FRIM)**. The publication highlights the ecological importance of Malaysia's

# Sustainability Report

native tree species and aims to raise greater awareness of biodiversity conservation. As part of our corporate social responsibility efforts, copies of the book will be donated to selected school libraries, supporting environmental education and encouraging younger generations to develop a deeper appreciation for nature and biodiversity.



MCIS Life 100 Native Tree Species Book Launch

By enhancing governance, accelerating our decarbonisation efforts, supporting healthier communities and employees, and promoting environmental awareness, we aim to continue creating long-term value for our stakeholders while fulfilling our role as a responsible and trusted life insurance provider.



Sec 2

# Financial Insights

**MCIS Insurance Berhad**  
**Registration No: 199701019821 (435318-U)**  
**(Incorporated in Malaysia)**

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**MCIS Insurance Berhad**  
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## Directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2025.

## Principal activity

The Company is principally engaged in the underwriting of life and investment linked insurance. There has been no significant change in the principal activity during the financial year. The principal activities of the subsidiaries are disclosed in Note 7 of the financial statements.

## Results

	<b>Group and Company RM'000</b>
Net loss for the year	<u>(21,317)</u>

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

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

## Dividends

There were no dividends paid since the end of the previous financial year. The Directors have not recommended any final dividend to be paid for the current financial period under review.

## Share capital and debentures

There was no change in the issued and paid-up capital of the Company and no debentures issued during the financial year.

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## Directors

The names of the directors of the Company since the end of the previous financial year to the date of this report are:

Mr. Mohammad Nizar bin Idris (Chairman)  
Non-Independent, non-executive director

Mr. Kokula Krishnan a/l Ganesalingam  
Independent, non-executive director

Mr. Gopala Krishnan K. Sundaram (appointed on 10 March 2025)  
Independent, non-executive director

Mr. Abdul Rahman Talib (appointed on 16 April 2025)  
Independent, non-executive director

Ms. Cheryl Khor Hui Peng (appointed on 3 November 2025)  
Independent, non-executive director

Mr. Omer Abdullah (appointed on 24 November 2025)  
Executive Director

Datuk Sahadivanaidu Baliah (appointed on 5 March 2026)  
Non-Independent, non-executive director

Mr. Velile Hamilton Memela (appointed on 16 April 2025 and resigned on 24 November 2025)  
Executive Director

Datin Seri Sunita Mei-Lin Rajakumar (resigned on 23 March 2025)  
Independent, non-executive director

Mr. Prasheem Seebran (resigned on 15 April 2025)  
Managing director

Puan Nuraini binti Ismail (resigned on 23 June 2025)  
Independent, non-executive director

Mr. Casparus Jacobus Hendrik Kromhout (resigned on 20 October 2025)  
Non-independent, non-executive director

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**Directors' benefits**

Neither at the end of the financial year, nor at any time during that period, 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.

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

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2025 are as follows:

	<b>From the Company RM'000</b>
Allowances and other emoluments	1,613
Directors and officers' liability insurance	50
	<u>1,663</u>

**Non-executive directors**

Mr. Mohammad Nizar bin Idris	361
Mr. Kokula Krishnan a/l Ganesalingam	293
Mr. Gopala Krishnan K. Sundaram	207
Mr. Abdul Rahman Talib	197
Ms. Cheryl Khor Hui Peng	56
Datin Seri Sunita Mei-Lin Rajakumar	47
Puan Nuraini binti Ismail	136
Mr. Casparus Jacobus Hendrik Kromhout	183
	<u>1,480</u>

**Executive directors**

Mr. Omer Abdullah	31
Mr. Velile Hamilton Memela	102
	<u>133</u>

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**Directors' benefits (cont'd.)**

During the financial year, the total amount of indemnity given to, or insurance effected for the directors or officers of the Company, through its ultimate holding company, Sanlam Limited, are up to ZAR2,000,000,000 (equivalent to RM478,153,000) in aggregate on a group basis. The indemnity premium is borne by Sanlam Limited.

In addition, a directors and officers' liability insurance has been entered into by the Company for the financial year ended 31 December 2025 pursuant to Section 289 of the Companies Act, 2016. The details of the insurance is as follows:

	Premium paid RM'000	Sum insured RM'000
Directors and officers' liability insurance	50	10,000

**Directors' interests**

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**Corporate governance disclosures**

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance, as disclosed from pages 7 to 34.

**Holding companies**

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited ("SEM") and Sanlam Limited respectively. Both companies are incorporated in South Africa.

**Subsidiaries**

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

**Other statutory information**

- (a) Before the statement of financial position and statement of profit or loss of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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**Other statutory information (cont'd.)**

- (a) Before the statement of financial position and statement of profit or loss of the Group and of the Company were made out, the directors took reasonable steps: (cont'd.)
- (i) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) render the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and 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 Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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#### Other statutory information (cont'd.)

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

- (g) Before the statement of financial position and statement of profit or loss of the Group and of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for insurance contract liabilities in accordance with the requirements of MFRS 17 *Insurance Contracts* issued by the Malaysian Accounting Standards Board ("MASB").


#### Auditors

The auditors, KPMG PLT, have indicated their willingness to accept the re-appointment.

The total amount paid to or receivable by the auditors as remuneration for their services as auditors is RM860,000.

There was no indemnity given to, or insurance effected for auditors of the Group and of the Company during the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 March 2026.



Mr. Mohammad Nizar bin Idris



Mr. Kokula Krishnan a/l Ganesalingam

Petaling Jaya, Malaysia  
19 March 2026

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## Corporate governance disclosures (as referred to in the Directors' Report)

### Directors' profiles

**Mr. Mohammad Nizar bin Idris** was appointed as a non-independent, non-executive director of the Company on 23 March 2016. He was then appointed as Chairman of the Board on 1 April 2020. He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994.

He started his career in the judicial and legal service of the government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") and worked in Malaysia, the Netherlands and in the UK. During his last posting in Shell London, he was the Head of the Legal Division responsible for Shell's investment, joint ventures, mergers and acquisitions worldwide. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals Malaysia and Chairman of holding company Shell Malaysia Ltd.

After his retirement, he was appointed as a director on the boards of several companies including a bank, investment bank and Khazanah Nasional Bhd. He has resigned from the Boards of all these companies.

Currently he is the Chairman of CDC Consulting Sdn Bhd and Swift Energy Technology Berhad. He is a director of Furmanite (M) Sdn Bhd, Speciality Industrial Services Sdn Bhd and FIDE Forum.

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## Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)

### Directors' profiles (cont'd.)

**Mr. Kokula Krishnan a/l Ganesalingam (a.k.a. Gopi Ganaseelingam)** is an Independent Non-Executive Board Director at MCIS Life since 19 August 2020, where he serves as the Chairman of the Audit Committee and Transformation and Innovation Committee of the Board, and as a member of the Nominations Remuneration Committee. He is also the Senior Vice President, Industry and Ecosystem at Malaysia Digital Economy Corporation (MDEC), where he leads national initiatives to strengthen Malaysia's digital industry, deepen industry collaboration, and advance an innovation-led digital ecosystem.

In this role, Gopi oversees programme planning and execution across key digital-economy priorities, including the delivery of national initiatives such as GAIN, FOX, and Malaysia's digital exports expansion programmes. These initiatives have enabled international market access and supported the global scaling of Malaysian technology companies. His portfolio further encompasses industry facilitation, digital investments, digital content development, and funding facilitation for Malaysia Digital (MD) companies, working closely with industry leaders, investors, government agencies, and global partners.

A Finance graduate and a Fellow of CPA Australia, Gopi brings over 37 years of leadership experience spanning multinational corporations, government-linked agencies, and entrepreneurial ventures. His career includes senior roles at Matsushita, American Express, Alcatel-Lucent, and Telstra. He later co-founded and led Lava Protocols, serving as a go-to-market partner for Salesforce and Google, before joining MDEC in 2015.

Beyond his executive and board roles, Gopi is an Adjunct Professor at Asia Pacific University of Technology & Innovation (APU) and the Chairman and Trustee of Junior Achievement Malaysia, a non-profit organisation dedicated to empowering young Malaysians through entrepreneurship, work-readiness, and financial-literacy programmes.

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## **Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

### **Directors' profiles (cont'd.)**

**Mr. Gopala Krishnan K. Sundaram** was appointed as an Independent Non-Executive Director of the Company on 10 March 2025. He also serves as the Chairman of the Governance Committee and Risk Management Committee of the Board and as a member of Audit Committee.

Mr. Gopala graduated 1982 with a Bachelor of Law (Hons) degree from the University of Malaya under a Bank Negara Malaysia scholarship. He is currently a partner of Abdullah Chan & Co., Kuala Lumpur. Prior to joining Abdullah Chan & Co., he served for 30 years in various capacities at Bank Negara Malaysia from 1982 until his retirement as Assistant Governor of the Bank in 2011. After retirement, he was appointed for over a year as Project Advisor for the drafting of the Financial Services Act 2013 and the Islamic Financial Services Act 2013. He is the only member of the International Monetary Law Committee of the International Law Association (MOCOMILA) from ASEAN. He is also a member of the Panel of Experts of P.R.I.M.E. Finance, based at the Peace Palace in The Hague.

With over 42 years working experience in regulatory, legal, and related fields Mr. Gopala has also undertaken consultancy assignments for the World Bank and served as an International Regulatory Expert with the Asian Development Bank.

He currently sits on the Boards of Tenaga Nasional Berhad and YTL Digital Bank Berhad as an Independent Director, and had previously held a similar role at Kuwait Finance House (Malaysia) Berhad.

**Mr. Abdul Rahman Talib** was appointed as Independent Non-Executive Director of the Company on 16 April 2025. He serves as the Chairman of Nominations Remuneration Committee and a member of the Board Risk Management Committee. He holds a Masters in Business Administration (MBA) and Bachelor in Business Administration from the University of Miami, Coral Gables, Florida, USA. He is a Fellow of Asian Institute of Insurance and Member of Institute of Corporate Directors Malaysia.

Mr. Rahman retired as the Chief Executive Officer of Pacific & Orient Insurance Company Berhad (P&O) in 2018 after serving as CEO and Director for 20 years. He joined P&O in 1997 as General Manager, Investment.

Mr. Rahman currently serves as an Independent Non Executive Director in Syarikat Takaful Malaysia Am Berhad. He is also a director in a private company, ARTAB Sdn Bhd.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)****Directors' profiles (cont'd.)**

**Ms. Cheryl Khor Hui Peng**, a Malaysian aged 50, is our Independent Non-Executive Director. She was appointed to our Board on 3 November 2025.

Ms. Cheryl Khor Hui Peng graduated with a Bachelor of Mathematics (Honours). She is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). She is also a Fellow and Faculty Member of the Institute of Corporate Directors Malaysia (ICDM) which was established by the Securities Commission Malaysia and supported by Bank Negara Malaysia, Bursa Malaysia and the Capital Market Development Fund. As a faculty member of ICDM, she conducts training for directors on various board, governance and sustainability topics.

Ms Cheryl Khor has more than twenty-four (25) years of experience covering financial, operational and internal audits as well as governance, controls, sustainability, internal audit and risk assessments for many companies across a broad range of industries.

She began her career in 1998 as a financial auditor and Chartered Accountant at Ernst & Young. Ms Cheryl Khor diversified her skill sets and breadth of experience when she joined Deloitte in 2013 where she led the Risk Advisory practice, complementing her Chartered Accountant experience with sustainability, governance and risk expertise. She was appointed as Managing Director of Deloitte Risk Advisory in 2014 and held the position until 2021. Whilst in Deloitte, she held numerous leadership positions culminating her career as the Asia Pacific Accounting and Internal Control Leader and was also a member of the Deloitte South East Asia Board of Directors.

Currently, she is a Director of Alliance Bank Malaysia Berhad, Kuala Lumpur Kepong Berhad and Hong Leong Industries Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad. She is also a Director of Chubb Insurance Malaysia Berhad, Leader Energy Holdings Berhad and RAM Holdings Berhad, all public companies.

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### **Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

#### **Directors' profiles (cont'd.)**

**Mr. Omer Abdullah** was appointed as Executive Director of MCIS Insurance Berhad on 24 November 2025. He currently serves as the Head of Sanlam Malaysia, a role he assumed in October 2024.

He brings over four decades of experience in the general and life insurance sectors, supported by a strong international career spanning South Africa, Mexico, Colombia, India, and China. He is recognised for his strategic leadership, results driven approach, and proven ability to develop high performing teams and lead key organisational initiatives across huge cultural diverse environments.

Mr. Omer is an accomplished executive and has held various leadership positions within Financial Services. He began his career with Old Mutual Life Assurance Company (South Africa) Limited ("Old Mutual") in 1982 and progressed through various senior leadership roles. His career culminated in his appointment as Board Director and Chief Executive Officer of Old Mutual China, a joint venture with China Energy Capital Holdings – a subsidiary of China Energy. A position he held from 2016 to 2023.

He completed the Strategic Leadership Programme at the London Business School in 2013, attained a Certification of Directorship in China in 2016, and completed the CEO Programme in China in 2017.

In addition to his role at MCIS Insurance Berhad, Mr. Omer serves as a Non Independent and Non Executive Director on the Board of Pacific & Orient Insurance Co. Berhad, representing Sanlam Emerging Markets Proprietary Limited. He has held this position since 22 April 2025.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)****Directors' profiles (cont'd.)**

**Datuk Sahadivanaidu Baliah** was appointed to the Board on 5 March 2026 as a Non-Independent, Non-Executive Director. He brings with him a wealth of experience garnered over more than five decades in the co-operative sector.

He holds a Master of Business Administration from Warnborough University, United Kingdom. Datuk Sahadivanaidu retired as the Chief Executive Officer of National Land Finance Co-operative Society Limited ("NLFCS") in 2013 and subsequently assumed the role of Managing Director, a position he continues to hold to date. Throughout his distinguished career, he has been deeply involved in shaping policies, governance, and strategic development within the co-operative movement both locally and regionally.

Datuk Sahadivanaidu has served as a member of the Malaysian Co-operative Education Trust Fund from 2004 to 2008 and the Malaysian Co-operative Tribunal from 2004 to 2009. At the international level, he has contributed as a member of the International Asia Pacific Co-operative Agricultural Committee, further underscoring his standing within the global co-operative community.

A respected advocate for sustainable and inclusive economic development, Datuk Sahadivanaidu has participated in numerous national and international conferences, presenting papers on co-operative values, opportunities, and challenges. Among his notable engagements are his presentation at the 7th International Co-operative Alliance Regional Congress (Asia Pacific) in Colombo and his Keynote Address at the ICA-AP Co-operative Trade and Business Conference 2023, titled "*Balancing Sustainability and Profitability in the Agriculture, Forestry and Property Industry*",

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### Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)

#### Board of Directors

The Board of Directors ("the Board") consists of 4 independent, non-executive directors, 1 executive director and 2 non-independent, non-executive director. The attendance of the Board at the 8 board meetings held during the financial year was as follows:

	<b>Attendance</b>
<u>Chairman:</u>	
Mr. Mohammad Nizar bin Idris	8/8
<u>Directors:</u>	
Mr. Kokula Krishnan a/l Ganesalingam	8/8
Mr. Gopala Krishnan K Sundaram (appointed on 10 March 2025)	7/7
Mr. Abdul Rahman Talib (appointed on 16 April 2025)	6/6
Ms. Cheryl Khor Hui Peng (appointed on 3 November 2025)	2/2
Mr. Omer Abdullah (appointed on 24 November 2025)	2/2
Datuk Sahadivanaidu Baliah (appointed on 5 March 2026)	0/0
Mr. Velile Hamilton Memela (appointed on 16 April 2025 and resigned on 24 November 2025)	3/4
Datin Seri Sunita Mei-Lin Rajakumar (resigned on 23 March 2025)	1/1
Mr. Prasheem Sebran (resigned on 15 April 2025)	2/2
Puan Nuraini binti Ismail (resigned on 23 June 2025)	4/4
Mr. Casparus Jacobus Hendrik Kromhout (resigned on 20 October 2025)	5/6

The Board assumes overall responsibility for leading, governing, guiding and monitoring the performance of the Company, including but not limited to:

- (a) reviewing and adopting strategic plans for the Company;
- (b) overseeing the conduct of the Company's business to determine whether the business is being properly managed;
- (c) approving risk appetites and overseeing the implementation of governance framework and internal control framework;
- (d) overseeing succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programs are in place to provide for the orderly succession of senior management;
- (e) overseeing the development and implementation of shareholder communications policy for the Company; and
- (f) reviewing the adequacy and the integrity of the Company's management information and internal control systems.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Board of Directors (cont'd.)**

**Directors' remuneration**

The remuneration of each of the directors during the financial year was as follows:

	<----- Non-deferred ----->		
	<----- Cash-based remuneration ----->		
	Fixed	Variable	Total
	RM'000	RM'000	RM'000
Mr. Mohammad Nizar bin Idris	176	185	361
Mr. Kokula Krishnan a/l Ganesalingam	120	173	293
Mr. Gopala Krishnan K. Sundaram	97	110	207
Mr. Abdul Rahman Talib	85	112	197
Ms. Cheryl Khor Hui Peng	19	37	56
Mr. Omer Abdullah	12	19	31
Mr. Velile Hamilton Memela	73	29	102
Datin Seri Sunita Mei-Lin Rajakumar	27	20	47
Puan Nuraini binti Ismail	58	78	136
Mr. Casparus Jacobus Hendrik Kromhout	96	87	183
	763	850	1,613

The Company maintained a directors' and officers' liability insurance during the financial year with premium paid amounting to RM50,230.

There was no deferred remuneration awarded to the directors during the financial year. There was no other type of remuneration awarded to the directors (in their capacity as directors) apart from cash-based remuneration as stated above.

The details of the directors' remuneration are disclosed in Directors' benefits.

**Directors' training**

The Board understands the importance of continuous training, and is encouraged to keep abreast with the latest developments, trends and insights and regulatory requirements related to insurance industry.

All the directors attended the Financial Institutions Directors' Education ("FIDE") programme organised by the International Centre for Leadership in Finance.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Board of Directors (cont'd.)**

**Directors' training (cont'd.)**

Some of the directors attended the programme as listed below:

**FIDE Forum**

- Special Lecture: China's Business Models and Innovations and Their Global Implications
- Resolution Simulation Masterclass: Decision Making Under Pressure
- The Influence of Board Culture on Corporate Performance
- Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024
- Special Lecture: How Global Events Will Affect the Outlook for the Financial Industry in 2025
- Strategic Approach to Cyber Resilience and Compliance for Board of Directors
- Nominating Committees

**PIAM**

- Safeguarding the Board of Directors: Navigating Anti & Money Laundering

**Others**

- InsurTechs Connect Asia 2025
- Cyber Security Awareness Training

**INTERNATIONAL CENTRE FOR LEADERSHIP IN FINANCE**

- FIDE Core Programme, Module A and Module B (Insurance)

**In-House Training**

- Board Induction 2025
- Sustainability
- Cybersecurity
- Personal Data Protection in Practice
- Anti-Bribery and Corruption (ABC)
- MACC Act Section 17A Adequate Procedures

Directors with professional memberships met their Continuing Professional Development ("CPD") hours requirement.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Board of Directors (cont'd.)**

**Directors' training (cont'd.)**

The BNM's policy document, *Corporate Governance* focuses on clarifying the role of the Board and senior management, enhancing the Board effectiveness through strengthening its composition, sets out broad principles and structures in which the Company should adopt in making good corporate governance an integral part of the Company's business dealings and culture. The Company has complied with all the prescriptive requirements, and adopts management practices that are consistent with the principles prescribed under the guideline.

The Board is supported by the Board Audit Committee ("BAC"), the Board Risk Management Committee ("BRMC"), the Nominations Remuneration Committee ("NRC") and Transformation and Innovation Committee ("TIC"). The memberships, roles and terms of reference of the committees are as follows:

**(i) Board Audit Committee ("BAC")**

The BAC comprises 3 independent, non-executive directors. The attendance of the members of the committee at the 4 Audit Committee meetings and 2 adjourned meeting held during the financial year was as follows:

	<b>Attendance</b>
<u>Chairperson:</u>	
Mr. Kokula Krishnan a/l Ganesalingam (appointed on 23 June 2025)	4/4
Puan Nuraini binti Ismail (resigned on 23 June 2025)	2/2
<u>Members:</u>	
Mr. Gopala Krishnan K. Sundaram (appointed on 10 March 2025)	3/3
Ms. Cheryl Khor Hui Peng (appointed as member on 3 November 2025, appointed as chairperson on 24 November 2025)	1/1
Mr. Casparus Jacobus Hendrik Kromhout (resigned on 20 October 2025)	3/3

The BAC supports the Board in ensuring that there is a reliable and transparent financial reporting process within the Company. They also oversee the effectiveness of the internal audit function by:

- (a) Reviewing and approving the Annual Audit Plan and its revision;
- (b) Reviewing key audit reports and ensuring that Senior Management takes necessary corrective actions on a timely manner to address control weaknesses, non-compliance with laws and regulatory requirements, policies and other issues identified by the Internal Audit Division and other control functions;
- (c) Reviewing the independence and reporting relationships of Internal Audit Division as well as the adequacy and relevance of the scope, functions, competency and resources and the necessary authority to carry out its work; and

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**Board of Directors (cont'd.)**

**(i) Board Audit Committee ("BAC") (cont'd.)**

- (d) Establishing a mechanism to assess the performance and effectiveness of the Internal Audit function.

In addition, the BAC fosters a quality audit of the Company by exercising oversight over the external auditor in accordance with the expectations set out in the BNM guidelines. The main duties and responsibilities of the AC on the external auditor are:

- (a) Making recommendations to the Board on the appointment, removal and remuneration of the external auditor;
- (b) Monitoring and assessing the independence of the external auditor including approval of the provision of non-audit services by the external auditor;
- (c) Monitoring and assessing the effectiveness of the external audit, including by meeting with the external auditor without the presence of senior management at least annually;
- (d) Maintaining regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to BAC on significant matters; and
- (e) Ensuring that senior management takes necessary corrective actions in a timely manner to address external audit findings and recommendations.

**(ii) Board Risk Management Committee ("BRMC")**

The BRMC comprises 3 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 4 committee meetings held during the financial year was as follows:

	<b>Attendance</b>
<u>Chairman:</u>	
Mr. Gopala Krishnan K.Sundaram (appointed on 23 June 2025)	2/2
Mr. Kokula Krishnan a/l Ganesalingam (resigned on 23 June 2025)	4/4
<u>Members:</u>	
Mr. Mohammad Nizar bin Idris	4/4
Mr. Abdul Rahman Talib (appointed on 16 April 2025)	3/3
Puan Nuraini binti Ismail (resigned on 23 June 2025)	1/1

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Board of Directors (cont'd.)**

**(ii) Board Risk Management Committee ("BRMC") (cont'd.)**

The role of the BRMC is to advise and assist the Board in fulfilling its responsibility with regard to overseeing the design and implementation of Company's risk assurance framework and responsibilities in accordance with BNM guidelines and SEM group policies. The BRMC assists the Board, including but not limited to:

- (a) determining the risk appetite and level of risk tolerance for the Company;
- (b) setting and implementing the Company risk assurance framework and supporting policies;
- (c) setting and implementing compliance related policies;
- (d) evaluating the adequacy and efficiency of the risk management system;
- (e) identifying the build-up and concentration of the various risks to which the Company is exposed;
- (f) establishing an independent risk management function;
- (g) establishing a process for appropriate risk disclosures to stakeholders;
- (h) ensuring that a formal assessment of the risk management processes is undertaken; and
- (i) overseeing the state of IT governance and information management and security across the Company.

**(iii) Nominations Remuneration Committee ("NRC")**

The NRC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 6 committee meetings and 1 adjourned meeting held during the financial year was as follows:

	<b>Attendance</b>
<u>Chairman:</u>	
Mr. Abdul Rahman Talib (appointed on 23 June 2025)	4/4
Puan Nuraini binti Ismail (resigned on 23 June 2025)	2/2
<u>Members:</u>	
Mr. Mohammad Nizar bin Idris	6/6
Mr. Kokula Krishnan a/l Ganesalingam	6/6
Dafin Seri Sunita Mei-Lin Rajakumar (resigned on 23 March 2025)	1/1
Mr. Casparus Jacobus Hendrik Kromhout (resigned on 16 April 2025)	2/2

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**Board of Directors (cont'd.)**

**(iii) Nominations Remuneration Committee ("NRC") (cont'd.)**

The primary objective of the NRC is to:

- Support the Board in carrying out its functions in the following matters concerning the Board, Senior Management and Company Secretary:
  - (a) appointments and removals;
  - (b) composition;
  - (c) performance evaluation and development; and
  - (d) fit and proper assessments;
- Support the Board in actively overseeing the design and operation of the Company's remuneration system and periodically review the remuneration of directors on the Board, particularly on whether remuneration remains appropriate to each director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

**(iv) Transformation & Innovation Committee ("TIC")**

The TIC comprises 2 independent, non-executive directors. The attendance of the members of the committee at the 1 committee meeting held during the financial year was as follows:

	<b>Attendance</b>
<u>Chairman:</u>	
Mr. Kokula Krishnan a/l Ganesalingam	1/1
<u>Members:</u>	
Ms. Cheryl Khor Hui Peng (appointed on 3 November 2025)	-
Mr. Casparus Jacobus Hendrik Kromhout (resigned on 20 October 2025)	1/1
Datin Seri Sunita Mei-Lin Rajakumar (resigned on 23 March 2025)	1/1

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Board of Directors (cont'd.)**

**(iv) Transformation & Innovation Committee ("TIC") (cont'd.)**

The role of the TIC is to advise and assist the Board in fulfilling its oversight responsibilities with respect to other sustainability activities of the Company, over and above technology, including but not limited to the monitoring and measurement of the Company's impact and its sustainability activities. TIC assist the Board including and not limited to:

(a) Strategy

- (i) Ensure effective implementation of the Digital Framework to drive the company's business strategy;
- (ii) Review and assess the effectiveness of Data Strategy and Practices in the Company, and how the Company is utilizing data in business decisions in order to optimize the use of Company resources;
- (iii) Review and assess the Customer Experience Strategy and Practices of the company, and how it finds application in the business practices and technology of the Company; and
- (iv) Review and assess how the data, customer experience and efficiency strategies of the Company shape the Enterprise Architecture of the Company.

(b) Technology Governance

- (i) Review and ensure that the company is operated within the technology risk appetite which is aligned with the Company's risk appetite statement including the corresponding risk tolerances for technology-related events and ensure key performance indicators and forward-looking risk indicators are in place;
- (ii) Review and recommend the Company's IT strategies, frameworks, and policies for the approval by the Board;
- (iii) Review and assess the Company's adequacy of IT policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively and supports implementation; and
- (iv) Ensure that the Technology functions (include but not limited to IT and Security) is set up to be commensurate with the Company's size, nature of operations and complexity of its business as well as having adequate resources and staffed by an appropriate number of experienced and qualified employees to achieve the company's strategic objectives.

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**Board of Directors (cont'd.)**

**(iv) Transformation & Innovation Committee ("TIC") (cont'd.)**

The role of the TIC is to advise and assist the Board in fulfilling its oversight responsibilities with respect to other sustainability activities of the Company, over and above technology, including but not limited to the monitoring and measurement of the Company's impact and its sustainability activities. TIC assist the Board including and not limited to: (cont'd.)

(c) Cybersecurity

Oversee the adequacy of the Company's IT and cybersecurity strategic plans that addresses the Company's requirements on infrastructure, control measures to mitigate IT, cyber risk and financial and non-financial resources performance indicators and forward-looking risk indicators are in place.

(d) Performance Measurement and Monitoring

- (i) Review and assess the impact of new and emerging technology projects on the Key Value drivers and business matrix of the company, performance indicators and forward-looking risk indicators are in place;
- (ii) Review and assess the benefit realization of implemented projects against the forecasted value drivers and business matrix; and
- (iii) Review and access the company's sustainability key matrix.

Its primary objective to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the Company strategic initiatives in the areas of Technology, Data and Management Information Systems (MIS), Sustainability and Climate Change, and Outsourcing to the extent that any matter under the oversight of the Committee is outsourced.

The TIC will ensure that the Company's innovation and transformation activities align with the overall business strategy, comply with regulatory requirements, support sustainability objectives, and will position the Company for long-term growth and financial and operational resilience, and will monitor the outcomes of these.

The Committee shall monitor the actions which safeguard the Company's resilience against the adverse impacts of climate change. In fulfilling this role, the Committee shall evaluate the risks and opportunities arising from climate change on a periodic basis and consider these risks and opportunities in assessing and approving the strategies and business plan.

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## **Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

### **Remuneration policies and practices**

#### **Remuneration philosophy**

The Company's remuneration philosophy is to attract and retain qualified employees and achieve high performance through its people by paying fair and competitive remuneration packages consistent with the economic capacity of the Company, and commensurate with those of the industry in which the Company operates. The Company remuneration philosophy aims to:

- (i) Pay for performance taking into consideration:
  - (a) the interest of the Company's stakeholders;
  - (b) the performance of the Company as a whole;
  - (c) the performance of the respective business and support divisions; and
  - (d) the performance of the individual staff.

- (ii) Fair and equitable

The salaries paid to the employees are internally equitable, relative to similar jobs in the Company.

- (iii) Competitive

Consideration is also given to remain market competitive with the insurance and financial services group.

#### **Remuneration governance**

Policies related to remuneration for individual contributors and management employees are subject to the Talent Management & Remuneration Committee and Board's approval. This includes remuneration budgets, revision of salary ranges, collective agreements with executive union and national union of commercial workers as well as determining the overall performance bonus pool.

The individual appointments, performance appraisal and remuneration packages of the senior management and company secretary are also subject to the Board's approval.

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## Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)

### Remuneration policies and practices (cont'd.)

#### Performance metrics

Performance management is implemented to ensure the Company, departments, and individuals remain aligned to the organisation's short-, medium- and long-term strategic goals, while reinforcing ethical, prudent and professional behaviour. The performance metrics used are reviewed periodically to ensure clear line-of-sight to long-term aspirations and to motivate desired outcomes consistent with the Company's core values. The performance appraisal of Senior Management and Key Responsible Persons is carried out by the Chief Executive Officer based on actual Company and individual performance. Thereafter, the performance ratings of Senior Management and Key Responsible Persons are submitted to the Nomination and Remuneration Committee for independent review and final approval, in accordance with the governance and oversight expectations under BNM's Corporate Governance framework.

Key performance metrics are applied as below:

Employees' performance and remuneration distributions are subject to robust moderation review by the Chief Executive Officer and Executive Management Committee members to ensure fairness and alignment to Company's performance in terms of financials, growth and risk. The moderation review allows for multiple level input and therefore minimises excesses or biasness in performance and remuneration practices. Particular focus on compliance and risk management is in place and set up to 20% of the total performance requirement for employees.

Key performance areas	Revenue generating employees	Support employees	Control employees
Corporate Scorecard	✓	✓	
Governance (Risk, Compliance & Audit)	✓	✓	✓
Shared KPI - Achievement of ROGEV	✓	✓	
Value Creation & Portfolio Management - Achievement of ROGEV	✓	✓	
Divisional & Individual	✓	✓	
Finance			✓
Effectiveness & Efficiency			✓

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## Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)

### Remuneration policies and practices (cont'd.)

#### Performance metrics (cont'd.)

There were no changes to the Company's remuneration elements or structure during the financial year. The Company has implemented a Long-Term Variable Pay Plan ("LTV") designed to support the achievement of its long-term goals and aspirations. Under the LTV, a portion of variable remuneration is deferred, with higher deferral ratios applied to individuals holding greater levels of accountability, and payout is contingent upon the achievement of the Company's annual target embedded value as well as the performance of senior management and other material risk takers. The deferred LTV portion ensures that rewards reflect risks which may materialise over an extended period, and both vested and unvested amounts may be reduced or reversed through malus, clawback, or other downward adjustments in cases of poor individual-attributable performance or serious legal, regulatory, or internal policy breaches, thereby reinforcing strong alignment with long-term risk and performance outcomes.

Types of remuneration	Fixed	Variable
Basic salary and allowances	✓	-
Cash-based performance bonus	-	✓
LTV	-	✓
Benefits	✓	-

### Senior management and other material risk takers

#### (i) Senior management

Senior management of the Company is the highest level of management who direct and oversee the day-to-day operations of the Company. They typically are heads of the Company's functional divisions and departments. They possess significant influence over their departments in aligning the direction of the departments to the Company.

During the financial year, senior management comprises 15 key personnel who undertook the following roles:

1. Chief Executive Officer
2. Chief Agency Officer
3. Chief Technology Officer
4. Chief Financial Officer
5. Chief Investment Officer
6. Chief People Officer
7. Chief Compliance Officer\*
8. Chief Risk Officer\*
9. Chief Strategy Officer
10. Chief Internal Auditor\*

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Remuneration policies and practices (cont'd.)**

**Senior management and other material risk takers (cont'd.)**

(i) Senior management (cont'd.)

During the financial year, senior management comprises 15 key personnel who undertook the following roles: (cont'd.)

11. Chief Corporate Development Officer
12. Chief Customer Experience & Marketing Officer
13. Chief Product Officer
14. Appointed Actuary\*
15. Chief Operations Officer

\* Senior management at control function

(ii) Other material risk takers

Other material risk takers as defined in the BNM guidelines on Corporate Governance are employees who may or may not be a member of the senior management and:

- (a) can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on its risk profile; or
- (b) is among the most highly remunerated officers in the Company.

During the financial year, other material risk takers comprise 2 key personnel who undertook the following roles:

1. Head, Legal
2. Company Secretary

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Remuneration policies and practices (cont'd.)**

**Senior management and other material risk takers (cont'd.)**

Total remuneration and number of senior management and other material risk takers received the remuneration during the financial year are as follows:

	Senior management and other material risk takers			CEO
	Unrestricted Amount RM'000	Number of officers	Deferred Amount RM'000	Unrestricted Amount RM'000
<u>Non-deferred</u>				
Fixed remuneration				
Cash based	10,873	17	-	2,436
Others	900	17	-	120
Variable remuneration				
Cash based	3,521	17	-	936
Others	2,432	17	-	590
	<u>17,726</u>		<u>-</u>	<u>4,082</u>

Senior management and other material risk takers are entitled for the deferred remuneration and total amount paid in 2025 was RM661,633.60 and there are 2 senior management and material risk takers entitled to sign-on award with total amount paid in 2025 was RM192,305.56.

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## **Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

### **Key internal control and risk management processes**

#### **(i) Governance and risk management framework**

The Company has established a governance and risk management framework ("the framework") to serve as an overarching document that guides the Company's governance and risk management policies and procedures. The framework outlines the roles and responsibilities of the oversight functions within the Company in relation to governance and risk management matters. The framework also provides standard and common risk management philosophies and methodologies across all risk types and risk environments within the Company.

#### **Corporate independence**

The Company has complied with the requirements of BNM's Guidelines on Related Party Transactions (BNM/RH/GL 018-6) in respect of all its related party undertakings. Necessary disclosures were made to the Board and where required, the Board's prior approval for the transaction has also been obtained. All material related party transactions have been disclosed in the financial statements.

#### **Enterprise Risk Management ("ERM") Framework**

The Company has established a structured approach to enterprise-wide risk management within its risk management framework. This approach is supported by comprehensive risk frameworks, policies, and procedures that facilitate consistent risk identification, assessment, and management across the organization. The ERM framework is developed and continuously updated to align with prevailing regulatory requirements and best practices. It also draws from globally recognized risk management standards, such as ISO 31000 and the COSO ERM Framework, ensuring the Company's risk management practices remain robust, dynamic, and effective in a changing risk environment.

#### **Risk Appetite Statements and Risk Tolerance Level**

The Company's Risk Appetite Statement ("RAS") aims to articulate the types and quantum of risk it is prepared to take in pursuit of its strategic objectives. It sets out quantitative and qualitative boundaries on risk-taking activities which apply across the organization supplemented with the breakdown of these high-level statements into more detailed limits under the Risk Tolerance Levels. The risk appetite criteria have been specified for each of the risk categories affecting the Company as specified in the ERM framework and Risk Taxonomy.

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## Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)

### Key internal control and risk management processes (cont'd.)

#### (i) Governance and risk management framework (cont'd.)

##### Risk Governance

The Company's risk governance framework adopts the "Three-Lines-of-Defence" model in managing the risks. It provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, senior management and all employees in the risk management process across the Company.



The first line of defence rests upon the business units and support functions involved in risk taking who are responsible for ensuring that effective and appropriate processes are in place at all times in accordance with the framework. The amount of risk taken at each level of the organisation must be within the Company's risk appetite.

The second line of defence comprised of oversight functions namely Risk Management and Compliance that report directly to BRMC and BoD respectively, who are responsible for driving the overall risk management and compliance framework of the Company.

The third line of defence is assumed by the Internal Audit Division which is responsible for providing independent assurance and advisory insights over the design, effectiveness and implementation of the overall system of internal controls put in place by business units as well as the risk management and compliance functions.

The BRMC meets regularly, at least every quarter in a financial year, to review risk management reports of the Company.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Key internal control and risk management processes (cont'd.)**

**(i) Governance and risk management framework (cont'd.)**

**Risk Governance (cont'd.)**

The Compliance function is responsible for regulatory change management process and coordinates with the business units and support functions to ensure timely and effective compliance. Throughout the year compliance training and awareness activities are conducted to promote a strong governance culture. Compliance monitoring and reviews are carried out on a risk-based approach in order to assess the adequacy of internal controls. Compliance reports to the Board at least on a quarterly basis on all compliance-related matters including compliance risk assessments, regulatory non-compliances, and compliance observations, in order to support the Board's oversight of the management of the Company's compliance risk.

Set out below are the key policies and procedures for Risk and Compliance:

- (i) The Compliance Policy outlines the roles and responsibilities of the Board, senior management, heads of departments, oversight functions and all staff in overseeing and ensuring effective management of compliance risks within the Company. In addition, the Compliance Policy provides guiding principles and minimum standards in relation to compliance risk.
- (ii) The Data Privacy Protection Policy provides an understanding of the requirements of the Personal Data Protection Act 2010 and other regulatory requirements relating to personal data and customer information. It also sets out processes and procedures for the Company to follow to ensure compliance with regulatory requirements. Amendments were made in 2025 to take into account the changes pursuant to the Personal Data Protection (Amendment) Act 2024, including assessment of Significant Harm and Significant Scale, Data Portability Request and notification to regulators on incidents of personal data breaches.
- (iii) The Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing (AML/CFT/CPF) Policy sets out the principles and direction to manage the Company's exposure money laundering, terrorism financing and proliferation financing risks. It sets out minimum standards, roles and responsibilities of the business units and support functions in AML/CFT/CPF compliance.
- (iv) The Anti-Bribery and Corruption Policy sets out the Company's standards in managing and mitigating bribery and corruption, by clarifying the roles and responsibilities of directors, employees, business associates and other third parties in observing and upholding the Company's zero tolerance approach to bribery and corruption. This together with the Gifts and Hospitality Policy provides procedures and guidance to prevent and detect bribery and corruption.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Key internal control and risk management processes (cont'd.)**

**(i) Governance and risk management framework (cont'd.)**

**Risk Governance (cont'd.)**

Set out below are the key policies and procedures for Risk and Compliance: (cont'd.)

- (v) The Whistleblowing Policy demonstrates the Company's commitment to the highest standards of ethics, integrity and professionalism. Procedures are in place that enable directors, employees and any other person coming into contact with the Company to report suspected wrongdoing with the knowledge that their concerns will be taken seriously, investigated appropriately and treated confidentially.
- (vi) The Enterprise Risk Management ("ERM") Framework to act as an overarching document for the Company's governance and risk management policies and procedures. The document aims to define governance and risk management roles, ensure all significant risks are properly addressed, and establish common risk management principles and methodologies across the Company.
- (vii) The Business Continuity Policy sets out MCIS Life's approach to ensuring continuity of critical operations during disruptions by defining roles, establishing a comprehensive BCM framework aligned with the Company's risk appetite, and ensuring compliance with Bank Negara Malaysia's Business Continuity Management requirements.
- (viii) The ICAAP Framework outlines key elements and processes of MCIS Life's Internal Capital Adequacy Assessment Process ("ICAAP") in response to the minimum requirements in the "Guidelines On ICAAP For Insurers" issued by Bank Negara Malaysia ("BNM"). The guidelines stipulate that Company is expected to actively manage its capital adequacy by taking into account the potential impact of business strategies on the Company's risk profile and overall financial resilience, and that ICAAP is a process that should be integrated with the Company's business planning, risk management processes and day-to-day operations to ensure adequate capital to meet the Company's capital requirements on an on-going basis.
- (ix) The Financial Risk Management Policy set forth the means by which the Company shall manage its financial risks as a way to improve performance. The document defines financial risk, outlines the scope and objectives, documents the roles and responsibilities of all parties, provides guiding principles and minimum standards, and sets out the process governing Financial Risk Management.

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**Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

**Key internal control and risk management processes (cont'd.)**

**(i) Governance and risk management framework (cont'd.)**

**Risk Governance (cont'd.)**

Set out below are the key policies and procedures for Risk and Compliance: (cont'd.)

- (x) The Technology Risk Management Framework outlines MCIS's approach to managing technology related risks as part of its ERM Framework by defining key risk domains, governance roles, and principles to ensure technology risks are controlled within approved thresholds and support business continuity.
- (xi) Cyber Resilience Framework acts as an overarching document for the governance for managing cyber risk and achieving its cyber resilience objectives. The document defines the Company's cyber risk governance roles, cyber resilience objectives and tolerances, core resilience principles, and required capabilities to ensure strong cyber preparedness, proactive threat detection, operational resilience, and effective incident and crisis response.
- (xii) The Information Security Policy demonstrates the Management's commitment to protect the security and privacy of information from a wide range of threats to minimize business risks and to ensure business continuity.

**Risk Processes, Monitoring and Reporting**

The Company has implemented comprehensive self-assessment processes across all business units and support functions to continuously evaluate the effectiveness of systems, internal controls, and compliance with regulatory requirements. The risk management process involves key activities, including the identification, analysis, and evaluation of risks, the implementation of mitigation measures, regular monitoring and review, and effective communication and consultation among stakeholders. Risk owners, such as Heads of Departments, are responsible for identifying risks within their areas, assessing the adequacy of existing controls, evaluating the likelihood and impact of these risks, and regularly monitoring and addressing them. The results of these evaluations are reviewed by the Risk Management team and reported to senior management and the Board to ensure robust oversight and informed decision-making.

The Company's Enterprise Risk Management (ERM) Policy also outlines processes for the monitoring, escalation, and reporting of Top Key Risks, Key Risk Indicators (KRIs), and metrics related to Operational, Financial, and Technology risks. These reports are presented monthly and quarterly to Management and the BRMC, ensuring effective governance and a proactive approach to managing risks.

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## **Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

### **Key internal control and risk management processes (cont'd.)**

#### **(i) Governance and risk management framework (cont'd.)**

##### **Risk Culture**

As part of "Tone from the Top", the Board and Senior Management emphasise in communications to employees on the need for good governance and strong risk and compliance, e.g. townhalls. The Company promotes risk management and compliance culture among all employees through regular departmental and divisional risk and compliance meetings and targeted risk and compliance awareness programmes such as road shows, workshops and knowledge sharing sessions.

#### **(ii) Internal audit function**

The Internal Audit function plays a vital role in supporting the Company's strategic objectives by applying an independent and systematic approach to assess and improve the effectiveness of risk management, internal controls, and governance processes. Serving as a key advisory partner to the BAC, Internal Audit provides critical insights into control gaps and process deficiencies. These insights enable timely and effective remedial actions, thereby reinforcing the Company's operational resilience and governance framework.

The function remains under the purview of the Internal Audit Division ("IAD"), operating autonomously within the Company to conduct independent assessments, consulting activities, and provide impartial assurance on the effectiveness of internal controls, risk management, and governance processes.

The Division continues to play a critical role in enhancing and safeguarding the Company's value by delivering advice and insights on the efficiency, effectiveness, and business relevance of internal processes, supporting the achievement of the Company's vision and strategic objectives.

This foundation of the Internal Audit function is anchored in the Internal Audit Charter, which defines the Division's objectives, mission, purpose, authority, responsibilities, independence, objectivity, standards and the Quality Assurance and Improvement Program.

**MCIS Insurance Berhad**  
**Registration No: 199701019821 (435318-U)**  
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## **Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)**

### **Key internal control and risk management processes (cont'd.)**

#### **(ii) Internal audit function (cont'd.)**

To reinforce and uphold its mandate, the IAD operates within an integrated structure of governing and control frameworks that collectively guide its approach to assurance and advisory services. These include the Global Internal Audit Standards™ issued by the Institute of Internal Auditors, effective January 2025 and the Bank Negara Malaysia Guidelines on the Effective Internal Audit Function for Licensed Institutions. Complementing these governing frameworks are internationally recognized control frameworks such as the COSO Internal Control Framework, the COSO Enterprise Risk Management Framework, the Criteria of Control Framework, the Sarbanes-Oxley Act, the IIA Three Lines Model, the IIA Global Technology Audit Guides, and the Control Objectives for Information and Related Technology (COBIT).

In addition to these external standards, the IAD is guided by comprehensive internal governing documents, including the Internal Audit Charter, the Board Audit Committee Charter, the Internal Audit Grading Framework, the Internal Audit Manual, the Investigation Manual, and the Sanlam Group Internal Audit Methodology. Furthermore, the Division adheres to relevant regulatory policies such as the Bank Negara Malaysia Corporate Governance Policy, the Bank Negara Malaysia Risk Governance Policy, and the Malaysia Code of Corporate Governance.

By embedding these frameworks and policies as the foundation of its operating principles, the IAD ensures a disciplined, robust, and value-driven approach to evaluating and reporting on the adequacy and effectiveness of the Company's internal control environment, risk management practices, and governance structures. This integrated methodology strengthens organizational resilience, enhances stakeholder confidence, and supports the achievement of the Company's strategic objectives.

#### **Independence**

The independence of the Internal Audit function is firmly established through the Chief Internal Auditor's (CIA) direct functional reporting to the BAC. This structure safeguards autonomy from the activities being audited, including managerial decisions related to operations, business matters, and internal control processes.

The CIA's direct reporting line to the BAC ensures unrestricted access to sensitive issues, enhancing the organizational standing of the function. Administrative reporting to the CEO grants authority to execute duties without hindrance and address challenging issues with Senior Management effectively.

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## Corporate governance disclosures (as referred to in the Directors' Report) (cont'd.)

### Key internal control and risk management processes (cont'd.)

#### (ii) Internal audit function (cont'd.)

##### Annual Audit Plan

The IAD employs a risk-based and agile methodology to develop its Annual Audit Plan, integrating Company-wide governance, risk, and compliance factors alongside insights from other lines of defense. The plan prioritizes critical factors such as financial performance, risk exposure, control issues, prior audit opinions, regulatory requirements, and management requests.

The proposed Annual Audit Plan is reviewed and approved by the BAC, with regular progress updates provided throughout the year. In line with agile principles, the IAD continually reassesses the plan to ensure high-risk areas are prioritized and resources allocated efficiently. Any revisions or deviations are presented to the BAC for review and approval, maintaining alignment with the Company's evolving risk landscape.

##### Investigation & Ad Hoc Reviews

The IAD proactively addresses investigations concerning whistleblowing reports and incidents that may contravene internal policies or regulatory requirements. These investigations typically focus on areas such as confidentiality breaches and financial misconduct, particularly those with significant potential impact on the Company. Beyond whistleblowing cases, the Division also undertakes ad hoc reviews requested by key stakeholders, especially in areas identified as high-risk or of strategic importance. These mandated reviews provide independent assurance and actionable insights on critical issues, enabling timely interventions and strengthening governance, risk management, and internal control frameworks. By responding to emerging risks and stakeholder concerns with agility and rigor, the Internal Audit Division reinforces its role as a trusted assurance provider and a key contributor to organizational resilience.

##### Communicating Results and Monitoring Action Plans

Findings from internal audit reviews including observations, identified risks, root causes, recommendations, management's responses, and action plans are presented to the BAC for thorough evaluation and discussion. The IAD closely monitors the implementation of action plans to ensure remediation efforts are appropriate, effective, and completed within agreed timelines. When extensions to deadlines for rectification or remediation are necessary, the matter is escalated to the Executive Management Committee ("EMC"). This structured approach ensures a rigorous and accountable process for addressing and resolving internal audit observations.

**MCIS Insurance Berhad**  
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**(Incorporated in Malaysia)**

**Statement by directors**  
**Pursuant to Section 251(2) of the Companies Act, 2016**

We, Mr. Mohammad Nizar bin Idris and Mr. Kokula Krishnan a/l Ganesalingam, being two of the directors of MCIS Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 40 to 186 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 March 2026.



Mr. Mohammad Nizar bin Idris



Mr. Kokula Krishnan a/l Ganesalingam

Petaling Jaya, Malaysia  
 19 March 2026

**Statutory declaration**  
**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, Ms. Susan Cecelia Conradie, being the Officer primarily responsible for the financial management of MCIS Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 186 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 Ms. Susan Cecelia Conradie )  
 at Petaling Jaya in Selangor Darul Ehsan )  
 on 19 March 2026



Ms. Susan Cecelia Conradie

Before me,



NO: 13, (TINGKAT 1) JALAN 52/10  
 PJ NEW TOWN  
 46200 PETALING JAYA, SELANGOR.



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
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Selangor Darul Ehsan, Malaysia

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Fax +60 (3) 7721 3399  
Website [www.kpmg.com.my](http://www.kpmg.com.my)

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCIS INSURANCE BERHAD

(Company No. 199701019821 (435318-U))  
(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MCIS Insurance Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 40 to 186.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.



**MCIS Insurance Berhad**  
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Independent Auditors' Report for the  
Financial Year Ended 31 December 2025

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information obtained at the date of this auditors' report is the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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



MCIS Insurance Berhad  
(Company No. 199701019821 (435318-U))  
Independent Auditors' Report for the  
Financial Year Ended 31 December 2025

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.



**MCIS Insurance Berhad**  
(Company No. 199701019821 (435318-U))  
Independent Auditors' Report for the  
Financial Year Ended 31 December 2025

## Other Matter

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

The KPMG logo, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a stylized graphic of four vertical bars of varying heights to the left of the letters.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 19 March 2026

A handwritten signature in black ink, appearing to read 'Hew Tsu Zhen'.

**Hew Tsu Zhen**  
Approval Number: 03831/05/2026 J  
Chartered Accountant

**MCIS Insurance Berhad**  
**Registration No: 199701019821 (435318-U)**  
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**Statement of financial position**  
**As at 31 December 2025**

	Note	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
<b>Assets</b>				
Property and equipment	3	67,427	67,427	55,873
Right-of-use assets	5	4,329	4,329	11,126
Intangible assets	6	16,990	16,990	20,034
Investments	7	4,237,070	4,236,704	4,333,191
Insurance contract assets	8	36,075	36,075	37,490
Reinsurance contract assets	8	190,607	190,607	147,779
Other receivables	9	44,398	43,698	43,752
Current tax assets		16,030	16,030	9,826
Cash and bank balances		44,971	44,911	28,723
		<u>4,657,897</u>	<u>4,656,771</u>	<u>4,687,794</u>
Non-current assets held for sale	10	-	-	946
<b>Total assets</b>		<u>4,657,897</u>	<u>4,656,771</u>	<u>4,688,740</u>
<b>Equity</b>				
Share capital	11	125,024	125,024	125,024
Retained profits	12	186,151	186,151	207,468
<b>Total equity</b>		<u>311,175</u>	<u>311,175</u>	<u>332,492</u>
<b>Liabilities</b>				
Insurance contract liabilities	8	3,897,020	3,897,020	3,904,880
Reinsurance contract liabilities	8	129,598	129,598	131,720
Deferred tax liabilities	13	50,208	50,208	56,773
Lease liabilities	14	4,669	4,669	11,970
Other payables	15	65,868	64,751	51,686
Provision for taxation		9	-	-
Subordinated notes	16	199,350	199,350	199,219
<b>Total liabilities</b>		<u>4,346,722</u>	<u>4,345,596</u>	<u>4,356,248</u>
<b>Total equity and liabilities</b>		<u>4,657,897</u>	<u>4,656,771</u>	<u>4,688,740</u>

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

**MCIS Insurance Berhad**  
**Registration No: 199701019821 (435318-U)**  
**(Incorporated in Malaysia)**

**Statement of profit or loss**  
**For the financial year ended 31 December 2025**

	Note	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
Insurance revenue	17	494,274	494,274	460,692
Insurance service expenses	18	(542,453)	(542,453)	(489,941)
Net income from reinsurance contracts	19	16,686	16,686	6,042
<b>Insurance service result</b>		<u>(31,493)</u>	<u>(31,493)</u>	<u>(23,207)</u>
Investment income	20	171,167	169,168	175,305
Realised gains and losses	21	12,158	11,934	4,424
Fair value gains and losses	22	49,142	50,918	112,837
<b>Investment return</b>		<u>232,467</u>	<u>232,020</u>	<u>292,566</u>
Net finance expense from insurance contracts	23	(185,368)	(185,368)	(251,500)
Net finance income from reinsurance contracts	23	611	611	55
Movement in third party interests in consolidated funds		(59)	-	-
<b>Net financial results</b>		<u>47,651</u>	<u>47,263</u>	<u>41,121</u>
Other operating expenses		(23,400)	(23,014)	(7,170)
Finance cost		(11,369)	(11,369)	(11,283)
<b>Loss before taxation</b>		<u>(18,611)</u>	<u>(18,613)</u>	<u>(539)</u>
Taxation	24	(2,706)	(2,704)	(13,566)
<b>Net loss for the year</b>		<u>(21,317)</u>	<u>(21,317)</u>	<u>(14,105)</u>
<b>Loss per share (sen)</b>				
Basic and diluted	25	<u>(21.3)</u>	<u>(21.3)</u>	<u>(14.1)</u>

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

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Statement of changes in equity  
For the financial year ended 31 December 2025

Group and Company	Non-distributable				Distributable		Total equity RM'000
	Share capital RM'000	Unallocated surplus of non-participating funds RM'000	Accumulated losses of participating fund RM'000	Retained profits of life fund* RM'000	Retained profits of shareholders' fund RM'000	Sub-total RM'000	
<b>At 1 January 2024</b>	125,024	206,668	(53,028)	153,640	67,933	221,573	346,597
Net loss for the year	-	(14,581)	3,504	(11,077)	(3,028)	(14,105)	(14,105)
<b>At 31 December 2024</b>	125,024	192,087	(49,524)	142,563	64,905	207,468	332,492
<b>At 1 January 2025</b>	125,024	192,087	(49,524)	142,563	64,905	207,468	332,492
Net loss for the year	-	(25,932)	25,225	(707)	(20,610)	(21,317)	(21,317)
<b>At 31 December 2025</b>	125,024	166,155	(24,299)	141,856	44,295	186,151	311,175

\* Non-distributable retained earnings comprise of the unallocated surplus and accumulated losses of the Life fund (which includes participating and non-participating funds), net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from Life fund to the Shareholder's fund as recommended by the Appointed Actuary of the Company.

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

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**Statement of cash flows**  
**For the financial year ended 31 December 2025**

	Note	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
<b>Operating activities</b>				
Cash generated from operating activities	26	260,854	265,231	23,269
Interest paid on lease liabilities		(360)	(360)	(699)
Interest paid on subordinated notes	16	(10,571)	(10,571)	(10,658)
Income tax paid		(15,465)	(15,455)	(15,694)
Net cash flows generated from/(used in) operating activities		<u>234,458</u>	<u>238,845</u>	<u>(3,782)</u>
<b>Investing activities</b>				
Net proceeds from disposal of properties		250	250	-
Net cash acquired from control of subsidiaries		8,167	-	-
Purchase of property and equipment	3	(21,193)	(21,193)	(18,646)
Purchase of intangible assets	6	(100)	(100)	(123)
Net cash flows generated from investing activities		<u>(12,876)</u>	<u>(21,043)</u>	<u>(18,769)</u>
<b>Financing activities</b>				
Dividends paid	26	(3,550)	-	-
Payment of principal portion of lease liabilities	5	(5,926)	(5,926)	(4,806)
Net cash flows generated from financing activities		<u>(9,476)</u>	<u>(5,926)</u>	<u>(4,806)</u>
<b>Cash and cash equivalents</b>				
Net increase/(decrease) in cash and cash equivalents		212,106	211,876	(27,357)
Cash and cash equivalents at beginning of year		<u>260,460</u>	<u>260,460</u>	<u>287,817</u>
Cash and cash equivalents at end of year		<u>472,566</u>	<u>472,336</u>	<u>260,460</u>
Cash and cash equivalents comprise of:				
Cash and bank balances		44,971	44,911	28,723
Short term deposits with original maturity periods of less than 3 months	7(a)	427,595	427,425	231,737
		<u>472,566</u>	<u>472,336</u>	<u>260,460</u>

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

**MCIS Insurance Berhad**  
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**Notes to the financial statements**  
**For the financial year ended 31 December 2025**

**1. Corporate information**

The Company is principally engaged in the underwriting of life and investment linked insurance. There was no significant change in the principal activity during the financial year. The principal activities of the subsidiaries is disclosed in Note 7 of the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Wisma MCIS, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited ("SEM") and Sanlam Limited respectively. Both companies are incorporated in South Africa.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 March 2026. The consolidated financial statements for the year ended 31 December 2025 comprises the Company and its subsidiaries (together referred to as "the Group"). The financial statements of the Group for the year ended 31 December 2025 do not include other entities.

**2. Material accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted by the Group and by the Company are consistent with those of the previous financial year as stated in Note 2.3. Standards, interpretations and amendments that have been issued by MASB but have not been adopted by the Group and by the Company are described in Note 2.4.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

As at the reporting date, the Group and the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

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## **2. Material accounting policies (cont'd.)**

### **2.1 Basis of preparation (cont'd.)**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and of the Company.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### **2.2 Summary of material accounting policies**

#### **(a) Property and equipment and depreciation**

All items of property and equipment are initially recorded at cost. Subsequent to initial recognition, property and equipment, except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisals that are undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity of at least once in every three years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially different from the fair values. Any increase in the carrying amount arising from the revaluation of land and buildings is credited to an asset revaluation reserve as a revaluation surplus in the insurance contract liabilities of the participating funds or statement of comprehensive income of the non-participating funds, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement in which case the increase is recognised in the income statement to the extent of the decrease previously recognised.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (a) Property and equipment and depreciation (cont'd.)

A revaluation deficit is first offset against previously recognised revaluation surplus in respect of the same asset in the statement of financial position, and any remaining deficit is thereafter recognised in profit or loss.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress are also not depreciated until the assets are ready for their intended use.

Depreciation of other property and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Freehold and leasehold buildings	Over the remaining useful period or 50 years which ever is lower
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Office equipment	10%
Computer equipment	20%
Office renovation	20%

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property 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, if any and the net carrying amount is recognised in profit or loss.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five to ten years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, not exceeding a period of ten years.

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

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (c) Leases

The Group and the Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### (i) The Group and the Company as lessee

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

##### (a) Right-of-use assets

The Group and the Company recognises right-of-use assets at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any re-measurement of lease liabilities, except for those leasehold lands, which are measured in accordance with MFRS 116 *Property, Plant and Equipment*.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets.

The right-of-use assets are also subject to impairment as described in Note 2.2(d).

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (c) Leases (cont'd.)

##### (i) The Group and the Company as lessee (cont'd.)

###### (b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase or extension option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

###### (c) Short-term leases and leases of low-value assets

The Group and the Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. these leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (c) Leases (cont'd.)

##### (ii) The Group and the Company as lessor

When the Group and the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

When the Group and the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

Rental income arising is accounted for as an straight-line basis over the lease term.

#### (d) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised in profit or loss in the period in which it arises. Subsequent increases in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. A reversal of impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (e) Financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss ("FVTPL").

##### Amortised cost

The Group and the Company have designated its loan receivables which meet the condition as instruments at amortised cost.

##### FVTPL

All financial assets not classified as measured at amortised cost are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in the income statement. On initial recognition the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group and the Company have designated all their debt securities, which meet the above condition, as FVTPL, as the fair value option was elected.

All financial assets, except for those measured at FVTPL, are subject to impairment assessment (see Note 2.2(g)).

#### (f) Fair value measurement

The Group and the Company measure financial instruments and non-financial assets such as investment properties and right-of-use assets, at fair value at each reporting date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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## **2. Material accounting policies (cont'd.)**

### **2.2 Summary of material accounting policies (cont'd.)**

#### **(f) Fair value measurement (cont'd.)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments is determined by reference to marked-to-market prices for assets and offer prices for liabilities, at the close of business on the reporting date.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is carried out annually by Finance and Property Department of the Group and of the Company. Selection criteria include market knowledge, experience, reputation, independence and whether professional standards are maintained. A valuation is done on an annual basis.

At each reporting date, the Finance and Property Department analyses the movements in the values of assets which are required to be re-measured or re-assessed in accordance with the Group and with the Company's accounting policies.

The Property Department and the Group's and the Company's external valuers also compare the changes in the fair value of each property with relevant external sources to determine whether the changes are reasonable.

The valuation results, as performed by the Group's and by the Company's external valuers, are presented to the Board in the year the valuation is performed.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy as described in Note 35.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (g) Impairment of financial assets

##### Financial instruments that are not measured at FVTPL

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on loans receivables measured at amortised cost.

The Group and the Company assess on a forward looking basis the ECL associated with loans receivables measured at amortised cost. The Company recognises a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Company measure loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represents the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group and the Company assess at each reporting date whether a financial asset or group of financial assets is impaired.

#### (h) Derecognition of financial assets/liabilities

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group and the Company have also transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (i) Basis of consolidation

##### Subsidiaries

Subsidiaries are entities including structured entities controlled by the Group and by the Company. The financial statements of the controlled structured entities are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

##### Structured entities

Structured entities are those that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Voting rights relate to administrative tasks. Relevant activities are directed by means of contractual arrangements. The Group invests in consolidated structure entities.

##### Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (j) Insurance and reinsurance contracts

##### Classification

Contracts under which the Group and the Company accept significant insurance risk are classified as insurance contracts. Contracts held by the Group and the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group and the Company to financial risk.

The Group and the Company do not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group and by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group and by the Company, unless otherwise stated.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

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

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA (see Note 2.2 (k) - Measurement – Contracts measured under the PAA).

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (j) Insurance and reinsurance contracts (cont'd.)

##### Separating components from insurance and reinsurance contracts

At inception, the Group and the Company assess the features of the insurance and reinsurance contracts whether the following components are present and require separation from the insurance and reinsurance contracts:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

The Group and the Company currently do not issue any insurance contracts or enter into any reinsurance contracts that include the above components.

After separating any financial instrument components, the Group and the Company separate any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group and the Company provide a significant service of integrating the good or service with the insurance component.

The Group and the Company currently does not issue any insurance contracts which provides distinct services or goods to the policyholders.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (j) Insurance and reinsurance contracts (cont'd.)

##### Aggregation and recognition of insurance and reinsurance contracts

###### *Insurance contracts*

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group and by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group and the Company provide services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition. The Group and the Company did not acquire any insurance contracts during the financial year. When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (j) Insurance and reinsurance contracts (cont'd.)

##### Aggregation and recognition of insurance and reinsurance contracts (cont'd.)

##### *Reinsurance contracts*

Groups of reinsurance contracts are determined by identifying the underlying direct contracts it covers, the corresponding reinsurer and dividing each portfolio into annual cohorts (i.e. by year of issue). Each annual cohort is categorized into three groups based on the profitability of the reinsurance contracts:

- a group of reinsurance contracts that are at a net gain to the Group and to the Company at initial recognition, if any;
- a group of reinsurance contracts that at initial recognition have no significant possibility of becoming a net gain to the Group and to the Company, if any; and
- a group of the remaining reinsurance contracts in the portfolio, if any.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group and the Company conclude that the reinsurance contract's legal form of a single contract reflects the substance of the Group's and of the Company's contractual rights and obligations, considering that the different coverages lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following dates.

- *Reinsurance contracts initiated by the Group and the Company that provide proportionate coverage:* The beginning of the coverage period of the group of reinsurance contracts. However, the Group and the Company will delay the recognition of a group of reinsurance contracts until the date on which any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts. This applies to the Group's and the Company's quota share reinsurance contracts.
- *Other reinsurance contracts initiated by the Group and by the Company:* The beginning of the coverage period of the group of reinsurance contracts. However, if the Group and the Company recognise an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under Note 2.2 (k) Measurement - Contracts not measured under the PAA Reinsurance contracts (i)). This applies to the Group's and to the Company's surplus reinsurance contracts and excess of loss and stop loss reinsurance contracts.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (j) Insurance and reinsurance contracts (cont'd.)

##### Aggregation and recognition of insurance and reinsurance contracts (cont'd.)

A group of reinsurance contracts is recognised on the following dates. (cont'd.)

- *Reinsurance contracts acquired:* The date of acquisition.

##### Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

At each reporting date, the Group and the Company revise the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

##### Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

##### *Insurance contracts*

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (j) Insurance and reinsurance contracts (cont'd.)

##### Contract boundaries (cont'd.)

##### *Insurance contracts (cont'd.)*

A substantive obligation to provide services ends when:

- the Group and the Company have the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group and the Company have the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Group and to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

##### *Reinsurance contracts*

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company are compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's and on the Company's substantive rights and obligations and, therefore, may change over time.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement

##### Contracts not measured under the Premium Allocation Approach ("PAA")

###### *Insurance contracts – Initial measurement*

On initial recognition, the Group and the Company measure a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Group and the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group and the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii), if any) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see Note 2.2 (l) - Presentation).

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

##### *Insurance contracts – Subsequent measurement*

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

#### (i) Insurance contracts without direct participation features

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

<b>Changes relating to future services</b>	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
<b>Changes relating to current or past services</b>	Recognised in the insurance service result in profit or loss
<b>Effects of the time value of money, financial risk and changes therein on estimated future cash flows</b>	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

##### *Insurance contracts – Subsequent measurement (cont'd.)*

##### (i) Insurance contracts without direct participation features (cont'd.)

- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see Note 2.2 (l) - Presentation); or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see Note 2.2 (l) - Presentation);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see Note 2.2 (l) - Presentation).

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see Note 2.2 (l) - Presentation) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

##### *Insurance contracts – Subsequent measurement (cont'd.)*

#### (i) Insurance contracts without direct participation features (cont'd.)

- differences between (a) any loan to a policyholder expected to become repayable in the year, determined as the repayment expected at the start of the year plus any insurance finance income or expenses (see Note 2.2 (l) - Presentation) related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM (see Note 8).

#### (ii) Direct participating contracts

Direct participating contracts (see Note 2.2 (j)) are contracts under which the Group and the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group and of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group and the Company provide investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Group and the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group and the Company then adjusts any CSM for changes in the amount of the Group and the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

##### *Insurance contracts – Subsequent measurement (cont'd.)*

#### (ii) Direct participating contracts (cont'd.)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's and of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Group's and the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component (see Note 2.2 (l) - Presentation); or
  - an increase in the amount of the Group's and of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses) (see Note 2.2 (l) - Presentation);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see Note 2.2 (l) - Presentation).

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

###### *Reinsurance contracts*

To measure a group of reinsurance contracts, the Group and the Company apply the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset or liability for remaining coverage and the asset for incurred claims at the portfolio level. The asset or liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group and the Company measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group and by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below).

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group and the Company recognises the cost immediately in profit or loss as an expense.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

##### *Reinsurance contracts (cont'd.)*

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under Note 2.2 (l) - Presentation) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

#### (i) Reinsurance of onerous underlying insurance contracts

The Group and the Company adjust the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group and the Company expects to recover from the reinsurance contracts.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts not measured under the PAA (cont'd.)

##### *Reinsurance contracts (cont'd.)*

##### (i) Reinsurance of onerous underlying insurance contracts (cont'd.)

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Group and the Company use a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under Note 2.2 (l) - Presentation).

##### Contracts measured under the PAA

The Group and the Company use the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Group and the Company reasonably expect that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in Note 2.2 (k) - Measurement – Contracts not measured under the PAA. When comparing the different possible measurements, the Group and the Company consider the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts measured under the PAA (cont'd.)

###### *Insurance contracts*

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group and the Company have chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided (see Note 2.2 (l) - Presentation). On initial recognition of each group of contracts, the Group and the Company expect that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group and the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group and the Company recognise a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group and the Company recognise the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Contracts measured under the PAA (cont'd.)

###### *Reinsurance contracts*

The Group and the Company apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under Note 2.2 (k) Contracts not measured under the PAA Reinsurance contracts (i)) is created for a group of reinsurance contracts measured under the PAA, then the Group and the Company adjust the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

##### Derecognition and contract modification

The Group and the Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group and the Company also derecognise a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group and the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component;
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see Note 2.2 (l) - Presentation).

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (k) Insurance and reinsurance contracts - Measurement (cont'd.)

##### Derecognition and contract modification (cont'd.)

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous. If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group and the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group and the Company received the premium that it would have charged less any additional premium charged for the modification.

#### (l) Insurance and reinsurance contracts - Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (i)) are included in the carrying amount of the related portfolios of contracts.

The Group and the Company disaggregate amounts recognised in the statement of comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group and the Company disaggregate the financial component within changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for the financial risk component is presented in insurance finance income or expenses.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (l) Insurance and reinsurance contracts - Presentation (cont'd.)

##### *Insurance revenue – Contracts not measured under the PAA*

The Group and the Company recognise insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group and the Company expect to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see Note 2.2 (k) - Contracts not measured under the PAA), which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services and amounts related to incurred policyholder tax expenses (see Note 24).

In addition, the Group and the Company allocate a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group and the Company recognise the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (I) Insurance and reinsurance contracts - Presentation (cont'd.)

*Release of the CSM (see also Note 8)*

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life non-participating contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Group and the Company expect to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (I) Insurance and reinsurance contracts - Presentation (cont'd.)

##### *Insurance revenue – Contracts measured under the PAA*

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group and the Company allocate the expected premium receipts to each period on the basis of the passage of time.

##### *Loss components*

For contracts not measured under the PAA, the Group and the Company establish a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's and of the Company's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (I) Insurance and reinsurance contracts - Presentation (cont'd.)

##### *Insurance service expenses*

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- *Incurred claims and other insurance service expenses:* For some non-participating contracts, incurred claims also include premiums waived on detection of critical illness.
- *Amortisation of insurance acquisition cash flows:* For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group and the Company recognise acquisition costs in the profit and loss as incurred.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses, if any.

##### *Net expenses from reinsurance contracts*

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group and the Company recognise an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset or liability for remaining coverage that relate to services for which the Group and the Company expect to pay consideration.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (I) Insurance and reinsurance contracts - Presentation (cont'd.)

##### *Net expenses from reinsurance contracts (cont'd.)*

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group and the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group and the Company expect to recover from the reinsurance contracts.

##### *Insurance finance income and expenses*

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see Note 2.2 (k) - Contracts not measured under the PAA). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For both contracts with or without participation features, the Group and the Company present insurance finance income or expenses in profit or loss only.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (m) Insurance and reinsurance contracts - Transition

The Group's and the Company's transition approaches applied at the date of transition to MFRS 17 (1 January 2022) continue to impact a significant part of how the CSM balance as at 31 December 2024 and 31 December 2023 has been determined.

At 1 January 2022, the Group and the Company applied the following approaches to identify and measure all groups of contracts on transition to MFRS 17.

Year of issue	Transition approach
On or after 2022	- All groups: Full retrospective approach
Before 2022	- All groups: Fair value approach

#### *Insurance and reinsurance contracts – Fair value approach*

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

For all contracts measured under the fair value approach, the Group and the Company used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts with direct participation features.

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

For groups of reinsurance contracts covering onerous underlying contracts, the Group and the Company established a loss-recovery component at 1 January 2022. The Group and the Company determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Group and the Company expected to recover from the reinsurance contracts.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (n) Other revenue recognition

Revenue is recognised when it satisfies a performance obligation by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. The following specific recognition criteria must also be met before revenue is recognised.

##### Rental income

Rental income from property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

##### Interest income

Interest income is recognised on an accrual basis using the effective yield method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective yield of the instrument. When a receivable is impaired, the Group and the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

##### Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

##### Realised gains and losses on investments

Realised gains and losses on investments recorded in the income statement include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (o) Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

#### (p) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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## 2. Material accounting policies (cont'd.)

### 2.2 Summary of material accounting policies (cont'd.)

#### (q) Employee benefits

##### Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised 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 when the absences occur.

##### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

##### Defined benefit plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

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## **2. Material accounting policies (cont'd.)**

### **2.2 Summary of material accounting policies (cont'd.)**

#### **(r) Foreign currencies**

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currency are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to profit or loss, except for differences relating to items where gains or losses are recognised directly in equity, in which case, the gain or loss is recognised net of the exchange component in equity.

#### **(s) Financial liabilities**

Financial liabilities are recognised when the Group and the Company become a party to contractual provisions of the instruments and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

#### **(t) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less. Deposits with financial institutions held for investment purpose are presented as investment regardless of its maturity term.

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**2. Material accounting policies (cont'd.)**

**2.3 Changes in material accounting policies**

The accounting policies and presentation adopted are consistent with those of the previous financial year.

**2.4 Standards issued but not yet effective**

The following are standards, amendments to standards and interpretation to the MFRS Accounting Standards that have been issued by MASB, but not yet effective, up to the date of this report. The Group and the Company intend to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments that are part of Annual Improvements -Volume 11: <ul style="list-style-type: none"> <li>• Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i></li> <li>• Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i></li> <li>• Amendments to MFRS 9 <i>Financial Instruments</i></li> <li>• Amendments to MFRS 10 <i>Consolidated Financial Statements</i></li> <li>• Amendments to MFRS 107 <i>Statement of Cash Flows</i></li> </ul>	1 January 2026
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026

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## 2. Material accounting policies (cont'd.)

### 2.4 Standards issued but not yet effective (cont'd.)

The following are standards, amendments to standards and interpretation to the MFRS Accounting Standards that have been issued by MASB, but not yet effective, up to the date of this report. The Group and the Company intend to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective: (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendment to MFRS 121 <i>The Effect of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

#### ***MFRS 18, Presentation and Disclosure in Financial Statements***

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.

Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.

Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

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## **2. Material accounting policies (cont'd.)**

### **2.5 Use of estimates and judgments**

The preparation of the Group's and of the Company's financial statements require management to make judgments, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include:

#### **(a) Critical judgments made in applying accounting policies**

The following are judgments made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### **(i) Deferred tax assets (Note 13)**

Deferred tax assets are recognised for various allowances and provisions to the extent that it is probable that taxable profit will be available against which these allowances and provisions can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

##### **(ii) Income taxes (Note 24)**

The Group and the Company are subject to income tax and other taxes and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome may not be established until later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate.

Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

##### **(iii) Property and equipment (Note 3)**

Property and equipment requires the review of the residual value and remaining useful life of an item of property and equipment at least at each financial year end.

Management estimates that the residual values and remaining useful lives are appropriate for the current financial year.

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## 2. Material accounting policies (cont'd.)

### 2.5 Use of estimates and judgments (cont'd.)

#### (a) Critical judgments made in applying accounting policies (cont'd.)

##### (iv) Classification between investment properties and property and equipment (Notes 3 and 4)

The Group and the Company have developed certain criteria based on MFRS 140 *Investment Property* in making judgments whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purpose. If these portions could be sold separately (or leased out separately under finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for administrative purposes.

##### (v) Impairment of receivables (Note 33 (d))

###### Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

To determine lifetime and 12-month PDs, the Group and the Company use a provision matrix (a simplified approach) which is based on its historical observed default rates over the expected life of the receivables. Additional macro-economic and forward looking information is considered when determining PD, such as the Group's and the Company's internal assessment of the correlation between the receivables and external factors.

##### (vi) Insurance contract classification (Note 8)

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group and to the Company. The Group and the Company exercise judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Group and the Company is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services.

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## 2. Material accounting policies (cont'd.)

### 2.5 Use of estimates and judgments (cont'd.)

#### (a) Critical judgments made in applying accounting policies (cont'd.)

##### (vi) Insurance contract classification (Note 8) (cont'd.)

The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

##### (vii) Right-of-use assets (Note 5) and lease liabilities (Note 14)

###### **Determining the lease term of contracts with renewal and termination options**

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

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its liability to exercise or not to exercise the option to renew or to terminate.

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## 2. Material accounting policies (cont'd.)

### 2.5 Use of estimates and judgments (cont'd.)

#### (a) Critical judgments made in applying accounting policies (cont'd.)

##### (vii) Right-of-use assets (Note 5) and lease liabilities (Note 14) (cont'd.)

###### **Determining the lease term of contracts with renewal and termination options (cont'd.)**

The Group and the Company included the renewal period as part of the lease term for leases of property with shorter non-cancellable period (i.e., three years). The Group and the Company typically exercises its option to renew for these leases because the rented properties are generally branches of the Group and of the Company and it is highly likely that the Group and the Company continue to rent the premises to serve the policyholders and agents. The renewal periods for leases of rented properties with longer non-cancellable periods (i.e., above 3 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

###### **Estimating the incremental borrowing rate**

The Group and the Company cannot readily determine the interest rate implicit in the lease. Therefore, the Group and the Company apply judgement and assumptions in determining the incremental borrowing rate ("IBR") of the respective leases. The Group and the Company determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

##### (viii) Intangible assets (Note 6)

###### **Computer applications software**

The Group and the Company recognise the costs of significant development of knowledge based software and computer applications as intangible assets with finite useful lives. Such software and applications are unique to the requirements of the insurance business and the Group and the Company establish that these development costs will generate economic benefits beyond one year.

The Group and the Company estimate the useful lives of these software costs to be between 5 to 10 years.

The Group and the Company expect that amortisation on software under development will only commence after the software and computer applications are available to be used and generate future economic benefits.

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## 2. Material accounting policies (cont'd.)

### 2.5 Use of estimates and judgments (cont'd.)

#### (b) Key sources of estimation uncertainty and assumptions

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 below:

##### (i) Fair value of financial assets determined using valuation techniques (Note 35)

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For reference to similar instruments, instruments must have similar credit ratings.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counter-parties. Discount rates are influenced by risk-free interest rates and credit risk.

The fair value of the unquoted equity securities is estimated by approximating the net assets value of the investee, which was adjusted by the historical profit growth of the investee.

The valuation techniques described above are calibrated annually.

3. Property and equipment

Group and Company 2025	At valuation				At cost				Total RM'000	
	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000		Work-in progress RM'000
<b>Cost/Valuation</b>										
<b>At 1 January 2025</b>	6,500	3,100	250	-	1,094	9,952	44,710	16,788	23,149	105,543
Additions	-	-	-	-	-	32	1,159	172	19,830	21,193
Disposal	-	-	-	-	(195)	-	-	-	-	(195)
Revaluation deficit: - participating fund (Note 15)	-	-	-	(15)	-	-	-	-	-	(15)
Write-offs	-	-	-	-	-	-	(28)	-	-	(28)
Transfer from non-current assets held for sale (Note 10)	-	-	-	375	-	-	-	351	-	726
Reclassification	-	-	-	-	-	-	-	-	(2,737)	-
- property and equipment	-	-	-	-	-	-	1,689	1,048	-	-
- intangible asset (Note 6)	-	-	-	-	-	-	-	-	(2,439)	(2,439)
At 31 December 2025	6,500	3,100	250	360	899	9,984	47,530	18,359	37,803	124,785
<b>Accumulated depreciation</b>										
<b>At 1 January 2025</b>	-	332	30	-	414	5,929	31,549	11,416	-	49,670
Charge for the year (Note 18)	-	182	11	14	165	648	4,807	1,857	-	7,684
Disposal	-	-	-	-	(166)	-	-	-	-	(166)
Elimination of accumulated depreciation on revaluation	-	-	-	(14)	-	-	-	-	-	(14)
Write-offs	-	-	-	-	-	-	(21)	-	-	(21)
Transfer from non-current assets held for sale (Note 10)	-	-	-	-	-	-	-	205	-	205
At 31 December 2025	-	514	41	-	413	6,577	36,335	13,478	-	57,358
<b>Net carrying amount</b>										
At 31 December 2025	6,500	2,586	209	360	486	3,407	11,195	4,881	37,803	67,427

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### 3. Property and equipment (cont'd.)

Group and Company 2024	At valuation		At cost							Total RM'000
	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000		
<b>Cost/Valuation</b>										
<b>At 1 January 2024</b>	6,500	3,100	250	657	9,449	43,950	16,049	8,787	88,742	
Additions	-	-	-	437	516	865	598	16,230	18,646	
Write-offs	-	-	-	-	(13)	(1,418)	-	-	(1,431)	
Reclassification	-	-	-	-	-	1,313	141	(1,454)	-	
- property and equipment	-	-	-	-	-	-	-	-	-	
- intangible asset	-	-	-	-	-	-	-	(414)	(414)	
(Note 6)	-	-	-	-	-	-	-	-	-	
At 31 December 2024	6,500	3,100	250	1,094	9,952	44,710	16,788	23,149	105,543	
<b>Accumulated depreciation</b>										
<b>At 1 January 2024</b>	-	161	20	246	5,297	28,068	9,581	-	43,373	
Charge for the year (Note 18)	-	171	10	168	636	4,899	1,835	-	7,719	
Write-offs	-	-	-	-	(4)	(1,418)	-	-	(1,422)	
At 31 December 2024	-	332	30	414	5,929	31,549	11,416	-	49,670	
<b>Net carrying amount</b>										
At 31 December 2024	6,500	2,768	220	680	4,023	13,161	5,372	23,149	55,873	

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**3. Property and equipment (cont'd.)**

Included in the cost of property and equipment of the Group and of the Company are the cost of fully depreciated assets which are still in use amounting to RM36,073,000 (2024: RM29,984,000).

**Properties**

The revalued lands and buildings consist of an office building, a shop office and an apartment, which are located in various states in Malaysia.

The fair value of the properties was determined by using the cost method, other than fair value of an apartment which was determined by using the sales comparison method. Under the cost method, the apportionment value attributable to the lands is adopted whilst making due allowances for factors such as location, plot, size, accessibility and other relevant factors in determining the value of the lands, while current estimates on construction costs to erect equivalent buildings. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Group and the Company have determined that the highest and best use of the properties is their current use.

**Reconciliation of Level 3 fair value measurement:**

Group and Company	Apartment RM'000	Shop office RM'000	Office building RM'000	Total RM'000
<b>As at 1 January 2024</b>	230	5,922	3,517	9,669
Depreciation recognised in profit or loss under management expenses	(10)	(83)	(88)	(181)
<b>As at 31 December 2024</b>	<u>220</u>	<u>5,839</u>	<u>3,429</u>	<u>9,488</u>

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**3. Property and equipment (cont'd.)**

**Properties (cont'd.)**

**Reconciliation of Level 3 fair value measurement: (cont'd.)**

<b>Group and Company</b>	<b>Apartment RM'000</b>	<b>Shop office RM'000</b>	<b>Office building RM'000</b>	<b>Total RM'000</b>
<b>As at 1 January 2025</b>	220	5,839	3,429	9,488
Depreciation recognised in profit or loss under management expenses	(11)	(91)	(91)	(193)
<b>As at 31 December 2025</b>	<b>209</b>	<b>5,748</b>	<b>3,338</b>	<b>9,295</b>

Fair value hierarchy disclosures for the properties have been provided in Note 35.

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

<b>Type of property</b>	<b>Valuation techniques</b>	<b>Key inputs</b>	<b>Weighted average</b>	
Apartment	Comparison method	Price per square foot	Building	RM226
Multi-storey shop office /shop house	Cost method	Price per square foot	Land	RM1,834
			Building	RM120
7 ½-storey office building	Cost method	Price per square foot	Land	RM599
			Building	RM95

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost	1,500	1,500
Accumulated depreciation	(1,044)	(1,020)
<b>Net carrying amount</b>	<b>456</b>	<b>480</b>

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**4. Investment properties**

	<b>Group and Company 2024 RM'000</b>
Investment properties	300
Fair value loss (Note 22)	(50)
Transfer to non-current assets held for sale (Note 10)	(250)
	<u>-</u>

The fair value of investment properties was determined by using cost method. Under the cost method, the apportionment value attributable to the land is adopted and making due allowances to factors of location, plot, size, accessibility and other relevant factor in determining the value of the land, while current estimates on constructional costs to erect equivalent buildings with appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building are adopted in determining the cost of the building.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Group and the Company has determined that the highest and best use of the properties is their current use.

Fair value hierarchy disclosures for investment properties have been provided in Note 35.

Description of valuation techniques used and key inputs to valuation on investment properties are stated below:

Type of property	Valuation technique	Key inputs	Weighted average	
Multi-storey shop office /shop house	Cost method	Price per square foot	Land	RM75
			Building	RM65

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

The amount of income and expenses recorded in profit or loss in respect of investment properties of the Group and of the Company are as follows:

	<b>Group and Company 2024 RM'000</b>
Direct operating expenses (including repairs and maintenance) generating rental income	(4)
Net expense arising from investment properties	<u>(4)</u>

There are no restrictions on the realisability of investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than routine building maintenance.

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**5. Right-of-use assets**

**The Group and the Company as lessee**

The Group and the Company have entered into various lease agreements for office premises and lands. Leases of office premises have lease terms between 1 and 3 years, while lands have lease terms between 34 and 99 years. The Group and the Company also lease certain equipment, software and services with lease term of 12 months or less or with low value. The Group and the Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

**Reconciliation of Level 3 fair value measurement:**

Group and Company	Land	Office premises	Total
	RM'000	RM'000	RM'000
<b>As at 1 January 2024</b>	-	14,046	14,046
Additions (Note 14)	-	3,085	3,085
Lease modifications	-	(1,166)	(1,166)
Amortisation (Note 18)	-	(4,839)	(4,839)
<b>As at 31 December 2024/1 January 2025</b>	-	11,126	11,126
Additions (Note 14)	-	372	372
Transfer from non-current assets held for sale (Note 10)	175	-	175
Lease modifications	-	(2,206)	(2,206)
Amortisation (Note 18)	-	(5,123)	(5,123)
Revaluation deficit	(15)	-	(15)
<b>As at 31 December 2025</b>	<b>160</b>	<b>4,169</b>	<b>4,329</b>

The amount of expenses recorded in profit or loss of the Group and of the Company are as follows:

	Group and Company	
	2025	2024
	RM'000	RM'000
Management expense:		
Amortisation of right-of-use assets (Note 18)	5,123	4,839
Expense relating to leases of low-value assets	291	232
Interest expense on lease liabilities	360	699
	<b>5,774</b>	<b>5,770</b>

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**5. Right-of-use assets (cont'd.)**

**Cash outflows for leases as a lessee**

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Included in net cash from operating activities:		
Payment relating to leases of low-value assets	291	232
Interest paid in relation to lease liabilities	360	699
Included in net cash from financing activities:		
Payment of principal portion of lease liabilities	5,926	4,806
<b>Total cash outflows for leases</b>	<b>6,577</b>	<b>5,737</b>

**Extension and termination options**

The Group and the Company have several lease contracts that include extension and termination options. These options are negotiated by the Group and by the Company to provide operational flexibility in managing the properties portfolio and align with the Group's and the Company's business needs. The Group and the Company exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As of 31 December 2025, the Group and the Company have included all potential future cash flows of exercising the extension options in the lease liability.

The Group and the Company determine that the termination options are likely not to be exercised.

**6. Intangible assets**

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computer software</b>		
<b>Cost</b>		
At 1 January	57,094	56,557
Additions	100	123
Reclassification from property and equipment (Note 3)	2,439	414
At 31 December	<b>59,633</b>	<b>57,094</b>
<b>Accumulated amortisation</b>		
At 1 January	37,060	32,049
Charge for the year (Note 18)	5,583	5,011
At 31 December	<b>42,643</b>	<b>37,060</b>
<b>Net carrying amount</b>		
At 31 December	<b>16,990</b>	<b>20,034</b>

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**7. Investments**

	<b>Group</b>	<b>Company</b>	<b>Group and</b>
	<b>2025</b>	<b>2025</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>2024</b>
			<b>RM'000</b>
Malaysian Government securities	960,886	960,886	974,018
Government investment issues	232,197	232,197	227,001
Malaysian Government guaranteed bonds	393,698	393,698	395,976
Unquoted debt securities	1,362,321	1,272,323	1,486,519
Quoted equity securities	291,075	291,075	473,615
Quoted exchange traded funds	136,589	136,589	213,136
Quoted unit and property trust funds	330,592	330,592	141,522
Unquoted equity securities	59,950	59,950	60,750
Unquoted unit trust funds	30,061	119,863	127,256
Deposits with financial institutions	438,071	437,901	231,737
Loans receivables	1,630	1,630	1,661
<b>Total</b>	<b>4,237,070</b>	<b>4,236,704</b>	<b>4,333,191</b>

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

	<b>Group</b>	<b>Company</b>	<b>Group and</b>
	<b>2025</b>	<b>2025</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>2024</b>
			<b>RM'000</b>
FVTPL	4,235,440	4,235,074	4,331,530
Amortised cost	1,630	1,630	1,661
	<b>4,237,070</b>	<b>4,236,704</b>	<b>4,333,191</b>

**(a) FVTPL**

	<b>Group</b>	<b>Company</b>	<b>Group and</b>
	<b>2025</b>	<b>2025</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>2024</b>
			<b>RM'000</b>
Mandatorily measured:			
Quoted equity securities	291,075	291,075	473,615
Quoted exchange traded funds	136,589	136,589	213,136
Quoted unit and property trust funds	330,592	330,592	141,522
Unquoted equity securities (Note 7(c))	59,950	59,950	60,750
Unquoted unit trust funds	30,061	119,863	127,256
	<b>848,267</b>	<b>938,069</b>	<b>1,016,279</b>

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**7. Investments (cont'd.)**

**(a) FVTPL (cont'd.)**

	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
Designated upon initial recognition:			
Malaysian Government securities	960,886	960,886	974,018
Government investment issues	232,197	232,197	227,001
Malaysian Government guaranteed bonds	393,698	393,698	395,976
Unquoted debt securities	1,362,321	1,272,323	1,486,519
Deposits with financial institutions			
- short term deposits with original maturity periods of less than 3 months	427,595	427,425	231,737
- deposits with original maturity periods of more than 3 months	10,476	10,476	-
	<u>3,387,173</u>	<u>3,297,005</u>	<u>3,315,251</u>
	<u>4,235,440</u>	<u>4,235,074</u>	<u>4,331,530</u>

Included in deposits with financial institutions of the Group and of the Company are short term deposits with original maturity periods of less than 3 months, which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
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**(b) Amortised cost**

Loans receivables:			
Mortgage loans	2,515	2,515	2,430
Other loans	100	100	100
	2,615	2,615	2,530
Loss allowances (Note 33(d))	(985)	(985)	(869)
	<u>1,630</u>	<u>1,630</u>	<u>1,661</u>

The carrying value of the other loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 31 December 2025 and 31 December 2024.

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**7. Investments (cont'd.)**

**(c) Reconciliation of Level 3 fair value measurement:**

	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
<b>Unquoted equity securities</b>			
As at 1 January	60,750	60,750	48,750
Fair value (losses)/gains	(800)	(800)	12,000
As at 31 December	<u>59,950</u>	<u>59,950</u>	<u>60,750</u>

The carrying amount disclosed above approximate the fair values at the end of the reporting period.

7. Investments (cont'd.)

(d) Carrying values of financial instruments

	Group and Company		
	Amortised cost	FVTPL	Total
	RM'000	RM'000	RM'000
<b>At 1 January 2024</b>	1,825	4,299,248	4,301,073
Purchases (Note 26)	-	399,665	399,665
Disposals (Note 26)	-	(464,880)	(464,880)
Fair value gains (Note 22)	-	112,887	112,887
Realised gains (Note 21)	-	4,424	4,424
Decrease in loans receivables (Note 26)	(73)	-	(73)
Decrease in deposits with financial institutions: - short term deposits with original maturity periods of less than 3 months	-	(17,224)	(17,224)
Impairment loss on loans receivable (Note 26)	(91)	-	(91)
Net amortisation of premiums (Note 20)	-	(2,590)	(2,590)
<b>At 31 December 2024</b>	<b>1,661</b>	<b>4,331,530</b>	<b>4,333,191</b>

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## 7. Investments (cont'd.)

### (d) Carrying values of financial instruments (cont'd.)

	Amortised cost		Group		Amortised cost		Company	
	RM'000	RM'000	FVTPL RM'000	Total RM'000	RM'000	RM'000	FVTPL RM'000	Total RM'000
<b>At 1 January 2025</b>								
Purchases (Note 26)	1,661	4,333,191	4,331,530	4,333,191	1,661	4,331,530	4,331,530	4,333,191
Disposals (Note 26)	-	719,203	719,203	719,203	-	708,693	708,693	708,693
Fair value gains (Note 22)	-	(1,076,291)	(1,076,291)	(1,076,291)	-	(1,072,544)	(1,072,544)	(1,072,544)
Realised gains (Note 21)	-	49,142	49,142	49,142	-	50,918	50,918	50,918
Decrease in loans receivables (Note 26)	85	12,158	12,158	12,158	-	11,934	11,934	11,934
Decrease in deposits with financial institutions:								
- short term deposits with original maturity periods of less than 3 months	-	195,859	195,859	195,859	-	195,689	195,689	195,689
- deposits with original maturity periods of more than 3 months	-	10,476	10,476	10,476	-	10,476	10,476	10,476
Impairment loss on loans receivable (Note 26)	(116)	-	-	(116)	(116)	-	-	(116)
Net amortisation of premiums (Note 20)	-	(1,744)	(1,744)	(1,744)	-	(1,622)	(1,622)	(1,622)
Others	-	(4,893)	(4,893)	(4,893)	-	-	-	-
<b>At 31 December 2025</b>	<b>1,630</b>	<b>4,235,440</b>	<b>4,237,070</b>	<b>4,237,070</b>	<b>1,630</b>	<b>4,235,074</b>	<b>4,235,074</b>	<b>4,236,704</b>

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**7. Investments (cont'd.)**

**(e) Fair values of financial instruments**

The following tables show investments recorded at fair value analysed by the different bases as follows:

	<b>Group</b>	<b>Company</b>	<b>Group and</b>
	<b>2025</b>	<b>2025</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>2024</b>
			<b>RM'000</b>
<b>FVTPL</b>			
Quoted market price	758,256	758,256	828,273
Valuation techniques:			
- market observable inputs	3,417,234	3,416,868	3,442,507
- unobservable inputs	59,950	59,950	60,750
	<u>4,235,440</u>	<u>4,235,074</u>	<u>4,331,530</u>

Included in the quoted category are financial instruments that are measured in whole or in part by reference to marked-to-market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Group's and the Company's own models whereby the majority of assumptions are market observable.

**(f) Range of effective interest rates**

The range of effective interest rates per annum for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	<b>Group and</b>	<b>Group and</b>
	<b>Company</b>	<b>Company</b>
	<b>2025</b>	<b>2024</b>
	<b>%</b>	<b>%</b>
Malaysian Government securities	2.86 - 3.89	3.41 - 4.09
Government investment issues	3.57 - 3.90	3.86 - 4.10
Malaysian Government guaranteed bonds	3.30 - 3.97	3.73 - 4.13
Unquoted debt securities	3.22 - 4.31	3.42 - 4.60
Deposits with financial institutions	2.80 - 3.60	3.05 - 4.10
Loans receivables	<u>4.00 - 9.75</u>	<u>4.00 - 9.75</u>

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**7. Investments (cont'd.)**

**(g) Interest-bearing contractual re-pricing or maturity dates**

The earlier of the contractual re-pricing or maturity dates for each class of interest-bearing investment and placements with licensed financial institutions are as below:

Group	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			Total RM'000
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	
<b>2025</b>				
Malaysian Government securities	22,369	220,282	718,235	960,886
Government investment issues	-	22,543	209,654	232,197
Malaysian Government guaranteed bonds	-	50,964	342,734	393,698
Unquoted debt securities	219,622	406,600	736,099	1,362,321
Deposits with financial institutions	438,071	-	-	438,071
Loans receivables	1,304	90	236	1,630
	<b>681,366</b>	<b>700,479</b>	<b>2,006,958</b>	<b>3,388,803</b>
<b>Company</b>				
<b>2025</b>				
Malaysian Government securities	22,369	220,282	718,235	960,886
Government investment issues	-	22,543	209,654	232,197
Malaysian Government guaranteed bonds	-	50,964	342,734	393,698
Unquoted debt securities	219,022	337,585	715,716	1,272,323
Deposits with financial institutions	437,901	-	-	437,901
Loans receivables	1,304	90	236	1,630
	<b>680,596</b>	<b>631,464</b>	<b>1,986,575</b>	<b>3,298,635</b>

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## 7. Investments (cont'd.)

### (g) Interest-bearing contractual re-pricing or maturity dates (cont'd')

The earlier of the contractual re-pricing or maturity dates for each class of interest-bearing investment and placements with licensed financial institutions are as below:  
(cont'd.)

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			Total RM'000
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	
<b>Group and Company</b>				
<b>2024</b>				
Malaysian Government securities	12,577	230,538	730,903	974,018
Government investment issues	-	7,329	219,672	227,001
Malaysian Government guaranteed bonds	8,264	50,734	336,978	395,976
Unquoted debt securities	304,650	438,927	742,942	1,486,519
Deposits with financial institutions	231,737	-	-	231,737
Loans receivables	1,210	131	320	1,661
	<u>558,438</u>	<u>727,659</u>	<u>2,030,815</u>	<u>3,316,912</u>

### (h) Controlled structured entities

The Company invests in certain unit trust funds amounting to RM144,929,000 whose objectives to achieve short-term fixed income. The unit trust funds are managed by Berjaya Mutual Sdn Bhd and RHB Asset Management Sdn Bhd which apply various investment strategies to accomplish their respective investment objectives.

The Company holds over 95% to 100% of all the unit trust funds disclosed below, which are all established in Malaysia. The Company is exposed to, or has rights to variable returns from its involvement with the fund and has the ability to affect those returns through its power over the fund. Accordingly, the Company has control over these unit trust funds and has consolidated these unit trust funds. An exception is made for United-i Closed-End Series - Tactial Sukuk Fund, which was subscribed to in end of the financial year. As the requisite financial information was not available as at the reporting date, the fund has not been consolidated in the current financial year.

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## 7. Investments (cont'd.)

### (h) Controlled structured entities (cont.d')

Details of the Company's investment in unit trust funds are as follows:

Name of unit trust fund	Principal activities	% of ownership interest held by the Company 2025
BM Bond Fund 1	Investment in corporate bonds and unit trust funds	98.36%
RHB Income Plus Fund 12	Investment in corporate bonds and deposits	100.00%
United-i Closed-End Series - Tactial Sukuk Fund	Investment in corporate bonds, equity, unit trust funds, and deposits	99.73%

*The abovementioned unit trust funds are not audited by KPMG PLT.*

These unit trust funds are classified as fair value through profit or loss ("FVTPL") investments and the change in fair value of each unit trust fund is recognised in profit and loss.

The Company's exposure to investments in the unit trust funds is disclosed below:

	RHB		Total RM'000
	BM Bond Fund 1 RM'000	Income Plus Fund 12 RM'000	
<b>2025</b>			
Fair value of underlying assets:			
Unquoted debt securities	57,950	32,048	89,998
Unquoted unit trust funds	5,127	-	5,127
Deposits with financial institutions	-	170	170
Cash and cash equivalents	-	60	60
	<u>63,077</u>	<u>32,278</u>	<u>95,355</u>

The change in fair value of each unit trust funds is recognised in profit and loss is disclosed below:

	RHB		Total RM'000
	BM Bond Fund 1 RM'000	Income Plus Fund 12 RM'000	
<b>At 31 December 2025</b>			
Total fair value gain/(loss) recognised	328	-	328

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**8. Insurance and reinsurance contracts**

Group and Company	2025			Total RM'000
	Life risk RM'000	Participating RM'000	Short-term RM'000	
<b>Insurance contracts</b>				
Insurance contract assets	-	458	35,617	36,075
Insurance contract liabilities				
Liabilities for remaining coverage and liabilities for incurred claims	(584,033)	(3,128,429)	(177,251)	(3,889,713)
Revaluation reserve net of tax	-	(7,307)	-	(7,307)
	<u>(584,033)</u>	<u>(3,135,736)</u>	<u>(177,251)</u>	<u>(3,897,020)</u>
<b>Reinsurance contracts</b>				
Reinsurance contract assets	18,559	14,054	157,994	190,607
Reinsurance contract liabilities	(32)	(694)	(128,872)	(129,598)
<b>2024</b>				
Group and Company	Life risk RM'000	Participating RM'000	Short-term RM'000	Total RM'000
<b>Insurance contracts</b>				
Insurance contract assets	-	216	37,274	37,490
Insurance contract liabilities				
Liabilities for remaining coverage and liabilities for incurred claims	(623,536)	(3,129,081)	(144,731)	(3,897,348)
Revaluation reserve net of tax	-	(7,532)	-	(7,532)
	<u>(623,536)</u>	<u>(3,136,613)</u>	<u>(144,731)</u>	<u>(3,904,880)</u>
<b>Reinsurance contracts</b>				
Reinsurance contract assets	12,714	7,003	128,062	147,779
Reinsurance contract liabilities	(18)	(472)	(131,230)	(131,720)

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered)/ settled more than 12 months after the reporting date.

	Group and Company	
	2025 RM'000	2024 RM'000
Insurance contract assets	543	347
Insurance contract liabilities	(3,472,112)	(3,575,349)
Reinsurance contract assets	(23,796)	(23,233)
Reinsurance contract liabilities	<u>(475)</u>	<u>(738)</u>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8 Movements in carrying amounts**

(a) Life risk - Insurance contracts

Analysis by remaining coverage and incurred claims

Group and Company	2025			
	<u>Liabilities for</u>		Liabilities for incurred claims	Total
	<u>remaining coverage</u>			
	Excluding loss component	Loss component		
RM'000	RM'000	RM'000	RM'000	
Opening assets	-	-	-	-
Opening liabilities	(551,782)	(12,177)	(59,577)	(623,536)
<b>Net opening balance</b>	<b>(551,782)</b>	<b>(12,177)</b>	<b>(59,577)</b>	<b>(623,536)</b>
<b>Changes in the statement of profit or loss</b>				
<b>Insurance revenue</b>				
Contracts under the fair value transition approach	50,294	-	-	50,294
Other contracts	39,079	-	-	39,079
	<b>89,373</b>	<b>-</b>	<b>-</b>	<b>89,373</b>
<b>Insurance service expenses</b>				
Incurred claims and other insurance service expenses	(621)	1,139	(92,347)	(91,829)
Amortisation of insurance acquisition cash flows	(8,457)	-	-	(8,457)
Losses and reversal of losses on onerous contracts	-	(8,558)	-	(8,558)
Adjustments to liabilities for incurred claims	-	-	807	807
	<b>(9,078)</b>	<b>(7,419)</b>	<b>(91,540)</b>	<b>(108,037)</b>
Investment components	78,779	-	(78,779)	-
<b>Insurance service result</b>	<b>159,074</b>	<b>(7,419)</b>	<b>(170,319)</b>	<b>(18,664)</b>
Net finance expenses from insurance contracts	(20,121)	(418)	-	(20,539)
<b>Total changes in the statement of profit or loss</b>	<b>138,953</b>	<b>(7,837)</b>	<b>(170,319)</b>	<b>(39,203)</b>
<b>Cash flows</b>				
Premiums received	(205,955)	-	-	(205,955)
Claims and other insurance service expenses paid, including investment components	-	-	241,642	241,642
Insurance acquisition cash flows	43,019	-	-	43,019
<b>Total cash flows</b>	<b>(162,936)</b>	<b>-</b>	<b>241,642</b>	<b>78,706</b>
<b>Net closing balance</b>	<b>(575,765)</b>	<b>(20,014)</b>	<b>11,746</b>	<b>(584,033)</b>
Closing assets	-	-	-	-
Closing liabilities	(575,765)	(20,014)	11,746	(584,033)
<b>Net closing balance</b>	<b>(575,765)</b>	<b>(20,014)</b>	<b>11,746</b>	<b>(584,033)</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8 Movements in carrying amounts (cont'd.)**

(a) Life risk - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

2024

Group and Company	<u>Liabilities for remaining coverage</u>		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-
Opening liabilities	(445,684)	(12,668)	(48,994)	(507,346)
<b>Net opening balance</b>	<b>(445,684)</b>	<b>(12,668)</b>	<b>(48,994)</b>	<b>(507,346)</b>
<b>Changes in the statement of profit or loss</b>				
<b>Insurance revenue</b>				
Contracts under the fair value transition approach	54,640	-	-	54,640
Other contracts	22,702	-	-	22,702
	77,342	-	-	77,342
<b>Insurance service expenses</b>				
Incurred claims and other insurance service expenses	(326)	1,524	(88,721)	(87,523)
Amortisation of insurance acquisition cash flows	(5,096)	-	-	(5,096)
Losses and reversal of losses on onerous contracts	-	(600)	-	(600)
Adjustments to liabilities for incurred claims	-	-	768	768
	(5,422)	924	(87,953)	(92,451)
Investment components	21,203	-	(21,203)	-
<b>Insurance service result</b>	<b>93,123</b>	<b>924</b>	<b>(109,156)</b>	<b>(15,109)</b>
Net finance expenses from insurance contracts	(8,810)	(433)	-	(9,243)
<b>Total changes in the statement of profit or loss</b>	<b>84,313</b>	<b>491</b>	<b>(109,156)</b>	<b>(24,352)</b>
<b>Cash flows</b>				
Premiums received	(215,771)	-	-	(215,771)
Claims and other insurance service expenses paid, including investment components	-	-	98,573	98,573
Insurance acquisition cash flows	25,360	-	-	25,360
<b>Total cash flows</b>	<b>(190,411)</b>	<b>-</b>	<b>98,573</b>	<b>(91,838)</b>
<b>Net closing balance</b>	<b>(551,782)</b>	<b>(12,177)</b>	<b>(59,577)</b>	<b>(623,536)</b>
Closing assets	-	-	-	-
Closing liabilities	(551,782)	(12,177)	(59,577)	(623,536)
<b>Net closing balance</b>	<b>(551,782)</b>	<b>(12,177)</b>	<b>(59,577)</b>	<b>(623,536)</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

Group and Company	2025							
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value			CSM		Total
			Risk approach	Other contracts	Subtotal	RM'000	RM'000	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	-	-	-	-	-	-	-	
Opening liabilities	(572,509)	(19,265)	(9,591)	(22,171)	(31,762)	(623,536)	(623,536)	
<b>Net opening balance</b>	<b>(572,509)</b>	<b>(19,265)</b>	<b>(9,591)</b>	<b>(22,171)</b>	<b>(31,762)</b>	<b>(623,536)</b>	<b>(623,536)</b>	
<b>Changes in the statement of profit or loss</b>								
<b>Changes that relate to current services</b>								
CSM recognised for services provided	-	-	349	2,914	3,263	3,263	3,263	
Change in risk adjustment for non-financial risk for risk expired	-	527	-	-	-	527	527	
Experience adjustments	(14,703)	-	-	-	-	(14,703)	(14,703)	
<b>Changes that relate to future services</b>								
Contracts initially recognised in the year	29,685	(5,161)	-	(27,122)	(27,122)	(2,598)	(2,598)	
Changes in estimates that adjust the CSM	(21,787)	2,122	5,754	13,911	19,665	-	-	
Changes in estimates that result in losses and reversal of losses on onerous contracts	(5,960)	-	-	-	-	(5,960)	(5,960)	
<b>Changes that relate to past services</b>								
Adjustments to liabilities for incurred claims	807	-	-	-	-	807	807	
<b>Insurance service result</b>								
Net finance expenses from insurance contracts	(11,958)	(2,512)	6,103	(10,297)	(4,194)	(18,664)	(18,664)	
<b>Total changes in the statement of profit or loss</b>	<b>(17,569)</b>	<b>(1,385)</b>	<b>(342)</b>	<b>(1,243)</b>	<b>(1,585)</b>	<b>(20,539)</b>	<b>(20,539)</b>	
<b>Cash flows</b>	<b>(29,527)</b>	<b>(3,897)</b>	<b>5,761</b>	<b>(11,540)</b>	<b>(5,779)</b>	<b>(39,203)</b>	<b>(39,203)</b>	
<b>Net closing balance</b>	<b>78,706</b>	<b>(23,162)</b>	<b>(3,830)</b>	<b>(33,711)</b>	<b>(37,541)</b>	<b>(584,033)</b>	<b>(584,033)</b>	
Closing assets	-	-	-	-	-	-	-	
Closing liabilities	(523,330)	(23,162)	(3,830)	(33,711)	(37,541)	(584,033)	(584,033)	
<b>Net closing balance</b>	<b>(523,330)</b>	<b>(23,162)</b>	<b>(3,830)</b>	<b>(33,711)</b>	<b>(37,541)</b>	<b>(584,033)</b>	<b>(584,033)</b>	

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

Group and Company	2024					
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value approach			Total
			Risk	Other	Subtotal	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-	-
Opening liabilities	(455,402)	(18,698)	(14,831)	(18,415)	(33,246)	(507,346)
<b>Net opening balance</b>	<b>(455,402)</b>	<b>(18,698)</b>	<b>(14,831)</b>	<b>(18,415)</b>	<b>(33,246)</b>	<b>(507,346)</b>
<b>Changes in the statement of profit or loss</b>						
<b>Changes that relate to current services</b>						
CSM recognised for services provided	-	-	879	1,987	2,866	2,866
Change in risk adjustment for non-financial risk for risk expired	-	22	-	-	-	22
Experience adjustments	(18,165)	-	-	-	-	(18,165)
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	31,107	(5,057)	-	(28,080)	(28,080)	(2,030)
Changes in estimates that adjust the CSM	(33,654)	5,175	4,936	23,543	28,479	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	1,430	-	-	-	-	1,430
<b>Changes that relate to past services</b>						
Adjustments to liabilities for incurred claims	768	-	-	-	-	768
<b>Insurance service result</b>	<b>(18,514)</b>	<b>140</b>	<b>5,815</b>	<b>(2,550)</b>	<b>3,265</b>	<b>(15,109)</b>
Net finance expenses from insurance contracts	(6,755)	(707)	(575)	(1,206)	(1,781)	(9,243)
<b>Total changes in the statement of profit or loss</b>	<b>(25,269)</b>	<b>(567)</b>	<b>5,240</b>	<b>(3,756)</b>	<b>1,484</b>	<b>(24,352)</b>
<b>Cash flows</b>	<b>(91,838)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(91,838)</b>
<b>Net closing balance</b>	<b>(572,509)</b>	<b>(19,265)</b>	<b>(9,591)</b>	<b>(22,171)</b>	<b>(31,762)</b>	<b>(623,536)</b>
Closing assets	-	-	-	-	-	-
Closing liabilities	(572,509)	(19,265)	(9,591)	(22,171)	(31,762)	(623,536)
<b>Net closing balance</b>	<b>(572,509)</b>	<b>(19,265)</b>	<b>(9,591)</b>	<b>(22,171)</b>	<b>(31,762)</b>	<b>(623,536)</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.1 Movements in carrying amounts (cont'd.)**

(a) Life risk - Reinsurance contracts

Analysis by remaining coverage and incurred claims

Group and Company	2025			Total RM'000
	<u>Assets for remaining coverage</u>		Assets for incurred claims	
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	RM'000	
Opening assets	(17,892)	5,639	24,967	12,714
Opening liabilities	(22)	-	4	(18)
<b>Net opening balance</b>	<b>(17,914)</b>	<b>5,639</b>	<b>24,971</b>	<b>12,696</b>
<b>Changes in the statement of profit or loss</b>				
<b>Allocation of reinsurance premiums paid</b>	<b>(13,754)</b>	<b>-</b>	<b>-</b>	<b>(13,754)</b>
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and other insurance service expenses	-	-	16,568	16,568
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(184)	1,985	-	1,801
Adjustments to assets for incurred claims	-	-	(118)	(118)
	<b>(184)</b>	<b>1,985</b>	<b>16,450</b>	<b>18,251</b>
Investment components	(477)	-	477	-
<b>Net expenses from reinsurance contracts</b>	<b>(14,415)</b>	<b>1,985</b>	<b>16,927</b>	<b>4,497</b>
Net finance income from reinsurance contracts	584	-	-	584
<b>Total changes in the statement of profit or loss</b>	<b>(13,831)</b>	<b>1,985</b>	<b>16,927</b>	<b>5,081</b>
<b>Cash flows</b>				
Premiums paid	10,213	-	-	10,213
Amounts received	-	-	(9,463)	(9,463)
<b>Total cash flows</b>	<b>10,213</b>	<b>-</b>	<b>(9,463)</b>	<b>750</b>
<b>Net closing balance</b>	<b>(21,532)</b>	<b>7,624</b>	<b>32,435</b>	<b>18,527</b>
Closing assets	(21,500)	7,624	32,435	18,559
Closing liabilities	(32)	-	-	(32)
<b>Net closing balance</b>	<b>(21,532)</b>	<b>7,624</b>	<b>32,435</b>	<b>18,527</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.1 Movements in carrying amounts (cont'd.)**

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	2024			Total RM'000
	<u>Assets for remaining coverage</u>			
Group and Company	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Assets for incurred claims RM'000	
Opening assets	(12,763)	6,502	20,685	14,424
Opening liabilities	(39)	-	(3)	(42)
<b>Net opening balance</b>	<b>(12,802)</b>	<b>6,502</b>	<b>20,682</b>	<b>14,382</b>
<b>Changes in the statement of profit or loss</b>				
<b>Allocation of reinsurance premiums paid</b>	(14,135)	-	-	(14,135)
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and other insurance service expenses	-	-	18,228	18,228
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(237)	(863)	-	(1,100)
	(237)	(863)	18,228	17,128
Investment components	(1,123)	-	1,123	-
<b>Net expenses from reinsurance contracts</b>	<b>(15,495)</b>	<b>(863)</b>	<b>19,351</b>	<b>2,993</b>
Net finance income from reinsurance contracts	206	-	-	206
<b>Total changes in the statement of profit or loss</b>	<b>(15,289)</b>	<b>(863)</b>	<b>19,351</b>	<b>3,199</b>
<b>Cash flows</b>				
Premiums paid	10,177	-	-	10,177
Amounts received	-	-	(15,062)	(15,062)
<b>Total cash flows</b>	<b>10,177</b>	<b>-</b>	<b>(15,062)</b>	<b>(4,885)</b>
<b>Net closing balance</b>	<b>(17,914)</b>	<b>5,639</b>	<b>24,971</b>	<b>12,696</b>
Closing assets	(17,892)	5,639	24,967	12,714
Closing liabilities	(22)	-	4	(18)
<b>Net closing balance</b>	<b>(17,914)</b>	<b>5,639</b>	<b>24,971</b>	<b>12,696</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

Group and Company	2025						
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value			Subtotal	Total
			transition approach	Other contracts	CSM		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	16,493	3,033	(5,900)	(912)	(6,812)	12,714	
Opening liabilities	2	1	(21)	-	(21)	(18)	
<b>Net opening balance</b>	<b>16,495</b>	<b>3,034</b>	<b>(5,921)</b>	<b>(912)</b>	<b>(6,833)</b>	<b>12,696</b>	
<b>Changes in the statement of profit or loss</b>							
<b>Changes that relate to current services</b>							
CSM recognised for services provided	-	-	2,353	(87)	2,266	2,266	
Change in risk adjustment for non-financial risk for risk expired	-	(302)	-	-	-	(302)	
Experience adjustments	850	-	-	-	-	850	
<b>Changes that relate to future services</b>							
Contracts initially recognised in the year	450	204	-	(40)	(40)	614	
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(907)	2,644	1,737	1,737	
Changes in estimates that adjust the CSM	5,774	22	(6,426)	630	(5,796)	-	
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(550)	-	-	-	-	(550)	
<b>Changes that relate to past services</b>							
Adjustments to assets for incurred claims	(118)	-	-	-	-	(118)	
<b>Net expenses from reinsurance contracts</b>	<b>6,406</b>	<b>(76)</b>	<b>(4,980)</b>	<b>3,147</b>	<b>(1,833)</b>	<b>4,497</b>	
Net finance income from reinsurance contracts	719	175	(261)	(49)	(310)	584	
<b>Total changes in the statement of profit or loss</b>	<b>7,125</b>	<b>99</b>	<b>(5,241)</b>	<b>3,098</b>	<b>(2,143)</b>	<b>5,081</b>	
<b>Cash flows</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>	
<b>Net closing balance</b>	<b>24,370</b>	<b>3,133</b>	<b>(11,162)</b>	<b>2,186</b>	<b>(8,976)</b>	<b>18,527</b>	
Closing assets	24,379	3,133	(11,139)	2,186	(8,953)	18,559	
Closing liabilities	(9)	-	(23)	-	(23)	(32)	
<b>Net closing balance</b>	<b>24,370</b>	<b>3,133</b>	<b>(11,162)</b>	<b>2,186</b>	<b>(8,976)</b>	<b>18,527</b>	

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

Group and Company	2024					
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach			Total
			Risk RM'000	Contracts RM'000	Other contracts RM'000	
Opening assets	20,898	3,330	(7,727)	(2,077)	(9,804)	14,424
Opening liabilities	(39)	3	(6)	-	(6)	(42)
<b>Net opening balance</b>	<b>20,859</b>	<b>3,333</b>	<b>(7,733)</b>	<b>(2,077)</b>	<b>(9,810)</b>	<b>14,382</b>
<b>Changes in the statement of profit or loss</b>						
<b>Changes that relate to current services</b>						
CSM recognised for services provided	-	-	1,642	133	1,775	1,775
Change in risk adjustment for non-financial risk for risk expired	-	(284)	-	-	-	(284)
Experience adjustments	2,602	-	-	-	-	2,602
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	1,593	230	-	(973)	(973)	850
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(1,886)	986	(900)	(900)
Changes in estimates that adjust the CSM	(3,108)	(370)	2,347	1,131	3,478	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(1,050)	-	-	-	-	(1,050)
<b>Net expenses from reinsurance contracts</b>	<b>37</b>	<b>(424)</b>	<b>2,103</b>	<b>1,277</b>	<b>3,380</b>	<b>2,993</b>
Net finance income from reinsurance contracts	484	125	(291)	(112)	(403)	206
<b>Total changes in the statement of profit or loss</b>	<b>521</b>	<b>(299)</b>	<b>1,812</b>	<b>1,165</b>	<b>2,977</b>	<b>3,199</b>
<b>Cash flows</b>	<b>(4,885)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,885)</b>
<b>Net closing balance</b>	<b>16,495</b>	<b>3,034</b>	<b>(5,921)</b>	<b>(912)</b>	<b>(6,833)</b>	<b>12,696</b>
Closing assets	16,493	3,033	(5,900)	(912)	(6,812)	12,714
Closing liabilities	2	1	(21)	-	(21)	(18)
<b>Net closing balance</b>	<b>16,495</b>	<b>3,034</b>	<b>(5,921)</b>	<b>(912)</b>	<b>(6,833)</b>	<b>12,696</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.1 Movements in carrying amounts (cont'd.)**

(b) Participating - Insurance contracts

Analysis by remaining coverage and incurred claims

Group and Company	2025			
	<u>Liabilities for remaining coverage</u>		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000
Opening assets	347	-	(131)	216
Opening liabilities	(2,977,201)	(34,189)	(117,691)	(3,129,081)
<b>Net opening balance</b>	<b>(2,976,854)</b>	<b>(34,189)</b>	<b>(117,822)</b>	<b>(3,128,865)</b>
<b>Changes in the statement of profit or loss</b>				
<b>Insurance revenue</b>				
Contracts under the fair value transition approach	117,753	-	-	117,753
Other contracts	43,547	-	-	43,547
	161,300	-	-	161,300
<b>Insurance service expenses</b>				
Incurred claims and other insurance service expenses	(244)	6,112	(148,896)	(143,028)
Amortisation of insurance acquisition cash flows	(18,881)	-	-	(18,881)
Losses and reversal of losses on onerous contracts	-	(2,151)	-	(2,151)
Adjustments to liabilities for incurred claims	-	-	4,192	4,192
	(19,125)	3,961	(144,704)	(159,868)
Investment components	352,285	-	(352,285)	-
<b>Insurance service result</b>	<b>494,460</b>	<b>3,961</b>	<b>(496,989)</b>	<b>1,432</b>
Net finance expenses from insurance contracts	(160,315)	(1,103)	-	(161,418)
Income tax expenses	(1,766)	-	(8,487)	(10,253)
<b>Total changes in the statement of profit or loss</b>	<b>332,379</b>	<b>2,858</b>	<b>(505,476)</b>	<b>(170,239)</b>
<b>Cash flows</b>				
Premiums received	(236,928)	-	-	(236,928)
Claims and other insurance service expenses paid, including investment components	-	-	371,117	371,117
Insurance acquisition cash flows	37,174	-	-	37,174
Others	(230)	-	-	(230)
<b>Total cash flows</b>	<b>(199,984)</b>	<b>-</b>	<b>371,117</b>	<b>171,133</b>
<b>Net closing balance</b>	<b>(2,844,459)</b>	<b>(31,331)</b>	<b>(252,181)</b>	<b>(3,127,971)</b>
Closing assets	543	-	(85)	458
Closing liabilities	(2,845,002)	(31,331)	(252,096)	(3,128,429)
<b>Net closing balance</b>	<b>(2,844,459)</b>	<b>(31,331)</b>	<b>(252,181)</b>	<b>(3,127,971)</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.1 Movements in carrying amounts (cont'd.)**

(b) Participating - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

Group and Company	2024			
	<u>Liabilities for remaining coverage</u>		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000
Opening assets	174	-	(116)	58
Opening liabilities	(3,007,004)	(24,069)	(131,771)	(3,162,844)
<b>Net opening balance</b>	<b>(3,006,830)</b>	<b>(24,069)</b>	<b>(131,887)</b>	<b>(3,162,786)</b>
<b>Changes in the statement of profit or loss</b>				
<b>Insurance revenue</b>				
Contracts under the fair value transition approach	115,885	-	-	115,885
Other contracts	36,961	-	-	36,961
	<u>152,846</u>	<u>-</u>	<u>-</u>	<u>152,846</u>
<b>Insurance service expenses</b>				
Incurred claims and other insurance service expenses	(170)	3,261	(136,396)	(133,305)
Amortisation of insurance acquisition cash flows	(14,562)	-	-	(14,562)
Losses and reversal of losses on onerous contracts	-	(12,707)	-	(12,707)
Adjustments to liabilities for incurred claims	-	-	3,111	3,111
	<u>(14,732)</u>	<u>(9,446)</u>	<u>(133,285)</u>	<u>(157,463)</u>
Investment components	<u>322,574</u>	<u>-</u>	<u>(322,574)</u>	<u>-</u>
<b>Insurance service result</b>	<b>460,688</b>	<b>(9,446)</b>	<b>(455,859)</b>	<b>(4,617)</b>
Net finance expenses from insurance contracts	(237,166)	(674)	-	(237,840)
Income tax expenses	(4,021)	-	(10,659)	(14,680)
<b>Total changes in the statement of profit or loss</b>	<b>219,501</b>	<b>(10,120)</b>	<b>(466,518)</b>	<b>(257,137)</b>
<b>Cash flows</b>				
Premiums received	(241,028)	-	-	(241,028)
Claims and other insurance service expenses paid, including investment components	-	-	480,583	480,583
Insurance acquisition cash flows	51,503	-	-	51,503
Others	-	-	-	-
<b>Total cash flows</b>	<b>(189,525)</b>	<b>-</b>	<b>480,583</b>	<b>291,058</b>
<b>Net closing balance</b>	<b>(2,976,854)</b>	<b>(34,189)</b>	<b>(117,822)</b>	<b>(3,128,865)</b>
Closing assets	347	-	(131)	216
Closing liabilities	(2,977,201)	(34,189)	(117,691)	(3,129,081)
<b>Net closing balance</b>	<b>(2,976,854)</b>	<b>(34,189)</b>	<b>(117,822)</b>	<b>(3,128,865)</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.1 Movements in carrying amounts (cont'd.)

(b) Participating – Insurance contracts (cont'd.)

Analysis by measurement component – Contracts not measured under PAA

Group and Company	2025					
	CSM					
	Estimate of present value of future cash flows	adjustment for non-financial risk	Risk for financial risk	Contracts under fair value transition approach	Other contracts	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	719	(47)	-	-	(456)	216
Opening liabilities	(2,977,734)	(53,569)	(96,156)	(96,156)	(1,622)	(3,129,081)
<b>Net opening balance</b>	<b>(2,977,015)</b>	<b>(53,616)</b>	<b>(96,156)</b>	<b>(96,156)</b>	<b>(2,078)</b>	<b>(3,128,865)</b>
<b>Changes in the statement of profit or loss</b>						
<b>Changes that relate to current services</b>						
CSM recognised for services provided	-	-	20,366	20,366	259	20,625
Change in risk adjustment for non-financial risk for risk expired	-	5,672	-	-	-	5,672
Experience adjustments	(36,878)	-	-	-	-	(36,878)
Revenue recognised for incurred policyholder tax expenses	9,972	-	-	-	-	9,972
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	3,283	(2,552)	-	-	(3,383)	(2,652)
Changes in estimates that adjust the CSM	30,072	(457)	(32,657)	(32,657)	3,042	(29,615)
Changes in estimates that result in losses and reversal of losses on onerous contracts	501	-	-	-	-	501
<b>Changes that relate to past services</b>						
Adjustments to liabilities for incurred claims	4,192	-	-	-	-	4,192
<b>Insurance service result</b>						
Net finance expenses from insurance contracts	11,142	2,663	(12,291)	(12,291)	(82)	(12,373)
Income tax expenses	(163,749)	2,331	-	-	-	(161,418)
<b>Total changes in the statement of profit or loss</b>	<b>(162,860)</b>	<b>4,994</b>	<b>(12,291)</b>	<b>(12,291)</b>	<b>(82)</b>	<b>(170,239)</b>
<b>Cash flows</b>						
Net closing balance	171,133	-	-	-	-	171,133
Closing assets	(2,968,742)	(48,622)	(108,447)	(108,447)	(2,160)	(3,127,971)
Closing liabilities	963	(46)	-	-	(459)	458
<b>Net closing balance</b>	<b>(2,969,705)</b>	<b>(48,576)</b>	<b>(108,447)</b>	<b>(108,447)</b>	<b>(1,701)</b>	<b>(3,128,429)</b>
<b>Net closing balance</b>	<b>(2,968,742)</b>	<b>(48,622)</b>	<b>(108,447)</b>	<b>(108,447)</b>	<b>(2,160)</b>	<b>(3,127,971)</b>

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

- (b) Participating - Insurance contracts (cont'd.)  
Analysis by measurement component - Contracts not measured under PAA (cont'd.)

Group and Company	2024					
	CSM					
	Estimate of present value of future cash flows	adjustment for non-financial risk	Risk for financial risk	Contracts under fair value transition approach	Other contracts	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	463	(41)	-	-	(364)	58
Opening liabilities	(3,025,176)	(56,987)	(74,982)	(80,681)	(3,162,844)	
<b>Net opening balance</b>	<b>(3,024,713)</b>	<b>(57,028)</b>	<b>(74,982)</b>	<b>(81,045)</b>	<b>(3,162,786)</b>	
<b>Changes in the statement of profit or loss</b>						
<b>Changes that relate to current services</b>						
CSM recognised for services provided	-	-	14,038	105	14,143	14,143
Change in risk adjustment for non-financial risk for risk expired	-	1,283	-	-	-	1,283
Experience adjustments	(23,223)	-	-	-	-	(23,223)
Revenue recognised for incurred policyholder tax expenses	12,776	-	-	-	-	12,776
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	8,925	(4,391)	-	(6,339)	(6,339)	(1,805)
Changes in estimates that adjust the CSM	22,231	2,762	(35,212)	10,219	(24,993)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(10,902)	-	-	-	-	(10,902)
<b>Changes that relate to past services</b>						
Adjustments to liabilities for incurred claims	3,111	-	-	-	-	3,111
<b>Insurance service result</b>	<b>12,918</b>	<b>(346)</b>	<b>(21,174)</b>	<b>3,985</b>	<b>(17,189)</b>	<b>(4,617)</b>
Net finance expenses from insurance contracts	(241,598)	3,758	-	-	-	(237,840)
Income tax expenses	(14,680)	-	-	-	-	(14,680)
<b>Total changes in the statement of profit or loss</b>	<b>(243,360)</b>	<b>3,412</b>	<b>(21,174)</b>	<b>3,985</b>	<b>(17,189)</b>	<b>(257,137)</b>
<b>Cash flows</b>	<b>291,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,058</b>
<b>Net closing balance</b>	<b>(2,977,015)</b>	<b>(53,616)</b>	<b>(96,156)</b>	<b>(2,078)</b>	<b>(98,234)</b>	<b>(3,128,865)</b>
Closing assets	719	(47)	-	(456)	(456)	216
Closing liabilities	(2,977,734)	(53,569)	(96,156)	(1,622)	(97,778)	(3,129,081)
<b>Net closing balance</b>	<b>(2,977,015)</b>	<b>(53,616)</b>	<b>(96,156)</b>	<b>(2,078)</b>	<b>(98,234)</b>	<b>(3,128,865)</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.1 Movements in carrying amounts (cont'd.)**

(b) Participating - Reinsurance contracts

Analysis by remaining coverage and incurred claims

Group and Company	2025			Total RM'000
	<u>Assets/(Liabilities) for remaining coverage</u>			
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Assets for incurred claims RM'000	
Opening assets	(14,579)	3,599	17,983	7,003
Opening liabilities	(716)	-	244	(472)
<b>Net opening balance</b>	<b>(15,295)</b>	<b>3,599</b>	<b>18,227</b>	<b>6,531</b>
<b>Changes in the statement of profit or loss</b>				
<b>Allocation of reinsurance premiums paid</b>	<b>(11,157)</b>	<b>-</b>	<b>-</b>	<b>(11,157)</b>
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and other insurance service expenses	-	-	14,852	14,852
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(147)	5,280	-	5,133
Adjustments to assets for incurred claims	-	-	(858)	(858)
	<b>(147)</b>	<b>5,280</b>	<b>13,994</b>	<b>19,127</b>
Investment components	(224)	-	224	-
<b>Net expenses from reinsurance contracts</b>	<b>(11,528)</b>	<b>5,280</b>	<b>14,218</b>	<b>7,970</b>
Net finance income from reinsurance contracts	(36)	-	-	(36)
<b>Total changes in the statement of profit or loss</b>	<b>(11,564)</b>	<b>5,280</b>	<b>14,218</b>	<b>7,934</b>
<b>Cash flows</b>				
Premiums paid	7,617	-	-	7,617
Amounts received	-	-	(8,722)	(8,722)
<b>Total cash flows</b>	<b>7,617</b>	<b>-</b>	<b>(8,722)</b>	<b>(1,105)</b>
<b>Net closing balance</b>	<b>(19,242)</b>	<b>8,879</b>	<b>23,723</b>	<b>13,360</b>
Closing assets	(18,799)	8,879	23,974	14,054
Closing liabilities	(443)	-	(251)	(694)
<b>Net closing balance</b>	<b>(19,242)</b>	<b>8,879</b>	<b>23,723</b>	<b>13,360</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.1 Movements in carrying amounts (cont'd.)**

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

Group and Company	2024			
	<b>Assets/(Liabilities) for remaining coverage</b>			
	<b>Excluding loss-recovery component</b>	<b>Loss- recovery component</b>	<b>Assets for incurred claims</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening assets	(10,948)	3,775	7,916	743
Opening liabilities	(1,332)	-	302	(1,030)
<b>Net opening balance</b>	<b>(12,280)</b>	<b>3,775</b>	<b>8,218</b>	<b>(287)</b>
<b>Changes in the statement of profit or loss</b>				
<b>Allocation of reinsurance premiums paid</b>	<b>(10,806)</b>	<b>-</b>	<b>-</b>	<b>(10,806)</b>
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and other insurance service expenses	-	-	21,803	21,803
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(50)	(176)	-	(226)
	<b>(50)</b>	<b>(176)</b>	<b>21,803</b>	<b>21,577</b>
Investment components	(715)	-	715	-
<b>Net expenses from reinsurance contracts</b>	<b>(11,571)</b>	<b>(176)</b>	<b>22,518</b>	<b>10,771</b>
Net finance income from reinsurance contracts	(209)	-	-	(209)
<b>Total changes in the statement of profit or loss</b>	<b>(11,780)</b>	<b>(176)</b>	<b>22,518</b>	<b>10,562</b>
<b>Cash flows</b>				
Premiums paid	8,765	-	-	8,765
Amounts received	-	-	(12,509)	(12,509)
<b>Total cash flows</b>	<b>8,765</b>	<b>-</b>	<b>(12,509)</b>	<b>(3,744)</b>
<b>Net closing balance</b>	<b>(15,295)</b>	<b>3,599</b>	<b>18,227</b>	<b>6,531</b>
Closing assets	(14,579)	3,599	17,983	7,003
Closing liabilities	(716)	-	244	(472)
<b>Net closing balance</b>	<b>(15,295)</b>	<b>3,599</b>	<b>18,227</b>	<b>6,531</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

Group and Company	2025					
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under fair value transition			Total RM'000
			Risk approach RM'000	Other contracts RM'000	Subtotal RM'000	
Opening assets	948	2,553	2,040	1,462	3,502	7,003
Opening liabilities	(572)	52	48	-	48	(472)
<b>Net opening balance</b>	<b>376</b>	<b>2,605</b>	<b>2,088</b>	<b>1,462</b>	<b>3,550</b>	<b>6,531</b>
<b>Changes in the statement of profit or loss</b>						
<b>Changes that relate to current services</b>						
CSM recognised for services received	-	-	424	(682)	(258)	(258)
Change in risk adjustment for non-financial risk for risk expired	-	(203)	-	-	-	(203)
Experience adjustments	4,156	-	-	-	-	4,156
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	726	387	-	666	666	1,779
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	2	3,896	3,898	3,898
Changes in estimates that adjust the CSM	5,951	(165)	(6,294)	508	(5,786)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(544)	-	-	-	-	(544)
<b>Changes that relate to past services</b>						
Adjustments to assets for incurred claims	(858)	-	-	-	-	(858)
<b>Net expenses from reinsurance contracts</b>						
Net finance income from reinsurance contracts	9,431	19	(5,868)	4,388	(1,480)	7,970
<b>Total changes in the statement of profit or loss</b>						
<b>Cash flows</b>						
Net closing balance	(175)	175	(76)	40	(36)	(36)
Closing assets	9,256	194	(5,944)	4,428	(1,516)	7,934
Closing liabilities	(1,105)	-	-	-	-	(1,105)
<b>Net closing balance</b>	<b>8,527</b>	<b>2,799</b>	<b>(3,856)</b>	<b>5,890</b>	<b>2,034</b>	<b>13,360</b>
Closing assets	9,317	2,757	(3,912)	5,892	1,980	14,054
Closing liabilities	(790)	42	56	(2)	54	(694)
<b>Net closing balance</b>	<b>8,527</b>	<b>2,799</b>	<b>(3,856)</b>	<b>5,890</b>	<b>2,034</b>	<b>13,360</b>

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

Group and Company	2024					
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM			Total RM'000
			Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Opening assets	(2,034)	1,272	996	509	1,505	743
Opening liabilities	153	58	(1,476)	235	(1,241)	(1,030)
<b>Net opening balance</b>	<b>(1,881)</b>	<b>1,330</b>	<b>(480)</b>	<b>744</b>	<b>264</b>	<b>(287)</b>
<b>Changes in the statement of profit or loss</b>						
<b>Changes that relate to current services</b>						
CSM recognised for services received	-	-	150	(236)	(86)	(86)
Change in risk adjustment for non-financial risk for risk expired	-	(172)	-	-	-	(172)
Experience adjustments	11,255	-	-	-	-	11,255
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	558	279	-	(611)	(611)	226
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(1,751)	1,408	(343)	(343)
Changes in estimates that adjust the CSM	(5,370)	1,041	4,187	142	4,329	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(109)	-	-	-	-	(109)
<b>Net expenses from reinsurance contracts</b>	<b>6,334</b>	<b>1,148</b>	<b>2,586</b>	<b>703</b>	<b>3,289</b>	<b>10,771</b>
Net finance income from reinsurance contracts	(333)	127	(18)	15	(3)	(209)
<b>Total changes in the statement of profit or loss</b>	<b>6,001</b>	<b>1,275</b>	<b>2,568</b>	<b>718</b>	<b>3,286</b>	<b>10,562</b>
<b>Cash flows</b>	<b>(3,744)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,744)</b>
<b>Net closing balance</b>	<b>376</b>	<b>2,605</b>	<b>2,088</b>	<b>1,462</b>	<b>3,550</b>	<b>6,531</b>
Closing assets	948	2,553	2,040	1,462	3,502	7,003
Closing liabilities	(572)	52	48	-	48	(472)
<b>Net closing balance</b>	<b>376</b>	<b>2,605</b>	<b>2,088</b>	<b>1,462</b>	<b>3,550</b>	<b>6,531</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.1 Movements in carrying amounts (cont'd.)

#### (c) Short-term - Insurance contracts

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

Group and Company	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	
Opening assets	38,005	-	(730)	(1)	37,274
Opening liabilities	(87,736)	(29)	(54,695)	(2,271)	(144,731)
<b>Net opening balance</b>	<b>(49,731)</b>	<b>(29)</b>	<b>(55,425)</b>	<b>(2,272)</b>	<b>(107,457)</b>
<b>Changes in the statement of profit or loss</b>					
Insurance revenue	243,359	-	242	-	243,601
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	(252,584)	(168)	(252,752)
Insurance acquisition cash flows	(25,055)	-	-	-	(25,055)
Losses and reversal of losses on onerous contracts	-	211	-	-	211
Adjustments to liabilities for incurred claims	-	-	3,048	-	3,048
	(25,055)	211	(249,536)	(168)	(274,548)
Investment components	1,183	-	(1,183)	-	-
<b>Insurance service result</b>	<b>219,487</b>	<b>211</b>	<b>(250,477)</b>	<b>(168)</b>	<b>(30,947)</b>
Net finance expenses from insurance contracts	(3,411)	-	-	-	(3,411)
<b>Total changes in the statement of profit or loss</b>	<b>216,076</b>	<b>211</b>	<b>(250,477)</b>	<b>(168)</b>	<b>(34,358)</b>
<b>Cash flows</b>					
Premiums received	(264,802)	-	-	-	(264,802)
Claims and other insurance service expenses paid	-	-	239,928	-	239,928
Insurance acquisition cash flows	25,055	-	-	-	25,055
<b>Total cash flows</b>	<b>(239,747)</b>	<b>-</b>	<b>239,928</b>	<b>-</b>	<b>181</b>
<b>Net closing balance</b>	<b>(73,402)</b>	<b>182</b>	<b>(65,974)</b>	<b>(2,440)</b>	<b>(141,634)</b>
Closing assets	35,961	-	(336)	(8)	35,617
Closing liabilities	(109,363)	182	(65,638)	(2,432)	(177,251)
<b>Net closing balance</b>	<b>(73,402)</b>	<b>182</b>	<b>(65,974)</b>	<b>(2,440)</b>	<b>(141,634)</b>

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims - Contracts measured under PAA (cont'd.)

	2024					
	Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Estimates of present value of future cash flows	adjustment for non-financial risk	Total	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group and Company</b>						
Opening assets	33,679	-	(764)	-	-	32,915
Opening liabilities	(105,298)	(24)	(67,162)	(5,703)	(178,187)	
<b>Net opening balance</b>	<b>(71,619)</b>	<b>(24)</b>	<b>(67,926)</b>	<b>(5,703)</b>	<b>(145,272)</b>	
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	230,542	-	(38)	-	-	230,504
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses	-	-	(222,244)	3,431	(218,813)	
Insurance acquisition cash flows	(23,075)	-	-	-	(23,075)	
Losses and reversal of losses on onerous contracts	-	(5)	-	-	(5)	
Adjustments to liabilities for incurred claims	-	-	1,866	-	1,866	
	(23,075)	(5)	(220,378)	3,431	(240,027)	
Investment components	6,695	-	(6,695)	-	-	
<b>Insurance service result</b>	<b>214,162</b>	<b>(5)</b>	<b>(227,111)</b>	<b>3,431</b>	<b>(9,523)</b>	
Net finance expenses from insurance contracts	(4,417)	-	-	-	(4,417)	
<b>Total changes in the statement of profit or loss</b>	<b>209,745</b>	<b>(5)</b>	<b>(227,111)</b>	<b>3,431</b>	<b>(13,940)</b>	
<b>Cash flows</b>						
Premiums received	(210,947)	-	-	-	(210,947)	
Claims and other insurance service expenses paid	-	-	239,612	-	239,612	
Insurance acquisition cash flows	23,090	-	-	-	23,090	
	(187,857)	-	239,612	-	51,755	
<b>Total cash flows</b>	<b>(187,857)</b>	<b>(29)</b>	<b>(55,425)</b>	<b>(2,272)</b>	<b>(107,457)</b>	
<b>Net closing balance</b>	<b>38,005</b>	<b>-</b>	<b>(730)</b>	<b>(1)</b>	<b>37,274</b>	
Closing assets	(87,736)	(29)	(54,695)	(2,271)	(144,731)	
Closing liabilities	(49,731)	(29)	(55,425)	(2,272)	(107,457)	
<b>Net closing balance</b>	<b>(49,731)</b>	<b>(29)</b>	<b>(55,425)</b>	<b>(2,272)</b>	<b>(107,457)</b>	

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Reinsurance contracts  
Analysis by remaining coverage and incurred claims

Group and Company	2025				
	Assets for remaining coverage	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	83,193	332	44,537	-	128,062
Opening liabilities	(53,859)	-	(77,738)	367	(131,230)
<b>Net opening balance</b>	<b>29,334</b>	<b>332</b>	<b>(33,201)</b>	<b>367</b>	<b>(3,168)</b>
<b>Changes in the statement of profit or loss</b>					
<b>Allocation of reinsurance premiums paid</b>					
<b>Amounts recoverable from reinsurers</b>					
Recoveries of incurred claims and other insurance service expenses	-	-	40,353	59	40,412
Recoveries and reversal of recoveries of claims on onerous contracts	-	(33)	14,045	-	14,012
Adjustments to assets for incurred claims	-	-	45,168	-	45,168
	-	(33)	99,566	59	99,592
Reinsurance investment components	(81)	-	81	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>(95,454)</b>	<b>(33)</b>	<b>99,647</b>	<b>59</b>	<b>4,219</b>
Net finance income from reinsurance contracts	63	-	-	-	63
<b>Total changes in the statement of profit or loss</b>	<b>(95,391)</b>	<b>(33)</b>	<b>99,647</b>	<b>59</b>	<b>4,282</b>
<b>Cash flows</b>					
Premiums paid	64,378	-	-	-	64,378
Amounts received	-	-	(36,370)	-	(36,370)
<b>Total cash flows</b>	<b>64,378</b>	<b>-</b>	<b>(36,370)</b>	<b>-</b>	<b>28,008</b>
<b>Net closing balance</b>	<b>(1,679)</b>	<b>299</b>	<b>30,076</b>	<b>426</b>	<b>29,122</b>
Closing assets	173,891	299	(16,196)	-	157,994
Closing liabilities	(175,570)	-	46,272	426	(128,872)
<b>Net closing balance</b>	<b>(1,679)</b>	<b>299</b>	<b>30,076</b>	<b>426</b>	<b>29,122</b>

8. Insurance and reinsurance contracts (cont'd.)

8.1 Movements in carrying amounts (cont'd.)

(c) Short-term - Reinsurance contracts (cont'd.)  
Analysis by remaining coverage and incurred claims (cont'd.)

	2024				
	Liabilities for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Estimates of present value of future cash flows RM'000	adjustment for non-financial risk RM'000	Total RM'000
<b>Group and Company</b>					
Opening assets	29,241	218	32,165	-	61,624
Opening liabilities	(67,533)	-	16,296	775	(50,462)
<b>Net opening balance</b>	<b>(38,292)</b>	<b>218</b>	<b>48,461</b>	<b>775</b>	<b>11,162</b>
<b>Changes in the statement of profit or loss</b>					
<b>Allocation of reinsurance premiums paid</b>	(42,434)	-	-	-	(42,434)
<b>Amounts recoverable from reinsurers</b>					
Recoveries of incurred claims and other insurance service expenses	-	-	46,884	(408)	46,476
Recoveries and reversal of recoveries of claims on onerous contracts	-	114	-	-	114
	-	114	46,884	(408)	46,590
Reinsurance investment components	(294)	-	294	-	-
Effect of changes in non-performance risk of reinsurers	46,680	-	(58,558)	-	(11,878)
<b>Net expenses from reinsurance contracts</b>	<b>3,952</b>	<b>114</b>	<b>(11,380)</b>	<b>(408)</b>	<b>(7,722)</b>
Net finance income from reinsurance contracts	58	-	-	-	58
<b>Total changes in the statement of profit or loss</b>	<b>4,010</b>	<b>114</b>	<b>(11,380)</b>	<b>(408)</b>	<b>(7,664)</b>
<b>Cash flows</b>					
Premiums paid	63,616	-	-	-	63,616
Amounts received	-	-	(70,282)	-	(70,282)
<b>Total cash flows</b>	<b>63,616</b>	<b>-</b>	<b>(70,282)</b>	<b>-</b>	<b>(6,666)</b>
<b>Net closing balance</b>	<b>29,334</b>	<b>332</b>	<b>(33,201)</b>	<b>367</b>	<b>(3,168)</b>
Closing assets	83,193	332	44,537	-	128,062
Closing liabilities	(53,859)	-	(77,738)	367	(131,230)
<b>Net closing balance</b>	<b>29,334</b>	<b>332</b>	<b>(33,201)</b>	<b>367</b>	<b>(3,168)</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.2 Effect of contracts initially recognised in the year**

(a) Life risk

Insurance contracts

Group and Company	Profitable	2025	Total
	contracts	Onerous	
	issued	contracts	
	RM'000	issued	RM'000
Claims and other insurance service expenses payable	(132,700)	(76,372)	(209,072)
Insurance acquisition cash flows	(31,187)	(7,867)	(39,054)
Estimates of present value of cash outflows	(163,887)	(84,239)	(248,126)
Estimates of present value of cash inflows	194,804	83,007	277,811
Risk adjustment for non-financial risk	(3,795)	(1,366)	(5,161)
CSM	(27,122)	-	(27,122)
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>(2,598)</b>	<b>(2,598)</b>

Group and Company	Profitable	2024	Total
	contracts	Onerous	
	issued	contracts	
	RM'000	issued	RM'000
Claims and other insurance service expenses payable	(77,621)	(87,342)	(164,963)
Insurance acquisition cash flows	(21,041)	(2,174)	(23,215)
Estimates of present value of cash outflows	(98,662)	(89,516)	(188,178)
Estimates of present value of cash inflows	131,344	87,941	219,285
Risk adjustment for non-financial risk	(4,602)	(455)	(5,057)
CSM	(28,080)	-	(28,080)
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>(2,030)</b>	<b>(2,030)</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.2 Effect of contracts initially recognised in the year (cont'd.)

#### (a) Life risk (cont'd.)

##### Reinsurance contracts

Group and Company	2025		Total RM'000
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	
Estimates of present value of cash inflows	4,941	1,881	6,822
Estimates of present value of cash outflows	(4,569)	(1,803)	(6,372)
Risk adjustment for non-financial risk	148	56	204
Income recognised on initial recognition	-	(614)	(614)
<b>CSM</b>	<b>520</b>	<b>(480)</b>	<b>40</b>

Group and Company	2024		Total RM'000
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	
Estimates of present value of cash inflows	7,146	4,129	11,275
Estimates of present value of cash outflows	(6,622)	(3,060)	(9,682)
Risk adjustment for non-financial risk	200	30	230
Income recognised on initial recognition	-	(850)	(850)
<b>CSM</b>	<b>724</b>	<b>249</b>	<b>973</b>

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**8. Insurance and reinsurance contracts (cont'd.)**

**8.2 Effect of contracts initially recognised in the year (cont'd.)**

(b) Participating

Insurance contracts

Group and Company	Profitable	2025	Total
	contracts	Onerous	
	issued	contracts	
	RM'000	issued	RM'000
Claims and other insurance service expenses payable	(69,993)	(24,731)	(94,724)
Insurance acquisition cash flows	(15,932)	(10,792)	(26,724)
Estimates of present value of cash outflows	(85,925)	(35,523)	(121,448)
Estimates of present value of cash inflows	90,957	33,774	124,731
Risk adjustment for non-financial risk	(1,649)	(903)	(2,552)
CSM	(3,383)	-	(3,383)
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>(2,652)</b>	<b>(2,652)</b>

Group and Company	Profitable	2024	Total
	contracts	Onerous	
	issued	contracts	
	RM'000	issued	RM'000
Claims and other insurance service expenses payable	(139,008)	(50,332)	(189,340)
Insurance acquisition cash flows	(32,502)	(13,070)	(45,572)
Estimates of present value of cash outflows	(171,510)	(63,402)	(234,912)
Estimates of present value of cash inflows	180,916	62,921	243,837
Risk adjustment for non-financial risk	(3,067)	(1,324)	(4,391)
CSM	(6,339)	-	(6,339)
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>(1,805)</b>	<b>(1,805)</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.2 Effect of contracts initially recognised in the year (cont'd.)

(b) Participating (cont'd.)

#### Reinsurance contracts

Group and Company	2025		Total RM'000
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	
	RM'000	RM'000	
Estimates of present value of cash inflows	5,506	6,163	11,669
Estimates of present value of cash outflows	(5,193)	(5,750)	(10,943)
Risk adjustment for non-financial risk	203	184	387
Income recognised on initial recognition	-	(1,779)	(1,779)
<b>CSM</b>	<b>516</b>	<b>(1,182)</b>	<b>(666)</b>

Group and Company	2024		Total RM'000
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	
	RM'000	RM'000	
Estimates of present value of cash inflows	8,235	1,038	9,273
Estimates of present value of cash outflows	(7,785)	(930)	(8,715)
Risk adjustment for non-financial risk	258	21	279
Income recognised on initial recognition	-	(226)	(226)
<b>CSM</b>	<b>708</b>	<b>(97)</b>	<b>611</b>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.3 Contractual service margin

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

Group and Company	2025							Total RM'000
	1 year or less RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	5-10 years RM'000	More than 10 years RM'000	
<b>Insurance contracts</b>								
Life risk	(3,844)	(3,490)	(3,221)	(2,861)	(2,585)	(10,232)	(11,308)	(37,541)
Participating	(11,690)	(9,810)	(8,167)	(6,724)	(5,467)	(14,506)	(54,244)	(110,608)
	(15,534)	(13,300)	(11,388)	(9,585)	(8,052)	(24,738)	(65,552)	(148,149)
<b>Reinsurance contracts</b>								
Life risk	683	345	154	(5)	(102)	(1,572)	9,473	8,976
Participating	(542)	(398)	(302)	(253)	(216)	(874)	551	(2,034)
	141	(53)	(148)	(258)	(318)	(2,446)	10,024	6,942
Group and Company	2024							Total RM'000
	1 year or less RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	5-10 years RM'000	More than 10 years RM'000	
<b>Insurance contracts</b>								
Life risk	(2,635)	(2,365)	(2,157)	(1,920)	(1,713)	(6,278)	(14,694)	(31,762)
Participating	(12,977)	(11,083)	(9,427)	(7,978)	(6,707)	(19,898)	(30,164)	(98,234)
	(15,612)	(13,448)	(11,584)	(9,898)	(8,420)	(26,176)	(44,858)	(129,996)
<b>Reinsurance contracts</b>								
Life risk	1,435	1,156	989	861	748	683	961	6,833
Participating	(219)	(120)	(73)	(51)	(38)	(157)	(2,892)	(3,550)
	1,216	1,036	916	810	710	526	(1,931)	3,283

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.4 Significant judgements and estimates

#### (a) *Fulfillment cash flows*

Fulfillment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's and the Company's objective in estimating future cash flows is to determine the expected value of fulfillment that reflects the group and the company's best estimate of future cash flows, plus explicit risk adjustments that reflect the Group's and the Company's estimate for non-financial risk.

#### Estimates of future cash flows

In estimating future cash flows, the Group and the Company incorporate, 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 experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's and the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group and the Company take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Group and the Company derives cost inflation assumptions from the inflation margin, added onto the base risk-free yield.

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

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## **8. Insurance and reinsurance contracts (cont'd.)**

### **8.4 Significant judgements and estimates (cont'd.)**

#### *(a) Fullfilment cash flows (cont'd.)*

Estimates of future cash flows (cont'd.)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Group and the Company will incur in performing investment activities to the extent that the Group and the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group and the Company generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.4 Significant judgements and estimates (cont'd.)

#### (a) Fullfiment cash flows (cont'd.)

##### *Contract boundaries*

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group and of the Company's substantive rights and obligations under the contract.

Insurance contracts	Some term assurance and critical illness contracts issued by the Group and by the Company have annual terms that are guaranteed to be renewable each year. The Group and the Company determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Group's and the Company's expectation of its exposure to risk for that year and, on renewal, the Group and the Company can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.
Reinsurance contracts	<p>Each of the Group's and the Company's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Group and the Company and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group and the Company expect to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.</p> <p>Each of the Group's and the Company's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.</p>

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.4 Significant judgements and estimates (cont'd.)

#### (a) Fullfiment cash flows (cont'd.)

##### *Mortality (Longevity)*

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are developed based on the national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

The assumptions used, including loss ratios and future claims inflation, are derived from the historical experience, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

The assumptions applied differ by the type of underwriting style, of which there are 3 main underwriting groups:

#### (i) Normally underwritten contracts

These contracts are subject to the normal underwriting rules of the Group and of the Company. The risk exposure for these contracts is mostly Malaysian lives. Therefore the Malaysian mortality table is the basis for setting the assumption.

The latest Malaysian mortality (i.e. 2016-2020) is the basis for the assumption.

#### (ii) Automatically accepted contracts

These contracts have support from reinsurance arrangements to limit the Group's and the Company's mortality exposure. The basis for the assumption is the reinsurance risk rates applicable for the particular arrangement that the contract is covered by.

#### (iii) EPF Annuity

This is a closed block of life annuity contracts written during the years 2000 and 2001 via EPF. The A90 mortality table is the basis for assumption.

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.4 Significant judgements and estimates (cont'd.)

#### (a) Fullfiment cash flows (cont'd.)

##### *Morbidity ("Critical Illness")*

For contracts that provide benefits upon the diagnosis of any of the prescribed "critical conditions", the basis for the assumption is the reinsurance risk rate.

##### *Lapse and Surrender*

Assumptions about lapse and surrender that are used in estimating future cash flows are developed by product type, reflecting recent experience and the expected behaviour of the policyholders within the assumption group.

There are more than 30 assumption groups, each covering contracts that are expected to exhibit similar risk and policyholder behaviour on lapse and surrender. Within each assumption group, the lapse and surrender assumption differs further by the length of period elapsed for the contracts.

The assumption groups are set to reflect the major drivers that the Group and the Company believe to have an influence on lapse and surrender behaviour, including:

- Length of boundary
- Existence (or non-existence) of direct participating features
- Existence (or non-existence) of an investment component upon lapse and surrender
- Individual vs. Group contract
- Single premium vs. regular premium
- For EPF annuity contracts before 65 years old, by attained age because the payment upon surrender is related to the attained age.

While setting the assumptions, we may apply the same assumptions onto more than one of the contract groups. The experience for each of the contract groups is too small to be of acceptable credibility, and we perform the experience study with multiple groups grouped together into larger groups that we believe exhibit the same lapse and surrender behaviour (based on the major influencing factors as described).



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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.4 Significant judgements and estimates (cont'd.)

#### (a) Fullfiment cash flows (cont'd.)

##### *Illiquidity Premium*

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium where applicable to certain contract groups that are assessed as "illiquid contracts". Illiquidity premium is calculated by comparing the expected returns of the allocation of that contract group into assets classes that are deemed illiquid, and calculate their average return spread over the equivalent 10-year Malaysian Government bond. The assets that are deemed as illiquid are "Low Risk bonds" and corporate bonds.

As at the reporting date we determined that 3 of our contract groups are assessed to be "illiquid" and we apply an illiquidity premium of 0.15% onto the yearly discount rate. These contract groups are:

- Individual non-profit savings contracts;
- group mortgage contracts; and
- individual non-profit savings contracts with non-dripping unit account and boundaries of at least 25 years.

##### *Risk adjustments for non-financial risk*

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The approach for determing the fulfillment cash flows with risk adjustment is via adjustments in the projection assumptions used for the Best Estimate Liability of Fulfilment Cash Flows ("BEL FCF"). The amount of risk adjustment ("RA") would then be:

By default, the RA is calculated as the excess of the discounted value of the FCF projected at BEL+RA level over the discounted value at BEL. For certain contract groups the RA is calculated using different subsets of fulfillments as a result of the different designs of the contracts:

- Participating: the excess of the discounted value of the total FCF projected at BEL+RA level over the discounted value at BEL;
- Participating (investment-linked): the excess of the discounted value of the entity FCF projected at BEL+RA level over the discounted value at BEL;
- Short-term: the excess of the undiscounted value of the liability for remaining coverage at the BEL+RA level over the liability for remaining coverage at BEL.

The risk adjustment aims to secure at least a 75% confidence level for the fulfillment.

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## 8. Insurance and reinsurance contracts (cont'd.)

### 8.4 Significant judgements and estimates (cont'd.)

#### (b) Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

For all contracts, the basis for determining the coverage unit is driven by the level of contractual benefits that the entity is obliged to pay to the policyholder.

Type of contract	Basis for driving coverage unit
Participating annuity	- Before annuity commences: surrender value, or mortality benefit if higher - After annuity commences: discounted value of life annuity
Participating others	Max (surrender value, asset share, insurance benefit)
Non-participating	Max (surrender value, insurance benefit)
Investment-linked	Insurance benefit
Medical contracts	Remaining claimable medical benefit
Reinsurance	Benefit reinsured

Risk mitigation option

The Group and the Company use reinsurance contracts to mitigate the insurance risk underwritten.

#### (c) Investment components

The Group and the Company identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

For reinsurance contracts held, the investment component is an amount that the Group and the Company would receive under all possible scenarios, whether had there been no claims recovered, small claims recovered (resulting in a reinsurance profit sharing being paid) or excessive claims recovered (resulting in a reinsurance loss carried forward).

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**9. Other receivables**

	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Group and Company 2024 RM'000</b>
<b>Financial assets:</b>			
Income due and accrued	34,112	33,423	35,705
Other receivables	2,857	2,846	2,896
Due premiums including agents/brokers and coinsurers balances	99	99	102
	37,068	36,368	38,703
<b>Non-financial assets:</b>			
Prepayments	7,330	7,330	5,049
	44,398	43,698	43,752

The carrying amounts of financial assets above approximate their fair values due to the relatively short-term maturity of these balances.

**10. Non-current assets held for sale**

	<b>Note</b>	<b>Group and Company</b>	
		<b>2025 RM'000</b>	<b>2024 RM'000</b>
At 1 January		946	696
Transfer from investment properties	4	-	250
Transfer back to PPE		(521)	-
Transfer back to ROU assets	5	(175)	-
Disposals		(250)	-
At 31 December		-	946

The Group and the Company classify non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment are not depreciated or amortised once classified as held for sale.

Non-current assets classified as held for sale and any cumulative income or expense recognised in other comprehensive income relating to assets classified as held for sale are presented separately as current items in the statement of financial position.

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## 11. Share capital

	Group and Company			
	2025		2024	
	No. of shares (’000)	RM’000	No. of shares (’000)	RM’000
<b>Issued and paid-up:</b>				
Ordinary shares				
At beginning and end of year	100,284	125,024	100,284	125,024

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group and of the Company.

The Group and the Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

## 12. Retained profits

The non-distributable retained profits represent the unallocated surplus from the Participating and Non Participating funds. In accordance with Section 83 of the Financial Services Act 2013, the unallocated surplus is only available for distribution to the shareholders upon recommendation by the Appointed Actuary.

Pursuant to the single tier tax system, any dividends distributed by the Group and by the Company will be exempted from tax in the hands of shareholders. The Group and the Company shall not be entitled to deduct tax on dividend paid, credited or distributed to shareholders.

The Group and the Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for Insurers, the Group and the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target capital level.

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**13. Deferred tax liabilities**

	Note	Group and Company	
		2025	2024
		RM'000	RM'000
<b>At 1 January</b>		56,773	54,193
Recognised in:			
Income statement			
- Taxation of the Company	24	(6,547)	2,580
Insurance contract liabilities		(18)	-
<b>At 31 December</b>		<u>50,208</u>	<u>56,773</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group and Company	
	2025	2024
	RM'000	RM'000
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	71,885	66,884
Deferred tax assets	(21,677)	(10,111)
	<u>50,208</u>	<u>56,773</u>

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

Group and Company	Accelerated capital allowances RM'000	Assets revaluation reserves RM'000	Fair value of investment assets RM'000	Unallocated surplus RM'000	Total RM'000
<b>Deferred tax liabilities</b>					
<b>As at 1 January 2024</b>	700	655	12,678	48,151	62,184
Recognised in:					
Income statement	-	-	8,198	(3,498)	4,700
<b>As at 31 December 2024/1 January 2025</b>	700	655	20,876	44,653	66,884
Recognised in:					
Income statement	1,561	(20)	3,701	(223)	5,019
Insurance contract liabilities	-	(18)	-	-	(18)
<b>As at 31 December 2025</b>	<u>2,261</u>	<u>617</u>	<u>24,577</u>	<u>44,430</u>	<u>71,885</u>

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**13. Deferred tax liabilities (cont'd.)**

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

Group and Company	Accretion and amortisation on investment assets RM'000	Unabsorbed tax losses and unutilised tax exemptions RM'000	Total RM'000
<b>Deferred tax assets</b>			
<b>At 1 January 2024</b>	(5,663)	(2,328)	(7,991)
Recognised in income statement	4,777	(6,897)	(2,120)
<b>At 31 December 2024/1 January 2025</b>	(886)	(9,225)	(10,111)
Recognised in income statement	204	(11,770)	(11,566)
<b>At 31 December 2025</b>	(682)	(20,995)	(21,677)

**Unrecognised deferred tax assets**

The Group and the Company has unrecognised deferred tax asset arising from the following (stated at gross):

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Unabsorbed tax losses in shareholders fund	42,033	38,286
Unutilised tax exemptions	18,194	12,154
	<u>60,227</u>	<u>50,440</u>

The unabsorbed tax losses are allowed to carry forward for a maximum 10 years under the current tax legislation. There is no expiry date for deductible temporary difference and unutilised capital allowances where deferred tax assets were not recognised.

The unabsorbed tax losses will expire in the following years of assessments as shown below:

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Expiring in 2033	3,637	3,637
Expiring in 2034	34,649	34,649
Expiring in 2035	3,747	-
	<u>42,033</u>	<u>38,286</u>

Malaysia have substantively enacted new legislation to implement the global minimum top-up tax. The Group and the Company is subjected to the top-up tax. However, the Group and the Company does not expect the legislation to have a material impact on its financial position or results of operations.

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#### 14. Lease liabilities

	Group and Company	
	2025	2024
	RM'000	RM'000
<b>As at 1 January</b>	11,970	14,926
Additions (Note 5)	372	3,085
Lease modifications	(1,747)	(1,236)
Interest expense on lease liabilities	360	699
Lease payment	(6,286)	(5,504)
<b>As at 31 December</b>	<b>4,669</b>	<b>11,970</b>

#### 15. Other payables

	Note	Group and Company		
		Group 2025	Company 2025	Company 2024
		RM'000	RM'000	RM'000
<b>Financial liabilities:</b>				
Other creditors		37,582	37,582	29,379
		<u>37,582</u>	<u>37,582</u>	<u>29,379</u>
<b>Non-financial liabilities:</b>				
Provision for retirement medical benefits	(i)	5,257	5,257	4,959
Accrued expenses		6,029	6,029	5,822
Other provisions		15,943	15,883	11,526
Amount due to other unitholders	(ii)	1,057	-	-
		<u>28,286</u>	<u>27,169</u>	<u>22,307</u>
		<u>65,868</u>	<u>64,751</u>	<u>51,686</u>

##### (i) Provision for retirement medical benefits

This relates to medical benefits provided to certain former employees after retirement. The movement of the present value of the defined benefit obligation recognised in the statement of financial position is as follows:

	Group and Company	
	2025	2024
	RM'000	RM'000
<b>As at 1 January</b>	4,959	8,603
Provision made/(released) during the year	405	(3,668)
Medical benefits paid	(363)	(380)
Unwinding of discount rate	256	404
<b>As at 31 December</b>	<b>5,257</b>	<b>4,959</b>

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## 15. Other payables (cont'd.)

### (i) Provision for retirement medical benefits (cont'd.)

Principal actuarial assumptions used at the end of the financial year is as follows:

	2025	2024
<b>Group and Company</b>		
Mortality	2022 Abridged Life Table	
Inflation rate (per annum)	10%	10%

The mortality assumption is based on the 2022 Abridged Life Table by the Department of Statistics Malaysia.

The discount rate used is the best estimate of investment returns for participating and annuity business. The gross investment return is 5.50% (2024: 5.50%) for the participating business and 5.00% (2024: 5.00%) for the annuity business. The spot-yields curve of MGS is used for non-participating and investment-linked non-unit funds.

The following tables demonstrates the sensitivity of provision for retirement medical benefits to a reasonable change in discount rate on profit before taxation and equity:

	<----- Increase/(Decrease) ----->		
	Changes in basis points	Impact on profit before taxation RM'000	Impact on equity* RM'000
<b>Group and Company</b>			
<b>2025</b>			
Interest rates	+ 100 bps	101	77
Interest rates	- 100 bps	(107)	(81)
<b>2024</b>			
Interest rates	+ 100 bps	98	75
Interest rates	- 100 bps	(105)	(80)

\* Impact on equity reflects adjustments for tax, when applicable.

The carrying amounts of financial liabilities disclosed above approximate fair value at the reporting date.

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## 15. Other payables (cont'd.)

### (ii) Amount due to other unitholders

Amount due to other unitholders is the non-controlling interests investment in unit trust funds. For the year ended 31 December 2025, the profit attributable to these non-controlling interests amounted to RM1,057,000.

## 16. Subordinated notes

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
RM200.0 million Tier 2 subordinated notes, net of expenses	199,263	199,161
Add: interest payable	87	58
	<b>199,350</b>	<b>199,219</b>
Payable within 12 months	87	58
Payable after 12 months	200,000	200,000
	<b>200,087</b>	<b>200,058</b>
Less: Amortisation of transaction cost	(737)	(839)
	<b>199,350</b>	<b>199,219</b>

In 29 December 2021, the Group and the Company issued subordinated notes of RM200.0 million nominal value for a period of 10 years on a 10 non-callable 5 basis with a coupon rate of 5.30% per annum.

The subordinated notes are unsecured liabilities and classified as Tier 2 capital under Risk Based Capital Framework for Insurers.

### Reconciliation of changes in liabilities arising from financing activities:

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>	199,219	199,152
Amortisation of transaction cost	102	96
Accrued interest	10,600	10,629
Interest paid	(10,571)	(10,658)
<b>At 31 December</b>	<b>199,350</b>	<b>199,219</b>

The fair value of the subordinated notes amounted to RM221,545,000 (2024: RM219,189,000), estimated based on discounted cash flow model using current yield curve appropriate for the remaining term to maturity.

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## 17. Insurance revenue

Group and Company	Life risk		Participating		Short-term		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Contracts not measured under the PAA</b>								
Amounts relating to changes in liabilities for remaining coverage								
- CSM recognised for services provided	3,263	2,866	20,625	14,143	-	-	23,888	17,009
- Change in risk adjustment for non-financial risk for risk expired	527	22	5,672	1,283	-	-	6,199	1,305
- Expected incurred claims and other insurance service expenses	76,720	68,532	106,607	110,337	-	-	183,327	178,869
- Other	406	826	9,515	12,521	-	-	9,921	13,347
Recovery of insurance acquisition cash flows	8,457	5,096	18,881	14,562	-	-	27,338	19,658
	89,373	77,342	161,300	152,846	-	-	250,673	230,188
<b>Contracts measured under the PAA</b>								
	-	-	-	-	243,601	230,504	243,601	230,504
<b>Total insurance revenue</b>	<b>89,373</b>	<b>77,342</b>	<b>161,300</b>	<b>152,846</b>	<b>243,601</b>	<b>230,504</b>	<b>494,274</b>	<b>460,692</b>

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#### 18. Insurance service expense

Group and Company	Life risk		Participating		Short-term		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Insurance service expense</b>								
Incurred claims and other insurance service expense								
- Reported claims	52,214	58,911	66,955	42,857	197,921	217,606	317,090	319,374
- IBNR & RA	3,970	(1,524)	(26)	(3,261)	6,108	(28,902)	10,052	(33,687)
- Insurance acquisition expense incurred	-	-	-	-	25,055	23,075	25,055	23,075
- Insurance acquisition expense experience adjustment	621	326	244	170	-	-	865	496
- Incurred maintenance expenses	35,024	29,810	75,855	93,539	48,723	30,109	159,602	153,458
	91,829	87,523	143,028	133,305	277,807	241,888	512,664	462,716
Amortisation of insurance acquisition cash flows	8,457	5,096	18,881	14,562	-	-	27,338	19,658
Losses and reversal of losses on onerous contracts	8,558	600	2,151	12,707	(211)	5	10,498	13,312
Adjustments to liabilities for incurred claims	(807)	(768)	(4,192)	(3,111)	(3,048)	(1,866)	(8,047)	(5,745)
<b>Total insurance service expense</b>	<b>108,037</b>	<b>92,451</b>	<b>159,868</b>	<b>157,463</b>	<b>274,548</b>	<b>240,027</b>	<b>542,453</b>	<b>489,941</b>

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**18. Insurance service expense (cont'd)**

	Note	Group and Company	
		2025	2024
		RM'000	RM'000
Claims and benefits		319,095	279,942
Fees and commissions		100,140	89,580
Losses on onerous insurance contracts		10,498	13,312
Employee benefits expenses	(a)	93,608	73,180
Directors' remuneration		1,663	1,624
Auditors' remuneration:			
- statutory audits		680	680
- regulatory related services		120	120
- other services		60	-
Office rental		59	31
Equipment rental		291	232
Depreciation of property and equipment	3	7,684	7,719
Amortisation of intangible assets	6	5,583	5,011
Amortisation of right-of-use assets	5	5,123	4,839
Entertainment		912	980
Electronic data processing expenses		15,289	16,320
Advertising and promotion		4,276	8,212
Repair and maintenance		2,091	1,701
Agency training		6,028	11,411
Printing and stationery		1,563	1,782
Electricity and water		869	1,081
Telephone and postages		389	297
Consultancy and legal fees		10,664	8,107
Finance and bank charges		3,486	2,643
Other expenses		13,711	18,458
		<u>603,882</u>	<u>547,262</u>
Amounts attributed to insurance acquisition cash flows incurred during the year		(105,248)	(99,953)
Amortisation of insurance acquisition cash flows		53,258	43,229
		<u>551,892</u>	<u>490,538</u>
<b>Represented by:</b>			
Insurance service expenses		542,453	489,941
Included in other operating expenses		9,439	597
		<u>551,892</u>	<u>490,538</u>

**(a) Employee benefits expenses**

	Group and Company	
	2025	2024
	RM'000	RM'000
Wages and salaries	58,184	53,976
Contributions to defined contribution plan, EPF	10,160	8,929
Social security contributions	534	450
Employee Insurance Scheme	56	50
Other benefits	24,674	9,775
	<u>93,608</u>	<u>73,180</u>

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**19. Net income/(expense) from reinsurance contracts**

Group and Company	2025			Total RM'000
	Life risk RM'000	Participating RM'000	Short-term RM'000	
Allocation of reinsurance premiums paid	(13,754)	(11,157)	(95,373)	(120,284)
<b>Amounts recoverable from reinsurers</b>				
- Recoveries of incurred claims and other insurance service expenses	16,568	14,852	40,412	71,832
- Recoveries and reversal of recoveries of claims on onerous underlying contracts	1,801	5,133	14,012	20,946
Adjustment to assets for incurred claims	(118)	(858)	45,168	44,192
<b>Total net expenses from reinsurance contracts</b>	<b>4,497</b>	<b>7,970</b>	<b>4,219</b>	<b>16,686</b>
Group and Company	2024			Total RM'000
	Life risk RM'000	Participating RM'000	Short-term RM'000	
Allocation of reinsurance premiums paid	(14,135)	(10,806)	(42,434)	(67,375)
<b>Amounts recoverable from reinsurers</b>				
- Recoveries of incurred claims and other insurance service expenses	18,228	21,803	46,476	86,507
- Recoveries and reversal of recoveries of claims on onerous underlying contracts	(1,100)	(226)	114	(1,212)
Effect of changes in non-performance risk of reinsurers	-	-	(11,878)	(11,878)
<b>Total net expenses from reinsurance contracts</b>	<b>2,993</b>	<b>10,771</b>	<b>(7,722)</b>	<b>6,042</b>

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**20. Investment income**

	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Group and Company 2024 RM'000</b>
Net amortisation of premiums on investment (Note 7(d))	(1,744)	(1,622)	(2,590)
FVTPL:			
Interest income	144,174	138,564	146,853
Dividend income:			
- Quoted equity securities	17,030	17,030	18,717
- Quoted exchange traded funds	-	-	5,003
- Quoted unit and property trust funds	3,108	6,597	2,778
- Unquoted equity securities	1,046	1,046	525
Amortised cost	211	211	205
Bank balances interest income	213	213	113
Other investment income	7,200	7,200	3,779
Gross investment income	171,238	169,239	175,383
Less: Investment expenses	(71)	(71)	(78)
	<b>171,167</b>	<b>169,168</b>	<b>175,305</b>

**21. Realised gains and (losses)**

	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Group and Company 2024 RM'000</b>
FVTPL:			
Quoted equity securities	13,398	13,398	3,577
Unquoted debt securities	4,480	4,256	107
Quoted unit and property trust funds	(5,720)	(5,720)	740
	<b>12,158</b>	<b>11,934</b>	<b>4,424</b>

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## 22. Fair value gains and (losses)

	Group 2025 RM'000	Company 2025 RM'000	Group and Company 2024 RM'000
<b>Financial instruments:</b>			
Malaysian Government securities	19,159	19,159	4,888
Government investment issues	5,419	5,419	2,996
Malaysian Government guaranteed bonds	6,275	5,947	2,891
Quoted equity securities	(16,197)	(16,197)	49,294
Quoted unit and property trust funds	21,689	23,793	36,424
Unquoted equity securities	(800)	(800)	12,000
Unquoted debts securities	13,597	13,597	4,394
Investment properties (Note 4)	-	-	(50)
	<u>49,142</u>	<u>50,918</u>	<u>112,837</u>

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### 23. Net finance (expense)/income

Group and Company	2025			Total RM'000
	Life risk RM'000	Participating RM'000	Short-term RM'000	
<b>Net finance expenses from insurance contracts</b>				
Changes in fair value of underlying items	-	(179,901)	-	(179,901)
Experience adjustment in underlying items	-	16,152	-	16,152
Interest accretion	(20,539)	2,331	(3,411)	(21,619)
<b>Total net finance expenses from insurance contracts</b>	<b>(20,539)</b>	<b>(161,418)</b>	<b>(3,411)</b>	<b>(185,368)</b>
<b>Net finance income from reinsurance contracts</b>	<b>584</b>	<b>(36)</b>	<b>63</b>	<b>611</b>
Group and Company	2024			Total RM'000
	Life risk RM'000	Participating RM'000	Short-term RM'000	
<b>Net finance expenses from insurance contracts</b>				
Changes in fair value of underlying items	-	(244,209)	-	(244,209)
Experience adjustment in underlying items	-	2,611	-	2,611
Interest accretion	(9,243)	3,758	(4,417)	(9,902)
<b>Total net finance expenses from insurance contracts</b>	<b>(9,243)</b>	<b>(237,840)</b>	<b>(4,417)</b>	<b>(251,500)</b>
<b>Net finance income from reinsurance contracts</b>	<b>206</b>	<b>(209)</b>	<b>58</b>	<b>55</b>

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## 24. Taxation

The Malaysian tax charge on the life insurance business is based on the method prescribed under the Income Tax Act 1967 for the life funds and shareholder's fund.

The income tax for shareholder's fund is calculated based on the tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year. The income tax for the life fund is calculated based on the preferential tax rate of 8% (2024: 8%) of the assessable investment income net of allowable deductions of the life fund for the financial year.

	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Group and Company 2024 RM'000</b>
Taxation of the Group and of the Company	2,706	2,704	13,566
	<u>2,706</u>	<u>2,704</u>	<u>13,566</u>
Tax expense attributable to policyholders	1,766	1,766	14,680
Tax expense attributable to shareholders	940	938	(1,114)
	<u>2,706</u>	<u>2,704</u>	<u>13,566</u>
			<b>Group and Company 2024 RM'000</b>
	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Company 2024 RM'000</b>
Tax expenses:			
Current tax	9,253	9,251	10,986
Deferred tax	(6,547)	(6,547)	2,580
	<u>2,706</u>	<u>2,704</u>	<u>13,566</u>
Current income tax:			
Malaysian income tax	9,409	9,407	9,308
Under/(Over) provision of income tax expense in prior years	(156)	(156)	1,678
	<u>9,253</u>	<u>9,251</u>	<u>10,986</u>
Deferred tax:			
Relating to origination and reversal of temporary differences	(6,547)	(6,547)	2,580
	<u>2,706</u>	<u>2,704</u>	<u>13,566</u>

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**24. Taxation (cont'd.)**

**(a) Reconciliation of income tax expense**

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

	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Group and Company 2024 RM'000</b>
Profit/(Loss) before taxation	(18,611)	(18,613)	(539)
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	(4,467)	(4,467)	(129)
Tax expense attributable to policyholders	1,766	1,766	14,680
Expenses/(Income) not deductible for tax purposes (Over)/Under provision of income tax expense in prior years	5,563	5,561	(2,663)
	(156)	(156)	1,678
Tax expense for the year	<u>2,706</u>	<u>2,704</u>	<u>13,566</u>

**25. Earnings per share**

Earnings per share is calculated by dividing profit for the financial year attributable to ordinary share holders of the Group and of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
Loss attributable to ordinary share holders: (RM'000)	(21,317)	(14,105)
Weighted average number of shares in issue ('000)	100,284	100,284
Basic and diluted loss per share: (sen)	<u>(21.3)</u>	<u>(14.1)</u>

There were no dilutive potential ordinary shares as at the reporting date.

There have been no other transactions involving ordinary shares between the reporting date and the date of issuance of these financial statements.

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## 26. Cash flows

		<b>Group</b>	<b>Company</b>	<b>Group and Company</b>
	<b>Note</b>	<b>2025</b>	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before taxation		(18,611)	(18,613)	(539)
Investment income	20	(171,167)	(169,168)	(175,305)
Realised gains	21	(12,158)	(11,934)	(4,424)
Fair value gains	22	(49,142)	(50,918)	(112,837)
Purchases of FVTPL financial instruments	7(d)	(719,203)	(708,693)	(399,665)
Placement in deposits with original maturity periods of more than 3 months	7(d)	(10,476)	(10,476)	-
Proceeds from sale of FVTPL financial instruments	7(d)	1,076,291	1,072,544	464,880
Decrease in financial instruments at amortised cost	7(d)	(85)	(85)	73
Interest expense on lease liabilities	14	360	360	699
Interest expense on subordinated notes		10,600	10,600	10,629
Investment income received		175,467	171,450	178,033
<b>Non-cash items:</b>				
Depreciation of property and equipment	3	7,684	7,684	7,719
Loss on disposal of properties	3	29	29	-
Amortisation of right-of-use assets	5	5,123	5,123	4,839
Amortisation of intangible assets	6	5,583	5,583	5,011
Amortisation of subordinated notes transaction cost	16	102	102	96
Revaluation surplus		15	15	-
Property and equipment written-off		7	7	9
Net amortisation of investments	20	1,621	1,621	2,590
Impairment loss on loan receivables	7(d)	116	116	91
Losses/(Gains) on lease modifications		460	460	(69)
<b>Changes in working capital:</b>				
Reinsurance contract assets		(42,828)	(42,828)	(70,988)
Insurance contract assets		1,415	1,415	(4,517)
Other receivables		27,704	(2,229)	3,629
Insurance contract liabilities		(7,875)	(7,875)	48,971
Reinsurance contract liabilities		(2,122)	(2,122)	80,186
Other payables		(21,194)	13,063	(15,842)
Third party interests in consolidated funds		3,138	-	-
<b>Cash generated from operating activities</b>		<b>260,854</b>	<b>265,231</b>	<b>23,269</b>

The Group and the Company classify the cash flows from the acquisition and disposal of financial instruments as operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of the cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under operating activities.

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## 27. Operating lease arrangements

### The Group and the Company as lessor

The Group and the Company have entered into non-cancellable operating lease arrangements on its portfolio of properties. The leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	Group and Company	
	2025	2024
	RM'000	RM'000
Receivable within one year	202	271
Receivable after one year	75	208
	<u>277</u>	<u>479</u>

## 28. Capital commitments

The commitments of the Group and of the Company as at the reporting date are as follows:

	Group and Company	
	2025	2024
	RM'000	RM'000
Approved and contracted for:		
Property and equipment	<u>10,687</u>	<u>21,986</u>
Approved but not contracted for:		
Property and equipment	<u>35,044</u>	<u>33,508</u>

## 29. Significant related party disclosures

### (a) Related parties

The related parties and their relationship with the Group and with the Company as at 31 December 2025 are as follows:

#### Name

Sanlam Life Insurance Limited  
Sanlam Emerging Markets Proprietary Limited ("SEM")  
SEM South East Asia Sdn Bhd  
Pacific & Orient Insurance Co. Berhad  
Koperasi MCIS Berhad

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## 29. Significant related party disclosures (cont'd.)

### (a) Related parties (cont'd.)

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transactions with related parties:</b>		
<b>(i) Rental and utility expenses</b>		
Koperasi MCIS Berhad	(4,688)	(4,018)
<b>(ii) Secretarial fees received/receivable</b>		
SEM South East Asia Sdn Bhd	14	14
<b>(iii) Management support, internal audit support and actuarial audit paid/payable</b>		
Sanlam Life Insurance Limited	65	-
<b>(iv) Premium for insurance cover paid</b>		
Pacific & Orient Insurance Co. Berhad	(50)	(50)
<b>(v) Sponsor for corporate social responsibility activities paid</b>		
Koperasi MCIS Berhad	(50)	(60)
<b>(vi) End-to-end watch list and sanctions screening solution service paid/payable</b>		
SEM	(405)	(359)
<b>(vii) Candidate assessment for hiring purpose</b>		
Sanlam Life Insurance Limited	13	-
<b>Balances with related parties:</b>		
<b>(i) Reimbursable costs to</b>		
Koperasi MCIS Berhad	26	58
SEM	402	85
<b>(ii) Recovery from</b>		
Sanlam Life Insurance Limited	65	-
SEM South East Asia Sdn Bhd	14	14

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## 29. Significant related party disclosures (cont'd.)

### (b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly. In line with this classification, the key management personnel of the Group and of the Company includes directors, CEO and the senior management team.

The remuneration of key management personnel during the year was as follows:

	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Directors' remuneration:</b>		
Directors' allowances and other emoluments	1,613	1,574
	<hr/>	<hr/>
	<b>Group and Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CEO's remuneration:</b>		
Salary and allowances	2,556	2,338
Bonus	936	1,093
Other benefits	590	539
	<hr/>	<hr/>
	4,082	3,970
	<hr/>	<hr/>
<b>Other key management personnel:</b>		
Wages and salaries	8,437	7,574
Other short term benefits	5,092	5,157
Benefits-in-kind	115	29
	<hr/>	<hr/>
	13,644	12,760
	<hr/>	<hr/>

## 30. Regulatory capital requirement

The capital structure of the Company as prescribed under RBC Framework is provided as below:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier 1 capital</b>		
Share capital (paid-up)	125,024	125,024
Reserves, including retained earnings	603,564	702,807
	<hr/>	<hr/>
	728,588	827,831
<b>Tier 2 capital</b>		
Revaluation reserves	7,307	7,532
Subordinated notes	199,350	199,219
	<hr/>	<hr/>
	206,657	206,751
<b>Deductions</b>		
	(32,175)	(27,785)
<b>Total capital available as at 31 December</b>	<hr/>	<hr/>
	903,070	1,006,797
	<hr/>	<hr/>

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### 31. Contingent liabilities

There were no contingent liabilities as at the date of this report.

### 32. Insurance risk

Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Group and the Company to financial loss and may result in the inability to meet its liabilities.

The Group's and the Company's life insurance businesses are exposed to a range of life insurance risks from various products. In providing insurance protection, the Company has to manage risks such as mortality (the death of policyholder), morbidity (ill health), longevity (annuity), persistency (lapsation), product design and pricing.

The mortality and morbidity risks are managed through the use of reinsurance to transfer risks in excess of the Group's and of the Company's risk appetite, appropriate actuarial methodologies/techniques for reserving as well as other risk mitigating measures.

Persistency (or lapsation) risk is managed through monitoring of experience. Where possible, the potential financial impact of lapses is reduced by persistency management, product design requirements, experience monitoring and management actions.

Poorly designed or inadequately priced products may lead to both financial loss and reputation risk to the Group and to the Company. Policies have been developed to support the Group and the Company through complete product development processes, financial analysis and pricing.

The table below shows the concentration of life insurance contract liabilities by type of contract as at the reporting date:

The comparative amount is restated to conform to current period's presentation.

Group and Company	Direct Reinsurance		Net
	Insurance Contracts	Contracts Held	
Life insurance contract liabilities (Net liabilities)	RM'000	RM'000	RM'000
<b>2025</b>			
Life risk	(584,033)	18,527	(565,506)
Participating	(3,127,971)	13,360	(3,114,611)
Short-term	(141,634)	29,122	(112,512)
	<u>(3,853,638)</u>	<u>61,009</u>	<u>(3,792,629)</u>

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**32. Insurance risk (cont'd.)**

The table below shows the concentration of life insurance contract liabilities by type of contract as at the reporting date: (cont'd.)

Group and Company	Direct Reinsurance		Net
	Insurance Contracts	Contracts Held	
Life insurance contract liabilities (Net liabilities)	RM'000	RM'000	RM'000
<b>2024</b>			
Life risk	(623,536)	12,696	(610,840)
Participating	(3,128,865)	6,531	(3,122,334)
Short-term	(107,457)	(3,168)	(110,625)
	<u>(3,859,858)</u>	<u>16,059</u>	<u>(3,843,799)</u>

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia only.

**Key assumptions**

Material judgment is required in the choice of assumptions to determine the value of life insurance liabilities. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The sensitivity analysis below shows the impact of changes in key assumptions on the value of life insurance liabilities. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on liabilities. The correlation of assumptions will have a significant effect in determining the liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

There are no material change to the methods used to derive assumptions from the previous year.

32. Insurance risk (cont'd.)

Key assumptions (cont'd.)

The table below analyses how the CSM, profit or loss and equity would have increased/ (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

Group and Company	Change in assumptions %	CSM		Profit or loss		Equity	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
	< -----	Increase/(Decrease)		-----		----- >	
<b>2025</b>							
Fund based yield	+1%	(93,633)	(96,095)	(17,353)	(17,205)	(13,189)	(13,076)
Fund based yield	-1%	59,009	(5,034)	121,124	130,268	92,054	99,004
Lapse rates	+25%	(3,932)	(25,975)	9,283	12,948	7,055	9,840
Lapse rates	-25%	29,013	43,529	1,597	197	1,214	150
Loss ratio	+10%	18,004	45,166	32,189	44,441	24,464	33,775
Loss ratio	-10%	(9,725)	(50,152)	(18,946)	(25,394)	(14,399)	(19,299)
Mortality rates	+25%	(6,836)	54,941	43,360	67,264	32,954	51,121
Mortality rates	-25%	(4,447)	(173,815)	(11,093)	(20,742)	(8,431)	(15,764)
Risk-free yield	+1%	(595)	(7,873)	(34,022)	(35,045)	(25,857)	(26,634)
Risk-free yield	-1%	(1,025)	(3,425)	43,188	44,758	32,823	34,016
Unit cost	+25%	22,135	(6,584)	25,314	30,500	19,239	23,180
Unit cost	-25%	(18,339)	(4,821)	(17,473)	(20,576)	(13,280)	(15,638)

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### 32. Insurance risk (cont'd.)

#### Key assumptions (cont'd.)

Group and Company	Change in assumptions %	CSM		Profit or loss		Equity	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
	< -----	Increase/(Decrease)		-----		----- >	
<b>2024</b>							
Fund based yield	+1%	(92,574)	(92,518)	(22,507)	(22,563)	(17,105)	(17,148)
Fund based yield	-1%	97,466	91,007	97,345	103,803	73,982	78,891
Lapse rates	+25%	17,061	10,504	(15,300)	(12,844)	(11,628)	(9,762)
Lapse rates	-25%	3,056	5,100	12,699	11,526	9,651	8,760
Loss ratio	+10%	37,239	45,109	13,221	20,999	10,048	15,960
Loss ratio	-10%	2,667	1,406	(10,433)	(16,411)	(7,929)	(12,472)
Mortality rates	+25%	19,084	33,495	25,351	38,711	19,267	29,421
Mortality rates	-25%	7,806	(28,978)	(6,070)	1,280	(4,613)	973
Risk-free yield	+1%	963	791	(26,362)	(27,041)	(20,035)	(20,551)
Risk-free yield	-1%	758	863	34,674	35,906	26,352	27,289
Unit cost	+25%	34,827	31,978	17,668	20,514	13,427	15,591
Unit cost	-25%	(13,910)	(10,857)	(15,875)	(18,929)	(12,065)	(14,386)

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### 33. Financial risk

#### Market and credit risk

Market risk is the risk of asset or liability values being adversely affected by movement in the market prices or rates. This includes interest rate risk, currency risk and equity price risk.

The Group and the Company manage market risk by setting policies on asset allocation, investment limits and diversification benchmarks. The Group and the Company adopts the asset liability matching criteria to minimise the impact of mismatches between the values of assets and liabilities from market movements.

Exposure to fixed income securities provides the Group's and the Company's largest market risk exposure. The Group and the Company monitor its exposure levels through regular stress/sensitivity testing and constant market supervision of the asset prices. The Group and the Company have not transacted in any derivatives.

#### (a) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group and the Company to cash flow interest rate risk, whereas fixed rate instrument expose the Group and the Company to fair value interest rate risk. The Group and the Company's exposure to interest rate risk arises primarily from investment in fixed income securities and deposits with licensed institutions.

The carrying amount, by maturity, of the Group's and of the Company's financial instruments that are exposed to interest rate risk is as disclosed in Note 7(g).

#### Sensitivity analysis:

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of floating rate financial assets and liabilities) and equity (that reflects adjustments to profit before taxation). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

##### (a) Interest rate risk (cont'd.)

Group and Company	<----- (Decrease)/Increase ----->		
	Changes in basis points	Impact on profit before taxation RM'000	Impact on equity* RM'000
<b>2025</b>			
Interest rates	+ 100 bps	(37,747)	(28,753)
Interest rates	- 100 bps	20,797	15,841
<b>2024</b>			
Interest rates	+ 100 bps	(40,067)	(30,514)
Interest rates	- 100 bps	26,641	20,287

\* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

The impact from change in interest rate to the CSM, profit or loss and equity have been disclosed in Note 32.

##### (b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's and the Company's primary transactions are carried out in Ringgit Malaysia (RM) with minimal exposure to foreign currency risks.

##### (c) Equity price risk

Equity price risk is the risk that the fair value of equity assets will be adversely affected by movement in market prices (other than those arising from interest risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

##### (c) Equity price risk (cont'd.)

The Group's and the Company's exposure to equity price risk arises from its investment in quoted equities traded in the Bursa Malaysia. The Group and the Company manage their exposure to equity price risk by setting policies and investment parameters governing asset allocation and investments limits, having regard to such limits stipulated by BNM as well as specific assessment for equity investments falling below 30% of its average historical cost or a prolonged decline in value for 12 consecutive months.

##### Sensitivity analysis:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit after taxation). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	<----- Increase/(Decrease) ----->		
	Change in variables %	Impact on profit before taxation RM'000	Impact on equity* RM'000
<b>Group and Company</b>			
<b>2025</b>			
Market indices:			
Market value	+10%	87,812	12,906
Market value	-10%	(87,812)	(12,906)
<b>2024</b>			
Market indices:			
Market value	+10%	95,553	10,267
Market value	-10%	(95,553)	(10,267)

\* Impact on equity reflects adjustments for tax, when applicable.

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

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

##### (d) Credit risk

Credit risk is the risk of a financial loss resulting from the failure of an intermediary or counterparty to settle its financial and contractual obligations to the Group and to the Company as and when they fall due.

The Group's and the Company's primary exposure to credit risk arises through its investment in fixed income securities and deposits, obligations of reinsurers through reinsurance contracts and receivables from sales of insurance policies. The Group and the Company has in place a credit control policy and investment policy to manage its credit risk.

The Group and the Company manage the exposure to individual counterparties pertaining to its investment in fixed income securities, by measuring the exposure against internal limits, taking into consideration the credit ratings issued by the authorized rating agencies.

The Group and the Company actively monitor and consider the risk of a fall in value of the fixed income securities from changes in the credit worthiness of the issuer by managing individual exposures as well as the concentration of credit risks in its fixed income portfolio through asset allocation, observing minimum credit rating requirements, maximum limits for corporate debt, maximum duration as well as setting maximum permitted exposures to individual counterparties or group of counterparties.

Cash and deposits are placed with financial institutions licensed under the Financial Services Act, 2013 which are regulated by BNM, guided by the Group and the Company's approved exposure limits and minimum credit rating requirements.

Reinsurance arrangements are only placed with providers who meet the Group's and the Company's counterparty credit standards and satisfy the minimum credit rating requirements of the Group and of the Company. The Group and the Company review the credit condition of its reinsurers on an on-going basis and reviews its reinsurance arrangements periodically. The Group and the Company cede business to reinsurers that satisfy the minimum credit rating requirements of the Group and of the Company.

In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group and the Company have no material credit risk on unit-linked financial assets.

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (d) Credit risk (cont'd.)

##### Credit exposure

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the amount of each class of financial and insurance assets recognised in the statement of financial position as shown in the table below:

	<b>Group 2025 RM'000</b>	<b>Company 2025 RM'000</b>	<b>Group and Company 2024 RM'000</b>
FVTPL			
Malaysian Government securities	960,886	960,886	974,018
Government investment issues	232,197	232,197	227,001
Malaysian Government guaranteed bonds	393,698	393,698	395,976
Unquoted debt securities	1,362,321	1,272,323	1,486,519
Deposits with financial institutions	438,071	437,901	231,737
Amortised cost			
Loans receivables	1,630	1,630	1,661
Reinsurance contract assets	190,607	190,607	147,779
Insurance contract assets	36,075	36,075	37,490
Other receivables	37,068	36,368	38,703
Cash and bank balances	44,971	44,911	28,723
<b>Total credit risk exposure</b>	<b>3,697,524</b>	<b>3,606,596</b>	<b>3,569,607</b>

##### Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying assets according to Rating Agency Malaysia, Malaysian Rating Corporation Berhad, A.M. Best Company and Standard and Poor's credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (d) Credit risk (cont'd.)

#### Credit exposure (cont'd.)

#### Credit exposure by credit rating (cont'd.)

Group	2025	<---- Neither past-due nor impaired ---->				Total RM'000
		Investment grade (BBB to AAA) RM'000	Not-rated RM'000	Unit linked RM'000		
FVTPL						
Malaysian Government securities		-	960,469	417	960,886	
Government investment issues		-	231,977	220	232,197	
Malaysian Government guaranteed bonds		-	393,698	-	393,698	
Unquoted debt securities		1,304,240	-	58,081	1,362,321	
Deposits with financial institutions		406,606	-	31,465	438,071	
Amortised cost						
Loans receivables		-	1,630	-	1,630	
Reinsurance contract assets		190,607	-	-	190,607	
Insurance contract assets		-	36,075	-	36,075	
Other receivables		32,603	3,646	819	37,068	
Cash and bank balances		38,772	-	6,199	44,971	
<b>Total credit risk exposure</b>		<b>1,972,828</b>	<b>1,627,495</b>	<b>97,201</b>	<b>3,697,524</b>	

33. Financial risk (cont'd.)

Market and credit risk (cont'd.)

(d) Credit risk (cont'd.)

Credit exposure (cont'd.)

Credit exposure by credit rating (cont'd.)

<---- Neither past-due nor impaired ---->

Company	Investment grade (BBB to AAA) RM'000	Not-rated RM'000	Unit linked RM'000	Total RM'000
<b>2025</b>				
FVTPL				
Malaysian Government securities	-	960,469	417	960,886
Government investment issues	-	231,977	220	232,197
Malaysian Government guaranteed bonds	-	393,698	-	393,698
Unquoted debt securities	1,214,242	-	58,081	1,272,323
Deposits with financial institutions	406,436	-	31,465	437,901
Amortised cost				
Loans receivables	-	1,630	-	1,630
Reinsurance contract assets	190,607	-	-	190,607
Insurance contract assets	-	36,075	-	36,075
Other receivables	32,603	2,946	819	36,368
Cash and bank balances	38,712	-	6,199	44,911
<b>Total credit risk exposure</b>	<b>1,882,600</b>	<b>1,626,795</b>	<b>97,201</b>	<b>3,606,596</b>

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (d) Credit risk (cont'd.)

#### Credit exposure (cont'd.)

#### Credit exposure by credit rating (cont'd.)

<---- Neither past-due nor impaired ---->

Group and Company	Investment grade (BBB to AAA) RM'000	Not-rated RM'000	Unit linked RM'000	Total RM'000
<b>2024</b>				
<b>FVTPL</b>				
Malaysian Government securities	-	973,606	412	974,018
Government investment issues	-	226,785	216	227,001
Malaysian Government guaranteed bonds	-	395,976	-	395,976
Unquoted debt securities	1,430,832	-	55,687	1,486,519
Deposits with financial institutions	181,372	-	50,365	231,737
<b>Amortised cost</b>				
Loans receivables	-	1,661	-	1,661
Reinsurance contract assets	147,779	-	-	147,779
Insurance contract assets	-	37,490	-	37,490
Other receivables	34,920	2,998	785	38,703
Cash and bank balances	27,895	-	828	28,723
<b>Total credit risk exposure</b>	<b>1,822,798</b>	<b>1,638,516</b>	<b>108,293</b>	<b>3,569,607</b>

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (d) Credit risk (cont'd.)

##### Credit exposure (cont'd.)

It is the Group's and the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group and the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group and the Company have not provided the credit risk analysis for the financial assets of the unit linked business where the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholders do not have direct exposure to any credit risk in those assets.

#### Reconciliation of allowance for impairment

Movement in allowances for impairment for financial assets are as follows:

<b>Group and Company</b>	<b>Loans receivables RM'000 (Note 7(b))</b>
<b>Life-time expected credit loss</b>	
At 1 January 2024	778
Charge for the year	91
At 31 December 2024/1 January 2025	<u>869</u>
Charge for the year	116
At 31 December 2025	<u>985</u>

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

##### (e) Cash flow and liquidity risk

Liquidity risk is the risk that the Group and the Company is unable to meet its obligations due to insufficient liquid resources, or would have to incur excessive cost in meeting the obligations. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Group and the Company manages the liquidity risk by monitoring daily cash inflows and outflows and by ensuring a reasonable amount of financial assets are kept in liquid instruments at all times. The Group and the Company also practices asset-liability management and ensures that the average investment duration and maturity profiles match the Group's and the Company's liabilities.

#### Maturity profiles

The table below summarises the maturity profile of the financial and insurance assets and financial and insurance liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Unit linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (e) Cash flow and liquidity risk (cont'd.)

##### Maturity profiles (cont'd.)

Group	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
<b>2025</b>							
Financial investments:							
FVTPL	4,235,440	694,074	793,348	1,705,041	1,454,346	938,069	5,584,878
Amortised cost	1,630	2,248	45	323	-	-	2,616
Insurance contract assets	4,237,070	696,322	793,393	1,705,364	1,454,346	938,069	5,587,494
Reinsurance contract assets	36,075	196	620	(68)	(287)	-	459
Other receivables	190,607	4,844	5,463	3,377	6,426	-	20,110
Cash and bank balances	37,068	37,068	-	-	-	-	37,068
	44,971	44,971	-	-	-	-	44,971
<b>Total financial and insurance assets</b>	<b>4,545,791</b>	<b>783,401</b>	<b>799,476</b>	<b>1,708,673</b>	<b>1,460,485</b>	<b>938,069</b>	<b>5,690,102</b>
Lease liabilities	4,669	4,927	2,591	-	-	-	7,518
Insurance contract liabilities	3,897,020	165,130	761,619	1,889,271	3,477,985	-	6,294,004
Reinsurance contract liabilities	129,598	121	351	422	(284)	-	610
Other payables	65,868	65,868	-	-	-	-	65,868
Subordinated notes	199,350	10,600	42,429	210,600	-	-	263,629
<b>Total financial and insurance liabilities</b>	<b>4,296,505</b>	<b>246,646</b>	<b>806,990</b>	<b>2,100,293</b>	<b>3,477,701</b>	<b>-</b>	<b>6,631,629</b>
<b>Total liquidity surplus/(gap)</b>	<b>249,286</b>	<b>536,755</b>	<b>(7,514)</b>	<b>(391,620)</b>	<b>(2,017,216)</b>	<b>938,069</b>	<b>(941,527)</b>

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (e) Cash flow and liquidity risk (cont'd.)

##### Maturity profiles (cont'd.)

Company	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
<b>2025</b>							
Financial investments:							
FVTPL	4,235,074	688,347	724,273	1,696,963	1,442,041	938,069	5,489,693
Amortised cost	1,630	2,078	105	323	-	-	2,506
Insurance contract assets	4,236,704	690,425	724,378	1,697,286	1,442,041	938,069	5,492,199
Reinsurance contract assets	36,075	196	620	(68)	(287)	-	459
Other receivables	190,607	4,844	5,463	3,377	6,426	-	20,110
Cash and bank balances	36,368	36,368	-	-	-	-	36,368
	44,911	44,911	-	-	-	-	44,911
<b>Total financial and insurance assets</b>	<b>4,544,665</b>	<b>776,744</b>	<b>730,461</b>	<b>1,700,595</b>	<b>1,448,180</b>	<b>938,069</b>	<b>5,594,047</b>
Lease liabilities	4,669	4,927	2,591	-	-	-	7,518
Insurance contract liabilities	3,897,020	165,130	761,619	1,889,271	3,477,985	-	6,294,004
Reinsurance contract liabilities	129,598	121	351	422	(284)	-	610
Other payables	64,751	64,751	-	-	-	-	64,751
Subordinated notes	199,350	10,600	42,429	210,600	-	-	263,629
<b>Total financial and insurance liabilities</b>	<b>4,295,388</b>	<b>245,529</b>	<b>806,990</b>	<b>2,100,293</b>	<b>3,477,701</b>	<b>-</b>	<b>6,630,512</b>
<b>Total liquidity surplus/(gap)</b>	<b>249,277</b>	<b>531,215</b>	<b>(76,529)</b>	<b>(399,698)</b>	<b>(2,029,521)</b>	<b>938,069</b>	<b>(1,036,465)</b>

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### 33. Financial risk (cont'd.)

#### Market and credit risk (cont'd.)

#### (e) Cash flow and liquidity risk (cont'd.)

#### Maturity profiles (cont'd.)

Group and Company	Carrying value	Up to a year	1 - 5 years	5-15 years	Over 15 years	No maturity date	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments:							
FVTPL	4,331,530	594,449	826,814	1,747,006	1,530,150	1,016,279	5,714,698
Amortised cost	1,661	2,010	153	450	-	-	2,613
Insurance contract assets	4,333,191	596,459	826,967	1,747,456	1,530,150	1,016,279	5,717,311
Reinsurance contract assets	37,490	142	662	(15)	(298)	-	491
Other receivables	147,779	4,074	2,560	325	5,620	-	12,579
Cash and bank balances	38,703	38,703	-	-	-	-	38,703
	28,723	28,723	-	-	-	-	28,723
<b>Total financial and insurance assets</b>	<b>4,585,886</b>	<b>668,101</b>	<b>830,189</b>	<b>1,747,766</b>	<b>1,535,472</b>	<b>1,016,279</b>	<b>5,797,807</b>
Lease liabilities	11,970	5,277	7,518	-	-	-	12,795
Insurance contract liabilities	3,904,880	240,856	732,889	1,867,374	3,561,616	-	6,402,735
Reinsurance contract liabilities	131,720	144	411	455	(276)	-	734
Other payables	51,686	51,686	-	-	-	-	51,686
Subordinated notes	199,219	21,229	42,429	221,200	-	-	284,858
<b>Total financial and insurance liabilities</b>	<b>4,299,475</b>	<b>319,192</b>	<b>783,247</b>	<b>2,089,029</b>	<b>3,561,340</b>	<b>-</b>	<b>6,752,808</b>
<b>Total liquidity surplus/(gap)</b>	<b>286,411</b>	<b>348,909</b>	<b>46,942</b>	<b>(341,263)</b>	<b>(2,025,868)</b>	<b>1,016,279</b>	<b>(955,001)</b>

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**33. Financial risk (cont'd.)**

**Market and credit risk (cont'd.)**

**(e) Cash flow and liquidity risk (cont'd.)**

**Maturity profiles (cont'd.)**

The table below summarises the expected utilisation or settlement of assets and liabilities:

<b>Group</b>	<b>Current*</b>	<b>Non-current</b>	<b>Unit linked</b>	<b>Total</b>
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>				
Property and equipment	-	67,427	-	67,427
Right-of-use assets	-	4,329	-	4,329
Intangible assets	-	16,990	-	16,990
Investments:				
FVTPL	642,457	3,041,755	551,228	4,235,440
Amortised cost	1,304	326	-	1,630
Insurance contract assets	35,532	543	-	36,075
Reinsurance contract assets	214,403	(23,796)	-	190,607
Other receivables	43,579	-	819	44,398
Current tax assets	16,030	-	-	16,030
Cash and bank balances	38,772	-	6,199	44,971
<b>Total assets</b>	<b>992,077</b>	<b>3,107,574</b>	<b>558,246</b>	<b>4,657,897</b>
<b>Liabilities</b>				
Insurance contract liabilities	424,908	3,472,112	-	3,897,020
Reinsurance contract liabilities	129,123	475	-	129,598
Deferred tax liabilities	-	50,208	-	50,208
Lease liabilities	3,429	1,240	-	4,669
Other payables	65,868	-	-	65,868
Provision for taxation	9	-	-	9
Subordinated notes	(20)	199,370	-	199,350
<b>Total liabilities</b>	<b>623,317</b>	<b>3,723,405</b>	<b>-</b>	<b>4,346,722</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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**33. Financial risk (cont'd.)**

**Market and credit risk (cont'd.)**

**(e) Cash flow and liquidity risk (cont'd.)**

**Maturity profiles (cont'd.)**

The table below summarises the expected utilisation or settlement of assets and liabilities (cont'd.):

<b>Company</b>	<b>Current*</b>	<b>Non-current</b>	<b>Unit linked</b>	<b>Total</b>
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>				
Property and equipment	-	67,427	-	67,427
Right-of-use assets	-	4,329	-	4,329
Intangible assets	-	16,990	-	16,990
Investments:				
FVTPL	641,687	3,042,159	551,228	4,235,074
Amortised cost	1,304	326	-	1,630
Insurance contract assets	35,532	543	-	36,075
Reinsurance contract assets	214,403	(23,796)	-	190,607
Other receivables	42,879	-	819	43,698
Current tax assets	16,030	-	-	16,030
Cash and bank balances	38,712	-	6,199	44,911
<b>Total assets</b>	<b>990,547</b>	<b>3,107,978</b>	<b>558,246</b>	<b>4,656,771</b>
<b>Liabilities</b>				
Insurance contract liabilities	424,908	3,472,112	-	3,897,020
Reinsurance contract liabilities	129,123	475	-	129,598
Deferred tax liabilities	-	50,208	-	50,208
Lease liabilities	3,429	1,240	-	4,669
Other payables	64,751	-	-	64,751
Subordinated notes	(20)	199,370	-	199,350
<b>Total liabilities</b>	<b>622,191</b>	<b>3,723,405</b>	<b>-</b>	<b>4,345,596</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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**33. Financial risk (cont'd.)**

**Market and credit risk (cont'd.)**

**(e) Cash flow and liquidity risk (cont'd.)**

**Maturity profiles (cont'd.)**

The table below summarises the expected utilisation or settlement of assets and liabilities (cont'd.):

**Group and Company**

<b>2024</b>	<b>Current*</b> <b>RM'000</b>	<b>Non-current</b> <b>RM'000</b>	<b>Unit linked</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Assets</b>				
Property and equipment	-	55,873	-	55,873
Investment properties	-	-	-	-
Right-of-use assets	-	11,126	-	11,126
Intangible assets	-	20,034	-	20,034
Investments:				
FVTPL	498,403	3,315,448	517,679	4,331,530
Amortised cost	1,210	451	-	1,661
Insurance contract assets	37,143	347	-	37,490
Reinsurance contract assets	171,012	(23,233)	-	147,779
Other receivables	42,967	-	785	43,752
Current tax assets	9,826	-	-	9,826
Cash and bank balances	27,895	-	828	28,723
Non-current assets held for sale	946	-	-	946
<b>Total assets</b>	<b>789,402</b>	<b>3,380,046</b>	<b>519,292</b>	<b>4,688,740</b>
<b>Liabilities</b>				
Insurance contract liabilities	329,531	3,575,349	-	3,904,880
Reinsurance contract liabilities	130,982	738	-	131,720
Deferred tax liabilities	-	56,773	-	56,773
Lease liabilities	4,771	7,199	-	11,970
Other payables	51,686	-	-	51,686
Subordinated notes	(44)	199,263	-	199,219
<b>Total liabilities</b>	<b>516,926</b>	<b>3,839,322</b>	<b>-</b>	<b>4,356,248</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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### 34. Operational risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

The Group and the Company mitigates operational risks by establishing a proper framework for controls and procedures, which includes total risk profiling, documented procedures, proper segregation of duties, access controls, authorization and reconciliation procedures and staff training.

The Risk Management and Compliance Department assesses the effectiveness of the operational compliance and report to the Governance, Risk and Compliance Committee and BRMC.

### 35. Fair value measurement

The Group and the Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

#### Level 1 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Group and the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

#### Level 2 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

#### Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

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**35. Fair value measurement (cont'd.)**

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets:

Group	Date of valuation	Fair value measurement using				Total fair value RM'000
		Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000		
<b>Assets measured at fair value:</b>						
FVTPL (Note 7(a)):						
Malaysian Government securities	31 December 2025	-	960,886	-	960,886	
Government investment issues	31 December 2025	-	232,197	-	232,197	
Malaysian Government guaranteed bonds	31 December 2025	-	393,698	-	393,698	
Unquoted debt securities	31 December 2025	-	1,362,321	-	1,362,321	
Quoted equity securities	31 December 2025	291,075	-	-	291,075	
Quoted exchange traded funds	31 December 2025	136,589	-	-	136,589	
Unquoted equity securities	31 December 2025	-	-	59,950	59,950	
Quoted unit and property trust funds	31 December 2025	330,592	-	-	330,592	
Unquoted unit trust funds	31 December 2025	-	30,061	-	30,061	
Deposits with financial institutions	31 December 2025	-	438,071	-	438,071	
		<b>758,256</b>	<b>3,417,234</b>	<b>59,950</b>	<b>4,235,440</b>	
<b>Assets measured at revalued amounts:</b>						
- Property and equipment (Note 3)	December 2025	-	-	9,295	9,295	
		<b>758,256</b>	<b>3,417,234</b>	<b>69,245</b>	<b>4,244,735</b>	

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### 35. Fair value measurement (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets:

Company	Date of valuation	Fair value measurement using			Total fair value
		Level 1 - Quoted market price in active market	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
2025		RM'000	RM'000	RM'000	RM'000
<b>Assets measured at fair value:</b>					
FVTPL (Note 7(a)):					
Malaysian Government securities	31 December 2025	-	960,886	-	960,886
Government investment issues	31 December 2025	-	232,197	-	232,197
Malaysian Government guaranteed bonds	31 December 2025	-	393,698	-	393,698
Unquoted debt securities	31 December 2025	-	1,272,323	-	1,272,323
Quoted equity securities	31 December 2025	291,075	-	-	291,075
Quoted exchange traded funds	31 December 2025	136,589	-	-	136,589
Unquoted equity securities	31 December 2025	-	-	59,950	59,950
Quoted unit and property trust funds	31 December 2025	330,592	-	-	330,592
Unquoted unit trust funds	31 December 2025	-	119,863	-	119,863
Deposits with financial institutions	31 December 2025	-	437,901	-	437,901
		<b>758,256</b>	<b>3,416,868</b>	<b>59,950</b>	<b>4,235,074</b>
<b>Assets measured at revalued amounts:</b>					
- Property and equipment (Note 3)	December 2025	-	-	9,295	9,295
		<b>758,256</b>	<b>3,416,868</b>	<b>69,245</b>	<b>4,244,369</b>

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**35. Fair value measurement (cont'd.)**

Group and Company	Date of valuation	Fair value measurement using				Total fair value
		Level 1 - Quoted market price in active market	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs		
2024		RM'000	RM'000	RM'000	RM'000	
<b>Assets measured at fair value:</b>						
Investment properties (Note 4)	December 2024	-	-	-	-	
<b>FVTPL (Note 7(a)):</b>						
Malaysian Government securities	31 December 2024	-	974,018	-	974,018	
Government investment issues	31 December 2024	-	227,001	-	227,001	
Malaysian Government guaranteed bonds	31 December 2024	-	395,976	-	395,976	
Unquoted debt securities	31 December 2024	-	1,486,519	-	1,486,519	
Quoted equity securities	31 December 2024	473,615	-	-	473,615	
Quoted exchange traded funds	31 December 2024	213,136	-	-	213,136	
Unquoted equity securities	31 December 2024	-	-	60,750	60,750	
Quoted unit and property trust funds	31 December 2024	141,522	-	-	141,522	
Unquoted unit trust funds	31 December 2024	-	127,256	-	127,256	
Deposits with financial institutions	31 December 2024	-	231,737	-	231,737	
		<b>828,273</b>	<b>3,442,507</b>	<b>60,750</b>	<b>4,331,530</b>	
<b>Assets measured at revalued amounts:</b>						
- Property and equipment (Note 3)	December 2024	-	-	9,488	9,488	
		<b>828,273</b>	<b>3,442,507</b>	<b>70,238</b>	<b>4,341,018</b>	

There has been no transfers of financial assets between Level 1 and Level 2 during the financial year ended 31 December 2025 and 2024.

Reconciliation from opening to closing balances of Level 3 fair value hierarchy is provided in Note 3,4,5 and 7.

### 36. Insurance funds

The Group's and the Company's activities are organised into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows:

#### Statements of financial position by fund As at 31 December

Group and Company	Shareholders' fund		Life funds		Total	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>						
Property and equipment	7	29	67,420	55,844	67,427	55,873
Right-of-use assets	-	-	4,329	11,126	4,329	11,126
Intangible assets	-	-	16,990	20,034	16,990	20,034
Investments*	345,848	401,381	3,890,856	3,931,810	4,236,704	4,333,191
Insurance contract assets	-	-	36,075	37,490	36,075	37,490
Reinsurance contract assets	-	-	190,607	147,779	190,607	147,779
Other receivables	6,307	6,630	37,391	37,122	43,698	43,752
Current tax assets	-	-	16,030	9,826	16,030	9,826
Cash and bank balances	243	371	44,668	28,352	44,911	28,723
Non-current assets held for sale	-	-	-	946	-	946
<b>Total assets</b>	<b>352,405</b>	<b>408,411</b>	<b>4,304,366</b>	<b>4,280,329</b>	<b>4,656,771</b>	<b>4,688,740</b>

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### 36. Insurance funds (cont'd.)

The Group's and the Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows (cont'd.):

#### Statements of financial position by fund As at 31 December

Group and Company	Shareholders' fund		Life funds		Total	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Total equity*</b>	169,319	189,931	141,856	142,561	311,175	332,492
<b>Liabilities</b>						
Insurance contract liabilities*	15,807	24,690	3,881,213	3,880,190	3,897,020	3,904,880
Reinsurance contract liabilities	-	-	129,598	131,720	129,598	131,720
Deferred tax liabilities*	(11,121)	(3,794)	61,329	60,567	50,208	56,773
Lease liabilities	-	-	4,669	11,970	4,669	11,970
Other payables	(20,950)	(1,635)	85,701	53,321	64,751	51,686
Subordinated notes	199,350	199,219	-	-	199,350	199,219
<b>Total liabilities</b>	183,086	218,480	4,162,510	4,137,768	4,345,596	4,356,248
<b>Total equity and liabilities</b>	352,405	408,411	4,304,366	4,280,329	4,656,771	4,688,740

\* Included herein are inter-fund transactions and balances which are eliminated in presenting the Company's total results.

36. Insurance funds (cont'd.)

Income statement by fund  
For the financial year ended 31 December 2025

Group and Company	Shareholders' Fund		Life Funds		Total	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	-	-	494,274	460,692	494,274	460,692
Insurance service expenses	(11,150)	(6,603)	(531,303)	(483,338)	(542,453)	(489,941)
Net expenses from reinsurance contracts	-	-	16,686	6,042	16,686	6,042
<b>Insurance service result</b>	<b>(11,150)</b>	<b>(6,603)</b>	<b>(20,343)</b>	<b>(16,604)</b>	<b>(31,493)</b>	<b>(23,207)</b>
Investment income	14,141	15,999	155,027	159,306	169,168	175,305
Realised gains*	1,527	127	10,407	4,297	11,934	4,424
Fair value gains/(losses)*	1,250	(45)	49,668	112,882	50,918	112,837
<b>Investment return</b>	<b>16,918</b>	<b>16,081</b>	<b>215,102</b>	<b>276,485</b>	<b>232,020</b>	<b>292,566</b>
Net finance expense from insurance contracts	-	-	(185,368)	(251,500)	(185,368)	(251,500)
Net finance income from reinsurance contracts	-	-	611	55	611	55
<b>Net financial results</b>	<b>16,918</b>	<b>16,081</b>	<b>30,345</b>	<b>25,040</b>	<b>47,263</b>	<b>41,121</b>
Other operating expenses	(23,002)	(7,079)	(12)	(91)	(23,014)	(7,170)
Finance cost	(10,701)	(10,725)	(668)	(558)	(11,369)	(11,283)
<b>(Loss)/Profit before taxation</b>	<b>(27,935)</b>	<b>(8,326)</b>	<b>9,322</b>	<b>7,787</b>	<b>(18,613)</b>	<b>(539)</b>
Taxation*	7,326	5,299	(10,030)	(18,865)	(2,704)	(13,566)
<b>Net (loss)/profit for the period</b>	<b>(20,609)</b>	<b>(3,027)</b>	<b>(708)</b>	<b>(11,078)</b>	<b>(21,317)</b>	<b>(14,105)</b>

\* Included herein are inter-fund transactions which are eliminated in presenting the Company's total results.

36. Insurance funds (cont'd.)

Statements of cash flows by fund  
 For the financial year ended 31 December 2025

Group and Company	Shareholders' Fund		Life Funds		Total	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from:</b>						
Operating activities	897	16,475	237,948	(20,257)	238,845	(3,782)
Investing activities	-	-	(21,043)	(18,769)	(21,043)	(18,769)
Financing activities	-	-	(5,926)	(4,806)	(5,926)	(4,806)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>897</b>	<b>16,475</b>	<b>210,979</b>	<b>(43,832)</b>	<b>211,876</b>	<b>(27,357)</b>
At beginning of period	38,592	22,117	221,868	265,700	260,460	287,817
At end of period	39,489	38,592	432,847	221,868	472,336	260,460
Cash and cash equivalents comprise of:						
Cash and bank balances	243	371	44,668	28,352	44,911	28,723
Short term deposits with original maturity periods of less than 3 months	39,246	38,221	388,179	193,516	427,425	231,737
	39,489	38,592	432,847	221,868	472,336	260,460



Sec 3

# Shareholders & Our Footprint

# Shareholdings

## ANALYSIS BY SIZE OF SHAREHOLDINGS

as at 12 May 2026

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 1,000	822	37.80	225,157	0.22
1,000 - 10,000	1,290	59.31	2,894,433	2.89
10,001 - 100,000	59	2.71	1,246,303	1.24
100,001 to less than 5% of issued share	2	0.09	259,500	0.26
5% and above of issued shares	2	0.09	95,658,678	95.39
<b>TOTAL</b>	<b>2,175</b>	<b>100.00</b>	<b>100,284,071</b>	<b>100.00</b>

## LIST OF TWENTY (20) LARGEST SHAREHOLDERS

as at 12 May 2026

No.	Name	Holdings	%
1	SANLAM EMERGING MARKETS PROPRIETARY LIMITED	51,144,876	51.00
2	KOPERASI MCIS BERHAD	44,513,802	44.39
3	K RENGASAMY @ RANGGI SAMI A/L KARPAN	146,000	0.15
4	KOPERASI ANGKATAN TENTERA MALAYSIA BERHAD	113,500	0.11
5	SANJAY VOHRAH	93,966	0.09
6	KOPERASI PEGAWAI-PEGAWAI KERAJAAN TAIPING BHD	75,000	0.07
7	ONG KOK MING	55,000	0.05
8	THILAGA A/P PARIASAMY	49,811	0.05
9	NYIOH YONG JIAN	43,000	0.04
10	RAJANTHIRAN A/L K NARAYANASAMY	40,000	0.04
11	SUYADEV A/P A PETER AMAVASI	40,000	0.04
12	SARJIT SINGH A/L TARA SINGH	38,000	0.04
13	NAGAPAN A/L MUTHAYA	32,000	0.03
14	MOEY MENG CHYE	30,000	0.03
15	SOO BENG HONG	30,000	0.03
16	KOPERASI PEKERJA-PEKERJA TNB IPOH BHD	25,000	0.02
17	VOHRAH-MERICAN SDN BHD	25,000	0.02
18	CHONG KONG CHING	23,000	0.02
19	WONG SEE YONG @ NG SAY ENG	23,000	0.02
20	NYIOH HAI CHAU	22,000	0.02



# List of 16 Branches

## ALOR SETAR

No.2, Susuran Tuanku Haminah, Tuanku Haminah Business Centre, Mergong, 05150 Alor Setar, Kedah.  
Tel : 04-7338233  
Fax : 04-7311102



## KULIM

No.630, Jalan Seraya 3/7, Pusat Perniagaan Seraya, 09000 Kulim, Kedah Darul Aman.  
Tel : 04-4927241  
Fax : 04-4927185

## PENANG

G11, Bay Avenue, Lorong Bayan Indah Satu, 11900 Bayan Lepas, Pulau Pinang.  
Tel : 04-6469606 / 04-6469607 / 04-6453379  
Fax : 04-6459609



## SEBERANG PRAI

No.12, Jalan Todak 4, Seberang Jaya, 13700 Perai, Pulau Pinang.  
Tel : 04-3333545

## IPOH

No.11-13, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.  
Tel : 05-2557760 / 05-2541760  
Fax : 05-2550758



## TELUK INTAN

No.17, Taman Ros, Jalan Sultan Abdullah, 36000 Teluk Intan, Perak Darul Ridzuan.  
Tel : 05-6225966  
Fax : 05-6215611

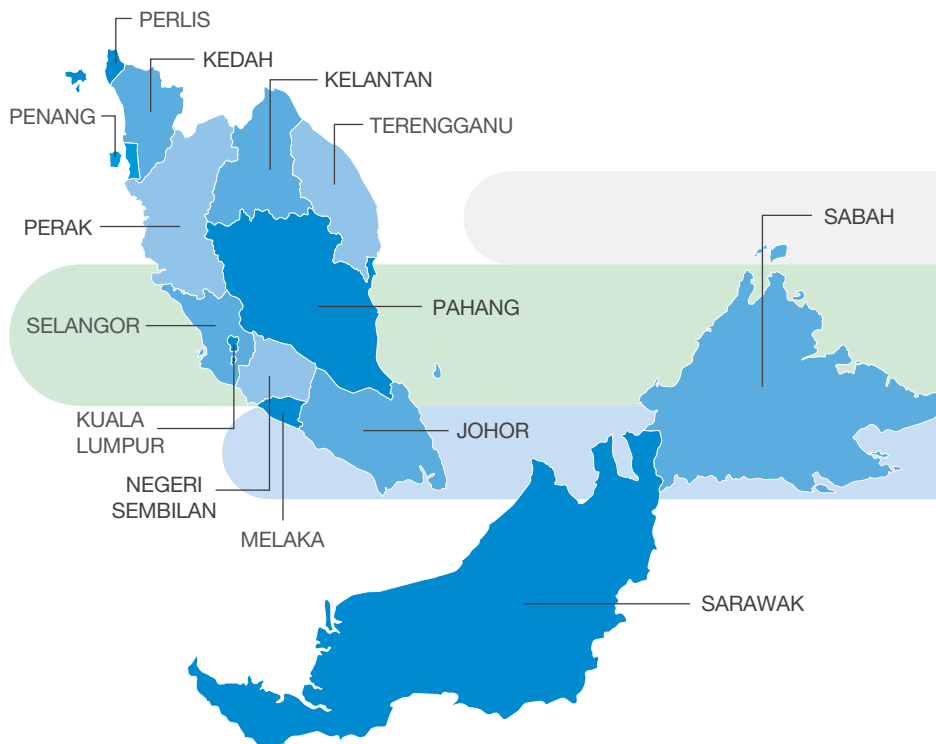
## PETALING JAYA (HEAD OFFICE)

Wisma MCIS, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.  
Tel : 03-76523388  
Fax : 03-79571562



## KLANG

Ground Floor, Menara Amverton, Garden Business Center, No.3, Jalan Istana, 41000 Klang, Selangor.  
Tel : 03-33811299 / 03-33813799



## MEDAN TUANKU

No.305 Medan Tuanku, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.  
Tel : 03-26980441 / 03-26980655 / 03-26980922  
Fax : 03-26929784



## SEREMBAN

No.11-G & 11-1, Jalan Oasis 1, Pusat Perniagaan Oasis, 70200 Seremban, Negeri Sembilan.  
Tel : 06-7613766  
Fax : 06-7636441



## MELAKA

No.138, Kompleks Munshi Abdullah, Jalan Munshi Abdullah, 75100 Melaka.  
Tel : 06-2824575 / 06-2821088  
Fax : 06-2847676



## KOTA BAHRU

Lot 201 & 202, Jalan Pengkalan Chepa, 15400 Kota Bharu, Kelantan Darul Naim.  
Tel : 09-7481070 / 09-7482476  
Fax : 09-7481178



## KUANTAN

21, Jalan Tun Ismail, 25000 Kuantan, Pahang Darul Makmur.  
Tel : 09-5157277  
Fax : 09-5141119



## JOHOR BAHRU

9, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor Darul Takzim.  
Tel : 07-3550310 / 07-3550314  
Fax : 07-3581361



## KOTA KINABALU

No. A-G-13A, A-1-13A & A-2-13A, Block A, Sutera Avenue, Lorong Lebu Sutera, Off Coastal Highway, 88100 Kota Kinabalu, Sabah.  
Tel : 088-241959 / 088-251272  
Fax : 088-241859



## KUCHING

NBX – No. 96, The Northbank, Off Kuching–Samarahan Expressway, 93350 Kuching, Sarawak.  
Tel : 082-364036



# Proxy Form

NO. OF SHARES HELD

**MCIS Insurance Berhad** Registration No. 199701019821 (435318-U)

I/We \_\_\_\_\_, NRIC No. / Company No \_\_\_\_\_

of \_\_\_\_\_

being a member/members of MCIS Insurance Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_, NRIC No. / Company No \_\_\_\_\_

Mobile No \_\_\_\_\_, Email address \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Ninth Annual General Meeting of the Company to be conducted fully via Remote Participation and Voting (video-conferencing) at Cape Town (MCIS Boardroom) at Wisma MCIS, Level 1 Tower 1, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2026 at 11.00 a.m. and any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Approval for Payment of Directors' Fees and Benefits		
Ordinary Resolution 2	Re-election of Director – Gopala Krishnan A/L K.Sundaram		
Ordinary Resolution 3	Re-election of Director – Cheryl Khor Hui Peng		
Ordinary Resolution 4	Re-election of Director – Omer Abdullah		
Ordinary Resolution 5	Re-election of Director – Datuk Sahadivanaidu A/L Baliah		
Ordinary Resolution 6	Re-appointment of Auditors and Authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authority to Directors under Section 75 and 76 of the Companies Act, 2016		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, proxy will vote or abstain at his / her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2026

\_\_\_\_\_  
Signature of Shareholder(s) or where applicable, common seal of Shareholder(s)

**Notes:**

1. Refer to Administrative Guide.

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STAMP

**The Company Secretary**

**MCIS Insurance Berhad** Registration No. 199701019821 (435318-U)

Wisma MCIS

Jalan Barat

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

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## **MCIS INSURANCE BERHAD**

Registration No. 199701019821 (435318-U)

Wisma MCIS, Jalan Barat,  
46200 Petaling Jaya,  
Selangor Darul Ehsan



+603 7652 3388



customerservice@mcis.my



www.mcis.my



mcis life