FWD TAKAFUL BERHAD

200601011780 (731530-M)
(Incorporated in Malaysia)

Director's Report and Audited Financial Statements
31 December 2025

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)

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Directors' report

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

Principal activities

The Company is principally engaged in managing Family Takaful including investment-linked business. There has been no other significant change in the nature of the principal activities during the financial year.

Results

	RM'000
Net profit for the financial year	16,424

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2025.

Reserves and provisions

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

Directors

The Directors who have held office since the beginning of the financial year to the date of this report are:

Datuk Ahmad Hizzad Baharuddin	Chairman, Independent Non-Executive Director
Muhammad Ali Jinnah bin Ahmad	Independent Non-Executive Director
Varsha Abdullah	Independent Non-Executive Director
Abdul Karim bin Md. Lassim	Independent Non-Executive Director
Azim Khursheid Ahmed Mithani	Non-Independent Non-Executive Director
Zaharudin bin Daud	Independent Non-Executive Director *(Appointed on 15 August 2025)*
Pranava Sivabalan	Non-Independent Non-Executive Director *(Appointed on 22 February 2025)*
Azizul bin Zainol	Non-Independent Non-Executive Director *(Term ended on 21 February 2025)*

None of the Directors (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) holding office at 31 December 2025 have any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, the Directors have received total fees of RM1.2 million (FY2024: RM1.2 million). Other than this, none of the Directors of the Company received or became entitled to receive any benefit by reason of a contract made by the Company or its related corporations with the 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.

A corporate liability cover has been entered into by the Company on behalf of all the directors and officers of the Company for the financial year end 31 December 2025 pursuant to section 289 of the Companies Act, 2016. The cost of cover effected amounted to RM5,239.

There were no arrangements to which the Company is a party during and at the end of the financial year which had the objective of enabling the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for a Director who was granted the option to subscribe for shares in the intermediate holding company, FWD Life Insurance Company (Bermuda) Limited, under Executive Share Option Schemes at prices and terms as determined by the schemes.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Auditors' remuneration

Total amount paid or payable to auditors as remuneration during the financial year is RM722,500 (FY2024: RM616,000). There is no indemnity given to or insurance effected for any auditor of the Company.

Other statutory information

Before the financial statements of the Company were prepared, 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or render the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading, or

(v) that would render the actuarial liabilities, including incurred but not reported claims ("IBNR"), inadequate to any substantial extent.

At the date of this report, there does not exist:

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

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

Other statutory information (cont'd.)

No contingent liability or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

Contingent or other liabilities do not include liabilities arising from Takaful certificates underwritten in the normal course of business of the Company.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2025 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Ultimate holding company

The Directors regard PCGI Holdings Limited, a company incorporated in the Cayman Islands as the ultimate holding company.

Subsequent event

On 1 January 2026, FWD Malaysia Holdings Sdn. Bhd. acquired 1,400,000 ordinary shares and 7,290 preference shares in the capital of the Company from FWD Life Insurance Company (Bermuda) Limited. The remaining 600,000 ordinary shares of the capital is held by Employees Provident Fund Board. Consequently, FWD Life Insurance Company (Bermuda) Limited is no longer a shareholder following the transaction.

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Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors:

Datuk Ahmad Hizzad Baharuddin
Chairman

Varsha Abdullah
Director

Kuala Lumpur, Malaysia
18 March 2026

Corporate Governance Disclosure

Board of Directors

Board Responsibility and Oversight

The objectives of the management structures within the Company, headed by the Board of Directors and led by the Chairman, are to deliver sustainable value to shareholders and promote a culture of openness and debate.

The Board's responsibilities include, but are not limited to the following:

(i) setting and overseeing objectives of the Company and the strategies for achieving those objectives;

(ii) overseeing and reviewing the implementation of the Company's governance framework and internal control framework;

(iii) overseeing the selection, performance, remuneration and succession plans of the Chief Executive Officer, control function heads and other members of the senior management;

(iv) ensuring a suitable and transparent corporate structure within the Company which reinforces ethical, prudent and professional behaviour;

(v) ensuring effective audit functions;

(vi) ensuring an appropriate degree of transparency in respect of the structure, operation and risk management of the Company;

(vii) promoting Shariah compliance in accordance with Bank Negara Malaysia's ("BNM") Policy Document on Shariah Governance and ensuring its integration with the Company's business and risk strategies;

(viii) setting corporate values and standards;

(ix) having due regard to any decisions or advice of the Shariah Committee on any Shariah issues relating to the operations, business, affairs or activities of the Company;

(x) taking reasonable steps to ensure that the Shariah Committee is free from any undue influences that may hamper the Shariah Committee from exercising its professional objectivity and independence in deliberating issues brought before them;

(xi) promoting sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;

(xii) overseeing and approving the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Board Responsibility and Oversight (cont'd.)

(xiii) promoting timely and effective communication between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

The Board meets regularly to review reports on performance against financial and other strategic objectives, key business challenges, risk, business developments, and investor and external relations. All Directors have full and timely access to all relevant information. They are also encouraged to have free and open contact with management at all levels. Directors may take independent professional advice if necessary.

At the date of this report, the Board consists of seven (7) members comprising five (5) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The details of the Directors are set out on pages 9 to 14.

Appointments to the Board are made on merit and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board. A rigorous selection process, overseen by the Nominations and Remuneration Committee and based on agreed requirements including the requirements of BNM's Corporate Governance ("CG") Policy Document are followed in relation to the appointment of Directors.

At each Annual General Meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to one-third with the minimum of one) shall retire from office and shall be eligible for re-election only if nominated by a Member. Non-Executive Directors are appointed for an initial two or three-year term and, subject to re-election by the shareholders at Annual General Meetings. The tenure of Independent Non-Executive Directors shall not exceed a cumulative term of maximum nine (9) years.

The terms and conditions of appointment of Non-Executive Directors are set out in a letter of appointment, which include the expectations of them and the time estimated for them to meet their commitment to the Company.

Non-Executive Directors are not FWD Takaful employees and do not participate in the daily business management of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of management in meeting agreed goals and objectives, and monitor the risk profile and reporting of performance of the Company. The Board has determined that each Independent Non-Executive Director is independent in character and judgement, and there are no relationships or circumstances likely to affect the judgement of the Independent Non-Executive Directors.

The roles of the Chairman and Chief Executive Officer are separate, with a clear division of responsibilities between the running of the Board and executive responsibility for running the Company’s business.

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Board Composition

The Company is guided by CG in determining its board composition. The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation. The Board shall have a balance of skills and experience commensurate with the complexity, size, scope and operations of the Company. Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

Board Meetings

The Board met twelve (12) times during the financial year ended 31 December 2025 with timely notices of issues to be discussed.

Details of attendance of each director are as follows:

Directors	Attendance
Datuk Ahmad Hizzad bin Baharuddin (Chairman)	12/12
Muhammad Ali Jinnah bin Ahmad	12/12
Varsha Abdullah	11/12
Abdul Karim bin Md. Lassim	12/12
Zaharudin bin Daud	5/5
Azim Khursheid Ahmed Mithani	11/12
Pranava Sivabalan	10/10
Azizul bin Zainol	2/2

The differences in attendance were due to certain directors being appointed or having resigned during the financial year and, accordingly, they were not in office for all twelve (12) Board meetings.

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Directors' Profile

1 **Datuk Ahmad Hizzad bin Baharuddin, 63**
Chairman / Independent Non-Executive Director
Member of Audit Committee and Nominations and Remuneration Committee

Appointed to the Board: 24 June 2022

Datuk Ahmad Hizzad Baharuddin has more than 32 years of experience in Islamic Finance and Takaful, Financial Sector Supervision/Regulation & Development and Payments Systems and Instruments within BNM. He was the Director General of Labuan Financial Authority (Labuan FSA) from 2011 to 2017. In the same period, Datuk Ahmad Hizzad served as Assistant Governor of BNM from 2014 until his retirement in 2018.

He is currently the Chairman of Labuan Financial Services Authority and KAF Digital Berhad, and an Independent Non-Executive Director of SME Bank Malaysia Berhad.

Datuk Ahmad Hizzad holds a Master of Business Administration from St Louis University, St Louis, Missouri and Bachelor's Degree in Business Studies from Eastern Illinois University, Charleston, Illinois both in the United States of America. He is a Fellow Chartered Banker of the Asian Institute of Chartered Bankers and an Adjunct Professor at the School of Islamic Banking, University Utara Malaysia.

Datuk Ahmad Hizzad does not have any shareholding in the Company.

2 **Muhammad Ali Jinnah bin Ahmad, 47**
Independent Non-Executive Director
Chairman of Nominations and Remuneration Committee and Member of Risk Committee

Appointed to the Board: 21 August 2017

Mr Muhammad Ali Jinnah is a former researcher at ISRA@INCEIF and lecturer at International Islamic University College Selangor (KUIS).

He received his first degree from Al al-Bayt University Jordan, a Master's degree from Loughborough University in the UK. He is also a Chartered Professionals in Islamic Finance (CPIF) and Certified Shariah Advisor (CSA).

He currently serves as a member of the Shariah Committee at Maybank Islamic Berhad. He had also served as a Shariah Committee member at FWD Takaful Berhad, HSBC Amanah Takaful Berhad and BNP Paribas Malaysia Berhad.

Mr Muhammad Ali Jinnah does not have any shareholding in the Company.

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Directors' Profile (cont'd.)

3 Varsha Abdullah, 63
Independent Non-Executive Director
Chairman of Audit Committee and Member of Risk Committee

Appointed to the Board: 15 November 2021

Madam Varsha has extensive years of experience in governance, internal and external audit, finance, investment oversight, insurance operations and enterprise risk management. In 2014, she co-founded Singapore Life Pte Ltd, a life insurance company in Singapore, where she held various positions including Chief Financial Officer, Chief Risk Officer and Group Head of Governance.

She was the Regional Head of Operational Risk at HSBC Insurance Asia Pacific from 2010 to 2013. Prior to this, she assumed the positions as Financial Controller and Chief Operating Officer of HSBC Insurance (Singapore) Pte Limited from May 2005 to January 2007 and February 2007 to January 2010, respectively. At present, Madam Varsha sits on the Boards of FWD Malaysia Holdings Sdn Bhd., FWD Singapore, Partner Reinsurance Asia Pte Ltd, Singapore and AWWA Ltd, a social and welfare charitable organization in Singapore.

She holds a Bachelor of Accountancy (Hons) from the National University of Singapore, a qualified Chartered Financial Analyst and a Fellow Chartered Accountant of Singapore. She also holds a Sustainability and Climate Risk (SCR) certificate by the Global Association of Risk Professionals (GARP).

Madam Varsha does not have any shareholding in the Company.

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Directors' Profile (cont'd.)

4 Abdul Karim bin Md. Lassim, 65
Independent Non-Executive Director
Chairman of Risk Committee and Member of Audit Committee and Nominations and Remuneration Committee

Appointed to the Board: 1 August 2023

Mr Abdul Karim has more than 38 years of cross-industry experience and corporate leadership in business, retail and trading, marketing, banking and finance. He started his career in banking and finance in 1997 with Maybank Finance Berhad and thereafter, with Credit Guarantee Corporation Berhad until 2001. He became the Chief Executive Officer of Southern Finance Berhad from 2003 until 2005 and thereafter was appointed as the Executive Vice President of Automotive Financial Services, Southern Bank Berhad until 2006. After the acquisition of Southern Bank Berhad by CIMB Bank Berhad, he was appointed as the Deputy Head, Retail Financial Services until August 2013.

He held the position as Chief Executive Officer of Touch ‘n Go Sdn Bhd from 2012 until 2015. He then held the position of Chief Executive Officer of PadiBeras Nasional Berhad, Central Sugars Refinery Sdn Bhd and Gula Padang Terap Sdn Bhd between 2015 until 2018.

He is the Chairman of FWD Malaysia Holdings Sdn. Bhd. and currently the Independent Non-Executive Director of Public Investment Bank Berhad. He also sits on the Board of Financial Information Services Sdn Bhd and two of its subsidiaries as Executive Director. Previously, he held several directorships in auto finance, business and trading sectors, among others, as the Board member of PT CIMB Niaga Auto Finance, Indonesia from 2008 to 2015 and Cagamas Berhad from 2005 until 2006.

Mr Abdul Karim holds a Bachelor of Economics (Hons) degree in Economic Analysis and Public Policy from Universiti Kebangsaan Malaysia and Master's degree of Business Administration from Keele University, United Kingdom.

Mr Abdul Karim does not have any shareholding in the Company.

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Directors' Profile (cont'd.)

5 Zaharudin bin Daud, 59
Independent Non-Executive Director
Member of Audit Committee and Risk Committee

Appointed to the Board: 15 August 2025

Mr Zaharudin brings more than 30 years of leadership experience in the insurance and takaful sectors and is known for his strategic and operational expertise. He began his career in an insurance broking house and has since held various senior roles across the insurance industry.

Prior to joining FWD Takaful, he was the President and Group Chief Executive Officer of MNRB Holdings Berhad from 2020 until 2024, where he also served as the Board member of Malaysian Reinsurance Berhad, Takaful Ikhlas General Berhad, Takaful Ikhlas Family Berhad, Motordata Research Consortium Sdn Bhd and Malaysian Re (Dubai) Ltd.

Prior to that, Zaharudin held the position as the Principal Officer of Etiqa Insurance Berhad in Singapore from 2010 till 2014. He was the Chief Executive Officer of Etiqa Insurance Berhad from 2014 to 2018, and subsequently led Etiqa General Takaful Berhad as CEO until 2020. He also served on the Board of Pak-Kuwait Takaful Company Limited from 2013 to 2017. In addition, he was a Management Committee member of Persatuan Insurans Am Malaysia and Life Insurance Association of Malaysia until 2018 and sat on the Board of ISM Insurance Services Malaysia Berhad until August 2020.

He holds an Advanced Diploma in Business Studies (Insurance) from Universiti Teknologi MARA, Malaysia. He is an Associate of the Chartered Insurance Institute (ACII), United Kingdom, and a Chartered Professional in Islamic Finance (CPIF) of the Chartered Institute of Islamic Finance Professionals, Malaysia.

Mr Zaharudin does not have any shareholding in the Company.

Corporate Governance Disclosure (cont'd.)

Board of Directors (cont'd.)

Directors' Profile (cont'd.)

6 **Azim Khursheid Ahmed Mithani, 55**
Non-Independent Non-Executive Director
Member of Risk Committee

Appointed to the Board: 14 August 2023

Mr Azim was appointed to the board on 14 August 2023 as an Executive Director and was redesignated as a Non-Independent Non-Executive Director on 1 April 2024. He was Group Chief Commercial Officer at FWD Group overseeing Group Digital Commerce, Product Proposition, Corporate Communications and Real Estate Management. He has over 30 years of insurance experience gained from a range of leadership roles across Asia and the UK, which included Executive Vice President at Singlife, Chief Operating Officer for Prudential Corporation Asia and Chief Executive Officer of Prudential BSN Takaful in Malaysia.

He holds a Bachelor of Physics (1st Class Hons) degree from Durham University, United Kingdom. He is a qualified actuary. He is also a Chartered Professionals in Islamic Finance (CPIF).

Mr Azim does not have any shareholding in the Company.

7 **Pranava Sivabalan, 38**
Non-Independent Non-Executive Director
Member of Audit Committee and Nominations and Remuneration Committee

Appointed to the Board: 22 February 2025

Mr Pranava was appointed as Non-Independent Non-Executive Director of FWD Takaful Berhad on 22 February 2025.

He has 15 years of experience mainly in the area of Private Equity and Audit. He started his career at Price Waterhouse Coopers, Malaysia where he managed one of the firm’s key accounts in the oil and gas industry. He then joined Employees Provident Fund where he is currently the Head of Private Equity.

Currently, he serves on the Board of Massive Equity Sdn. Bhd. and QSR Brands (M) Holdings Bhd.

Mr Pranava graduated from Monash University, Melbourne, Australia with a Bachelor of Commerce (Majoring in Accounting and Finance).

Mr Pranava does not have any shareholding in the Company.

Corporate Governance Disclosure (cont'd.)

Training and Development

Formal, tailored induction programmes are arranged for newly appointed Directors. The induction programmes consist of a series of meetings with senior executives to enable new Directors to familiarise themselves with the Company's business and operations. Directors also received comprehensive guidance from the Company Secretary on Directors' duties and responsibilities.

Training and development are provided for Directors and are regularly reviewed by the Nominations and Remuneration Committee supported by the Company Secretary. Executive Directors develop and refresh their skills and knowledge through day-to-day interactions and briefings with senior management of the Company's businesses and functions. Non-Executive Directors have access to external training and development resources under the Directors' training and development framework approved by the Board. Awareness and discussion sessions were conducted by senior executives and subject matter experts on emerging technologies, financial crime compliance, regulatory initiatives and other business developments.

All Directors had attended briefings, dialogue sessions and trainings during the financial year under review that includes the following:

- Responsibilities in an era of unprecendented Cyber/Tech evolution
- Climate Risk Testing
- Cyber Defence and Resilience
- The Concept of Al-I'anah ala Al-Ma'siyah
- Application for Hajah Type 2 for subscription of Group Corporate Insurance Program
- Hijrah27 - A Transformational Journey
- Insurtech Insights Europe 2025

Corporate Governance Disclosure (cont'd.)

Board Committees

The Board has established a number of committees, the membership of which comprise non-executive Directors who have the skills, knowledge and experience relevant to the responsibilities of the committee. The Board and each Board committee have terms of reference to document their responsibilities and governance procedures. The details of the Board Charter comprising the Board committees' Terms of Reference are available on the Company's corporate website (www.fwd.com.my).

As at the date of this report, the following are the principal committees:

(a) Audit Committee ("AC")

The Audit Committee is accountable to the Board and has non-executive responsibility for oversight of and advice to the Board on financial reporting related matters and internal controls over financial reporting, covering all material controls. The Audit Committee reviews the financial statements of the Company before submission to the Board. It also monitors and reviews the effectiveness of the internal audit function and the Company's financial and accounting policies and practices. The Audit Committee advises the Board on the appointment of the external auditors and is responsible for oversight of the external auditors.

The Audit Committee meets regularly with the Company's senior financial and internal audit management and the external auditor to consider, inter alia, the Company's financial reporting, the nature and scope of audit reviews and the effectiveness of the systems of internal control relating to financial reporting.

The members of the Audit Committee, are:
- Varsha Abdullah (Chairman)
- Datuk Ahmad Hizzad bin Baharuddin
- Abdul Karim bin Md. Lassim
- Pranava a/l Sivabalan (Appointed as Member of AC on 22 February 2025)
- Zaharudin bin Daud (Appointed as Member of AC on 25 August 2025)
- Azizul bin Zainol (Ceased as Member of AC on 21 February 2025)

During 2025, the Audit Committee held 6 meetings. Attendance is set out in the table below:

Directors	Attendance
Varsha Abdullah	6/6
Datuk Ahmad Hizzad bin Baharuddin	6/6
Abdul Karim bin Md. Lassim	6/6
Azizul bin Zainol	1/1
Pranava a/l Sivabalan	5/5
Zaharudin bin Daud	1/1

Corporate Governance Disclosure (cont'd.)

Board Committees (cont'd.)

(b) Risk Committee ("RC")

The Risk Committee is accountable to the Board and has non-executive responsibility for oversight of and advice to the Board on high level risk related matters and risk governance.

The Risk Committee meets regularly with the Company's senior financial, risk, internal audit and compliance management to consider, inter alia, risk reports and internal audit reports and the effectiveness of compliance with internal and external guidelines and regulations.

The Board and the Risk Committee oversee the maintenance and development of a strong risk management framework by continually monitoring the risk environment, top and emerging risks facing the Company and mitigation actions planned and taken. The Risk Committee recommends the approval of the Company's Enterprise Risk Management Policy, Framework and Risk Appetite Statement to the Board and monitors performance against the key performance/risk indicators included within the statement. The Risk Committee monitors the risk profiles for all of the risk categories within the Company's business.

The members of the Risk Committee, all being Non-Executive Directors, are:
- Abdul Karim bin Md. Lassim (Chairman)
- Muhammad Ali Jinnah bin Ahmad
- Varsha Abdullah
- Azim Mithani (Appointed as Member of RC on 25 August 2025)
- Zaharudin bin Daud (Appointed as Member of RC on 25 August 2025)
- Datuk Ahmad Hizzad bin Baharuddin (Ceased as Member of RC on 25 August 2025)

During 2025, the Risk Committee held 5 meetings. Attendance is set out in the table below:

Directors	Attendance
Abdul Karim bin Md. Lassim	5/5
Muhammad Ali Jinnah bin Ahmad	5/5
Datuk Ahmad Hizzad bin Baharuddin	4/4
Varsha Abdullah	5/5
Azim Mithani	1/1
Zaharudin bin Daud	1/1

Corporate Governance Disclosure (cont'd.)

Board Committees (cont'd.)

(c) Nominations and Remuneration Committee ("NRC")

The Nominations and Remuneration Committee is responsible for:- (i) leading the process for Board appointments and for identifying and nominating, for the approval of the Board, candidates for appointment to the Board; (ii) reviewing the candidates for appointment to the senior management team; (iii) appointment and reappointment of Shariah Committee members; and (iv) supporting the Board in overseeing the operation of the Company's remuneration system and reviewing the remuneration of Directors on the Board.

The Nominations and Remuneration Committee considers plans for orderly succession to the Board and the appropriate balance of skills, knowledge and experience on the Board. The Nominations and Remuneration Committee assists the Board in the evaluation of the Board's own effectiveness and that of its committees annually. The findings of the performance evaluation and the implementation of actions arising from the performance evaluation are reported to the Board.

Chief Executive Officer's performance evaluation is undertaken as part of the performance management process for all employees. The results will be considered by the Nominations and Remuneration Committee when reviewing the variable pay awards.

The members of the Nominations and Remuneration Committee, all being Non-Executive Directors, are:

- Muhammad Ali Jinnah bin Ahmad (Chairman)
- Datuk Ahmad Hizzad bin Baharuddin
- Pranava a/l Sivabalan (Appointed as Member of RC on 22 February 2025)
- Abdul Karim bin Md Lassim (Appointed as Member of RC on 22 August 2025)
- Azizul bin Zainol (Ceased as Member of RC on 21 February 2025)

During 2025, the Nominations and Remuneration Committee held 10 meetings. Attendance is set out in the table below:

Directors	Attendance
Muhammad Ali Jinnah bin Ahmad	10/10
Datuk Ahmad Hizzad bin Baharuddin	10/10
Azizul bin Zainol	2/2
Pranava a/l Sivabalan	8/8
Abdul Karim bin Md Lassim	4/4

Corporate Governance Disclosure (cont'd.)

Board Committees (cont'd.)

(d) Shariah Committee ("SC")

The SC was established with delegated authorities of the Board on the shariah operations and management of day-to-day running of the Company in accordance with Shariah compliance and principles based on the Board's policies and directions.

The current members of the SC are:
- Dr. Yusri bin Mohamad (Chairman)
- Dr. Mohammad Mahbubi bin Ali
- Sahibus Samahah En. Ahmad Fauwaz bin Ali@Fadzil
- En. Ismail bin Nik
- Prof. Dr. Asmak binti Ab Rahman
- En. Lokmanulhakim bin Hussain (Term ended on 31 May 2025)

The duties and responsibilities of SC are as follows:

a) provide decision or advice to FWD Takaful on the application of any rulings of the Shariah Advisory Council ("SAC") of Bank Negara Malaysia or standards on Shariah matters that are applicable to the operations, business, affairs and activities of FWD Takaful;

b) provide decision or advice on matters which require reference to be made to the SAC;

c) provide decision or advice on the operations, business, affairs and activities of the Company which may trigger Shariah non-compliant event;

d) deliberate and affirm Shariah non-compliance finding by any relevant functions;

e) endorse rectification measures to address Shariah non-compliant event;

f) endorse Shariah policies and procedures prepared by the Company;

g) endorse, validate and approve documentations which include the terms and conditions contained in the proposal form, contract, agreement or other legal documentation, product manual, marketing advertisements, benefit illustrations and brochures used to describe a particular product;

h) advise on permissible investment in relation to the Company's products and the selection of share counters which are in compliance with Shariah;

i) represent the company during meetings with Bank Negara Malaysia to explain the concept, issues or solutions related to Shariah matters pertaining to the Company's business; and

Corporate Governance Disclosure (cont'd.)

Board Committees (cont'd.)

(d) Shariah Committee ("SC") (cont'd.)

j) assess the work carried out by Shariah review, Shariah risk and Shariah audit in order to ensure compliance with Shariah matters which forms part of the SC duties in providing assessment of Shariah compliance and assurance information in the annual report.

During 2025, the SC held 13 meetings including special meetings. Attendance is set out in the table below.

Shariah Committee Members	Attendance
Dr. Yusri bin Mohamad (Chairman)	13/13
Dr. Mohammad Mahbubi bin Ali	13/13
Sahibus Samahah En. Ahmad Fauwaz bin Ali@Fadzil	13/13
En. Ismail bin Nik	13/13
Prof. Dr. Asmak binti Ab Rahman	13/13
En. Lokmanulhakim bin Hussain (Term ended on 31 May 2025)	5/6

Delegations by the Board

Executive Committee

The Executive Committee consists of key senior management members who meet regularly and operate as a general management committee under the direct authority of the Board, exercising all of the powers, authorities and discretions of the Board in so far as they concern the management and day to day running of the Company, in accordance with such policies and directions as the Board may, from time to time, determine. The Company's Chief Executive Officer chairs the Executive Committee.

Regular Compliance and Operational Risk Committee and Asset Liability Management Committee Meetings responsible for overseeing risk in place, chaired by the Chief Risk Officer, are held to establish, maintain and periodically review the Enterprise Risk Management Framework, Enterprise Risk Management Policy, Internal Control Policy, Risk Appetite Statement and related guidelines for the management of risk within the Company.

To strengthen the governance framework in anticipation of structural and regulatory changes that affect the Company, the following sub-committees of the Executive Committee were established:

(a) Asset and Liability Management Committee
The Asset and Liability Management Committee is to oversee the management of takaful risk, market risk, credit risk, asset liability management and investment matters of the Company.

Corporate Governance Disclosure (cont'd.)

Executive Committee (cont'd.)

(b) Compliance and Operational Risk Committee
The Compliance and Operational Risk Committee is to oversee the management of compliance and operational risk matters.

(c) IT Steering Committee
The IT Steering Committee is responsible for the oversight of the implementation and development of IT strategy. The committee is accountable for reviewing, challenging and approving IT financial planning and IT performance.

Conflicts of Interest and Indemnification of Directors

The Board has adopted policies and procedures relating to Directors' conflicts of interest. Where conflicts of interest arise, the Board has the power to authorise them.

The Constitution provides that Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions. Such indemnity provisions have been in place but have not been utilised by the Directors. All Directors have the benefit of directors' and officers' liability cover, with a limit of RM5,730,727.

None of the Directors had, during the year, a material interest, directly or indirectly, in any contract of significance with the Company. All Directors are regularly reminded of their obligations in respect of disclosure of conflicts or potential conflicts of interest in any transactions with the Company.

Management Reports

The Board meetings are structured around a pre-set agenda and reports for discussion, notation and approvals are circulated in advance of the meeting dates. To enable Directors to keep abreast with the performance of the Company, key reports submitted to the Board during the financial year include:

- Minutes of the Board Committees
- Business Plan
- Business Progress Report
- Financial Performance Report
- Risk Appetite Statement
- Internal Capital Adequacy Assessment Process
- Risk Management Reports

Corporate Governance Disclosure (cont'd.)

Management Reports (cont'd.)

- Operational Risk Report
- Scenario Stress Testing Results
- Financial Crime Compliance: Anti-Money Laundering and Counter Terrorist Financing Reports
- Technology Risk Report
- Regulatory Compliance Report
- Capital Management Plan
- Investment Performance
- People Plan

Internal Control Framework

The Directors are responsible for reviewing the effectiveness of risk management and internal control systems and for determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives. To meet this requirement, procedures have been designed for safeguarding assets against unauthorised use or disposal, for maintaining proper accounting records and for ensuring the reliability and usefulness of financial information used within the business or for publication.

These procedures can only provide reasonable but not absolute assurance against material misstatement, errors, losses or fraud. Key risk management and internal control procedures include the following:

- Enterprise Risk Management Framework

  The Enterprise Risk Management ("ERM") Framework provides the high-level risk management, structures and processes we use to manage risks, throughout the Company. The FWD Group ERM Framework has been localised by the Company. The ERM Framework has four main components: Risk Management Framework and Principles, Roles & Responsibilities, Risk Management Processes and Risk Assessment Methodology, which provides a consistent mechanism to manage risks across the organisation.

- Delegation of authority within limits set by the Board

  Authority to manage the day to day running of the Company is delegated within limits set by the Board to the Chief Executive who has responsibility for overseeing the establishment and maintenance of systems of control appropriate to the business and who has the authority to delegate such duties and responsibilities as he sees fit. Appointments to certain senior positions within the Company require the approval of the Board of Directors.

Corporate Governance Disclosure (cont'd.)

Internal Control Framework (cont'd.)

- Strategic plans

  Periodic strategic plans are prepared for Businesses and Functions within the framework of the FWD Group's strategy. The Company also prepares and adopts an Annual Business Plan, which is informed by detailed analysis of risk appetite, describing the types and quantum of risk the company is prepared to take in executing its strategy and sets out the key business initiatives and the likely financial effects of those initiatives.

- Risk identification and monitoring

  Systems and procedures are in place to identify, control and report on the major risks facing the Company as set out below:

  – Investment, Asset & Liability Management, Capital Risks (including Market, Credit, Liquidity & Surrender and Asset concentration)
  – Takaful Risks (including Mortality, Morbidity, Persistency, Expense, Underwriting, Claim, Pricing and Model Risk)
  – Shariah Risks (including Shariah Non-Compliance, Process, System & Transaction, Governance and Competency)
  – Strategic Risks (including Group, Channel, Reputation, Business Intelligence and Technological Strategy and Political & Social Risk)
  – Operational and Compliance risk (including Fraud, Employment & Workplace Safety Practice, Clients, Products & Conduct, Damage to Physical Assets, Business Disruption, Governance Process and Internal Controls, Execution and Technology and Cyber, Outsourcing and Project Management Risk)

  Exposure to these risks is monitored by the Risk Committee through the Compliance and Operational Risk Committee and Asset & Liability Management Committee, both of which are chaired by the Chief Risk Officer.

- Changes in market conditions/practices

  Processes are in place to identify new risks arising from changes in market conditions/practices or customer behaviours, which could expose the Company to heightened risk of loss or reputational damage. The Company employs an active risks framework, which enables it to identify current and forward-looking risks and to take action which either prevents them materialising or limits their impact.

Corporate Governance Disclosure (cont'd.)

Internal Control Framework (cont'd.)

- During 2025, attention was focused on:

  - Agency Recruitment, Retention and Activation Risk
  - Persistency Risk
  - Expense Overrun Risk
  - Business Concentration Risk
  - Competition Risk
  - IT Risk
  - Regulatory Compliance Risk
  - Cyber Risk
  - Corporate Branding Risk
  - Conduct Risk

- IT operations

  Centralised functional control is exercised over all IT development and operations. Common systems are employed for similar business processes wherever practicable.

- Financial reporting

  The Company's financial reporting process for preparing the financial statements is in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016, in Malaysia and supported by a chart of accounts with detailed instructions and guidance on reporting requirements, issued by FWD Group finance to the Company in advance of each reporting period end. The submission of financial information from the Company is subject to certification by the responsible financial officer, and analytical review procedures at the Company.

- Responsibility for risk management

  Every employee is responsible for the identification and management of risk within the scope of their role as part of the Three Lines of Defence ("3LOD") model. The senior management team are accountable for these assigned risks in their respective areas of responsibility and report and escalate as necessary through the risk governance structures. Policies, procedures and limits are defined to ensure that business activities remain within an appropriate level of risk. All employees have a role to play in risk management. These roles are defined using the 3LOD model, which takes into account the business and functional structures. The model delineates management accountabilities and responsibilities for risk management and the control environment within each of the lines of defence, thereby creating a robust control environment to manage risks.

Corporate Governance Disclosure (cont'd.)

Internal Control Framework (cont'd.)

- Functions, processes, systems and internal controls

  The ERM Environment and Process should include internal controls, systems and functions that are adequate and effective for strategy, risk profile, applicable legal and regulatory requirements and be adaptable to internal and external changes. Key Control Self-Assessment ("KCSA") is the tool to ensure that the primary controls within key business processes that help manage key risks are documented and subject to regular review by risk/process owners. The results of KCSA are subject to 2nd line review. Adequate communication and training should be in place to ensure all staff fully understand and adhere to the internal controls and their respective duties and responsibilities as well as reporting lines.

- Internal audit

  FWD Takaful Berhad's Internal Audit is responsible for developing and maintaining an efficient and effective programme of internal auditing to enhance the Company's capacity to manage risk and to provide the Audit Committee, and management that, on an ongoing basis, the system of internal control of the Company, taken as a whole, achieves the following objectives:

  - Achievement of the Company's strategic objectives (align audits to strategy);
  - Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations and programs;
  - Safeguarding of assets; and
  - Compliance with laws, regulations, policies, procedures, and contracts.

  Annually, Internal Audit will develop a flexible three-year audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management. The audit plan will be tabled to the Audit Committee for review and approval.

  The frequency and scope of audit coverage are determined from the on-going assessment of risk. The audit programme includes obtaining an understanding of the systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls. In addition, the internal audit plan supports management in other capacities such as:

  - Conducting special investigations regarding errors or irregularities.
  - Participating in evaluating the control aspects of development of new policies, procedures, products and systems to appraise the adequacy and effectiveness of the proposed systems of control.
  - Participating in examinations of potential acquisitions or sales.
  - Conducting reviews to determine compliance with a specific law or regulation.

Corporate Governance Disclosure (cont'd.)

Internal Control Framework (cont'd.)

- Internal audit (cont'd.)

  Management is responsible for fraud prevention and detection. As internal audit performs its work, it will be observant of manifestations of the existence of fraud and weaknesses in internal control which would permit fraud to occur or would impede its detection.

  The Head of Internal Audit submits periodic, but no less than quarterly, reports to the Audit Committee, and Executive Management on the status and results of the internal audit programme, significant control issues and the overall adequacy of the control environment. Reports relating to individual audits are addressed to the applicable senior management who are required to respond as to corrective actions taken.

Remuneration Policy

FWD's Remuneration Policy ensures all employees are paid a fair compensation for the contribution they make. Total compensation will be equitable throughout the Company and competitive to those with similar capacity in the marketplace. Heavy emphasis is on Pay for Performance, hence the variable component forms a material part of the total compensation.

The key objectives of the Policy are to:

- Align employee compensation with the achievement of Company's business strategy and individual contributions
- Ensure employee total compensation is equitable internally and competitive to those with similar capacity in the marketplace
- Encourage and incentivise outstanding contributions

The Company adopts an approach in providing a transparent and simple compensation framework to incentivise Pay for Performance. Therefore, to ensure alignment between remuneration and business strategy, individual remuneration is determined through assessment of performance, delivered against both annual and long-term objectives summarised in performance scorecards with well-articulated Key Performance Indicators ("KPI") as well as adherence to FWD Group's Core Values of Proactive, Innovative, Commitment, Caring and Open.

The typical structure of employee remuneration, including those of the members of the Executive Committee will comprise (as applicable), fixed remuneration consisting of base salary, cash allowances, provident fund and employee benefits, as well as variable remuneration consisting of short-term and/or long-term incentive awards.

The short-term incentive plan ("STI") and long-term incentive plan ("LTI") are aimed to align the remuneration framework with the achievement of the Company's key financial targets, the execution of the business strategy, the risk management framework and the operational plans.

Corporate Governance Disclosure (cont'd.)

Responsibilities

The Board of Directors ("Board") is responsible for the implementation of the Remuneration Policy as well as related rules and regulations. It also has overall responsibility for the approval of compensation plans and compensation expenses.

The Board also ensures an annual review of the Remuneration Policy and its implementation is reviewed at regular intervals.

The Nominations and Remuneration Committee is to assist the Board by reviewing and making recommendations in respect of the remuneration policies and framework for all employees. It is responsible for reviewing and proposing compensation recommendations for Board approval.

Remuneration Practices

Risk and control considerations are an integral part of the remuneration processes. The Company's approach to remuneration includes a focus on risk and internal control matters and discourages excessive risk taking. As part of the overall corporate governance framework, the Company ensures its remuneration policy and structure are in line with the requirements of governance regulations. Hence, from a risk management perspective, the remuneration policy is supported by strong governance and sensitive to risk outcomes.

Employee rewards are reviewed on an annual basis and consistent with business performance and prudent risk management. Appropriately, involvement by the relevant control functions is sufficiently embedded to provide an independent and objective assessment of the remuneration principles and practices which are pre-requisites for executing a sound remuneration policy.

The Company's performance management principle and process ensure KPI continue to focus on outcomes delivered that are aligned to the Company's business plan. Each of the Executive Committee and Other Material Risk Takers ("OMRT") carry Compliance, Risk, Audit, and Shariah goals in their individual scorecard and are cascaded accordingly. OMRT is defined to include officer(s) who are materially committed or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on the Company's risk profile. Members of the Executive Committee are considered as performing a senior management function whose primary or significant responsibility is for the management and performance of significant business activities and includes those who assume primary or significant responsibility for key control functions.

The KPI setting continues to shape the Company's culture, actively drive governance agenda effectively where inputs from control functions and Board Committees are incorporated into the departments and individual performance results. Employees engaged in all control functions including Compliance, Risk, Actuarial, Audit and Shariah departments do not carry business targets in their scorecard. Their compensation is dependent on the achievement of key results in their respective domain.

Corporate Governance Disclosure (cont'd.)

Remuneration Practices (cont'd.)

The Company's control functions provide feedback to the Human Resources Department and the NRC on relevant breaches of the Company's internal policies or practices.

Internal Audit, as part of standard procedure, conducts regular reviews of compensation to ensure that Remuneration Policy standards, external regulations, and guidelines are adhered to, and that processes for achieving and maintaining balanced incentive compensation arrangements are consistently followed.

The NRC takes into account feedback from these control functions in its annual review of the Company's performance and in determining the variable incentive compensation pools. The remuneration of the Executive Committee including the Chief Executive Officer of the Company are reviewed annually by the NRC based on the overall remuneration framework approved by the Board.

Remuneration Policy in respect of members of the Executive Committee

Members of the Executive Committee comprise of the Chief Executive Officer, Senior Management Team and such other executives as the Board of Directors and/or regulator should determine.

The remuneration of the Executive Committee is paid and reviewed annually by the NRC, based on the overall compensation policy approved by the Board. The approved policy will provide guidelines on the base salary ranges, cash allowances, short-term incentive ranges and long-term incentive ranges (if applicable) for the Executive Committees.

Typically, the structure of remuneration for Executive Committee is:

- Total Cash = Guaranteed/fixed cash (e.g. base salary and cash allowances) + short-term incentive (e.g. cash bonus)
- Total Direct Compensation = Total cash + long term incentive
- Total Compensation = Total direct compensation + benefits/perquisites

Corporate Governance Disclosure (cont'd.)

Remuneration Practices (cont'd.)

Remuneration of Non-Executive Directors

The NRC is responsible in recommending the remuneration framework for Non-Executive Directors to the Board to ensure that the Company attracts, motivates and retains Directors.

The remuneration package is determined by the Board as a whole, based on the experience and level of expertise and responsibilities undertaken by the Non-Executive Directors. The contributions, effort and time spent and the frequency of meetings are taken into account in determining the fees. The fees proposed by the Board each year are subject to the shareholders' approval at the Company's Annual General Meeting. No Director is involved in deciding his/her own remuneration.

The Non-Executive Directors' remuneration for financial year ended 31 December 2025 are set out in the table below:

		Directors' Fees (RM'000)
Board	Chairman	122
	Member	95
Board Committees	Chairman - Audit Committee - Risk Committee - Nominations and Remuneration Committee	73
	Member - Audit Committee - Risk Committee - Nominations and Remuneration Committee	50

Disclosure

The details of remuneration of the Directors and Chief Executive Officer of the Company in respect of financial year ended 31 December 2025 are shown in Note 19 to the Company's financial statements.

Sustainability Report

Disclosure on Environmental, Social and Governance ("ESG")

Our ESG strategy

FWD Takaful seek to embed ESG values into our culture and decision-making to align business success with creating meaningful impact for our shareholders, customers, employees, and communities. Our ESG strategy is designed to guide materially important decisions across our operations, from product design to investments and processes, and focuses on delivering a vision underpinned by three strategic pillars: (1) accessible protection solutions for underserved customers, (2) investing responsibly for sustainable growth, and (3) upholding governance practices that build trust and transparency.

For more information, please visit https://www.fwd.com.my/takaful/vbit/

	ESG Strategic Pillar	Priorities
Accessible protection	We strive to help our customers and communities to achieve better health & financial protection so they can celebrate living today and in the future.	• Help people achieve the protection they need through accessible and affordable life and health products • Leverage digital platforms for enhancing customer journey and improving access to protection • Engage our communities and raise financial and health literacy
Sustainable Investment	We are committed to investing responsibly and creating long term value for our stakeholders	• Embed ESG factors into investment process to mobilise capital for long term sustained value and returns • Support a just and orderly transition to a lower carbon future with focus on investment portfolio emissions
Effective governance and sustainable business	We want to ensure good governance and risk management while attracting and retaining a diverse and highly skilled workforce.	• Run our business with good governance, risk management and responsible business practices • Advance equity, inclusion and well-being initiatives to empower our diverse workforce • Enhance ESG considerations in our operations and sourcing decisions
	Aligning SDGs	

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Our ESG strategy (cont'd.)

1. Accessible protection

We are committed to closing the protection gap by offering affordable, inclusive life and health protection in Malaysia. In 2025, FWD Group launched an Inclusive Insurance Framework to expand access through simpler products, digital platforms, and partnerships with community organisations.

Beyond product innovation, we actively promote financial literacy and well-being. In 2025, we supported over 45,000 individuals through programmes that strengthened financial knowledge and resilience.

2. Sustainable investment

We embed sustainable investment practices across our portfolios to create long-term value for our stakeholders. Our philosophy balances the focus on returns with ESG integration, manages risk, and aims to reduce exposure to high environmental impact sectors.

In 2025, FWD Group introduced a Climate Action Plan to mitigate climate risks through engagement and to allocate capital to climate and sustainable investments.

With guidance from FWD Group, we are incorporating sustainable investment policies and guidelines to address systemic topics such as governance, human rights and climate change, and are continuously enhancing our approach.

3. Effective governance and sustainable business

We uphold good corporate governance and promote sustainable practices across our operations. Sustainability within our business includes managing our operational emissions and addressing climate risks across our investment portfolio. Our governance framework ensures effective oversight as a regulated insurance group, prioritising long-term shareholder value and the interests of customers, regulators, and partners.

Guided by our PICCO values—Proactive, Innovative, Committed, Caring, and Open—we want to attract and retain talent to drive industry progress. Through responsible practices and robust governance, we aim to create positive impact for the millions of lives we serve.

Creating Impact

Our approach aligns with six United Nations Sustainable Development Goals (SDGs) where we can create lasting impact: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 13 (Climate Action).

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FWD Takaful Berhad
(Incorporated in Malaysia)

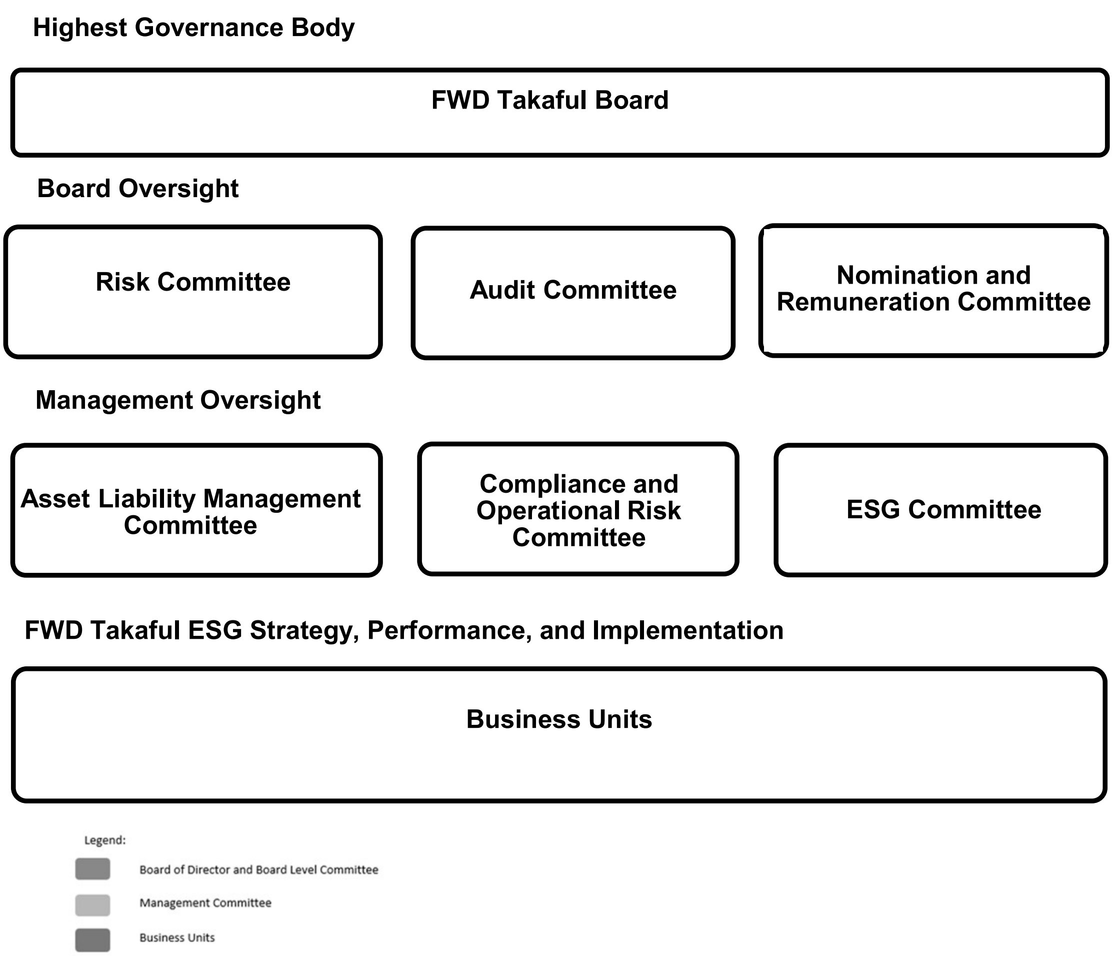
Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

ESG governance

Our Board-level Risk Committee (“RC”) provides a leadership role in the ESG Strategy and oversight of its progress through ESG Committee (“ESGC”) updates. The RC meets at least four times a year. For the year ended 2025, the ESGC meets for four times in 2025 and updates to RC on the progress updates for the gap analysis and implementation plan for CRMSA. In addition, the ESGC updated the plan, activities and results for Climate Risk Stress Testing(CRST). The ESGC deliberated on the value-based intermediation for Takaful (VBIT) activities and updates to Malaysia Takaful Association(MTA) as part of responsibilities specified in the ESGC term of reference.

The ESGC is chaired by FWD Takaful CEO and consists of senior level representation across the business. The ESGC is responsible for setting our ESG ambition and strategy, benchmarking and evaluating our performance, and responding to risks and opportunities.



Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

ESG governance (cont'd.)

Our ESG function is supported by Risk, Marketing, Procurement and Human Resource to ensure close alignment of ESG strategy with our business goals and resource allocation.

Our ESG value creation scorecard helps us to monitor the progress and impact of our ESG strategy. Key ESG KPIs, including diversity, equity and inclusion, community investment, and greenhouse gas (“GHG”) emissions, are incorporated into standard reporting for senior leadership. This ensures the senior management teams remain informed on ESG performance of the company. The ESG valuation scorecard is reported on quarterly basis in Quarterly Dialogue ("QD") session with FWD Group.

Building climate resilience in our business

Malaysia, an emerging market with strong economic fundamentals is embracing sustainable practices and green investments to support long-term regional resilience. Rapid economic expansion and urbanisation have unlocked significant opportunities for prosperity and innovation—but they have also intensified Malaysia’s vulnerabilities to climate change, driving more frequent and severe natural calamities, while rising temperatures are impacting human health and food security through reduced agricultural productivity and spread of vector-borne diseases. The cost of inaction is high, and policy makers and business leaders across Malaysia are responding by developing adaptation strategies to address these challenges.

We see climate and customer resilience as deeply interconnected. Closing protection gaps and creating impact requires innovation, agility, and partnership. To support this, we embed environmental sustainability into operations - reducing greenhouse gas emissions, conserving resources, and strengthening stewardship across the business.

Within our investment portfolio, sustainable investing is central to this approach. Beyond integrating ESG risks and opportunities, we focus on decarbonising the portfolio to drive long-term value creation and support the transition to a low-carbon economy.

Together, these efforts strengthen our ability to provide reliable protection in a region increasingly exposed to climate risks and impacts. We are also enhancing climate-related disclosures referencing the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, covering our climate strategy, risk management, targets, and performance metrics.

Climate governance

FWD Takaful Board has the ultimate responsibility for overseeing our overall ESG approach, including oversight of our climate strategy and the effective management of climate-related risks and opportunities. Board level committees, ESGC and related functions assist the Board in managing climate-related issues across the organisation. The ESGC provides quarterly updates to the Board on ESG implementation, through the RC. Progress against climate-related objectives is regularly monitored and reviewed by the Board to ensure alignment with our ESG priorities and strategy.

Climate governance (cont'd.)

Climate risk is embedded in FWD's Enterprise Risk Management ("ERM") process, guided by our Climate Risk Management Policy, which defines principles and roles across the company. To ensure alignment with regulatory developments, the Climate Risk Management Policy underwent its annual review and update in 2025. The revisions primarily incorporated new requirements introduced in the updated version of Bank Negara Malaysia ("BNM") Climate Risk Management Scenario Analysis policy document and was approved by the Board in March 2025. This proactive approach ensures that our policy remains relevant and robust in addressing climate-related risks.

Recognising the importance of continuous training and development, regular trainings are provided to our directors and senior management. In 2025, FWD Takaful engaged an external consultant to support compliance with BNM's Climate Stress Testing exercise requirements. As part of this engagement, training sessions were conducted for the Board and senior management to enhance their understanding of roles and responsibilities in overseeing climate stress testing and leveraging the results for informed business decision-making. All directors, ESGC members, Shariah Committee ("SC") members, and relevant staff participated in the training held in May 2025.

In December 2025, an ESG training session was organized for the Board and senior management. The session led by FWD Group, focused on the company's ESG strategy and emerging ESG risks, reinforcing our commitment to integrating sustainability considerations into governance and strategic planning. A portion of performance-related compensation is planned for employees responsible for driving ESG within the organisation, with reference to the goals outlined by our ESG strategy.

Complement ing these efforts, the Board's competency in sustainability continues to strengthen. One Board member holds a formal certification in Sustainability and Climate Risk certification from the Global Association of Risk Professionals, further strengthening the Board's collective competency in guiding the company's climate agenda.

In line with the requirements of Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document, FWD Takaful continues to work closely with the Group ESG team, which is developing a Group-wide climate strategy targeted for completion by 2027. As part of this initiative, the Company is progressing several key workstreams, including:

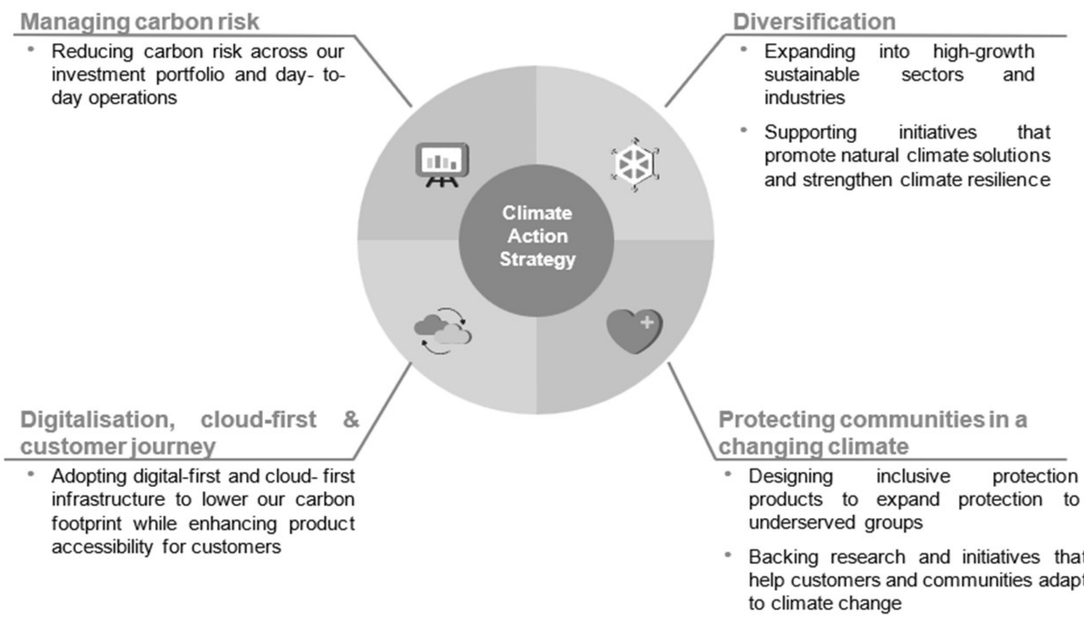
- Integration of climate-linked remuneration for Board of Directors, Senior Management and staff into the compensation framework, under which a defined portion of variable remuneration will be linked to the achievement of climate-related objectives.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Climate strategy

As a business, we are committed to reducing our environmental footprint and building resilience to the evolving impacts of climate change. Our climate action strategy takes a holistic approach, guiding efforts around four key areas:



Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Climate risk management

We are continuing to develop the way we identify, assess and manage climate-related risks. The management of climate risk is part of the overall Enterprise Risk Management ("ERM") Framework and Risk Appetite Framework ("RAF") where it will be reviewed once every two years and annually, respectively.

The ERM Framework and associated policies are applied across the Company. Incorporating our risk culture, our Code of Ethics and Business Conduct, the FWD Takaful Enterprise Risk Management Framework consists of the following components:

• Risk management process;
• Risk appetite;
• Risk management process;

A risk assessment process covering financial and non-financial risks is undertaken and monitored. ESG risks, including climate-related risks are also included in this process. Reviews are conducted at least annually to ensure our ERM Framework and associated policies remain fit for purpose.

Climate risk management

The RAF organises the Company's overall approach to selecting the risks it wishes to seek, retain, transfer and/or avoid in the pursuit of its strategic objectives and guides key business activities accordingly. The RAF is comprised of the risk philosophy, risk appetite statements and risk metrics and limits. Each of these components are further supported by robust governance – i.e. roles, responsibilities and escalation mechanisms. The risk appetite statements for climate risk management expressed FWD Takaful accepts the long-term risks posed by climate change (e.g. physical and transition risk) where it is identified, assessed, and incorporated into the business planning process by identifying the risks posed by climate changes and incorporated climate-related assessments into key strategic planning processes and decisions.

We will continue to monitor climate-related risks and concentrations and assess and mitigate the impacts to the Company's long term strategy. Additionally, FWD Takaful also monitors the ESG metrics on GHG emission on a quarterly basis.

Climate-related risks and opportunities

As a Family Takaful Operator, it is likely that climate risks will increasingly integrated into our strategy, business, and operations. To anticipate potential impacts, we conducted a climate risk assessment covering physical, transition, and liability risks. Climate risks often emerge over longer timeframes than traditional reporting captures. We categorise these as:

• Short-term: 0 to 1 year
• Medium-term: 1 to 5 years
• Long-term: 5+ years

Our assessment indicates higher risks in states with significant coastal exposure and dense populations, as well as in our investment portfolio. While climate change presents multiple challenges, we have prioritised the most relevant risks for family takaful operator.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Climate-related risks and opportunities

Transition Risk

Regulatory, legislative and disclosure expectations: Increasing climate-related regulations may lead to higher compliance costs, impact investment performance, and require changes to products and resource allocation. We actively monitor regulatory development in the country. (Short, Medium and Long term)

Transition Risk

Investment portfolio exposure: Our portfolio faces transition risks that could create uncertainty in performance due to price volatility and reduced liquidity. We monitor exposures closely to align with our ESG strategy and policyholder interests. (Medium and Long term)

Transition Risk

Certificate owners and products: Extreme weather events and long-term climate shifts over time may affect customer health and livelihoods, influence mortality, morbidity and persistency. Such changes in climate may also increase claims, alter product demand and pricing, and impact brand perception. (Long term)

Physical Risk

Operational disruptions: Offices and assets may face severe weather events, though our assessment of severe flooding or typhoon impacts remain low. Business continuity plans are in place to maintain customer service. (Long term)

We also continuously assess climate-related opportunities, factoring in market conditions, regulations, and evolving consumer needs in our business plans.

We are also considering the results from CRST exercise which specifies the following opportunities:

Short-term: 2023-2029

Due to more frequent extreme weather events and the newly implemented climate related policies:

• Malaysia’s government starts to make proactive and sizable adaptive investments. companies will start to incorporate climate factors more widely into their decision-making processes.
• companies increase investments in green energy research and development.

Medium-term: 2030-2039

Malaysia moves from planning and takes early actions into deep structural shifts:

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

• Investments in green energy continue. This allows for controlled and lower transition cost from shifting energy systems, minimising economic disruption.

• Environmental sustainability considerations become the “new normal” in everyday decisions (e.g., people bringing their own reusable cups to cafés, while the use of paper cups becomes uncommon.)

Long-term: 2040-2050

The Malaysian government’s climate related policies will focus on achieving full economic decarbonisation:

• Consumers will increasingly prefer products with zero or negative carbon footprints. Climate activism will remain strong, focusing on accountability and innovation rather than awareness building.

The opportunities identified aligned with FWD Takaful risk appetite statement whereby we will accept the long-term risks posed by climate change (e.g. physical and transition risk) where it is identified, assessed, and incorporated into the business planning process.

Scenario analysis and stress testing

We continue to adapt the climate risk scenario and include it as one of our Group prescribed scenarios for our business planning stress and scenario testing processes. The scenarios references global standards, including Network for Greening the Financial System ("NGFS") scenarios, and benchmarked against industry practices. To align with evolving standards, we expanded from two to three scenarios:

• **Delayed Transition**: Countries and sectors experience delays in implementing necessary policy changes. Climate policies are divergent across countries and sectors, leading to fragmented efforts. Carbon prices are typically higher in this scenario due to policy delays and lack of coordination.

• **Current Policies (Hothouse World)**: Existing climate policies remain largely unchanged with low global effort to halt global warming. This leads to irreversible climate damage as temperature thresholds are exceeded.

• **Fragmented World**: Geopolitical tensions and a fragmented transition failing to contain physical risks, leading to supply chain disruptions, increased market volatility, and uneven progress towards emission reduction targets.

These scenarios were selected to help assess vulnerabilities across our business model, investment portfolio, and long-term resilience.

The **Delayed Transition** scenario highlighted risks from abrupt policy shifts and market volatility, critical for assessing transition risk exposure in our investments and underwriting.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Scenario analysis and stress testing (cont'd.)

The **Hothouse World** scenario reflected severe physical risks such as more frequent extreme weather events which could affect claims experience, operational continuity, and customer needs.

The **Fragmented World** scenario illustrated the compounded impact of geopolitical fragmentation and delayed climate action, amplifying both transition and physical risks across our operations and value chain.

By analysing these scenarios, we assessed vulnerabilities across our value chain and tested the resilience of our strategy under regulatory and physical stress conditions, ensuring readiness over the short, medium, and long term.

The assessment highlighted key impact areas, particularly risks from new climate regulations, issuers' ability to transition, and potential effects on our investment portfolio. For example, exposure to energy and utilities sectors could face increasing regulatory, investor, and reputational pressure, making transition risks central to our sustainable investment and climate risk approach.

In addition, FWD Takaful successfully completed the submission of the BNM 2024 Climate Risk Stress Testing Exercise Methodology Paper in December 2025. To ensure accuracy and compliance with regulatory expectations, we engaged an external consultant to provide advisory support and execute the stress test scenarios and parameters as prescribed by BNM. This initiative reflects our commitment to robust climate risk management and alignment with evolving regulatory requirements.

The three scenarios required by BNM are as per below:

1. **Orderly: Net Zero (NZ) 2050 -** This climate scenario rests on strong climate policies and significant green technology breakthroughs to rapidly reduce greenhouse gas (GHG) emissions, limiting global warming to 1.5°C. It reflects key features of an early and orderly transition to a low carbon world. To achieve this goal, stringent climate policies are applied immediately across all sectors of the economy, while significant innovation and technology breakthrough will have to take place. This includes major strides in the carbon dioxide removal (CDR) technology and a sharp shift toward renewable energy production, resulting in high transition risk.

2. **Disorderly: Divergent Net Zero (DNZ) 2050** - This scenario differs from the NZ 2050 scenario in several aspects. Here, global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts from climate policies are uneven, with some sectors being affected even more relative to the rest suggesting varied focus of climate policies being introduced at different points in time, with lower technology advancements in CDR and renewable energy.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Scenario analysis and stress testing (cont'd.)

The combination of these factors is expected to result in a medium to higher transition risks, relative to the NZ 2050 scenario, while the impact from physical risk on the economy will be lower than the Nationally Determined Contributions (NDCs) scenario.

3. **Hot House World**: Nationally Determined Contributions (NDCs) - The NDCs scenario assumes both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition. While emissions decline, the limited policy actions taken are insufficient and will lead to an approximately 2.5°C increase in temperatures, and a materialisation of moderate to severe physical risks. Compared to the other two scenarios, impact from transition risks is expected to be lower for this scenario.

The climate stress test scenarios cover a time horizon of 27 years, starting from December 2023 and extending through 2050. In line with Bank Negara Malaysia (BNM) requirements, the projected impact of the Climate Risk Stress Test ("CRST") must be reported annually for the period 2024 to 2029, followed by projections at five-year intervals for the remainder of the stress testing horizon.

This assessment involved systematically identifying all relevant risks and qualitatively evaluating how each may be impacted by climate-related factors. Where available, current scientific research and studies were used to estimate quantitative impacts. The assessment was performed with the limitations and simplifications outlined by the regulator (such as a static balance sheet approach). The risk map helps highlight key risks and interactions relating to assets, liabilities, internal processes and external events. Risk Management processes should ensure that the risks highlighted in the risk map are subject to appropriate monitoring and control. The table below summarize the impact based on risk type.

Scenario	Net Zero (NZ) 2050			Divergent Net Zero (DNZ) 2050			Nationally Determined Contributions (NDCs)		
Time horizon	Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
Market / Investment risk									
Interest rate	↑↑↑	↑↑	↑	↑↑↑	↑↑	↑↑	↑	↑	↑
Equity	↑↑	↑↑	↑↑	↑↑↑	↑↑	↑	↑	↑	↑
Property	↑↑	↑↑	↑↑	↑↑↑	↑↑	↑↑	↑	↑↑	↑↑↑
Credit Risk	↑↑	↑↑↑	↑	↑↑↑	↑↑↑	↑	↑	↑	↑
Insurance risk									
Mortality	↑↑	↑	-	↑↑	↑↑	-	↑↑	↑↑	↑↑↑
Morbidity	↑↑	↑	-	↑↑	↑↑	-	↑↑	↑↑	↑↑↑
Lapse (saving)	↑↑	↑↑	↑↑	↑↑↑	↑↑	↑↑	-	-	-
Lapse (protection)	-	-	-	-	-	-	-	-	↑↑
Expenses	↑↑↑	↑↑↑	↑↑↑	↑↑	↑↑	↑↑↑	-	-	↑↑
Other risk									
Operational	↑	↑	↑	↑↑	↑↑	↑↑	↑	↑↑	↑↑

Legend:
- Minimal impact
- Moderate impact
- Substantial impact

For economic parameters, the results show that in NDCs scenario has the lowest net asset impact. DNZ2050 has the highest impact in the short-term while NZ2050 has the highest impact in the medium to long term. FWDT's net asset impact is minimal due to relatively good dollar duration matching. Therefore, changes in the dollar value of the liabilities resulting from yield curve movements are offset by corresponding changes in the dollar value of the asset portfolio.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Scenario analysis and stress testing (cont'd.)

Whereas for non-economic parameters, NDCs has the lowest net asset impact in the short-term while NZ2050 has the lowest net asset impact in the long term. If FWD Takaful maintain their current product mix without repricing, the company are likely to experience increased benefit outgo, particularly under the NDC scenario, which could lead to the depletion of net assets over the long term.

The comprehensive quantitative results and impact to assets and liabilities submitted to BNM and we are considering to leverage on this stress test exercise and embed into our annual Business plan and ICAAP review.

To respond to these risks, we are adapting the Climate Risk Scenarios and included it in our Business Planning Stress and Scenario Testing processes. Through scenario analysis, we gain a better understanding of the impact of climate risks on our business and strategize to mitigate the risks, paving the way towards a low-carbon and more sustainable society.

We will consider leveraging on CRST exercise and embed into our annual Business plan and Internal Capital Adequacy Assessment Process (ICAAP) review. We are working closely with FWD Group Office on the implementation plan for climate-related risk which currently governed by our ERM Framework and ESG Strategies.

Climate targets and milestones: transitioning towards a low carbon economy

FWD’s climate action strategy aims to support global efforts to achieve net-zero by 2050 in an orderly, just, and inclusive manner.

We track environmental performance through our value creation scorecard, monitor operational emissions across Scope 1 (direct emissions from natural gas and combustion from our own vehicles) and Scope 2 (indirect emissions from purchase of electricity). Emissions are calculated using the GHG.

For 2025, electricity consumption has remained the largest contributor to Scope 1 and 2 emissions, with the remainder from mobile fuel use.

FWDT snapshot	2025	2024
Scope 1 emission (tCO_2e)	3.55	0
Scope 2 emission (tCO_2e) (Purchased Electricity-Location based)	188.13	150.37
Total GHG emissions (Scope 1, & 2))	191.67	150.37
Total GHG emissions intensity ($kgCO_2e$/employee)	833.37	585.08

The GHG emissions intensity increased as compared to prior year primarily attributed by:

• FWD Takaful's relocation to a larger office (3 floors vs 1 floor previously) on 16 August 2024, which has resulted in higher emissions compared to the previous year.
• Scope 1 emissions only began reported at the start of this year, as the previous CEO used a personal vehicle.
• Lower total headcount in 2025 contribute to the higher emission per employee (Q4 2025: 240, Q4 2024:289).

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

In 2025, we have also disclosed Scope 3 financed emissions from our Business Air Travel. For 2025, our Scope 3 absolute financed emissions from Business Air Travel is 70.3 (tCO2e).

Managing our operational emissions

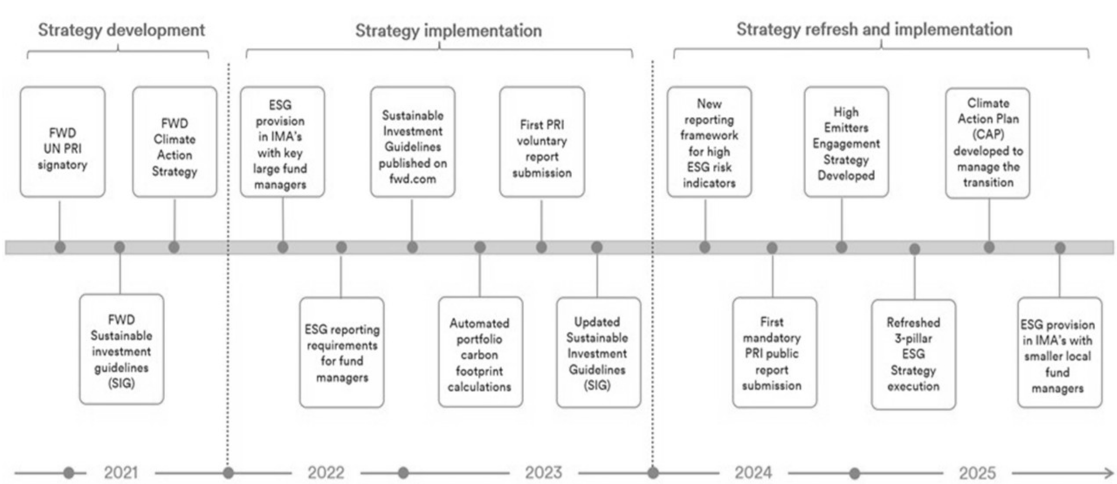
FWD Group developed Sustainable Operations Framework (SOF) in 2023 to manage emissions and decarbonise our office lifecycle. FWD Takaful adopted the SOF which provided a consistent approach to integrating sustainability and wellness into our office spaces, from site selection and lease negotiation, to fit-out and ongoing operations. ensuring energy efficiency, resource conservation, and employee well-being at every stage.

In 2024, the office relocations of FWD Takaful was selected to pilot the SOF. Sustainability considerations were incorporated from the site selection stage through to the fit-out stage which included details on energy and water efficiency as well as the use of sustainable materials within the office. The new office is situated within good access to public transportation to help reduce emissions as a result of commuting to and from the office.

Furthermore, as part of our commitment to reducing emissions from digital infrastructure, we accelerated cloud accelerated our cloud adoption and have achieved a 100 per cent cloud adoption rate as of 31 December 2025. This has reduced reliance on on-site data centres, leveraging our partnerships with AWS and Microsoft, whose commitments to 100 per cent renewable energy sources for their data centres helps lower our technology carbon footprint while enhancing efficiency and resilience.

A focus on portfolio decarbonisation

FWD Takaful is committed to reducing its investment portfolio carbon footprint and aligning with a low carbon future. FWD Group Climate Action Strategy guides decarbonisation across operations, business, and investments.



A focus on portfolio decarbonisation (cont'd.)

FWD Group laid the foundation for climate action in 2021, with its first Sustainable Investment Guidelines (SIG) which serve as the first line of defence to identify, understand, manage and monitor material ESG risks within our investment portfolios. These include companies flagged as United Nations Global Compact ("UNGC") and human rights violators, tobacco producers, ESG underperformers, high carbon emitters, controversial weapons, and commodities like thermal coal and palm oil. FWD Group screen for these risks using a leading external data provider and applies exclusions or thresholds.

FWD Takaful supported FWD Group's strategy implementation in 2022-2023, including supported carbon footprint measurement in the investment portfolio following the Partnership for Carbon Accounting Financials (PCAF) methodology, included ESG provisions in mandates, supported FWD Group for our first UN PRI submission.

We also conducted reviews of our investment assets, including sukuk instruments, in accordance with the BNM Climate Change and Principle-based Taxonomy (CCPT). Our monitoring process includes classifying investment exposures under the CCPT framework and tracking shifts across the categories. In 2025, we reported higher asset classified under GP1 and both GP1 and GP2 compared to 2024:

CCPT classification	2025	2024
Meets GP1	**20,013**	19,912
Meets GP2	**40,631**	45,166
Meets both GP1 and GP2	**239,148**	226,363

These insights guide our strategic actions to progressively enhance our portfolio composition by increasing investments in assets with lower climate-related risks and reducing exposure to assets with higher transition or physical risks.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

Strategic focus on high emitters

We recognise the need for an inclusive transition to a low-carbon economy. We are committed to maintain zero thermal coal mining and extraction in our investments. Since 2021, no new investments have been made.

Our climate action plan

To manage Scope 3 financed emissions and decarbonise the portfolio, FWD Group has introduced a Climate Action Plan covering three areas:

• Engagement with the top 20 companies with the highest owned emissions, or covering 65 per cent of portfolio's emissions and assessing outcomes
• Reinvestment criteria favouring greener assets or low transition risk issuers provided drivers of return and relative values are favourable.
• Capital Allocation to green assets, climate-aligned opportunities, transition enablers, and nature-based solutions which could meet our environmental, social and return objectives.

We plan to adopt FWD Group’s climate action plan to balance emissions reduction with supporting transition effort. We would encourage our fund managers to prioritise issuers aligned with our sustainability goals and manage exposure to those with higher transition risk.

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

2025 Climate Risk KPIs and Metrics

This datasheet summarises our performance on key Climate Risk indicators.

	2025	2024
Climate		
Absolute GHG emissions		
Scope 1 GHG emissions (tCO_2e)	-	-
Mobile combustion (owned vehicles)	3.55	-
Sub-total	3.55	-
Scope 2 GHG emissions (tCO_2e)	188.13	150.37
FWDT total Scope 1 + 2 (tCO_2e)	191.68	150.40
Intensity GHG emissions (by employee)		
Scope 1 GHG emissions ($kgCO_2e$/employee)	15.42	-
Scope 2 GHG emissions ($kgCO_2e$/employee)	817.95	585.08
FWDT total Scope 1 + 2 ($kgCO_2e$/employee)	833.37	585.08
Electricity		
Purchased electricity (kWh)	304,597	238,259
Intensity energy use (by employee)		
Purchased electricity (kWh/employee)	1,269.15	927.08
Water		
Purchased water (m^3)	Included in rental cost	45.20
Purchased water (m^3/employee)	Included in rental cost	0.18

Sustainability Report (cont'd.)

Disclosure on Environmental, Social and Governance ("ESG") (cont'd.)

GHG and energy data

Information on data collection, scope, methodologies, assumptions and source of conversion factors used, for the reporting of emissions and energy consumption:

- GHG data includes scope 1 and 2 emissions from 1 January to 31 December 2025.
- FWD Takaful uses operational control to consolidate GHG emissions and follows the Greenhouse Gas (GHG) Protocol Corporate Accounting Standard (“GHG Protocol”).
- FWD Takaful has operational control over an operation (e.g. office facility) if FWD Takaful has full authority to introduce and implement operating policies. This includes corporate offices that FWD Takaful manages and operates for own use, agency offices where FWD Takaful determines the office location and establishment. Operations that do not fall under this scope include general agency and bancatakaful partners.
- Scope 1 GHG emissions include direct emissions that occur from energy sources that are owned or controlled by the company, such as combustion of fuels in mobile sources (i.e. motor vehicles).
- Scope 2 GHG emissions include indirect GHG emissions from the generation of purchased electricity consumed by our office operations.
- Carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) are included in our GHG calculations.
- Lower heating values were referenced from DEFRA and used for net calorific values of diesel, petrol/gasoline and natural gas conversion to MWh.
- Where possible, actual consumption data, supported through primary data sources are used to calculate emissions, a small amount of consumption data were estimated using a proxy based methodology since reporting was established.
- Where estimations are required, the following methodology would be used:
  - If actual data exist for previous month, pro-rated daily consumption will be used to estimate consumption for the following month based on number of days to be accrued that month.
  - If actual data did not exist for a premise for more than 2 months period or was unavailable because there are no independent meters or have been included in rental costs, the intensity ratio by square meter from the same month of similar premises in the same region would be used to estimate monthly consumptions.
  - Where the above could not be applied, the intensity ratio by square meter of the same month of the previous year’s data would be used.
- All employee intensity ratio includes all employees (full time and part time).

Water consumption

Water consumption data are reported for our offices where measurement records or utility bills are available and excludes offices where we do not have independent water meters or where it is included in rental costs.

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)

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

We, Datuk Ahmad Hizzad Baharuddin and Varsha Abdullah, being two of the Directors of FWD Takaful Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 55 to 161 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial position and cash flows for the financial year ended on that date.

On behalf of the Board,

Datuk Ahmad Hizzad Baharuddin
Chairman

Varsha Abdullah
Director

Kuala Lumpur, Malaysia
18 March 2026

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)

Statutory Declaration Pursuant to Section 251(1) of the Companies Act, 2016

I, Yeoh Eng Hun, being the officer primarily responsible for the financial management of FWD Takaful Berhad, do solemnly and sincerely declare that the financial statements set out on pages 55 to 161 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)
Yeoh Eng Hun)
at Kuala Lumpur in the)
Federal Territory on 18 March 2026)

Before me

PESURUHJAYA SUMPAH
W 814
NIK MOHD SUKRI
BIN NIK ABDUL WAHAB
01.01.2026 - 31.12.2028
MALAYSIA

Commissioner for Oaths

274, Lorong Maarof, Bukit Bandaraya
59100 Kuala Lumpur

FWD Takaful Berhad
(Incorporated in Malaysia)

Report of the Shariah Committee

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

Praise be to Allah, the Lord of the Worlds, and peace and blessings upon our Prophet Muhammad and on his family and companions.

In compliance with the Policy Document of Shariah Governance, Financial Reporting for Takaful Operators and other relevant guidelines issued by Bank Negara Malaysia, we hereby submit the following report for the financial year ended 31 December 2025:

We are responsible for providing objective and sound advice to the Company to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah rules and principles at all times. In undertaking our duties, we adhere to the resolutions, views and opinions of the Shariah Advisory Council of Bank Negara Malaysia.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Company during the period ended 31 December 2025. In order to form an opinion, we also reviewed the information without being unduly influenced by any party as to whether the Company has complied with Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The management of the Company is responsible to ensure that its aims and operations, business, affairs and activities are in accordance with Shariah rules and principles. It is our responsibility to form an independent opinion, based on our observation through all information disclosed to us on operations, business, affairs and activities of the Company.

The Company held two (2) Board of Directors and Shariah Committee engagement sessions during the financial year which serves as a platform for effective communication between the Board of Directors and Shariah Committee members on Shariah governance oversight, and for the discussion on understanding key Shariah Committee resolutions and issues in operationalising Shariah Committee resolutions.

The Company also has organised various Shariah and Islamic finance related training programmes during the year 2025 to the Board of Directors, Shariah Committee, senior management and staff to provide adequate knowledge on Shariah and Islamic finance.

We held six (6) scheduled meetings and seven (7) special meetings during the financial year in which we reviewed the principles, the contracts and the documents relating to the transactions and applications introduced and implemented by the Company. In performing our roles and responsibilities, we had obtained all the information and explanations which are deemed essential together with sufficient evidence to give reasonable assurance that the Company has not violated Shariah rules and principles.

We have also assessed the work carried out by the Shariah review, Shariah risk, and Shariah audit which included examining, on a test basis, each selected type of transaction, the relevant documentation, and procedures adopted by the Company. The review, audit reports, and risk ratings were deliberated in our meetings to confirm that the Company has complied with the rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, Shariah-related policy documents issued by Bank Negara Malaysia as well as our decisions.

FWD Takaful Berhad
(Incorporated in Malaysia)

Report of the Shariah Committee (cont'd.)

During the financial year, one (1) event was reported to us regarding a misstatement of takaful benefits, which resulted in the overdistribution of surplus to both the Company and the participants. Nevertheless, the event does not constitute actual Shariah non-compliance, as the essential pillars and conditions of the contracts were not affected and remain intact. The Company has taken appropriate rectification measures to refund the amount to the Participants' Risk Fund.

In our opinion and to the best of our knowledge:

(a) The overall operations, business, affairs and activities carried out by the Company during the year ended 31 December 2025 that we have reviewed are in compliance with the Shariah rules and principles;

(b) The allocation of profit, incurrence of losses and surplus distribution relating to Shareholders' Fund, Participants' Investment Fund and Participants' Risk Fund conform to the basis that we have approved in accordance with Shariah rules and principles;

(c) No earnings and purification were recorded from sources or by means prohibited by the Shariah principles during the financial year;

(d) Based on the information disclosed by the Company on the incidents and events that were identified and reported to us during the financial year, no Shariah non-compliant event occurred; and

(e) The computation of Zakat on business is in compliance with Shariah principles and the internal policy that were approved by us.

We, the Shariah Committee of FWD Takaful Berhad, based on what had been presented to us by the Company, hereby confirm that nothing has come to our attention that causes us to believe that the operations, business, affairs and activities of the Company for the financial year ended 31 December 2025 involve any material Shariah non-compliances.

"And cooperate in righteousness and piety, but do not cooperate in sin and aggression, And fear Allah; indeed Allah is severe in penalty" (2: Al-Maidah)

Dr. Yusri bin Mohamad
Chairman
Shariah Committee

Prof. Dr. Asmak binti Ab Rahman
Member
Shariah Committee

Kuala Lumpur
18 March 2026

EY
Shape the future with confidence

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200601011780 (731530-M)

Independent auditors' report to the members of
FWD Takaful Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FWD Takaful Berhad, which comprise the statement of financial position as at 31 December 2025, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 55 to 161.

In our opinion, the accompanying financial statements 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 in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

200601011780 (731530-M)

**Independent auditors' report to the members of
FWD Takaful Berhad (cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

200601011780 (731530-M)

**Independent auditors' report to the members of
FWD Takaful Berhad (cont'd.)
(Incorporated in Malaysia)**

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

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

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

Other matters

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

Ernst & Young PLT

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

Woo Jan Ning

Woo Jan Ning
No. 03713/01/2027 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 March 2026

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2025

	Note	Family Takaful Fund 31.12.2025 RM'000	Family Takaful Fund 31.12.2024 RM'000	Company 31.12.2025 RM'000	Company 31.12.2024 RM'000
Assets					
Property, plant and equipment	9	-	-	826	1,282
Intangible assets	10	-	-	31,565	10,192
Right-of-use assets	11(a)	-	-	86	701
Investments	7	1,923,357	1,791,526	2,102,195	2,015,981
Retakaful certificate assets	8	14,297	13,469	64,619	51,363
Current tax assets		-	-	408	3,059
Other receivables	12	16,255	15,680	71,057	65,119
Cash and cash equivalents	13	323,064	200,955	336,679	221,134
Total assets		2,276,973	2,021,630	2,607,435	2,368,831
Shareholders' equity					
Share capital	15.1	-	-	829,000	829,000
Accumulated losses		-	-	(297,786)	(314,210)
Fair value reserve	15.2	30,041	(13,014)	30,423	13,162
Takaful finance reserve	15.3	(30,041)	13,014	(30,913)	(12,117)
Total equity		-	-	530,724	515,835
Liabilities					
Takaful certificate liabilities	8	2,175,871	1,930,512	1,929,967	1,736,855
Retakaful certificate liabilities	8	38,949	37,666	51,070	47,461
Other payables	16	52,207	46,341	74,586	54,816
Lease liabilities	11(b)	-	-	34	714
Current tax liabilities		4,986	3,433	-	-
Deferred tax liabilities	14	4,960	3,678	21,054	13,150
Total liabilities		2,276,973	2,021,630	2,076,711	1,852,996
Total equity and liabilities		2,276,973	2,021,630	2,607,435	2,368,831

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

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)

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

	Note	Family Takaful Fund 2025 RM'000	Family Takaful Fund 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Takaful revenue	4	309,786	270,544	343,100	283,365
Takaful service expenses	5	(307,081)	(276,745)	(294,160)	(283,475)
Takaful service result before retakaful certificates held		2,705	(6,201)	48,940	(110)
Net income/(expense) from retakaful certificates held		2,331	1,007	(10,982)	(20,516)
Takaful service result		5,036	(5,194)	37,958	(20,626)
Net fair value losses on financial assets at fair value through profit or loss	6	(843)	(2,488)	(479)	(4,699)
Other investment profit	6	77,889	74,103	89,049	88,948
Reversal of impairment loss/ (Impairment loss) on financial assets	6	83	(157)	150	(670)
Net investment income		77,129	71,458	88,720	83,579
Takaful finance expenses for takaful certificates issued	6	(74,698)	(62,533)	(70,187)	(57,363)
Retakaful finance expenses for retakaful certificates held	6	(2,331)	(1,007)	(265)	-
Net takaful financial result		(77,029)	(63,540)	(70,452)	(57,363)
Other operating expenses	5(d)	-	-	(26,449)	(47,832)
Profit/(Loss) before zakat and taxation		**5,136**	**2,724**	**29,777**	**(42,242)**
Tax expense attributable to participants		(5,136)	(2,724)	(5,136)	(2,724)
Tax (expense)/credit attributable to Takaful Operator		-	-	(7,582)	9,233
Taxation	17	**(5,136)**	**(2,724)**	**(12,718)**	**6,509**
Zakat		-	-	(635)	-
Net profit/(loss) for the year		**-**	**-**	**16,424**	**(35,733)**

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

200601011780 (731530-M)

FWD Takaful Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2025

	Note	Family Takaful Fund 2025 RM'000	Family Takaful Fund 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Net profit/(loss) for the year		**-**	**-**	**16,424**	**(35,733)**
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods:					
Change in fair value of financial assets, net of impairment loss	6	18,515	3,480	18,835	3,531
Deferred tax relating to items that may be reclassified	14	(1,488)	(522)	(1,574)	(500)
Debt instruments at fair value through other comprehensive income		**17,027**	**2,958**	**17,261**	**3,031**
Takaful finance expenses for takaful certificates issued	6	(17,027)	(2,958)	(20,671)	(3,733)
Retakaful finance income for retakaful certificates held	6	-	-	1,317	165
Deferred tax relating to items that may be reclassified	14	-	-	558	-
Net takaful financial result		**(17,027)**	**(2,958)**	**(18,796)**	**(3,568)**
Total other comprehensive loss		**-**	**-**	**(1,535)**	**(537)**
Total comprehensive income/(loss) for the year		**-**	**-**	**14,889**	**(36,270)**

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

FWD Takaful Berhad
(Incorporated in Malaysia)

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

	Issued and fully paid	Non-distributable			
	Share capital RM'000	Fair value reserve RM'000	Takaful finance reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2024	829,000	10,131	(8,549)	(278,477)	552,105
Net loss for the financial year	-	-	-	(35,733)	(35,733)
Other comprehensive income/(loss) for the financial year	-	3,031	(3,568)	-	(537)
Total comprehensive income/(loss) for the financial year	-	3,031	(3,568)	(35,733)	(36,270)
At 31 December 2024	829,000	13,162	(12,117)	(314,210)	515,835
At 1 January 2025	829,000	13,162	(12,117)	(314,210)	515,835
Net profit for the financial year	-	-	-	16,424	16,424
Other comprehensive income/(loss) for the financial year	-	17,261	(18,796)	-	(1,535)
Total comprehensive income/(loss) for the financial year	-	17,261	(18,796)	16,424	14,889
At 31 December 2025	829,000	30,423	(30,913)	(297,786)	530,724

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

FWD Takaful Berhad
(Incorporated in Malaysia)

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

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Net profit/(loss) for the year		16,424	(35,733)
Adjustments for:			
Net fair value losses on financial assets at fair value through profit or loss	6	479	4,699
Other profit and similar income	6	(89,049)	(88,948)
(Reversal of impairment loss)/Impairment loss on financial assets	6	(150)	670
Taxation of family takaful business		5,136	2,724
Amortisation of intangible assets	10	4,983	3,754
Depreciation of right-of-use assets	11(a)	709	2,210
Depreciation of property, plant and equipment	9	616	804
Profit expense on lease liabilities	11(b)	28	114
Loss on disposal of property, plant and equipment		-	59
Write off property, plant and equipment		-	66
Operating loss before changes in working capital		(60,824)	(109,581)
Increase in other receivables		(716)	(18,871)
Increase/(Decrease) in other payables		26,660	(13,584)
Increase in takaful certificate liabilities		172,441	190,363
(Increase)/Decrease in retakaful certificate assets		(11,938)	1,437
Increase in retakaful certificate liabilities		3,609	7,332
Purchase of investments		(274,196)	(512,060)
Proceeds from maturities of investments		115,000	85,000
Proceeds from disposal of investments		98,327	146,631
Profits received		61,917	57,074
Dividends received		9,655	10,024
Fund management fee rebate received, net of investment expense paid		6,699	6,213
Payment of profit portion of lease liabilities		(28)	(114)
Cash generated from/(used in) operations		146,606	(150,136)
Income tax paid		(3,770)	-
Net cash generated from/(used in) operating activities		142,836	(150,136)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(160)	(604)
Purchase of intangible assets	10	(26,356)	(6,821)
Proceeds from disposal of property, plant and equipment		-	8
Net cash used in investing activities		(26,516)	(7,417)

Statement of cash flows (cont'd.)
For the financial year ended 31 December 2025 (cont'd.)

	Note	2025 RM'000	2024 RM'000
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(774)	(2,226)
Net cash used in financing activities		(774)	(2,226)
Net increase/(decrease) in cash and cash equivalents		115,546	(159,779)
Cash and cash equivalents at 1 January		221,134	380,913
Cash and cash equivalents at 31 December		336,680	221,134

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows

	2025 RM'000	2024 RM'000
Short term deposits with licensed Islamic financial institutions with original maturity period of less than 3 months	299,786	180,095
Cash and bank balances	36,893	41,039
	336,679	221,134

Notes to the financial statements
For the financial year ended 31 December 2025

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company and the address of the principal place of business are as follows:

Level 21, Mercu 2
No. 3, Jalan Bangsar, KL Eco City
59200 Kuala Lumpur, Malaysia

The Company is principally engaged in the underwriting of the Family Takaful Business which includes investment linked business. There has been no significant change in the principal activities during the financial year.

FWD Life Insurance Company (Bermuda) Limited, incorporated in Bermuda, is the immediate holding company.

The ultimate holding company is PCGI Holdings Limited, a company incorporated in the Cayman Islands.

The financial statements were authorised by the Board of Directors on 18 March 2026.

2. Material accounting policy information

2.1 Basis of preparation

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

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("RBCT") issued by Bank Negara Malaysia ("BNM") as at the reporting date.

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

Takaful operations and its funds

Under the concept of takaful, individuals make contributions to a pool which is managed by a takaful operator with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a takaful operator, the Company is not a participant of the Family Takaful Fund but manages the fund in line with the principles of Wakalah bi al-Ujrah (agency with fees) which is the business model adopted by the Company. The takaful operator manages both the shareholders' fund and the Family Takaful Fund (including the relevant assets and liabilities) towards the purpose outlined above.

A separate column for the Family Takaful Fund is presented in the statement of financial position, the income statement, the statement of comprehensive income as well as certain relevant notes to the financial statements in order to ensure the financial statements provide relevant information that is useful to those users with an interest in the Family Takaful Fund's activities.

2.2 Summary of material accounting policy information

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable taxes and any costs to enhance the working condition of the asset for its intended use.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which the costs are incurred. Where the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(a) Property, plant and equipment (cont'd.)

Depreciation of property, plant and equipment is calculated on a straight-line basis to write off the cost of each amount to its residual value over its estimated useful life. The annual depreciation rates are:

Office renovation	33%
Motor vehicles	20%
Computer equipment	33%
Office equipment, furniture and fittings	10 - 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life 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, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the statement of profit or loss.

Work-in-progress contains all costs incurred on assets that are not yet completed to working condition. When the assets have been completed to working condition and are ready for their intended use, all related costs under work-in-progress will be transferred to the relevant components of property, plant and equipment.

(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 accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(b) Intangible assets (cont'd.)

Intangible assets with finite lives 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 with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These software are amortised over their estimated useful lives of 3 to 5 years.

Software development costs are not amortised and are stated at cost, until such time when such software is completed and is ready for active use. Software development costs are tested for impairment annually and represent development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. During the period of which the asset is not yet in use, it is tested for impairment annually.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets

(i) Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. On initial recognition, a financial asset is measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial instruments are initially recognised on the trade date and measured at their fair value. Except for financial instruments recorded at FVTPL, transaction costs are added to this amount.

(ii) Classification

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit ("SPPI").

Financial assets at FVOCI

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(ii) Classification (cont'd.)

Financial assets at FVTPL

Financial assets at FVTPL are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

(i) Business model assessment

The Company assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management’s strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company’s stated objective for managing the financial assets is achieved and how cash flows are realised.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(ii) Classification (cont'd.)

(i) Business model assessment (cont'd.)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

For a majority of investments in debt instruments, the objective of the Company's business model is to fund takaful certificate liabilities. The Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle takaful certificate liabilities. The Company determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Financing and deposits are held in separate portfolios for long-term yield. These assets may be sold, but such sales are not expected to be more than infrequent. The Company considers that these assets are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Profit is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(ii) Classification (cont'd.)

(i) Business model assessment (cont'd.)

Assessment of whether contractual cash flows are SPPI (cont'd.)

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration for the time value of money (e.g. periodic reset of profit rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and profit on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(ii) Classification (cont'd.)

(i) Business model assessment (cont'd.)

Assessment of whether contractual cash flows are SPPI (cont'd.)

Some prepayment features permit the debtor to prepay the debt instrument at an amount calculated as the remaining contractual cash flows discounted at the current market benchmark profit rate plus a fixed spread. The Company has determined that these prepayment features are consistent with the SPPI criterion. Because the Company would be compensated only for the change in the market benchmark profit rate and for lost profit margin, the prepayment penalty would not include any non-SPPI risks and may be seen as reasonable compensation.

(iii) Subsequent measurement

Financial assets at amortised cost

After initial measurement, financial assets are measured at amortised cost, using the effective profit method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective profit method. Expected Credit Losses ("ECLs") are recognised in the income statement when the investments are impaired.

Financial assets at FVOCI

FVOCI debt securities are subsequently measured at fair value. Changes in the fair value, except for relevant foreign exchange gains and losses and impairment losses, are recognised in other comprehensive income and accumulated in a separate fair value reserve within equity.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(iii) Subsequent measurement (cont'd.)

Financial assets at FVTPL

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Profit earned on assets mandatorily required to be measured at FVTPL is recorded using contractual profit rate.

Profit income

Profit income is recognised on a time proportion basis that takes into account the effective yield of the asset. Profits including the amount of amortisation of premium and accretion of discount are recognised on a time proportion basis taking into account the principal outstanding and the effective date over the period to maturity, when it is determined that such income will accrue to the Company.

Dividend income

Dividend is recognised when the right to receive payment is established.

Realised gains and losses on investments

All sales of investments are recognised on their trade dates, i.e. the date the Company commits to sell the assets. Gains or losses arising from the sale of investments are calculated as the difference between net sales proceeds and the original or carrying amount and are credited or charged to the statement of profit or loss.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(iv) Impairment of financial assets

(i) General

The Company recognises allowances for expected credit loss ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVOCI.

The Company measures loss allowances at an amount equal to 12-month ECL, except for Stage 2 and Stage 3 assets where a lifetime ECL is recognised.

ECL is assessed in three stages:

- Stage 1: if the financial asset is not credit-impaired upon origination and the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount up to 12-month ECL;
- Stage 2: if the financial asset is not credit-impaired upon origination but the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime ECL. Lifetime ECL results from all possible default events over the expected life of the financial instrument; and
- Stage 3: if the financial asset is credit-impaired, with one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, the loss allowance is also measured at an amount equal to the lifetime ECL.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

For debt securities at low credit risk at the reporting date, it is assumed that the credit risk has not increased significantly since initial recognition, and hence, the loss allowance is measured at an amount up to 12-month ECL.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

(ii) Measurement of ECL

ECL is calculated as a probability-weighted forward-looking estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

(iii) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost and debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to mitigating actions. The criteria of “default” are consistent with those of “credit-impaired”.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

(iv) Presentation of loss allowances in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in Other Comprehensive Income ("OCI").

ECL is recognised as “Impairment loss on financial assets” in the income statement.

(v) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Although the Company expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities and company activities that may result in recovery of written off amounts.

(v) Derecognition of financial assets

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when the Company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Company has retained control, the asset continues to be recognised to the extent of the Company’s continuing involvement.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) Financial assets (cont'd.)

(v) Derecognition of financial assets (cont'd.)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(vi) Regular way purchase or sale of a financial asset

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

A regular way purchase or sale of financial assets is recognised and de-recognised, as applicable, using the trade date accounting. Trade date accounting refers to:

- The recognition of an asset to be received and the liability to pay for it on the trade date; and
- Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Takaful and retakaful certificates classification

The Company issues takaful certificates in the normal course of business, under which it accepts significant takaful risk from participants of the Participant Risk Fund. As a general guideline, the Company determines whether it has significant takaful risk, by comparing benefits payable after a covered event with benefits payable if the covered event had not occurred. Takaful certificates can also transfer financial risk.

The Company does not issue retakaful certificates.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment

(i) Separating components from takaful and retakaful certificates

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

Some term family takaful certificates issued by the Company include a surrender option under which the surrender value is paid to the participant on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component ("NDIC") in MFRS 17. MFRS 17 defines investment components as the amounts that a takaful certificate requires a takaful operator to repay to a participant in all circumstances, regardless of whether a covered event occurs. Investment components which are highly interrelated with the takaful certificate of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss. The surrender options are considered NDICs as the Company is unable to measure the value of the surrender option component separately from the family takaful portion of the contract.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(ii) Level of aggregation

MFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. A portfolio comprise groups of contracts with similar risks which are managed together. The Company considers factors such as duration of the contracts and product lines to define the portfolio grouping. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The groups of certificates for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

The takaful certificates portfolios are divided into:

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

The retakaful certificates held portfolios are divided into:

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(iii) Recognition

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

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

The Company recognises a group of retakaful certificates held:

- If the retakaful certificates provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract.
- In all other cases, from the beginning of the coverage period of the first contract in the group.
- For a group of onerous underlying contracts, as soon as facts and circumstances indicate that the group is onerous.

The Company adds new contracts to the group when they are issued or initiated.

(iv) Onerous groups of certificates

The Company may issue some contracts before the coverage period starts and the first contribution becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a participant in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(v) Certificate boundary

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

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks.

  Or

- Both of the following criteria are satisfied:

  - The Company has the practical ability to reassess the risks of the portfolio of takaful certificates that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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

For takaful certificates with renewal periods, the Company assesses whether contributions and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks covered for the participant by the Company, that the Company would consider when underwriting equivalent certificates on the renewal dates for the remaining coverage. The Company reassesses the contract boundary of each group at the end of each reporting period.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA")

Takaful certificates – initial measurement

Company

On initial recognition, the Company measures a group of takaful certificates as the total of:

- Fulfilment cash flows.
- A contractual service margin ("CSM"), representing the unearned profit the Company will recognise as it provides services in connection with the takaful certificates in the group.

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

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

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

- Contributions and related cash flows.
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims and surplus to participants.
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the contract belongs.
- Claims handling costs.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – initial measurement (cont'd.)

Company (cont'd.)

- Certificate administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries.
- An allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates.
- Transaction-based taxes.

The fulfillment cash flows may include amounts that are in the scope of a standard other than MFRS 17. For example, the Company has included some depreciation costs on property, plant and equipment in the fulfillment cash flows under paragraph B64(l) of MFRS 17. The Company removes such costs from the fulfillment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. property, plant and equipment) in accordance with the other standard.

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

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

The measurement of fulfilment cash flows includes takaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful revenue) over the period based on number of certificates.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – initial measurement (cont'd.)

Company (cont'd.)

The Company's CSM is a component of the asset or liability for the group of takaful certificates that represents the unearned profit the Company will recognise as it provides services in the future. The Company measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- Initial recognition of the fulfilment cash flows.
- Derecognition at the date of initial recognition of any asset or liability recognised for takaful acquisition cash flows.
- Any cash flows arising from the contracts in the group at that date.

For groups of contracts assessed as onerous, the Company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognised.

The liability for remaining coverage is the Company's obligation to investigate and pay valid claims for covered events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period) and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an takaful certificate plus the CSM for that contract.

The liability for incurred claims is the Company's obligation to investigate and pay valid claims for covered events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred takaful expenses. At initial recognition of a group of contracts, the liability for incurred claims is usually nil as no covered events have occurred.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – initial measurement (cont'd.)

Family Takaful Fund

Initial measurement of takaful certificates within the Family Takaful Fund follows the same principles as those for the Company, with the exceptions of the following:

- No CSM is recognised in the Family Takaful Fund on the basis that there should only be one (1) CSM for a takaful certificate, considering the key principle of the certificate being the lowest unit of account.
- When estimating future cash flows within the certificate boundary, the Family Takaful Fund includes cash flows that are relevant to the Family Takaful Fund only, including:
  - Contributions and related cash flows
  - Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims and surplus to participants
  - Remunerations to shareholder's fund, including Wakalah fee, surplus sharing, and investment profit sharing
  - Qard and repayment of Qard

Takaful certificates – subsequent measurement

Company

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

Takaful certificates without direct participation features

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

Company (cont'd.)

- The effect of any new contracts added to the group.
- Profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss, or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The amount recognised as takaful revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of profit on the CSM is determined using the bottom-up approach at inception (see note 3(i)).

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

Company (cont'd.)

The changes in fulfilment cash flows relating to future service that adjust the CSM are comprised of:

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

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of takaful certificates at initial recognition (see note 3(i)).

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

Company (cont'd.)

Takaful certificates with direct participation features

Direct participating contracts are contracts under which the Company's obligation to the participants is the net of:

- the obligation to pay the participants 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 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 Company provides investment services under these contracts by providing an investment return based on underlying items, in addition to takaful coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay participants 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 Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

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

- the effect of any new contracts added to the group.
- the change in the amount 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:

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

Company (cont'd.)

  - the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;

  - a decrease in the amount of 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 takaful service expenses) and creating a loss component; or
  - an increase in the amount 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 takaful service expenses).
- the amount recognised as takaful revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Changes in fulfilment cash flows not varying based on the return on underlying items 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.

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

Family Takaful Fund

Subsequent measurement of takaful certificates within the Family Takaful Fund follows the same principles as those for the Company, with the exceptions of the following:

- There is no CSM for a group of takaful certificates as the Family Takaful Fund does not seek profit from its participants.
- When estimating future cash flows, the Family Takaful Fund includes cash flows that are relevant to the Family Takaful Fund only, including:
    - Contributions and related cash flows
    - Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims and surplus to participants
    - Remunerations to shareholder's fund, including Wakalah fee, surplus sharing, and investment profit sharing
    - Qard and repayment of Qard

Retakaful certificates held

The measurement of retakaful certificates held for the Company follows the same principles as those for takaful certificates issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the retakaful operators, including the effects of collateral and losses from disputes.
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the retakaful operator.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach ("PAA") (cont'd.)

Retakaful certificates held (cont'd.)

The measurement of retakaful certificates held for the Family Takaful Fund follows the same principles as those for takaful certificates issued, with the exception of the following:

- On initial recognition, the CSM of a group of retakaful certificates 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. However, if any net cost on purchasing retakaful coverage relates to covered events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Otherwise, changes in the fulfilment cash flows adjust the CSM.
- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of collateral and losses from disputes.
- Measurement of the cash flows include a transfer of the results of the retakaful certificates held on this basis that such results are utilised for estimation of net surplus within the Family Takaful Fund. Therefore, there is no CSM for retakaful certificates held.

(vii) Measurement - Contracts measured under the Premium Allocation Approach ("PAA")

Takaful certificates

The Company generally uses the Premium* Allocation Approach (“PAA”), to simplify the measurement of groups of contracts when the coverage period of each contract in the group is one year or less.

*Premium refers to contribution in Takaful terms

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vii) Measurement – Contracts measured under the Premium Allocation Approach ("PAA") (cont'd.)

Takaful certificates (cont'd.)

On initial recognition of each group of takaful certificates, the carrying amount of the liability for remaining coverage is measured at the contribution received on initial recognition minus any takaful acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any contribution received and the amortisation of takaful acquisition cash flows recognised as expenses, and decreased by the amount recognised as takaful revenue for services provided and any additional takaful acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related contribution due date is no more than a year. Accordingly, 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 Company recognises 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.

The Company recognises the liability for incurred claims of a group of takaful certificates 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.

Measurement for the Family Takaful Fund follows the same principles as that for the Company.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(vii) Measurement – Contracts measured under the Premium Allocation Approach ("PAA") (cont'd.)

Retakaful certificates held

The Company applies the same accounting policies to measure a group of retakaful certificates held, adapted where necessary to reflect features that differ from those of takaful certificates.

Measurement for the Family Takaful Fund follows the same principles as that for the Company.

(viii) Modification and derecognition

The Company and Family Takaful Fund derecognises takaful certificates when:

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

(ix) Qard

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

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

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(x) Presentation

The Company has presented separately in the statement of financial position the carrying amount of portfolios of takaful certificates issued that are assets, portfolios of takaful certificates issued that are liabilities, portfolios of retakaful certificates held that are assets and portfolios of retakaful certificates held that are liabilities.

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

The Company disaggregates the amounts recognised in the income statement and other comprehensive income into a takaful service result, comprising takaful revenue and takaful service expenses, and takaful finance income or expenses.

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

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

Takaful Revenue

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(x) Presentation (cont'd.)

Takaful Revenue (cont'd.)

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

- Takaful service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- Amounts related to takaful acquisition cash flows.

Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component in the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous takaful certificates (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(x) Presentation (cont'd.)

Takaful finance income and expense

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

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

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

The Company disaggregates takaful finance income or expenses on takaful certificates issued between profit or loss and OCI. The impact of changes in market profit rates on the value of the family takaful and related retakaful assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and takaful assets and liabilities.

The Company systematically allocates expected total takaful finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

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

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) Takaful and retakaful certificates accounting treatment (cont'd.)

(x) Presentation (cont'd.)

Net income or expense from retakaful certificates held

The Company presents separately on the face of the income statement and other comprehensive income, the amounts expected to be recovered from retakaful operators, and an allocation of the retakaful contributions paid. The Company treats retakaful cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retakaful certificate held, and excludes investment components and commissions from an allocation of retakaful contributions presented on the face of the statement of profit or loss and other comprehensive income.

Presentation for the Family Takaful Fund

Presentation for the Family Takaful Fund follows the same principles as those for the Company.

(f) Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

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 best economic interests.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

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

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 Company uses 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable including quotes from brokers and market makers, discounted cash flows and other valuation techniques commonly used by market participants.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, 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.

For the purpose of fair value disclosures, the Company has 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 explained above.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

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

The fair value of financial assets that are actively traded in organised financial markets, i.e. quoted Shariah-approved equities and financial instruments with embedded derivatives is determined by reference to quoted market bid prices for assets at the close of business on statement of financial position date. Fair value for investments in, collective investment schemes ("CIS") is determined by reference to published net asset values.

For financial instruments where there is no active market such as unquoted Islamic private debt securities and Government Investment Issues, fair value is obtained from Bloomberg Valuation Services ("BVAL").

In cases where the fair value cannot be reliably measured, the financial instruments are stated at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

(g) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans under statutory regulations

As required by law, companies in Malaysia make contributions to the statutory pension fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of profit or loss as incurred.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(h) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying the 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. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(i) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported on 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 liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(j) Income tax

Income tax in the income statement for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable income for the year and is measured using tax rates that have been enacted at the statement of financial position date.

The family takaful business pays tax on participants' investment returns at a tax rate of 8%. Tax on participants' investment returns is recognised as an expense and disclosed under taxation attributable to participants in the statement of profit or loss.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(j) Income tax (cont'd.)

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused taxed losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the year 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 in the income statement, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also charged or credited directly in other comprehensive income.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Zakat

This represent tithes payable by the Company to comply with the principles of Shariah and is approved by the Shariah Committee of the Company. The method to calculate zakat for the Company is based on the Company's profit before tax.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(m) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

(i) As Lessee

The Company recognises a right-of-use asset and a lease liability in its statement of financial position at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, less any lease payments made before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental financing rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. The estimated useful lives of office equipments are 2 to 5 years, whereas the estimated useful lives of office spaces are based on the lease terms. In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective profit method. It is remeasured to reflect any lease modifications or reassessments.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(m) Leases (cont'd.)

(i) As Lessee (cont'd.)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

Lease modifications

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(n) Share capital

Proceeds from issuance of ordinary and preference shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary and preferred shares are deducted against share capital.

2. Material accounting policy information (cont'd.)

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to standards adopted by the Company on 1 January 2025:

- *Lack of Exchangeability* (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)

The adoption of the above standards and pronouncement did not have any significant impact on the financial statements of the Company.

2. Material accounting policy information (cont'd.)

2.4 Standards issued but not yet effective

The following are standards and amendments to standards issued by MASB, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards and amendments to standards, if applicable, when they become effective:

Effective for financial periods beginning on or after 1 January 2026

- *Contracts Referencing Nature-dependent Electricity* (Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures*)
- Amendments that are part of Annual Improvements—Volume 11:
  - Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7 *Financial Instruments: Disclosures*
  - Amendments to MFRS 9 F*inancial Instruments*
  - Amendments to MFRS 10 *Consolidated Financial Statements*
  - Amendments to MFRS 107 *Statement of Cash Flows*
- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures*)

Effective for financial periods beginning on or after 1 January 2027

- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*
- MFRS 18 *Presentation and Disclosure in Financial Statements*
- Amendments to MFRS 19 *Subsidiaries without Public Accountability: Disclosures*
- *Translation to a Hyperinflationary Presentation Currency* (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)

The Company intends to adopt the aforementioned standards and amendments as they become effective in the respective financial periods. The potential impact of MFRS 18, particularly in relation to presentation and disclosure requirements, is currently being assessed. With the exception of MFRS 18, these standards and amendments are not expected to have a significant impact on the Company's financial statements upon initial application. The Company is currently evaluating the potential impact of presentation and disclosure changes, if any, arising from the adoption of MFRS 18.

3. Significant accounting estimates and judgements

In the preparation of the Company's financial statements, management makes estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities at statement of financial position date. Estimates, assumptions and judgements are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. 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 future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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 as follows:

Takaful and retakaful certificates

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) The methods used to measure takaful certificates

The Company primarily uses deterministic projections to estimate the present value of future cash flows. The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates

  Assumptions are based on market data where available, set with reference to retakaful rates, and adjusted when appropriate to reflect the Company's own experiences. Assumptions are differentiated by participant gender, underwriting class and contract type. An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

- Expenses

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force certificates and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  An increase in the expected level of expenses will reduce future expected profits of the Company.

3. Significant accounting estimates and judgements (cont'd.)

Takaful and retakaful certificates (cont'd.)

(i) The methods used to measure takaful certificates (cont'd.)

- Expenses (cont'd.)

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

- Lapse and surrender rates

  Lapses relate to the termination of certificates due to non–payment of contributions. Surrenders relate to the voluntary termination of certificates by participants. Certificate termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, certificate duration and sales channel.

  An increase in lapse rates would tend to reduce profits of the Company.

- Discount rate

  All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the takaful certificates. The risk-free yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real profit rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on changes to long-term expectations. To reflect the liquidity characteristics of the takaful certificates, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are determined by adjusting the return of a reference portfolio to eliminate any factors that are not relevant to the takaful certificates.

3. Significant accounting estimates and judgements (cont'd.)

Takaful and retakaful certificates (cont'd.)

(i) The methods used to measure takaful certificates (cont'd.)

The tables below set out the discount rates used:

As at 31 December 2025

	1 year	5 years	10 years	15 years	20 years
Risk free	2.97%	3.79%	4.08%	4.57%	4.78%
With illiquidity premium	3.04%	3.86%	4.15%	4.64%	4.85%

As at 31 December 2024

	1 year	5 years	10 years	15 years	20 years
Risk free	3.37%	3.84%	4.12%	4.57%	4.78%
With illiquidity premium	3.53%	4.00%	4.28%	4.73%	4.94%

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

(ii) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful certificates and covers takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that a takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. The Company has estimated the risk adjustment at 75% confidence level using the margin approach.

(iii) Amortisation of the CSM

The CSM is a component of the asset or liability for the group of takaful certificates that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful certificates is recognised in profit or loss as takaful revenue in each period to reflect the services provided under the group of takaful certificates in that period, based on the number of coverage units provided in the period, which is determined by considering for each contract, the quantity of the services provided, its expected coverage period and time value of money.

3. Significant accounting estimates and judgements (cont'd.)

Takaful and retakaful certificates (cont'd.)

(iii) Amortisation of the CSM (cont'd.)

The quantity of services provided by takaful certificates could include takaful coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by takaful certificates, the terms and benefit features of the contracts are considered.

For contracts providing predominately takaful coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to participants for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and contributions. The Company applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of a covered event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

The amortisation of the CSM of the retakaful certificates held follows the same principles as those for takaful certificates issued.

Impairment losses for financial assets

The measurement of impairment losses under MFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

4. Takaful revenue

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

	Note	2025 RM'000	2024 RM'000
Family Takaful Fund			
Certificates not measured under the PAA			
Amounts relating to the changes in the liability for remaining coverage			
Expected claims and takaful service expenses incurred in the year	a	186,063	163,526
Amounts relating to recovery of takaful acquisition cash flows		8,640	497
Takaful revenue - certificates not measured under the PAA		194,703	164,023
Takaful revenue - certificates measured under the PAA		115,083	106,521
Total takaful revenue		**309,786**	**270,544**

Notes:

a. Expected takaful service expenses incurred in the period comprise claims and other expenses which the Family Takaful Fund expects to pay on covered events that occurred during the period. Refer to Note 2.2(e)(vi) for the full list of the cash flows included.

4. Takaful revenue (cont'd.)

The table below presents an analysis of the total takaful revenue recognised in the year: (cont'd.)

	Note	2025 RM'000	2024 RM'000
Company			
Certificates not measured under the PAA			
Amounts relating to the changes in the liability for remaining coverage			
Expected claims and takaful service expenses incurred in the year	a	132,236	109,977
Change in the risk adjustment for non-financial risk	b	5,007	4,129
Amount of CSM recognised in profit or loss	c	26,238	12,231
Amounts relating to recovery of takaful acquisition cash flows			
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows		64,271	50,273
Takaful revenue - certificates not measured under the PAA		227,752	176,610
Takaful revenue - certificates measured under the PAA		115,348	106,755
Total takaful revenue		**343,100**	**283,365**

Notes:

a. Expected takaful service expenses incurred in the period comprise claims and other expenses which the Company expects to pay on covered events that occurred during the period. Refer to Note 2.2(e)(vi) for the full list of the cash flows included.

b. Change in risk adjustment shows the amount of risk expired during the period. Refer to Note 3(ii) for the details of accounting policy.

c. The CSM is recognised in profit or loss over the coverage period of the corresponding group of certificates based on coverage units. Refer to Note 3(iii) for the details of accounting policy.

5. Takaful service expenses

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

	Note	2025 RM'000	2024 RM'000
Family Takaful Fund			
Incurred claims and other takaful service expenses	a, d	(222,313)	(230,762)
Incurred wakalah fees	b	(60,005)	(34,601)
Amortisation of acquisition cash flows - wakalah fees	b	(21,894)	(13,156)
Changes to liabilities for incurred claims		(2,869)	1,774
Total takaful service expenses		**(307,081)**	**(276,745)**
Represented by:			
Contracts not measured under the PAA		(191,094)	(170,224)
Contracts measured under the PAA		(115,987)	(106,521)
		(307,081)	**(276,745)**
Company			
Incurred claims and other takaful service expenses	c, d	(210,458)	(195,165)
Amortisation of acquisition cash flows	d	(84,663)	(70,696)
Losses on onerous contracts and reversal of losses on onerous contracts		3,830	(19,871)
Changes to liabilities for incurred claims		(2,869)	2,257
Total takaful service expenses		**(294,160)**	**(283,475)**
Represented by:			
Contracts not measured under the PAA		(182,483)	(178,425)
Contracts measured under the PAA		(111,677)	(105,050)
		(294,160)	**(283,475)**

Notes:

a. The surplus distribution declared to the Shareholder's Fund during the year is RM34.3 million (2024: RM26.3 million). The surplus distribution declared to participants during the year is RM34.4 million (2024: RM28.1 million). The investment profit sharing paid to the Shareholder's Fund during the year is RM2.6 million (2024: RM2.5 million).

b. The wakalah fees paid to the Shareholder's Fund during the year is RM198.3 million (2024: RM165.9 million).

c. The surplus distribution declared to the Shareholder's Fund during the year is RM34.3 million (2024: RM26.3 million). The surplus distribution declared to certificate holders during the year is RM34.4 million (2024: RM28.1 million).

5. Takaful service expenses (cont'd.)

Notes (cont'd.):

d. The breakdown of expenses incurred by the Company:

	Note	2025 RM'000	2024 RM'000
Fees and commission expenses		110,891	101,781
Personnel expenses:			
Salaries, bonus and other related costs		50,112	46,235
Contribution to defined contribution plans		8,830	8,316
Others		10,866	10,798
Shariah Committee fee and other emoluments	19	324	319
Auditor's remuneration:			
Statutory audit fees		601	533
Other assurance services		53	57
Non-audit services		69	26
Amortisation of intangible assets	10	4,983	3,754
Depreciation of property, plant and equipment	9	616	804
Directors' fees	19	1,204	1,272
Information technology costs		10,901	15,645
Marketing and research		32,923	45,816
Printing and stationery		8	351
Professional fees		4,053	3,960
Channel development costs		5,704	6,945
Postage and stamp duties		204	267
Utilities, assessment and maintenance		213	499
Depreciation of right-of-use assets	11(a)	709	2,210
Profit expense on lease liabilities	11(b)	28	114
Corporate Social Responsibility project		-	3,060
Others		38,988	11,833
		282,280	264,595
Less: Amount attributed to acquisition cash flows		(220,190)	(178,694)
Add: Amortisation of acquisition cash flows		84,663	70,696
		146,753	156,597
Represented by:			
Takaful service expenses:			
Maintenance expenses		35,641	38,069
Acquisition expenses		84,663	70,696
		120,304	108,765
Other expenses		26,449	47,832
		146,753	156,597

6. Net investment income and net takaful finance result

The table below presents an analysis of total investment income and takaful finance result recognised in profit or loss and OCI in the year:

	2025 RM'000	2024 RM'000
Family Takaful Fund		
Investment income		
Amounts recognised in profit or loss		
Net fair value losses on financial assets at fair value through profit or loss	(843)	(2,488)
Other investment profit	77,889	74,103
Reversal of impairment loss/ (Impairment loss) on financial assets	83	(157)
Total amounts recognised in the profit or loss	**77,129**	**71,458**
Amounts recognised in OCI		
Net fair value gains on financial assets at fair value through OCI	18,598	3,323
Reversal of impairment loss/ (Impairment loss) on financial assets	(83)	157
Total amounts recognised in OCI	**18,515**	**3,480**
Total investment income	**95,644**	**74,938**
Takaful finance expenses from takaful certificates issued		
Profit accreted to takaful certificates	(1,636)	(2,752)
Due to changes in profit rates and other financial assumptions	(3,356)	(1,373)
Due to changes in the value of underlying items	(86,733)	(61,366)
Total takaful finance expenses from takaful certificates issued	**(91,725)**	**(65,491)**
Represented by :		
Amount recognised in profit or loss	(74,698)	(62,533)
Amount recognised in OCI	(17,027)	(2,958)
	(91,725)	(65,491)

6. Net investment income and net takaful finance result (cont'd.)

	2025 RM'000	2024 RM'000
Family Takaful Fund (cont'd.)		
Retakaful finance income/(expenses) from retakaful certificates held		
Due to changes in profit rates and other financial assumptions	(2,331)	(1,007)
Retakaful finance income/(expenses) from retakaful certificates held	**(2,331)**	**(1,007)**
Represented by :		
Amount recognised in profit or loss	(2,331)	(1,007)
Total net investment income, takaful finance expenses and retakaful finance income	**1,588**	**8,440**
Represented by :		
Amount recognised in profit or loss	100	7,918
Amount recognised in OCI	1,488	522
	1,588	8,440

6. Net investment income and net takaful finance result (cont'd.)

	2025 RM'000	2024 RM'000
Company		
Investment income		
Amounts recognised in profit or loss		
Net fair value losses on financial assets at fair value through profit or loss	(479)	(4,699)
Other profit and similar income	89,049	88,948
Reversal of impairment loss/ (Impairment loss) on financial assets	150	(670)
Total amounts recognised in the profit or loss	**88,720**	**83,579**
Amounts recognised in OCI		
Net fair value gains on financial assets at fair value through OCI	18,720	3,677
Reversal of impairment loss/ (Impairment loss) on financial assets	115	(146)
Total amounts recognised in OCI	**18,835**	**3,531**
Total investment income	**107,555**	**87,110**
Takaful finance expenses from takaful certificates issued		
Profit accreted to takaful certificates	(1,716)	(1,870)
Due to changes in profit rates and other financial assumptions	(3,171)	(1,451)
Due to changes in the value of underlying items	(85,971)	(57,775)
Total takaful finance expenses from takaful certificates issued	**(90,858)**	**(61,096)**
Represented by :		
Amount recognised in profit or loss	(70,187)	(57,363)
Amount recognised in OCI	(20,671)	(3,733)
	(90,858)	(61,096)

6. Net investment income and net takaful finance result (cont'd.)

	2025 RM'000	2024 RM'000
Company (cont'd.)		
Retakaful finance income from retakaful certificates held		
Profit accreted to retakaful certificates using locked-in rate	(157)	38
Due to changes in profit rates and other financial assumptions	1,242	174
Changes in non-performance risk of retakaful operators	(33)	(47)
Retakaful finance income from retakaful certificates held	**1,052**	**165**
Represented by :		
Amount recognised in profit or loss	(265)	-
Amount recognised in OCI	1,317	165
	1,052	165
Total net investment income, takaful finance expenses and retakaful finance income	**17,749**	**26,179**
Represented by :		
Amount recognised in profit or loss	18,268	26,216
Amount recognised in OCI	(519)	(37)
	17,749	26,179

7. Financial assets

The breakdown of financial assets as follows:

	2025 RM'000	2024 RM'000
Family Takaful Fund		
Total equity measured at FVTPL	639,588	600,788
Debt instruments measured at FVOCI	1,283,769	1,190,738
Total financial assets	1,923,357	1,791,526
Company		
Total equity measured at FVTPL	767,483	749,413
Debt instruments measured at FVOCI	1,334,712	1,266,568
Total financial assets	2,102,195	2,015,981

(a) Equity measured at FVTPL

The breakdown of financial assets mandatorily measured at FVTPL is, as follows:

	2025 RM'000	2024 RM'000
Family Takaful Fund		
Collective investment schemes	639,588	600,788
Total equity at FVTPL	639,588	600,788
Company		
Collective investment schemes	767,483	749,413
Total equity at FVTPL	767,483	749,413

7. Financial assets (cont'd.)

(b) Debt instruments measured at fair value through other comprehensive income

The breakdown of debt instruments measured at FVOCI is set out in the table below.

	2025 RM'000	2024 RM'000
Family Takaful Fund		
Debt instruments measured at FVOCI		
Government Investment Issues	445,394	346,863
Government guaranteed sukuk	359,800	304,437
Corporate debt securities	478,575	539,438
Total debt instruments measured at FVOCI	1,283,769	1,190,738
Company		
Debt instruments measured at FVOCI		
Government Investment Issues	466,042	367,342
Government guaranteed sukuk	359,800	304,437
Corporate debt securities	508,870	594,789
Total debt instruments measured at FVOCI	1,334,712	1,266,568

The loss allowance for debt investments at FVOCI of RM1.0 million (2024: RM1.1 million) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

8. Takaful and retakaful certificates

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

	31 December					
	2025			2024		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Family Takaful Fund						
Takaful certificates issued						
Family takaful certificates	-	2,175,871	2,175,871	-	1,930,512	1,930,512
Total takaful certificates	**-**	**2,175,871**	**2,175,871**	**-**	**1,930,512**	**1,930,512**
Retakaful certificates held						
Family takaful certificates	14,297	(38,949)	(24,652)	13,469	(37,666)	(24,197)
Total retakaful certificates held	**14,297**	**(38,949)**	**(24,652)**	**13,469**	**(37,666)**	**(24,197)**
Company						
Takaful certificates issued						
Family takaful certificates	-	1,929,967	1,929,967	-	1,736,855	1,736,855
Total takaful certificates	**-**	**1,929,967**	**1,929,967**	**-**	**1,736,855**	**1,736,855**
Retakaful certificates held						
Family takaful certificates	64,619	(51,070)	13,549	51,363	(47,461)	3,902
Total retakaful certificates held	**64,619**	**(51,070)**	**13,549**	**51,363**	**(47,461)**	**3,902**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held

8.1.1 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts not measured under the PAA

8.1.1.1 Takaful certificates issued

The roll-forward of the net asset or liability for takaful certificates issued for contracts not measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Family Takaful Fund, is disclosed in the table below:

		2025				2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
Family Takaful Fund	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**RM'000**	**RM'000**	**Excluding loss component RM'000**	**Loss component RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities as at 1 January		1,734,611	-	159,945	1,894,556	1,575,996	-	116,260	1,692,256
Net family takaful certificate liabilities as at 1 January		**1,734,611**	**-**	**159,945**	**1,894,556**	**1,575,996**	**-**	**116,260**	**1,692,256**
Takaful revenue	**4**	(194,703)	-	-	(194,703)	(164,023)	-	-	(164,023)
Certificates under the fair value approach		(46,435)	-	-	(46,435)	(47,802)	-	-	(47,802)
Other certificates		(148,268)	-	-	(148,268)	(116,221)	-	-	(116,221)
Takaful service expense	**5**	8,641	-	182,453	191,094	497	-	169,727	170,224
Investment components		(159,955)	-	159,955	-	(179,227)	-	179,227	-
Takaful service result		**(346,017)**	**-**	**342,408**	**(3,609)**	**(342,753)**	**-**	**348,954**	**6,201**
Takaful finance expenses	**6**	**89,771**	**-**	**1,954**	**91,725**	**60,999**	**-**	**4,492**	**65,491**
Total changes in the income statement and OCI		**(256,246)**	**-**	**344,362**	**88,116**	**(281,754)**	**-**	**353,446**	**71,692**
Cash flows									
Contribution and other cash flows received		590,357	-	-	590,357	550,797	-	-	550,797
Claims and other expenses paid including investment components *		-	-	(322,483)	(322,483)	-	-	(309,761)	(309,761)
Takaful acquisition cash flows		(116,716)	-	-	(116,716)	(110,428)	-	-	(110,428)
Total cash flows		**473,641**	**-**	**(322,483)**	**151,158**	**440,369**	**-**	**(309,761)**	**130,608**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net takaful certificate liabilities as at 31 December		**1,952,006**	**-**	**181,824**	**2,133,830**	**1,734,611**	**-**	**159,945**	**1,894,556**
Takaful certificate liabilities as at 31 December		1,952,006	-	181,824	2,133,830	1,734,611	-	159,945	1,894,556
Net takaful certificate liabilities as at 31 December		**1,952,006**	**-**	**181,824**	**2,133,830**	**1,734,611**	**-**	**159,945**	**1,894,556**

*Includes a transfer of the results of the retakaful certificates held on the basis that such results are utilised for estimation of net surplus within the Family Takaful Fund.

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.1 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts not measured under the PAA (cont'd.)

8.1.1.1 Takaful certificates issued (cont'd.)

The roll-forward of the net asset or liability for takaful certificates issued for contracts not measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Company, is disclosed in the table below:

		2025				2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
Company	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**RM'000**	**RM'000**	**Excluding loss component RM'000**	**Loss component RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities as at 1 January		1,514,144	48,346	137,272	1,699,762	1,359,361	35,015	116,400	1,510,776
Net takaful certificate liabilities as at 1 January		**1,514,144**	**48,346**	**137,272**	**1,699,762**	**1,359,361**	**35,015**	**116,400**	**1,510,776**
Takaful revenue	4	(227,752)	-	-	(227,752)	(176,610)	-	-	(176,610)
Certificates under the fair value approach		(41,576)	-	-	(41,576)	(44,918)	-	-	(44,918)
Other certificates		(186,176)	-	-	(186,176)	(131,692)	-	-	(131,692)
Takaful service expense	5	64,270	(9,597)	127,810	182,483	50,272	11,421	116,732	178,425
Investment components		(159,955)	-	159,955	-	(179,227)	-	179,227	-
Takaful service result		**(323,437)**	**(9,597)**	**287,765**	**(45,269)**	**(305,565)**	**11,421**	**295,959**	**1,815**
Takaful finance expenses	6	**85,997**	**1,465**	**3,396**	**90,858**	**54,694**	**1,910**	**4,492**	**61,096**
Total changes in the income statement and OCI		**(237,440)**	**(8,132)**	**291,161**	**45,589**	**(250,871)**	**13,331**	**300,451**	**62,911**
Cash flows									
Contribution and other cash flows received		601,245	-	-	601,245	550,797	-	-	550,797
Claims and other expenses paid including investment components		-	-	(263,164)	(263,164)	-	-	(279,579)	(279,579)
Takaful acquisition cash flows		(197,860)	-	-	(197,860)	(145,143)	-	-	(145,143)
Total cash flows		**403,385**	**-**	**(263,164)**	**140,221**	**405,654**	**-**	**(279,579)**	**126,075**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net takaful certificate liabilities as at 31 December		**1,680,089**	**40,214**	**165,269**	**1,885,572**	**1,514,144**	**48,346**	**137,272**	**1,699,762**
Takaful certificate liabilities as at 31 December		1,680,089	40,214	165,269	1,885,572	1,514,144	48,346	137,272	1,699,762
Net takaful certificate liabilities as at 31 December		**1,680,089**	**40,214**	**165,269**	**1,885,572**	**1,514,144**	**48,346**	**137,272**	**1,699,762**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.1 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts not measured under the PAA (cont'd.)

8.1.1.2 Retakaful certificates held

The roll-forward of the net asset or liability for retakaful certificates held for contracts not measured under the PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the Family Takaful Fund, is disclosed in the table below:

		2025				2024			
		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
Family Takaful Fund	**Note**	**Excluding loss-recovery RM'000**	**Loss-recovery RM'000**	**Estimates of the present value of future cash flows RM'000**	**Total RM'000**	**Excluding loss-recovery RM'000**	**Loss-recovery RM'000**	**Estimates of the present value of future cash flows RM'000**	**Total RM'000**
Retakaful certificate assets as at 1 January		21,921	-	(8,452)	13,469	-	-	13,349	13,349
Retakaful certificate liabilities as at 1 January		(59,506)	-	21,840	(37,666)	(31,230)	-	-	(31,230)
Net retakaful certificate (liabilities)/assets as at 1 January		**(37,585)**	**-**	**13,388**	**(24,197)**	**(31,230)**	**-**	**13,349**	**(17,881)**
Allocation of retakaful contributions		(50,422)	-	-	(50,422)	(42,737)	-	-	(42,737)
Amounts recoverable from retakaful operators		-	-	52,753	52,753	-	-	43,744	43,744
Net (expenses)/income from retakaful certificates held		**(50,422)**	**-**	**52,753**	**2,331**	**(42,737)**	**-**	**43,744**	**1,007**
Retakaful finance income/(expenses)	**6**	**(2,331)**	**-**	**-**	**(2,331)**	**(1,007)**	**-**	**-**	**(1,007)**
Effect of changes in non-performance risk of retakaful operators	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in the income statement and OCI		**(52,753)**	**-**	**52,753**	**-**	**(43,744)**	**-**	**43,744**	**-**
Cash flows									
Contributions paid		51,534	-	-	51,534	37,389	-	-	37,389
Amounts received *		-	-	(51,989)	(51,989)	-	-	(43,705)	(43,705)
Total cash flows		**51,534**	**-**	**(51,989)**	**(455)**	**37,389**	**-**	**(43,705)**	**(6,316)**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net retakaful certificate (liabilities)/assets as at 31 December		**(38,804)**	**-**	**14,152**	**(24,652)**	**(37,585)**	**-**	**13,388**	**(24,197)**
Retakaful certificate assets as at 31 December		22,090	-	(7,793)	14,297	21,921	-	(8,452)	13,469
Retakaful certificate liabilities as at 31 December		(60,894)	-	21,945	(38,949)	(59,506)	-	21,840	(37,666)
Net retakaful certificate (liabilities)/assets as at 31 December		**(38,804)**	**-**	**14,152**	**(24,652)**	**(37,585)**	**-**	**13,388**	**(24,197)**

*Includes a transfer of the results of the retakaful certificates held on the basis that such results are utilised for estimation of net surplus within the Family Takaful Fund.

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.1 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts not measured under the PAA (cont'd.)

8.1.1.2 Retakaful certificates held (cont'd.)

The roll-forward of the net asset or liability for retakaful certificates held for contracts not measured under the PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the Company, is disclosed in the table below:

		2025				2024			
		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
Company	**Note**	**Excluding loss-recovery RM'000**	**Loss-recovery RM'000**	**Estimates of the present value of future cash flows RM'000**	**Total RM'000**	**Excluding loss-recovery RM'000**	**Loss-recovery RM'000**	**Estimates of the present value of future cash flows RM'000**	**Total RM'000**
Retakaful certificate assets as at 1 January		12,332	(964)	39,475	50,843	7,955	674	43,868	52,497
Retakaful certificate liabilities as at 1 January		(54,627)	359	6,807	(47,461)	(42,954)	588	2,381	(39,985)
Net retakaful certificate (liabilities)/assets as at 1 January		**(42,295)**	**(605)**	**46,282**	**3,382**	**(34,999)**	**1,262**	**46,249**	**12,512**
Allocation of retakaful contributions		(50,778)	-	-	(50,778)	(44,565)	-	-	(44,565)
Amounts recoverable from retakaful operators		-	660	38,324	38,984	-	(2,151)	26,022	23,871
Net (expenses)/income from retakaful certificates held		**(50,778)**	**660**	**38,324**	**(11,794)**	**(44,565)**	**(2,151)**	**26,022**	**(20,694)**
Retakaful finance (expenses)/income	**6**	**885**	**200**	**-**	**1,085**	**(72)**	**284**	**-**	**212**
Effect of changes in non-performance risk of retakaful operators	**6**	**(33)**	**-**	**-**	**(33)**	**(47)**	**-**	**-**	**(47)**
Total changes in the income statement and OCI		**(49,926)**	**860**	**38,324**	**(10,742)**	**(44,684)**	**(1,867)**	**26,022**	**(20,529)**
Cash flows									
Contributions paid		51,534	-	-	51,534	37,388	-	-	37,388
Amounts received		-	-	(31,765)	(31,765)	-	-	(25,989)	(25,989)
Total cash flows		**51,534**	**-**	**(31,765)**	**19,769**	**37,388**	**-**	**(25,989)**	**11,399**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net retakaful certificate (liabilities)/assets as at 31 December		**(40,687)**	**255**	**52,841**	**12,409**	**(42,295)**	**(605)**	**46,282**	**3,382**
Retakaful certificate assets as at 31 December		8,039	2,263	53,177	63,479	12,332	(964)	39,475	50,843
Retakaful certificate liabilities as at 31 December		(48,726)	(2,008)	(336)	(51,070)	(54,627)	359	6,807	(47,461)
Net retakaful certificate (liabilities)/assets as at 31 December		**(40,687)**	**255**	**52,841**	**12,409**	**(42,295)**	**(605)**	**46,282**	**3,382**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.2 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM – Contracts not measured under the PAA

8.1.2.1 Takaful certificates issued

The table below presents a roll-forward of the net asset or liability for takaful certificates issued for contracts not measured under the PAA, showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the Family Takaful Fund:

		2025				2024			
Family Takaful Fund	**Note**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Takaful certificate liabilities as at 1 January		1,894,556	-	-	1,894,556	1,692,256	-	-	1,692,256
Net takaful certificate liabilities as at 1 January		**1,894,556**	**-**	**-**	**1,894,556**	**1,692,256**	**-**	**-**	**1,692,256**
Changes that relate to current services		(2,303)	-	-	(2,303)	8,949	-	-	8,949
Contractual service margin recognised for services provided		-	-	-	-	-	-	-	-
Risk adjustment for the risk expired		-	-	-	-	-	-	-	-
Experience adjustments		(2,303)	-	-	(2,303)	8,949	-	-	8,949
Changes that relate to future services		-	-	-	-	-	-	-	-
Certificates initially recognised in the period		-	-	-	-	-	-	-	-
Changes in estimates that adjust the contractual service margin		-	-	-	-	-	-	-	-
Changes in estimates that do not adjust the contractual service margin		-	-	-	-	-	-	-	-
Changes that relate to past services		(1,306)	-	-	(1,306)	(2,748)	-	-	(2,748)
Adjustments to liabilities for incurred claims		(1,306)	-	-	(1,306)	(2,748)	-	-	(2,748)
Takaful service result		**(3,609)**	**-**	**-**	**(3,609)**	**6,201**	**-**	**-**	**6,201**
Takaful finance expenses	**6**	**91,725**	**-**	**-**	**91,725**	**65,491**	**-**	**-**	**65,491**
Total changes in the income statement and OCI		**88,116**	**-**	**-**	**88,116**	**71,692**	**-**	**-**	**71,692**
Cash flows									
Contribution and other cash flows received		590,357	-	-	590,357	550,797	-	-	550,797
Claims and other expenses paid including investment components *		(322,483)	-	-	(322,483)	(309,761)	-	-	(309,761)
Takaful acquisition cash flows		(116,716)	-	-	(116,716)	(110,428)	-	-	(110,428)
Total cash flows		**151,158**	**-**	**-**	**151,158**	**130,608**	**-**	**-**	**130,608**
Other movements		**-**	**-**	**-**	-	**-**	**-**	**-**	-
Net takaful certificate liabilities as at 31 December		**2,133,830**	**-**	**-**	**2,133,830**	**1,894,556**	**-**	**-**	**1,894,556**
Takaful certificate assets as at 31 December		-	-	-	-	-	-	-	-
Takaful certificate liabilities as at 31 December		2,133,830	-	-	2,133,830	1,894,556	-	-	1,894,556
Net takaful certificate liabilities as at 31 December		**2,133,830**	**-**	**-**	**2,133,830**	**1,894,556**	**-**	**-**	**1,894,556**

*Includes a transfer of the results of the retakaful certificates held on the basis that such results are utilised for estimation of net surplus within the Family Takaful Fund.

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.2 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM – Contracts not measured under the PAA (cont'd.)

8.1.2.1 Takaful certificates issued (cont'd.)

The table below presents a roll-forward of the net asset or liability for takaful certificates issued for contracts not measured under the PAA, showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the Company:

		2025				2024			
Company	**Note**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Takaful certificate liabilities as at 1 January		1,568,098	26,343	105,321	1,699,762	1,430,392	22,979	57,405	1,510,776
Net takaful certificate liabilities as at 1 January		**1,568,098**	**26,343**	**105,321**	**1,699,762**	**1,430,392**	**22,979**	**57,405**	**1,510,776**
Changes that relate to current services		(9,069)	(5,007)	(26,238)	(40,314)	1,096	(4,129)	(12,231)	(15,264)
Contractual service margin recognised for services provided		-	-	(26,238)	(26,238)	-	-	(12,231)	(12,231)
Risk adjustment for the risk expired		-	(5,007)	-	(5,007)	-	(4,129)	-	(4,129)
Experience adjustments		(9,069)	-	-	(9,069)	1,096	-	-	1,096
Changes that relate to future services		(222,912)	22,861	196,402	(3,649)	(47,517)	7,493	59,851	19,827
Certificates initially recognised in the period		(192,723)	22,300	171,664	1,241	(48,571)	7,875	46,420	5,724
Changes in estimates that adjust the contractual service margin		(24,517)	(221)	24,738	-	(13,790)	359	13,431	-
Changes in estimates that do not adjust the contractual service margin		(5,672)	782	-	(4,890)	14,844	(741)	-	14,103
Changes that relate to past services		(1,306)	-	-	(1,306)	(2,748)	-	-	(2,748)
Adjustments to liabilities for incurred claims		(1,306)	-	-	(1,306)	(2,748)	-	-	(2,748)
Takaful service result		**(233,287)**	**17,854**	**170,164**	**(45,269)**	**(49,169)**	**3,364**	**47,620**	**1,815**
Takaful finance expenses/(income)	**6**	**90,594**	**-**	**264**	**90,858**	**60,800**	**-**	**296**	**61,096**
Total changes in the income statement and OCI		**(142,693)**	**17,854**	**170,428**	**45,589**	**11,631**	**3,364**	**47,916**	**62,911**
Cash flows									
Contribution and other cash flows received		601,245	-	-	601,245	550,797	-	-	550,797
Claims and other expenses paid including investment components		(263,164)	-	-	(263,164)	(279,579)	-	-	(279,579)
Takaful acquisition cash flows		(197,860)	-	-	(197,860)	(145,143)	-	-	(145,143)
Total cash flows		**140,221**	**-**	**-**	**140,221**	**126,075**	**-**	**-**	**126,075**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net takaful certificate liabilities as at 31 December		**1,565,626**	**44,197**	**275,749**	**1,885,572**	**1,568,098**	**26,343**	**105,321**	**1,699,762**
Takaful certificate liabilities as at 31 December		**1,565,626**	**44,197**	**275,749**	**1,885,572**	**1,568,098**	**26,343**	**105,321**	**1,699,762**
Net takaful certificate liabilities as at 31 December		**1,565,626**	**44,197**	**275,749**	**1,885,572**	**1,568,098**	**26,343**	**105,321**	**1,699,762**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.2 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM – Contracts not measured under the PAA (cont'd.)

8.1.2.2 Retakaful certificates held

The table below presents a roll-forward of the net asset or liability for retakaful certificates held for contracts not measured under the PAA, showing estimates of the present value of future cash flows, risk adjustment and CSM for retakaful held portfolios included in the Family Takaful Fund.

		2025				2024			
Family Takaful Fund	**Note**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Retakaful certificate assets as at 1 January		13,469	-	-	13,469	13,349	-	-	13,349
Retakaful certificate liabilities as at 1 January		(37,666)	-	-	(37,666)	(31,230)	-	-	(31,230)
Net retakaful certificate liabilities as at 1 January		**(24,197)**	**-**	**-**	**(24,197)**	**(17,881)**	**-**	**-**	**(17,881)**
Changes that relate to current services									
Experience adjustments		2,331	-	-	2,331	1,007	-	-	1,007
Net expense from retakaful certs held		**2,331**	**-**	**-**	**2,331**	**1,007**	**-**	**-**	**1,007**
Retakaful finance expenses	**6**	**(2,331)**	**-**	**-**	**(2,331)**	**(1,007)**	**-**	**-**	**(1,007)**
Effect of changes in non-performance risk of retakaful operators	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of movements in exchange rates		**-**	**-**	**-**	-	**-**	**-**	**-**	-
Total changes in the income statement and OCI		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash flows									
Contributions paid		51,534	-	-	51,534	37,389	-	-	37,389
Amounts received *		(51,989)	-	-	(51,989)	(43,705)	-	-	(43,705)
Total cash flows		**(455)**	**-**	**-**	**(455)**	**(6,316)**	**-**	**-**	**(6,316)**
Other movements		**-**	**-**	**-**	-	**-**	**-**	**-**	-
Net retakaful certificate liabilities as at 31 December		**(24,652)**	**-**	**-**	**(24,652)**	**(24,197)**	**-**	**-**	**(24,197)**
Retakaful certificate assets as at 31 December		14,297	-	-	14,297	13,469	-	-	13,469
Retakaful certificate liabilities as at 31 December		(38,949)	-	-	(38,949)	(37,666)	-	-	(37,666)
Net retakaful certificate liabilities as at 31 December		**(24,652)**	**-**	**-**	**(24,652)**	**(24,197)**	**-**	**-**	**(24,197)**

*Includes a transfer of the results of the retakaful certificates held on the basis that such results are utilised for estimation of net surplus within the Family Takaful Fund.

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.2 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM – Contracts not measured under the PAA (cont'd.)

8.1.2.2 Retakaful certificates held (cont'd.)

The table below presents a roll-forward of the net asset or liability for retakaful certificates held for contracts not measured under the PAA, showing estimates of the present value of future cash flows, risk adjustment and CSM for retakaful held portfolios included in the Company.

		2025				2024			
Company	**Note**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Retakaful certificate assets as at 1 January		37,520	2,680	10,643	50,843	36,373	2,655	13,469	52,497
Retakaful certificate liabilities as at 1 January		(63,357)	4,540	11,356	(47,461)	(55,473)	3,545	11,943	(39,985)
Net retakaful certificate (liabilities)/assets as at 1 January		**(25,837)**	**7,220**	**21,999**	**3,382**	**(19,100)**	**6,200**	**25,412**	**12,512**
Changes that relate to current services									
Contractual service margin recognised for services provided		-	-	(5,598)	(5,598)	-	-	(4,351)	(4,351)
Risk adjustment for the risk expired		-	(194)	-	(194)	-	(295)	-	(295)
Experience adjustments		(12,418)	-	-	(12,418)	(14,159)	-	-	(14,159)
Changes that relate to future services									
Certificates initially recognised in the period		(42,713)	4,562	38,499	348	(8,262)	1,447	7,308	493
Changes in estimates that adjust the contractual service margin		13,257	2	(12,946)	313	5,066	(119)	(7,590)	(2,643)
Changes in estimates that do not adjust the contractual service margin		-	-	-	-	-	-	-	-
Changes that relate to past services									
Adjustments to liabilities for incurred claims		5,755	-	-	5,755	261	-	-	261
Retakaful finance (expenses)/income	**6**	**(315)**	**-**	**1,400**	**1,085**	**(995)**	**(13)**	**1,220**	**212**
Effect of changes in non-performance risk of retakaful operators	**6**	**(33)**	**-**	**-**	**(33)**	**(47)**	**-**	**-**	**(47)**
Total changes in the income statement and OCI		**(36,467)**	**4,370**	**21,355**	**(10,742)**	**(18,136)**	**1,020**	**(3,413)**	**(20,529)**
Cash flows									
Contributions paid		51,534	-	-	51,534	37,388	-	-	37,388
Amounts received		(31,765)	-	-	(31,765)	(25,989)	-	-	(25,989)
Total cash flows		**19,769**	**-**	**-**	**19,769**	**11,399**	**-**	**-**	**11,399**
Other movements		**-**	**-**	**-**	-	**-**	**-**	**-**	-
Net retakaful certificate (liabilities)/assets as at 31 December		**(42,535)**	**11,590**	**43,354**	**12,409**	**(25,837)**	**7,220**	**21,999**	**3,382**
Retakaful certificate assets as at 31 December		52,299	5,492	5,688	63,479	37,520	2,680	10,643	50,843
Retakaful certificate liabilities as at 31 December		(94,834)	6,098	37,666	(51,070)	(63,357)	4,540	11,356	(47,461)
Net retakaful certificate (liabilities)/assets as at 31 December		**(42,535)**	**11,590**	**43,354**	**12,409**	**(25,837)**	**7,220**	**21,999**	**3,382**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.3 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts measured under the PAA

8.1.3.1 Takaful certificates issued

The roll-forward of the net asset or liability for takaful certificates issued for contracts measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Family Takaful Fund, is disclosed in the table below:

		2025				2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Note	Excluding loss component	Loss component	Estimates of the present value of future cash flows		Excluding loss component	Loss component	Estimates of the present value of future cash flows	
Family Takaful Fund		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Takaful certificate liabilities as at 1 January		20,830	35	15,091	35,956	18,830	-	14,303	33,133
Net family takaful certificate liabilities as at 1 January		**20,830**	**35**	**15,091**	**35,956**	**18,830**	**-**	**14,303**	**33,133**
Takaful revenue	4	(115,083)	-	-	(115,083)	(106,521)	-	-	(106,521)
Takaful service expense	5	13,253	-	102,734	115,987	12,659	35	93,827	106,521
Takaful service result		**(101,830)**	**-**	**102,734**	**904**	**(93,862)**	**35**	**93,827**	**-**
Takaful finance expenses/(income)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in the income statement and OCI		**(101,830)**	**-**	**102,734**	**904**	**(93,862)**	**35**	**93,827**	**-**
Cash flows									
Contribution and other cash flows received		114,837	-	-	114,837	108,611	-	-	108,611
Claims and other expenses paid including investment components *		-	-	(95,998)	(95,998)	-	-	(92,556)	(92,556)
Takaful acquisition cash flows		(13,658)	-	-	(13,658)	(13,232)	-	-	(13,232)
Total cash flows		**101,179**	**-**	**(95,998)**	**5,181**	**95,379**	**-**	**(92,556)**	**2,823**
Other movements		**4,224**	**(35)**	**(4,189)**	**-**	**483**	**-**	**(483)**	**-**
Net takaful certificate liabilities as at 31 December		**24,403**	**-**	**17,638**	**42,041**	**20,830**	**35**	**15,091**	**35,956**
Takaful certificate liabilities as at 31 December		24,403	-	17,638	42,041	20,830	35	15,091	35,956
Net takaful certificate liabilities as at 31 December		**24,403**	**-**	**17,638**	**42,041**	**20,830**	**35**	**15,091**	**35,956**

*Includes a transfer of the results of the retakaful certificates held on the basis that such results are utilised for estimation of net surplus within the Family Takaful Fund.

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.3 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts measured under the PAA (cont'd.)

8.1.3.1 Takaful certificates issued (cont'd.)

The roll-forward of the net asset or liability for takaful certificates issued for contracts measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Company, is disclosed in the table below:

Company	Note	2025 Liabilities for remaining coverage Excluding loss component RM'000	2025 Liabilities for remaining coverage Loss component RM'000	2025 Liabilities for incurred claims Estimates of the present value of future cash flows RM'000	2025 Total RM'000	2024 Liabilities for remaining coverage Excluding loss component RM'000	2024 Liabilities for remaining coverage Loss component RM'000	2024 Liabilities for incurred claims Estimates of the present value of future cash flows RM'000	2024 Total RM'000
Takaful certificate liabilities as at 1 January		22,213	321	14,559	37,093	21,274	278	14,164	35,716
Net family takaful certificate liabilities as at 1 January		**22,213**	**321**	**14,559**	**37,093**	**21,274**	**278**	**14,164**	**35,716**
Takaful revenue	**4**	(115,348)	-	-	(115,348)	(106,755)	-	-	(106,755)
Takaful service expense	**5**	20,393	(183)	91,466	111,677	20,424	43	84,583	105,050
Takaful service result		**(94,954)**	**(183)**	**91,466**	**(3,671)**	**(86,331)**	**43**	**84,583**	**(1,705)**
Takaful finance expenses/(income)		**-**	**-**	**-**	-	**-**	**-**	**-**	-
Total changes in the income statement and OCI		**(94,954)**	**(183)**	**91,466**	**(3,671)**	**(86,331)**	**43**	**84,583**	**(1,705)**
Cash flows									
Contribution and other cash flows received		115,676	-	-	115,676	108,611	-	-	108,611
Claims and other expenses paid including investment components		-	-	(84,837)	(84,837)	-	-	(83,706)	(83,706)
Takaful acquisition cash flows		(19,866)	-	-	(19,866)	(21,823)	-	-	(21,823)
Total cash flows		**95,810**	**-**	**(84,837)**	**10,973**	**86,788**	**-**	**(83,706)**	**3,082**
Other movements		**4,189**	**-**	**(4,189)**	-	**482**	**-**	**(482)**	-
Net takaful certificate liabilities as at 31 December		**27,258**	**138**	**16,999**	**44,395**	**22,213**	**321**	**14,559**	**37,093**
Takaful certificate liabilities as at 31 December		27,258	138	16,999	44,395	22,213	321	14,559	37,093
Net takaful certificate liabilities as at 31 December		**27,258**	**138**	**16,999**	**44,395**	**22,213**	**321**	**14,559**	**37,093**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.3 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts measured under the PAA (cont'd.)

8.1.3.2 Retakaful certificates held

The roll-forward of the net asset or liability for retakaful certificates held for contracts measured under the PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the Family Takaful Fund, is disclosed in the table below:

		2025				2024			
		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
	Note	Excluding loss-recovery/ gain component	Loss-recovery/ gain component	Estimates of the present value of future cash flows	Total	Excluding loss-recovery/ gain component	Loss-recovery/ gain component	Estimates of the present value of future cash flows	Total
Family Takaful Fund		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net retakaful certificate assets/(liabilities) as at 1 January		**15**	**-**	**(15)**	**-**	**-**	**-**	**-**	**-**
Allocation of retakaful contributions		(324)	-	-	(324)	(404)	-	-	(404)
Amounts recoverable from retakaful operators		-	-	324	324	-	-	404	404
Net income/(expenses) from retakaful certificates held		**(324)**	**-**	**324**	**-**	**(404)**	**-**	**404**	**-**
Retakaful finance income/(expenses)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of changes in non-performance risk of retakaful operators		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost of retroactive cover on retakaful certificates held		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in the income statement and OCI		**(324)**	**-**	**324**	**-**	**(404)**	**-**	**404**	**-**
Cash flows									
Contributions paid		265	-	-	265	419	-	-	419
Amounts received *		-	-	(265)	(265)	-	-	(419)	(419)
Total cash flows		**265**	**-**	**(265)**	**-**	**419**	**-**	**(419)**	**-**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net retakaful certificate assets/(liabilities) as at 31 December		**(44)**	**-**	**44**	**-**	**15**	**-**	**(15)**	**-**
Retakaful certificate assets as at 31 December		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Retakaful certificate liabilities as at 31 December		**(44)**	**-**	**44**	**-**	**15**	**-**	**(15)**	**-**
Net retakaful certificate assets/(liabilities) as at 31 December		**(44)**	**-**	**44**	**-**	**15**	**-**	**(15)**	**-**

*Includes a transfer of the results of the retakaful certificates held on the basis that such results are utilised for estimation of net surplus within the Family Takaful Fund.

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.3 Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage or assets for remaining coverage and the liability for incurred claims or amounts recoverable on incurred claims – Contracts measured under the PAA (cont'd.)

8.1.3.2 Retakaful certificates held (cont'd.)

The roll-forward of the net asset or liability for retakaful certificates held for contracts measured under the PAA, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the Company, is disclosed in the table below:

		2025				2024			
		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
	Note	Excluding loss-recovery/ gain component	Loss-recovery/ gain component	Estimates of the present value of future cash flows	Total	Excluding loss-recovery/ gain component	Loss-recovery/ gain component	Estimates of the present value of future cash flows	Total
Company		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retakaful certificate assets as at 1 January		-	-	520	520	-	-	303	303
Retakaful certificate liabilities as at 1 January		(55)	-	55	-	(55)	-	(89)	(144)
Net retakaful certificate (liabilities)/assets as at 1 January		**(55)**	**-**	**575**	**520**	**(55)**	**-**	**214**	**159**
Allocation of retakaful contributions		(265)	-	-	(265)	(419)	-	-	(419)
Amounts recoverable from retakaful operators		-	-	1,077	1,077	-	-	597	597
Net (expenses)/income from retakaful certificates held		**(265)**	**-**	**1,077**	**812**	**(419)**	**-**	**597**	**178**
Retakaful finance (expenses)/income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of changes in non-performance risk of retakaful operators		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost of retroactive cover on retakaful certificates held		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in the income statement and OCI		**(265)**	**-**	**1,077**	**812**	**(419)**	**-**	**597**	**178**
Cash flows									
Contributions paid		265	-	-	265	419	-	-	419
Amounts received		-	-	(457)	(457)	-	-	(236)	(236)
Total cash flows		**265**	**-**	**(457)**	**(192)**	**419**	**-**	**(236)**	**183**
Other movements		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net retakaful certificate (liabilities)/assets as at 31 December		**(55)**	**-**	**1,195**	**1,140**	**(55)**	**-**	**575**	**520**
Retakaful certificate assets as at 31 December		-	-	1,140	1,140	-	-	520	520
Retakaful certificate liabilities as at 31 December		(55)	-	55	-	(55)	-	55	-
Net retakaful certificate (liabilities)/assets as at 31 December		**(55)**	**-**	**1,195**	**1,140**	**(55)**	**-**	**575**	**520**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.4 The impacts on the current period of transition approaches adopted to establishing CSM

8.1.4.1 Family takaful certificates issued

The impact on the current period of the transition approaches adopted to establishing CSMs for takaful certificates portfolios included in the family takaful unit is disclosed in the table below:

	2025			2024		
	Certificates using the fair value approach RM'000	All other certificates RM'000	Total RM'000	Certificates using the fair value approach RM'000	All other certificates RM'000	Total RM'000
Company						
Contractual service margin as at 1 January	**15,669**	**89,652**	**105,321**	**12,575**	**44,830**	**57,405**
Changes that relate to current services						
Contractual service margin recognised for services provided	(4,518)	(21,720)	(26,238)	(4,302)	(7,929)	(12,231)
Changes that relate to future services						
Certificates initially recognised in the period	-	171,664	171,664	-	46,420	46,420
Changes in estimates that adjust the contractual service margin	12,014	12,724	24,738	7,100	6,331	13,431
Takaful service result	7,496	162,668	170,164	2,798	44,822	47,620
Takaful finance expenses	264	-	264	296	-	296
Total changes in the income statement and OCI	7,760	162,668	170,428	3,094	44,822	47,916
Contractual service margin as at 31 December	**23,429**	**252,320**	**275,749**	**15,669**	**89,652**	**105,321**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.4 The impacts on the current period of transition approaches adopted to establishing CSM (cont'd.)

8.1.4.2 Retakaful certificates held

The impact on the current period of the transition approaches adopted to establishing CSM for retakaful certificates held portfolios included in the family takaful unit is disclosed in the table below:

	2025			2024		
	Certificates using the fair value approach RM'000	All other certificates RM'000	Total RM'000	Certificates using the fair value approach RM'000	All other certificates RM'000	Total RM'000
Company						
Contractual service margin as at 1 January	**4,148**	**17,851**	**21,999**	**10,295**	**15,117**	**25,412**
Changes that relate to current services						
Contractual service margin recognised for services provided	(866)	(4,732)	(5,598)	(601)	(3,750)	(4,351)
Changes that relate to future services						
Certificates initially recognised in the period	-	38,499	38,499	-	7,308	7,308
Changes in estimates that adjust the contractual service margin	1,757	(14,703)	(12,946)	(5,979)	(1,611)	(7,590)
Changes in estimates that do not adjust the contractual service margin	-	-	-	-	-	-
Retakaful finance income	178	1,222	1,400	433	787	1,220
Total changes in the income statement and OCI	**1,069**	**20,286**	**21,355**	**(6,147)**	**2,734**	**(3,413)**
Contractual service margin as at 31 December	**5,217**	**38,137**	**43,354**	**4,148**	**17,851**	**21,999**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.5 The components of new business

8.1.5.1 Family takaful certificates issued

The components of new business for family takaful issued portfolios included in the family takaful unit is disclosed in the table below:

	2025			2024		
	Certificates issued			Certificates issued		
Family Takaful Fund	**Non-onerous RM'000**	**Onerous RM'000**	**Total RM'000**	**Non-onerous RM'000**	**Onerous RM'000**	**Total RM'000**
Family takaful certificate liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	1,010,585	-	1,010,585	503,647	-	503,647
Estimates of takaful acquisition cash flows	138,869	-	138,869	182,401	-	182,401
Estimates of present value of future cash outflows	1,149,454	-	1,149,454	686,048	-	686,048
Estimates of present value of future cash inflows	(1,149,454)	-	(1,149,454)	(686,048)	-	(686,048)
Risk adjustment	-	-	-	-	-	-
CSM	-	-	-	-	-	-
Amount included in takaful certificate liabilities for the period	**-**	**-**	**-**	**-**	**-**	**-**
Company						
Family takaful certificate liabilities						
Estimates of present value of future cash outflows, excluding takaful acquisition cash flows	819,920	9,952	829,872	465,593	49,158	514,751
Estimates of takaful acquisition cash flows	195,014	8,036	203,050	150,072	31,032	181,104
Estimates of present value of future cash outflows	1,014,934	17,988	1,032,922	615,665	80,190	695,855
Estimates of present value of future cash inflows	(1,208,785)	(16,860)	(1,225,645)	(669,157)	(75,269)	(744,426)
Risk adjustment	22,187	113	22,300	7,072	803	7,875
CSM	171,664	-	171,664	46,420	-	46,420
Amount included in takaful certificate liabilities for the period	**-**	**1,241**	**1,241**	**-**	**5,724**	**5,724**

8. Takaful and retakaful certificates (cont'd.)

8.1 Takaful certificates issued and retakaful certificates held (cont'd.)

8.1.5 The components of new business (cont'd.)

8.1.5.2 Retakaful certificates held

The components of new business for retakaful certificates held portfolios included in the family takaful unit is disclosed in the table below:

	2025 RM'000	2024 RM'000
Family Takaful Fund		
Retakaful certificate assets		
Estimates of present value of future cash outflows	232,050	96,404
Estimates of present value of future cash inflows	(232,050)	(96,404)
Amount included in retakaful certificate assets for the period	**-**	**-**
Company		
Retakaful certificate assets		
Estimates of present value of future cash outflows	232,050	96,404
Estimates of present value of future cash inflows	(189,337)	(88,142)
Risk adjustment	(4,562)	(1,447)
CSM	(38,499)	(7,308)
Amount included in retakaful certificate assets for the period	**(348)**	**(493)**

8. Takaful and retakaful certificates (cont'd.)

8.2 CSM recognition in profit or loss (cont'd.)

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

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
31 December 2025							
Family takaful certificates issued	37,245	31,007	26,355	22,976	20,182	137,984	275,749
Family retakaful certificates held	(7,583)	(6,157)	(5,099)	(4,260)	(3,564)	(16,691)	(43,354)
31 December 2024							
Family takaful certificates issued	15,087	11,996	10,057	8,776	7,735	51,670	105,321
Family retakaful certificates held	(3,688)	(2,910)	(2,392)	(2,034)	(1,737)	(9,238)	(21,999)

9. Property, plant and equipment

Company

	Note	Computer equipment RM'000	Office equipment, fixtures and fittings RM'000	Motor vehicles RM'000	Office renovation RM'000	Total RM'000
Cost						
At 1 January 2024		3,004	1,726	14	1,332	6,076
Additions		168	7	429	-	604
Disposal		(7)	(131)	(14)	-	(152)
Write off		(77)	(400)	-	-	(477)
At 31 December 2024 / 1 January 2025		3,088	1,202	429	1,332	6,051
Additions		160	-	-	-	160
At 31 December 2025		3,248	1,202	429	1,332	6,211
Accumulated depreciation						
At 1 January 2024		2,099	1,018	12	1,332	4,461
Charge for the financial year	5	545	244	15	-	804
Disposal		(4)	(67)	(14)	-	(85)
Write off		(77)	(334)	-	-	(411)
At 31 December 2024 / 1 January 2025		2,563	861	13	1,332	4,769
Charge for the financial year	5	383	147	86	-	616
At 31 December 2025		2,946	1,008	99	1,332	5,385
Net carrying amount						
At 31 December 2024		525	341	416	-	1,282
At 31 December 2025		302	194	330	-	826

Included in property, plant and equipment are the cost of fully depreciated assets which are still in use amounting to RM4,605,942 (2024: RM1,651,351).

10. Intangible assets

Company

	Note	Bancatakaful Distribution Rights RM'000	Software development costs RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 January 2024		-	2,128	45,642	47,770
Additions		-	6,752	69	6,821
Reclassification		-	(7,062)	7,062	-
At 31 December 2024 / 1 January 2025		-	1,818	52,773	54,591
Additions		20,000	5,664	692	26,356
Reclassification		-	(1,909)	1,909	-
At 31 December 2025		20,000	5,573	55,374	80,947
Accumulated amortisation					
At 1 January 2024		-	-	40,645	40,645
Charge for the financial year	5	-	-	3,754	3,754
At 31 December 2024 / 1 January 2025		-	-	44,399	44,399
Charge for the financial year	5	12	-	4,971	4,983
At 31 December 2025		12	-	49,370	49,382
Carrying amount					
At 31 December 2024		-	1,818	8,374	10,192
At 31 December 2025		19,988	5,573	6,004	31,565

11. (a) Right-of-use assets

Company	Note	Right-of-Use: Buildings RM'000	Right-of-Use: Office equipment RM'000	Total RM'000
At 1 January 2024		2,865	46	2,911
Depreciation charge for the financial year	5	(2,181)	(29)	(2,210)
At 31 December 2024 / 1 January 2025		684	17	701
Additions		94	-	94
Depreciation charge for the financial year	5	(692)	(17)	(709)
At 31 December 2025		86	-	86

This note provides information for leases where the Company is a lessee.

The Company also has certain leases of office rental with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

The Company has entered into operating lease agreements for office rental and other office equipment. These non-cancellable leases have remaining non-cancellable lease terms of within 3 years. There are also several lease contracts that include extension and termination options.

The following are the amounts recognised in profit or loss:

	2025 RM'000	2024 RM'000
Depreciation expense of right-of-use assets	709	2,210
Profit expense on lease liabilities	28	114
Low value leases	3	13
Total amount recognised in profit or loss	740	2,337

(b) Lease liabilities

Company	2025 RM'000	2024 RM'000
Lease liabilities		
At 1 January	714	2,940
Additions	94	-
Payment of lease liabilities	(802)	(2,340)
Profit expense on lease liabilities	28	114
At 31 December	34	714

12. Other receivables

	Family Takaful Fund		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Prepayment – Channel Development Costs	-	-	51,574	48,264
Prepayments – Others	-	-	274	357
Deposits	-	-	223	219
Profits due and accrued *	14,282	13,593	14,867	14,370
Amount due from related companies	-	-	345	228
Amount due from agents and intermediaries **	-	-	223	332
Amount due from Shareholder Fund	-	738	-	-
Others	1,973	1,349	3,551	1,349
	16,255	15,680	71,057	65,119

* Profit and dividend receivables from debt and money market instruments.

** Net of impairment amounting to RM2,853,575 for 31 December 2025 and RM2,888,944 for 31 December 2024.

13. Cash and cash equivalents

	Family Takaful Fund RM'000	Company RM'000
2025		
Cash and bank balances	26,153	36,893
Fixed deposits with licensed banks in Malaysia with original maturities of less than 3 months	296,911	299,786
	323,064	336,679
2024		
Cash and bank balances	30,501	41,039
Fixed deposits with licensed banks in Malaysia with original maturities of less than 3 months	170,454	180,095
	200,955	221,134

14. Deferred tax (liabilities)/assets

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.

	Family Takaful Fund RM'000	Company RM'000
At 1 January 2024	(2,580)	(22,563)
(Charged)/credited to statement of profit or loss:		
Plant and equipment	(54)	148
Investments	560	1,260
Unabsorbed losses	-	11,295
Provisions	-	(821)
Takaful and retakaful certificates	(1,082)	(727)
Others	-	(1,242)
	(576)	9,913
Charged to other comprehensive income:		
Investments	(522)	(500)
At 31 December 2024/1 January 2025	(3,678)	(13,150)
(Charged)/credited to statement of profit or loss:		
Plant and equipment	-	(854)
Investments	206	62
Unabsorbed losses	-	6,851
Provisions	-	3,144
Takaful and retakaful certificates	-	(16,198)
Others	-	107
	206	(6,888)
Charged to other comprehensive income:		
Investments	(1,488)	(1,574)
Takaful and retakaful certificates	-	558
At 31 December 2025	(4,960)	(21,054)

14. Deferred tax assets/(liabilities) (cont'd.)

The composition of deferred tax assets/(liabilities) before and after appropriate offsetting, is as follows:

2025	Family Takaful Fund RM'000	Company RM'000
Deferred tax assets: (before offsetting)		
Plant and equipment	-	-
Provisions	-	14,493
Unabsorbed losses	-	40,459
Others	-	422
Takaful and retakaful certificates	-	6,380
	-	61,754
Offsetting	-	(61,754)
Deferred tax assets after offsetting	-	-
Deferred tax liabilities: (before offsetting)		
Plant and equipment	-	(821)
Takaful and retakaful certificates	-	(76,876)
Investments	(4,960)	(5,111)
	(4,960)	(82,808)
Offsetting	-	61,754
Deferred tax liabilities after offsetting	(4,960)	(21,054)
2024		
Deferred tax assets: (before offsetting)		
Plant and equipment	-	33
Provisions	-	11,349
Unabsorbed losses	-	33,608
Others	-	315
Takaful and retakaful certificates	-	4,026
	-	49,331
Offsetting	-	(49,331)
Deferred tax assets after offsetting	-	-
Deferred tax liabilities: (before offsetting)		
Plant and equipment	-	-
Takaful and retakaful certificates	-	(58,882)
Investments	(3,678)	(3,599)
	(3,678)	(62,481)
Offsetting	-	49,331
Deferred tax liabilities after offsetting	(3,678)	(13,150)

14. Deferred tax assets/(liabilities) (cont'd.)

Year of expiry of unutilised tax losses is analysed for the Company as follows:

	2025 RM'000	2024 RM'000
Expiring in 2032	15,950	15,950
Expiring in 2033	11,012	11,012
Expiring in 2034	9,417	6,646
Expiring in 2035	4,080	-
	40,459	33,608

15. Capital and reserves

15.1 Share capital

	Company	
	Number of shares	**Amount RM'000**
Issued and fully paid at no par value:		
Ordinary shares		
At 1 January/31 December 2025	2,000,000	100,000
Non-redeemable non-cumulative preference shares		
At 1 January/31 December 2025	7,290	729,000
Total shares issued and fully paid at no par value as at 31 December 2025		829,000
Issued and fully paid at no par value:		
Ordinary shares		
At 1 January/31 December 2024	2,000,000	100,000
Non-redeemable non-cumulative preference shares		
At 1 January/31 December 2024	7,290	729,000
Total shares issued and fully paid at no par value as at 31 December 2024		829,000

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 Company.

The salient features of the non-redeemable non-cumulative preference shares are as follows:

(a) The holder of the preference shares will not have any voting rights at general meetings of the Company;
(b) The holder of the preference shares is entitled to non-cumulative distributions based on a fixed dividend rate and does not have any right to any further participation in the remaining profits of the Company;
(c) The non-cumulative dividend payable to preference shareholders may only be paid out of distributable reserves subject to the solvency requirements under the Companies Act, 2016, and declaration by the directors and shall be in priority to the dividend (if any) payable to the ordinary shareholders;

15. Capital and reserves (cont'd.)

15.1 Share capital (cont'd.)

The salient features of the non-redeemable non-cumulative preference shares are as follows (cont'd.):

(d) The preference shares will constitute direct, unsecured and subordinated obligations of the Company and will rank *pari passu* and without preference among themselves; and
(e) The dividend is payable semi-annually on 1 July and 1 January in each year, if declared.

15.2 Fair value reserve

The fair value reserve comprise the cumulative net change in the fair value of FVOCI financial assets net of tax until the investments are derecognised or impaired.

15.3 Takaful finance reserve

The takaful finance reserve comprise the cumulative amount of takaful finance income or expenses recognised in OCI arising from the Company's accounting policy choice to disaggregate takaful finance income or expenses between profit or loss and OCI.

15.4 Profit/(Loss) per share

The basic and diluted profit/(loss) per share is calculated by dividing the profit/(loss) for the year by the weighted average number of ordinary shares in issue during the year as

Company	2025	2024
Net profit/(loss) for the year (RM'000)	16,424	(35,733)
Number of ordinary shares in issue ('000)	2,000	2,000
Basic and diluted profit/(loss) per share (sen)	821.2	(1,786.7)

There were no potential dilutive ordinary shares as at the financial year end.

Profit for the year were incurred in line with the Company's growth plans. The Company expects to continue to receive future capital injection, should it be required, in order to fund its operations and growth.

16. Other payables

	Family Takaful Fund RM'000	Company RM'000
31 December 2025		
Accrued expenses	-	14,576
Provision for bonus and related EPF (Note a)	-	16,286
Marketing allowance payable	-	19,215
Amount due to :	-	-
Takaful Operator*	48,105	-
Related companies*	-	10,507
Others	4,102	14,002
	52,207	74,586
31 December 2024		
Accrued expenses	-	16,050
Provision for bonus and related EPF (Note a)	-	9,042
Marketing allowance payable	-	16,357
Amount due to :		
Takaful Operator*	42,731	-
Related companies*	-	8,136
Others	3,610	5,231
	46,341	54,816

(a) Provision for bonus and related EPF

Takaful Operator	2025 RM'000	2024 RM'000
At 1 January	9,042	11,176
Utilised during the year	(7,087)	(9,068)
(Over)/Under provision in prior year	(244)	654
Provision for the year	14,575	6,280
At 31 December	16,286	9,042

*Amount due to related companies and Takaful Operator are non-trade in nature, unsecured, not subject to any profit elements and repayable upon demand.

17. Taxation

	Note	Family Takaful Fund RM'000	Company RM'000
2025			
Current tax expense:			
- Current		5,712	6,209
- Overprovision in prior year		(370)	(379)
		5,342	5,830
Deferred tax (income)/expense:			
- Origination and reversal of temporary difference	14	(206)	6,888
		(206)	6,888
		5,136	12,718
2024			
Current tax expense:			
- Current		4,888	4,906
- Overprovision in prior year		(2,740)	(1,502)
		2,148	3,404
Deferred tax expense/(income):			
- Origination and reversal of temporary difference	14	576	(9,913)
		576	(9,913)
		2,724	(6,509)

Reconciliation of effective tax expense for the Company:

	2025 RM'000	2024 RM'000
Profit/(Loss) before taxation	29,777	(42,242)
Taxation at applicable Malaysian statutory tax rate of 24%	7,146	(10,138)
Income not subject to tax	(700)	(460)
Expenses not deductible for tax purposes	1,515	2,867
Overprovision of current tax in prior year	(379)	(1,502)
Tax expense attributable to participants	5,136	2,724
Total tax expense/(credit)	12,718	(6,509)

18. Related party transactions

The related parties of, and their relationships with the Company, are as follows:

Related Parties	Relationship
PCGI Holdings Limited	Ultimate holding company
FWD Life Insurance Company (Bermuda) Limited	Immediate holding company
FWD Malaysia Holdings Sdn. Bhd.	Other related company
FWD Group Management Holdings Limited	Other related company
Employee Provident Fund Board of Malaysia ("EPF")	Shareholder
FWD Technology and Innovation Malaysia Sdn. Bhd.	Other related company
FWD Insurance Berhad	Other related company
Key Management Personnel	The key management personnel of the Company includes all Directors of the Company and management personnel of the Company who make certain decisions in relation to the strategic direction of the Company.

Significant related party transactions with related parties during the financial year are as follows:

	2025 RM'000	2024 RM'000
Transactions with companies within the FWD Group:		
- Service fee paid to FWD Technology and Innovation Malaysia Sdn. Bhd.	(1,546)	(2,068)
- Passthrough cost paid to FWD Technology and Innovation Malaysia Sdn. Bhd.	(2,901)	(3,489)
- Takaful coverage for FWD Technology and Innovation Malaysia Sdn. Bhd.	280	115
- Office maintenance and expenses recharge to FWD Insurance Berhad	(1,984)	(519)
- Rental fee to FWD Insurance Berhad	(2,049)	(1,130)
- Asset transfer from FWD Insurance Berhad	-	(429)
Transactions with the Shareholders:		
- Director fees sharing paid to EPF	(97)	(103)

18. Related party transactions (cont'd.)

Included in the statement of financial position of the Company are significant related party balances, represented by the following:

	2025 RM'000	2024 RM'000
Net amount due (to)/from other related companies within the FWD Group:		
- FWD Technology and Innovation Malaysia Sdn. Bhd.	(4,230)	(5,889)
- FWD Insurance Berhad	(6,052)	(2,019)
- FWD Group Management Holdings Limited	120	-

Net amounts due (to)/from related companies are unsecured, interest free and are repayable on demand.

19. Key management personnel remuneration

Key management personnel's remuneration is as follows:

Key management personnel	2025 RM'000	2024 RM'000
Chief executive officer		
Salary	2,022	3,637
Contributions to defined contribution plans	324	616
Other long-term employee benefits	-	2,426
Other short-term employee benefits (including estimated monetary value of benefits in kind)	31	1,232
	2,377	7,911
Non-Executive Directors		
Fees:		
Varsha Abdullah	217	223
Pranava Sivabalan *	83	-
Muhammad Ali Jinnah bin Ahmad	217	232
Tam Chiew Lin	-	31
Datuk Ahmad Hizzad bin Baharuddin	254	286
Azizul bin Zainol *	14	206
Abdul Karim bin Md Lassim	235	223
Azim Khursheid Ahmed Mithani	113	71
Zaharudin bin Daud	71	-
	1,204	1,272

*50% of the remuneration received by the nominee director(s) of EPF, is shared with EPF. During the reporting period, EPF received RM97,350, an amount equal to the total remuneration collectively received by Encik Azizul and Mr. Pranava.

19. Key management personnel remuneration (cont'd.)

	2025 RM'000	2024 RM'000
Shariah committee members		
Fees:		
Dr. Yusri bin Mohamad (Chairman)	48	47
En. Lokmanulhakim bin Hussain (Term ended on 31 May 2025)	18	42
Dr. Mohammad Mahbubi bin Ali	42	42
Sahibus Samahah En. Ahmad Fauwaz bin Ali @ Fadzil	42	42
En. Ismail bin Nik	42	42
Prof. Dr. Asmak binti Ab Rahman	42	42
	234	257
Other emoluments:		
Dr. Yusri bin Mohamad (Chairman)	20	12
En. Lokmanulhakim bin Hussain (Term ended on 31 May 2025)	6	10
Dr. Mohammad Mahbubi bin Ali	16	10
Sahibus Samahah En. Ahmad Fauwaz bin Ali @ Fadzil	16	10
En. Ismail bin Nik	16	10
Prof. Dr. Asmak binti Ab Rahman	16	10
	90	62
	324	319

20. Takaful Risk

The Company is exposed to the following risks in respect of its takaful operations:

(a) Operational risk

Operational risk is the risk of loss from system failures, human error, fraud or other external events. The Company categorises these risks into four areas: people, process, system and external and has put in place internal controls, including, but not limited to, segregation of duties, access controls, authorisation and reconciliation, adequate staff training and assessment on regulatory and operational matters and use of internal audit to mitigate those risks.

FWD Group standards require the Company to identify its top 10 operational risks and management to report to the Risk Committee on actions taken to reduce those risks. Any operational incident with or without financial loss is reported for monitoring purpose and assessment of severity and remedial action.

20. Takaful Risk (cont'd.)

The Company is exposed to the following risks in respect of its takaful operations (cont'd.):

(b) Underwriting risk

A portion of the risks underwritten is ceded in order to protect exposures to losses and protect capital resources. Under the terms of these retakaful arrangements, the retakaful operators agree to reimburse the ceded amount in the event of a claim. However, the Takaful Funds remain liable to its participants with respect to the risk ceded, if any retakaful operator fails to meet the obligations assumed. Proportional and non-proportional retakaful is availed in order to reduce net exposure through treaty and facultative arrangements.

(c) Family Takaful certificate liabilities

All Family Takaful certificate liabilities arise from Malaysia.

Principle assumptions - estimation of Family Takaful certificate liabilities

Judgment is required in determining the liabilities and in the choice of assumptions. 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 no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

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

- Mortality and morbidity rates
- Lapse and surrender rates
- Expenses
- Discount rates

The table below sets out the concentration of the Company’s takaful certificate liabilities by type of product:

	2025 RM'000	2024 RM'000
Products without participant investment fund	88,267	86,824
Products with participant investment fund		
Investment-Linked	577,822	557,911
Non Investment-Linked	1,263,878	1,092,120
Total	1,929,967	1,736,855

20. Takaful risk (cont'd.)

Sensitivities

The following sensitivity analysis shows the impact on profit before tax, CSM, and equity for reasonably possible movements in key assumptions with all other assumptions (as detailed in Note 3(i) held constant). The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

2025		**Profit before tax**		**CSM**		**Equity**	
	Change in assumptions	**Gross of retakaful**	**Net of retakaful**	**Gross of retakaful**	**Net of retakaful**	**Gross of retakaful**	**Net of retakaful**
Mortality rates	+10%	(20,917)	(10,551)	(49,445)	(5,263)	(15,897)	(8,019)
Morbidity rates	+10%	(1,619)	(707)	(12,528)	(3,936)	(1,231)	(537)
Lapse and surrender rates	+10%	(9,679)	(7,429)	(33,568)	(28,294)	(7,356)	(5,646)
Expenses	+10%	(4,387)	(3,725)	(11,359)	(12,021)	(3,334)	(2,831)
Profit rate	+0.5%	1,715	1,561	4,678	6,707	1,603	1,486
Mortality rates	-10%	17,335	8,609	53,718	6,964	13,175	6,543
Morbidity rates	-10%	1,615	703	12,528	3,926	1,227	534
Lapse and surrender rates	-10%	10,447	7,939	39,112	32,768	7,939	6,033
Expenses	-10%	4,309	3,662	11,172	11,819	3,275	2,783
Profit rate	-0.5%	(1,132)	(1,158)	(3,048)	(5,086)	(1,091)	(1,111)

2024		**Profit before tax**		**CSM**		**Equity**	
	Change in assumptions	**Gross of retakaful**	**Net of retakaful**	**Gross of retakaful**	**Net of retakaful**	**Gross of retakaful**	**Net of retakaful**
Mortality rates	+10%	(15,071)	(8,057)	(36,725)	(2,437)	(11,454)	(6,123)
Morbidity rates	+10%	(945)	(474)	(2,206)	(317)	(718)	(360)
Lapse and surrender rates	+10%	(7,973)	(6,540)	(15,943)	(13,422)	(6,059)	(4,970)
Expenses	+10%	(4,883)	(4,312)	(7,491)	(8,062)	(3,711)	(3,277)
Profit rate	+0.5%	1,615	1,505	8,198	9,455	1,551	1,468
Mortality rates	-10%	16,099	8,533	36,068	1,747	12,236	6,485
Morbidity rates	-10%	1,213	658	2,100	283	922	500
Lapse and surrender rates	-10%	12,243	9,483	14,462	12,755	9,305	7,207
Expenses	-10%	5,590	4,761	6,541	7,370	4,248	3,618
Profit rate	-0.5%	(966)	(1,075)	(8,148)	(9,270)	(969)	(1,051)

21. Financial risk

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

The Company's portfolio of debt securities, and to a lesser extent short-term and other investments, are subject to credit risk. This risk is defined as the potential loss in market value resulting from adverse changes in a borrower's ability to repay the debt.

The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of securities. Management has an investment policy in place in which limits are established to manage credit quality and concentration risk.

The Company also has retakaful assets, takaful receivables and other receivables amounts subject to credit risk. Among the most significant of these are retakaful recoveries. To mitigate the risk of counterparties not paying the amount due, the Company has established certain business and financial guidelines for retakaful approval, incorporating ratings by major agencies and considering currently available market information. The Company also periodically reviews the financial stability of retakaful operators from public and other sources and the settlement trend of amounts due from retakaful companies.

The table below shows the maximum exposure to credit risk for the components on the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

	2025	2024
	RM'000	RM'000
Cash and cash equivalents	336,679	221,134
Investments:		
Collective investment schemes at FVTPL	767,483	749,413
Government Investment Issues at FVOCI	466,042	367,342
Government guaranteed sukuk at FVOCI	359,800	304,437
Corporate debt securities at FVOCI	508,870	594,789
Retakaful certificate assets	64,619	51,363
Other receivables (excluding prepayments)	19,209	16,498
Total credit risk exposure	**2,522,702**	**2,304,976**

21. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's internal credit ratings of counterparties.

	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Past due and impaired RM'000	Total RM'000
31 December 2025				
Cash and cash equivalents	336,679	-	-	336,679
Investments:				
Collective investment schemes at FVTPL	767,483	-	-	767,483
Government Investment Issues at FVOCI	466,042	-	-	466,042
Government guaranteed sukuk at FVOCI	359,800	-	-	359,800
Corporate debt securities at FVOCI	508,870	-	-	508,870
Retakaful certificate assets	64,619	-	-	64,619
Other receivables (excluding prepayments)	19,209	-	2,854	22,063
Less: Impairment loss	-	-	(2,854)	(2,854)
Total credit risk exposure	2,522,702	-	-	2,522,702
31 December 2024				
Cash and cash equivalents	221,134	-	-	221,134
Investments:				
Collective investment schemes at FVTPL	749,413	-	-	749,413
Government Investment Issues at FVOCI	367,342	-	-	367,342
Government guaranteed sukuk at FVOCI	304,437	-	-	304,437
Corporate debt securities at FVOCI	594,789	-	-	594,789
Retakaful certificate assets	51,363	-	-	51,363
Other receivables (excluding prepayments)	16,498	-	2,889	19,387
Less: Impairment loss	-	-	(2,889)	(2,889)
Total credit risk exposure	2,304,976	-	-	2,304,976

21. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Rating Agency of Malaysia ("RAM") and MARC credit rating of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

	AAA RM'000	AA to A RM'000	BBB to B RM'000	Not-rated RM'000	Total RM'000
31 December 2025					
Cash and cash equivalents	335,501	1,178	-	-	336,679
Investments:					
Collective investment schemes at FVTPL	-	-	-	767,483	767,483
Government Investment Issues at FVOCI	-	-	-	466,042	466,042
Government guaranteed sukuk at FVOCI	-	-	-	359,800	359,800
Corporate debt securities at FVOCI	508,870	-	-	-	508,870
Retakaful certificate assets	-	64,619	-	-	64,619
Other receivables (excluding prepayments)	-	-	-	19,208	19,208
Total credit risk exposure	844,371	65,797	-	1,612,534	2,522,702
31 December 2024					
Cash and cash equivalents	221,134	-	-	-	221,134
Investments:					
Collective investment schemes at FVTPL	-	-	-	749,413	749,413
Government Investment Issues at FVOCI	-	-	-	367,342	367,342
Government guaranteed sukuk at FVOCI	-	-	-	304,437	304,437
Corporate debt securities at FVOCI	594,789	-	-	-	594,789
Retakaful certificate assets	-	51,363	-	-	51,363
Other receivables (excluding prepayments)	-	-	-	16,498	16,498
Total credit risk exposure	815,923	51,363	-	1,437,690	2,304,976

21. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Impairment losses - debt instruments measured at FVOCI

The table below shows the fair value of the Company’s debt instruments measured at FVOCI by credit risk, based on the Company’s internal credit rating system.

	2025 12m ECL RM'000	2024 12m ECL RM'000
Internal rating grade		
AAA	509,197	595,303
AA to A	-	-
BBB to B	-	-
Past due but not impaired	-	-
Not-rated	826,538	672,411
Total gross amount	1,335,735	1,267,714
ECL	(1,024)	(1,146)
Total net amount	1,334,711	1,266,568

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	2025 12m ECL RM'000	2024 12m ECL RM'000
Fair value as at 1 January	1,266,568	1,134,749
New assets originated or purchased	166,166	230,234
Assets derecognised or matured	(115,000)	(100,000)
Net amortisation	(1,980)	(1,800)
Change in fair value	18,835	3,531
Movement between 12m ECL	123	(146)
At 31 December	1,334,712	1,266,568

	2025 12m ECL RM'000	2024 12m ECL RM'000
ECL as at 1 January	1,146	1,000
New assets originated or purchased	98	157
Asset derecognised or matured (excluding write-offs)	(69)	(74)
Movement between 12m ECL	(151)	63
At 31 December	1,024	1,146

21. Financial risk (cont'd.)

(b) Liquidity risk

The Company has to meet daily calls on its cash resources, notably from claims arising on its takaful certificates and early surrender of certificates for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Company manages this risk by monitoring and setting an appropriate level of operating funds to settle these liabilities. Investment portfolios are also structured with regards to the liquidity requirement of each fund.

Maturity profiles

The following table summarises the maturity profile of groups of takaful certificates issued and groups of retakaful certificates held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented:

2025	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities	448,837	166,498	135,960	121,464	107,508	949,700	1,929,967
Retakaful certificate liabilities held	21,821	2,125	1,988	1,881	1,786	21,469	51,070
TOTAL	470,658	168,623	137,948	123,345	109,294	971,169	1,981,037

2024	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Takaful certificate liabilities	361,361	165,311	133,991	115,629	98,542	862,021	1,736,855
Retakaful certificate liabilities held	26,365	1,566	1,464	1,386	1,314	15,366	47,461
TOTAL	387,726	166,877	135,455	117,015	99,856	877,387	1,784,316

Amounts payable on demand

For products with participant investment fund or any other surrender value, the amounts payable on demand and the carrying amount of the respective groups of contracts are presented below:

	Amounts payable on demand	**Carrying amount**
	RM'000	**RM'000**
2025	1,814,944	1,929,967
2024	1,651,186	1,736,855

21. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

The following table summarises the financial assets and liabilities into their relevant maturity groupings based on the remaining period at the end of the reporting year to their contractual maturities or expected repayment dates:

2025	Up to 1 year*	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets							
Cash and cash equivalents	336,679	-	-	-	-	-	336,679
Collective investment schemes at FVTPL	767,483	-	-	-	-	-	767,483
Debt instruments at FVOCI	65,276	91,479	122,219	83,074	86,486	886,178	1,334,712
Other receivables (excluding prepayments)	19,208	-	-	-	-	-	19,208
TOTAL	**1,188,646**	**91,479**	**122,219**	**83,074**	**86,486**	**886,178**	**2,458,082**
Financial liabilities							
Other payables (excluding accruals)	60,010	-	-	-	-	-	60,010
TOTAL	**60,010**	**-**	**-**	**-**	**-**	**-**	**60,010**

2024	Up to 1 year*	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets							
Cash and cash equivalents	221,134	-	-	-	-	-	221,134
Collective investment schemes at FVTPL	749,413	-	-	-	-	-	749,413
Debt instruments at FVOCI	115,437	65,508	91,458	121,245	82,573	790,347	1,266,568
Other receivables (excluding prepayments)	16,498	-	-	-	-	-	16,498
TOTAL	**1,102,482**	**65,508**	**91,458**	**121,245**	**82,573**	**790,347**	**2,253,613**
Financial liabilities							
Other payables (excluding accruals)	38,766	-	-	-	-	-	38,766
TOTAL	**38,766**	**-**	**-**	**-**	**-**	**-**	**38,766**

*or repayable on demand or no maturity date

21. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

The table below summarises the expected utilisation or settlement of assets and liabilities.

	2025			2024		
	No more than 12 months	More than 12 months	Total	No more than 12 months	More than 12 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
Cash and cash equivalents	336,679	-	336,679	221,134	-	221,134
Collective investment schemes at FVTPL	767,483	-	767,483	749,413	-	749,413
Debt instruments at FVOCI	65,276	1,269,436	1,334,712	115,437	1,151,131	1,266,568
Other receivables (excluding prepayments)	19,208	-	19,208	16,498	-	16,498
	1,188,646	1,269,436	2,458,082	1,102,482	1,151,131	2,253,613
Takaful certificate liabilities						
Takaful certificate liabilities	448,837	1,481,130	1,929,967	361,051	1,375,804	1,736,855
Retakaful certificate liabilities held	21,821	29,249	51,070	26,365	21,095	47,460
	470,658	1,510,379	1,981,037	387,416	1,396,899	1,784,315
Retakaful certificate assets held	80,650	(16,031)	64,619	28,537	22,829	51,366
Other payables	60,010	-	60,010	38,766	-	38,766

21. Financial risk (cont'd.)

(c) Market risk

Market risk is the risk of loss in the valuation of the Company's investments due to adverse changes or volatility of prices in financial markets. Market risk comprises of profit rate risk and price risk.

(i) Profit rate risk

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

The underlying equity and profit rate risk in investment-linked business is borne by the participant as the participants benefits are directly linked to the value of the fund's assets. The Company's market risk to this business is therefore limited to the extent that fee income from investment-linked business is based on the net asset value of the fund.

The Company's exposure to profit rate risk sensitive takaful and retakaful certificates and debt instruments are, as follows:

	2025 RM'000	2024 RM'000
Takaful and retakaful certificates		
Retakaful certificate assets	64,619	51,363
Takaful certificate liabilities	1,929,967	1,736,855
Retakaful certificate liabilities	51,070	47,461
Debt instruments at FVOCI	1,334,712	1,266,568
Cash and cash equivalents	336,679	221,134

The Company accounts for certain fixed rate financial assets at fair value. Therefore, these financial assets are exposed to a risk of change in their fair value due to changes in profit rates. The analysis below assumes that all other variables remain constant:

	2025		2024	
Change in variables	**Profit before tax RM'000**	**Equity RM'000**	**Profit before tax RM'000**	**Equity RM'000**
+ 100 bps	-	(87,926)	-	(74,767)
- 100 bps	-	100,841	-	84,654

21. Financial risk (cont'd.)

(c) Market risk (cont'd.)

(ii) Equity price risk

Equity price risk arises from the Company’s investments in collective investment schemes and equity securities.

The collective investment schemes and equity investment portfolio of the Company is exposed to movements in equity markets. The Company manages its equity price risk by continuous monitoring of the exposure against policies set and agreed in the investment mandate. These policies include monitoring the portfolio’s exposure against benchmark set and single security exposure of the portfolio against the limits set.

As at 31 December 2025, the Company's exposure to equity price risk was RM639.6 million (2024: RM600.8 million). The Company has determined that an increase/(decrease) of 10% on the relevant index could have an impact of approximately RM63.9 million (2024: RM60.0 million) (increase)/decrease on the loss before tax and approximately RM58.8 million (2024: RM55.3 million) increase/(decrease) on equity.

21. Financial risk (cont'd.)

(d) Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

Refer to Note 2.2(f) for the Company's valuation principles, techniques and definition of levels of fair value.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
2025					
Financial assets					
FVTPL					
Collective investment schemes	767,483	-	-	767,483	767,483
FVOCI					
Government Investment Issues	-	466,042	-	466,042	466,042
Government guaranteed sukuk	-	359,800	-	359,800	359,800
Corporate debt securities	-	508,870	-	508,870	508,870
TOTAL	**767,483**	**1,334,712**	**-**	**2,102,195**	**2,102,195**
2024					
Financial assets					
FVTPL					
Collective investment schemes	749,413	-	-	749,413	749,413
FVOCI					
Government Investment Issues	-	367,342	-	367,342	367,342
Government guaranteed sukuk	-	304,437	-	304,437	304,437
Corporate debt securities	-	594,789	-	594,789	594,789
TOTAL	**749,413**	**1,266,568**	**-**	**2,015,981**	**2,015,981**

22. Capital management

The objective of the Company's Capital Management Plan (“CMP”) is to ensure that the Company has sufficient working capital including equity (share capital and retained reserves) to support planned business growth and to meet regulatory capital requirements established by the local regulator at all times in a prudent and efficient manner.

In order to achieve these objectives, the CMP sets out the optimal amount and mix of regulatory and working capital required to ensure that these objectives are met.

The capital structure of the Company as at the date of the statement of financial position, consisting of all funds as prescribed under the Risk Based Capital Framework is provided below:

	31.12.2025 RM'000	31.12.2024 RM'000
Eligible Tier 1 Capital		
Share capital	829,000	829,000
Reserves, including retained earnings*	(541,935)	(500,596)
Valuation surplus maintained in the takaful funds*	213,553	205,698
Eligible Tier 2 Capital		
Fair value reserves *	19,811	8,830
Amount deducted from capital	(93,075)	(60,705)
Capital available	427,354	482,227
Total capital available **	274,062	347,866

* The amounts shown are calculated based on the requirements of BNM/RH/PD 033-4 Risk-Based Capital Framework for Takaful Operators, which is on a different basis compared to the amounts shown in the financial statements.

** The recognition of total capital available in the takaful funds is limited to an additional 30% buffer in meeting the individual takaful fund's own total capital required.

23. Subsequent event

On 1 January 2026, FWD Malaysia Holdings Sdn. Bhd. acquired 1,400,000 ordinary shares and 7,290 preference shares in the capital of the Company from FWD Life Insurance Company (Bermuda) Limited. The remaining 600,000 ordinary shares of the capital is held by Employees Provident Fund Board. Consequently, FWD Life Insurance Company (Bermuda) Limited is no longer a shareholder following the transaction.