

Registration No.

197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Registration No.

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RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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REGISTERED OFFICE

Level 10, Tower One, RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

Level 12, West Wing, The Icon, No.1, Jalan 1/68F, Jalan Tun Razak
55000 Kuala Lumpur

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RHB INSURANCE BERHAD
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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITY

The Company is engaged principally in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	94,631
Retained earnings brought forward	617,205
Profits available for appropriation	<u>711,836</u>
Dividend paid during the financial year	<u>(10,000)</u>
Retained earnings carried forward	<u><u>701,836</u></u>

DIVIDENDS

The dividends paid since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2024	
- Single-tier final dividend of 10.00 sen per share paid on 8 May 2025	<u><u>10,000</u></u>

The shareholders had declared a single-tier final dividend of 10 sen per share amounting to RM10,000,000 in respect of the financial year ended 31 December 2024 on 5 May 2025, and paid on 8 May 2025.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

There were no issuances of shares in the Company during the current financial year.

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DIRECTORS' REPORT (CONTINUED)

INSURANCE LIABILITIES

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for insurance liabilities in accordance with Malaysian Financial Reporting Standard ("MFRS") 17 - Insurance Contracts.

IMPAIRED DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of impaired debts and the making of allowance for impairment, and satisfied themselves that all known impaired debts had been written off and that adequate allowance had been made for impaired debts.

At the date of this report, the Directors of the Company are not aware of any circumstances that would render the amount written off for impaired debts or the amounts of the allowance for impairment in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secure the liabilities of any other person; or
- (b) any contingent liability in respect of the Company which has arisen since the end of the financial year.

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DIRECTORS' REPORT (CONTINUED)

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

No contingent 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 when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Donald Joshua Jaganathan
Wong Pek Yee
Hizamuddin Jamalluddin
Oliver Tan Chuan Li
Nadzirah Abd Rashid (Appointed on 1 November 2025)
Shaifubahrim Mohd Saleh (Ceased on 31 March 2025)
Jahanath Mthusamy (Retired on 31 October 2025)

In accordance with Clause 79 of the Company's Constitution, Mr. Donald Joshua Jaganathan and Encik Hizamuddin Jamalluddin shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re- election

In accordance with Clause 85 of the Company's Constitution, Puan Nadzirah Abd Rashid shall retire at the forthcoming Annual General Meeting and, being eligible, offers herself for re- election.

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors in office at the end of the financial year had any shares or debentures in the Company and its related corporations.

SHARE GRANT SCHEME ("SGS")

The holding company, RHB Bank Berhad ("the Bank") has implemented the SGS on 2 June 2022, which was approved by the shareholders at an extraordinary general meeting ("EGM") held on 27 April 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank ("RHB Bank Share(s)") of up to 2% of the total number of issued shares of the Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ("Eligible Employees"). The SGS is to be administered by the Board Nominating and Remuneration Committee ("BNRC") comprising such persons as may be appointed by the Board from time to time, and shall be in force for a period of nine years commencing from the effective date of the implementation of the SGS, and the vesting period for each grant offered will be 3 years from the offer date. Details of the SGS shares awarded are as follows:

<u>Award date</u>	<u>Fair value</u> RM	<u>Awarded</u> Unit'000	<u>Vesting date</u>
Grant 1 - 4 July 2022	5.71	4,685	3 July 2025
Grant 2 - 22 May 2023	5.50	5,445	30 June 2026
Grant 3 - 4 March 2024	5.62	4,725	30 June 2027
Grant 3A - 1 July 2024	5.50	142	30 June 2027
Grant 4 - 4 March 2025	6.86	5,145	30 June 2028
Grant 4A - 13 May 2025	6.82	85	30 June 2028

The movement of the SGS shares during the financial year ended 31 December 2025 are as follows:

	Number of SGS shares (Units'000)			
	<u>As at</u> <u>1 January 2025</u>	<u>Adjustment</u>	<u>Forfeited</u>	<u>As at</u> <u>31 December 2025</u>
	Unit'000	Unit'000	Unit'000	Unit'000
Grant 1 - 4 July 2022	135	(75)	(60)	-
Grant 2 - 22 May 2023	185	-	(20)	165
Grant 3 - 4 March 2024	205	-	(20)	185
Grant 3A - 1 July 2024	-	-	-	-
Grant 4 - 4 March 2025	179	-	(20)	159
Grant 4A - 13 May 2025	50	-	-	50

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DIRECTORS' REPORT (CONTINUED)

SHARE GRANT SCHEME ("SGS") (CONTINUED)

As at 31 December 2025, SGS shares awarded to Managing Director and key management personnel are as follows:

<u>Award Date</u>	Number of SGS shares awarded Unit'000	
	Oliver Tan Chuan Li	Key management personnel
Grant 1 - 4 July 2022	50	85
Grant 2 - 22 May 2023	50	135
Grant 3 - 4 March 2024	50	155
Grant 3A - 1 July 2024	-	-
Grant 4 - 4 March 2025	50	129
Grant 4A - 13 May 2025	-	50

DIRECTORS' BENEFITS

Total Directors' remuneration for the Company for the financial year ended 31 December 2025 is RM3,835,000.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than directors' remuneration and benefits-in-kind as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related company 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, except that certain Directors received remuneration from the Company's holding company and other related corporations.

During the financial year, Directors of the Company are covered under the RHB Banking Group Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of RHB Banking Group subject to the term of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the RHB Banking Group was RM200 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group was RM745,000.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

HOLDING COMPANY

The Directors regard RHB Bank Berhad, a company incorporated in Malaysia, as the immediate and ultimate holding company.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE

The Statement on Corporate Governance is attached in Appendix I to the Directors' Report.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

The details of auditors' remuneration for the financial year are as follows:

	<u>2025</u> RM'000
Auditors' remuneration * - statutory audit services	<u>470</u>

* There was no indemnity given or insurance effected for the auditors of the Company during the financial year.

This report was approved by the Board of Directors on 24 February 2026.

Signed on behalf of the Board of Directors:



TAN CHUAN LI
DIRECTOR



DONALD JOSHUA JAGANATHAN
DIRECTOR

Kuala Lumpur
27 February 2026

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Appendix I

RHB INSURANCE BERHAD
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STATEMENT OF CORPORATE GOVERNANCE

Introduction

The Board of Directors ("Board") of the Company recognises that good corporate governance is and has been fundamental to the success of the Company's business. Therefore, the Board of the Company continuously strives to ensure that highest standards of corporate governance are adopted in establishing accountability and integrity of the Board and the Management in promoting the interest of the stakeholders and in enhancing shareholders' value. The corporate governance structure of the Company which is aligned with that of RHB Banking Group ("Group") is principally based on BNM's Policy on Corporate Governance.

The Board has developed a charter that sets out the key corporate governance principles adopted by the Board ("Charter"). In adhering to the responsibilities set out in the Charter, the Members of the Board are expected to perform their duties with integrity, honesty and professionalism within the ambit of the law to serve the interest of the Company's shareholders and stakeholders.

The Board has adopted a Code of Ethics and Business Conduct for Directors ("Code of Ethics"). The Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of Directors with a view of achieving the following objectives:

- to establish a uniform ethical standard for Directors emphasising conduct free from conflicts of interest; and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

The Group has in place a Group Code of Ethics and Conduct that is applicable to all its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities.

BOARD OF DIRECTORS

Composition of the Board

The Board currently comprises one (1) Independent Non-Executive Chairman ("INEC"), one (1) Senior Independent Non-Executive Director ("SINED"), two (2) Independent Non-Executive Directors ("INED") and one (1) Managing Director ("MD"), details of which are as follows:

Name of Directors

Donald Joshua Jaganathan (INEC)
Wong Pek Yee (SINED)
Hizamuddin Jamalluddin (INED)
Nadzirah Abd Rashid (INED)
Oliver Tan Chuan Li (MD)

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles

DONALD JOSHUA JAGANATHAN
Independent Non-Executive Director
67 / Male / Malaysian

Mr. Donald Joshua Jaganathan ("Mr. Donald") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 October 2020. Following the retirement of the former Chairman, with effect from 1 November 2025, Mr. Donald was appointed as the Chairman of RHB Insurance Berhad. He also serves as a Member of Board Risk Committee of RHB Insurance Berhad.

Mr. Donald holds a Bachelor of Accounting (Hons) from the University of Malaya and is a Member of the Malaysian Institute of Accountants. He also holds a Master in Business Administration from the Cranfield School of Management, United Kingdom and is an alumnus of the Advanced Management Program, Harvard Business School.

He is a Fellow Chartered Banker and serves as a Council Member of the Asian Institute of Chartered Bankers and the Chairperson of its Education Committee. He is also a member of the Board of Directors of the Asia Banking School and the Chairperson of its Talent Development Committee.

Mr. Donald has had a fulfilling career with Bank Negara Malaysia (BNM) for 36 years, rising to the rank of Assistant Governor, with key responsibilities over the financial stability function, including oversight of BNM's Financial Stability Report. His work experience included leadership and management oversight over the supervision and regulation of the banking and insurance industry in Malaysia, training and development activities with the banking and insurance institutes. He also served as the Malaysian representative in international supervisory bodies, including the Basel Committee on Banking Supervision ("BCBS") and the International Association of Insurance Supervisors ("IAIS").

Mr. Donald's other directorships in public companies include Asian Institute of Chartered Bankers, RHB Bank Berhad and Zurich Life Insurance Malaysia Berhad. He also serves as the Chairperson of the Board Risk Committee, Member of the Board Audit Committee, Member of the Board Nominating and Remuneration Committee and Member of the Board Sustainability Committee of RHB Bank Berhad.

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BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

WONG PEK YEE

Senior Independent Non-Executive Director
69 / Female / Malaysian

Ms. Wong Pek Yee ("Ms. Wong") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 November 2018 and was subsequently appointed as Senior Independent Non-Executive Director on 28 May 2020. She also serves as Chairperson of the Board Audit Committee, Member of the Board Risk Committee, and Member of the Investment Committee of RHB Insurance Berhad.

Ms. Wong holds a Bachelor of Science in Economics & Accounting (Honours) from the University of Hull, United Kingdom. She is also a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of Malaysian Institute of Accountants.

Ms. Wong has over 37 years of experience working in London and Malaysia covering a wide spectrum of industries including tax consultancy, financial services and manufacturing sectors. She started off her career as an Audit and Tax Consultant with PriceWaterhouse London and PriceWaterhouse Tax Services Sdn Bhd from 1980 to 1989. She then joined Hong Leong Group and held Senior Management positions in various industries involving in strategic business planning and decision making in areas ranging from commercial, financial, corporate restructuring, tax to legal. Her last position in Hong Leong Group was as a Group Financial Controller cum Acting Chief Executive Officer of Malaysian Newsprint Industries Sdn Bhd which was part of the Hong Leong Group. During her years in Hong Leong Group, she was also appointed as an Executive Director in some of the subsidiaries within the Hong Leong Group.

Ms. Wong previously served as an Independent Non-Executive Director on the Boards of Pengurusan Aset Air Berhad ("PAAB"), Acqua SPV Berhad (a wholly-owned subsidiary of PAAB), and QES Group Berhad. During her directorship with PAAB, Ms. Wong was Chairperson of the Board Audit and Risk Committee and Member of the Board Compliance and Integrity Committee. While during her directorship with QES Group Berhad, she was Chairperson of the Audit & Risk Committee and Member of the Nomination & Remuneration Committee.

Currently, Ms. Wong does not hold any directorships in any other public companies.

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BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

HIZAMUDDIN JAMALLUDDIN

Independent Non-Executive Director

55 / Male / Malaysian

Encik Hizamuddin Jamalluddin ("Encik Hizamuddin") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 7 June 2023. He also serves as a Member of the Board Audit Committee of RHB Insurance Berhad. Encik Hizamuddin was appointed as Chairman of the Investment Committee on 1 April 2025 and was subsequently appointed as Chairman of the Board Risk Committee of RHB Insurance Berhad on 1 November 2025.

Encik Hizamuddin holds a Bachelor of Science in Finance from Northern Illinois University, United States of America. He was a member of the Islamic Finance Committee of Malaysian Institute of Accountants ("MIA") and Senior Associate Member of the Chartered Institute of Islamic Finance Professionals.

Encik Hizamuddin has an extensive experience in the field of Islamic banking and has more than 20 years of experience in corporate management, particularly in corporate planning, corporate finance (both equity & capital market), debt restructuring, enterprise risk management, cross border mergers and acquisitions, privatisation, investor relations and stakeholders' engagement.

He has served as the Chief Executive Officer of Urusharta Jamaah Sdn Bhd, one of the largest Shariah-based equity house in Malaysia. Prior to that, Encik Hizamuddin was the Executive Director, Investment of Lembaga Tabung Haji, a position that he assumed after serving as Lembaga Tabung Haji's Chief Strategy Officer and Chief of Staff. Prior to Lembaga Tabung Haji, he was also the Chief Strategy Officer of several entities namely, BIMB Holdings Berhad, Bank Islam Malaysia Berhad and MTD Capital. During the Asian Financial Crisis 1997, he served as a Corporate Finance Specialist cum Special Assistant to the Managing Director of Pengurusan Danaharta Nasional Berhad. He was also instrumental in the establishment of Prudential BSN Takaful Berhad in 2006.

Encik Hizamuddin was instrumental in initiating and promoting key Islamic Finance initiatives by Bank Negara Malaysia where he was involved in amongst others; the establishment of the Investment Account Platform, development and execution of the restricted investment account under the Islamic Financial Services Act, 2013, and Dana Al Ansar, a collaboration with Lembaga Tabung Haji to provide dedicated funds for Muslim Bumiputra SMEs. Encik Hizamuddin also spearheaded the Deposit Transition Plan and was instrumental in the integration of the principles of Value Based Intermediary in bank's business model. He was the recipient of the "Upcoming Personality of Islamic Finance (Leadership)" by the Global Islamic Finance Award 2016.

Encik Hizamuddin currently serves as the Chairman of Investment Panel of Tabung Haji. Encik Hizamuddin's other directorships in public and private companies include RHB Islamic Bank Berhad and Sentral REIT Management Sdn Bhd.

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BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

NADZIRAH ABD RASHID

Independent Non-Executive Director

63 / Female / Malaysian

Puan Nadzirah Abd Rashid ("Puan Nadzirah") was appointed as an Independent Non-Executive Director of RHB Insurance Berhad on 1 November 2025. She also serves as a Member of the Board Audit Committee of RHB Insurance Berhad. She was also appointed as an Independent Non Executive Director of RHB Bank Berhad ("RHB Bank") on 15 March 2024 and serves as a Member of the Board Audit Committee of RHB Bank.

Puan Nadzirah holds a Bachelor of Arts in Accountancy from the University of South Australia, a Chartered Accountant from the Malaysian Institute of Accountants and a Fellow of CPA Australia.

With over 35 years of professional experience in the securities market and banking industry, Puan Nadzirah has extensive exposure to regulatory environments. She began her career in the Accountant General's Department before joining Bank Negara Malaysia as a bank examiner. Subsequently, she moved on to head the finance function of a financial institution. In 1999, she joined Bursa Malaysia Group, where she held various positions in the Finance and Administration Division. Her last position was as the Chief Financial Officer of Bursa Malaysia Berhad, a position that she held for seven (7) years until early 2014.

Puan Nadzirah previously served on the Boards of Credit Guarantee Corporation Malaysia Berhad, CIMB Bank Berhad and CIMB Investment Bank Berhad.

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BOARD OF DIRECTORS (CONTINUED)

Directors' Profiles (continued)

OLIVER TAN CHUAN LI

Managing Director/Chief Executive Officer

60 / Male / Malaysian

Mr. Oliver Tan Chuan Li ("Mr. Oliver Tan") was appointed as the Managing Director/Chief Executive Officer of RHB Insurance Berhad on 21 February 2022.

Mr. Oliver Tan holds a Bachelor of Laws degree from Staffordshire Polytechnic in United Kingdom and a Certificate in Legal Practice ("CLP") from University Malaya in Malaysia.

Mr. Oliver Tan brings with him 25 years of experience within the insurance industry locally and regionally. Prior to joining RHB Insurance Berhad, he held various senior positions which included Chief Executive Officer of MPI Generali Insurans Berhad, Chief Executive Officer and Head, Kuala Lumpur of Swiss Reinsurance Company Limited in Kuala Lumpur to manage business operations in Malaysia, Vietnam, Cambodia, Laos, Brunei and Myanmar. Mr. Oliver Tan had also held various senior positions in AIU Insurance Company Limited in Shanghai and AXA General Insurance Hong Kong Limited.

Duties and Responsibilities of the Board

The Board is responsible for governing the administration of the Company and for exercising all such power pursuant to the Company's Constitution. In general, the Board is responsible for:

- providing strategic leadership to the Company;
- reviewing, approving and monitoring the implementation of the Company's strategic business plans and policies;
- ensuring the Company maintains an effective system of internal controls and is able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- acting as a guardian of the Company's corporate values and ethical principles in parallel with the goal to enhance shareholders' value;
- monitoring as well as evaluating the performance of the Management to ensure that the performance criteria remains dynamic; and
- ensuring the formulation of a succession plan for the Company for the long-term business continuity.

The day-to-day management of the Company is delegated to the MD who is responsible for managing the business and operations of the Company in ensuring the successful implementation of the policies and directions as formulated by the Board. The distinct and separate duties and responsibilities of the MD and the Chairman/other Non-Executive Directors ensure the balance of power and authority towards the establishment of a fully effective Board.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Meetings and Access of Information

The Board meets on a monthly basis. Special meetings are held where any direction or decisions are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

The Board is provided with meeting papers in advance of the meeting dates to allow the Members of the Board to digest the issues at hand, seek clarification from the Management, if required and formulate opinion on matters to be deliberated at the meetings. Board materials/papers are circulated to Members of the Board within a reasonable timeframe prior to the scheduled Board Meeting date. At each Meeting, the Board receives updates from the respective Chairmen/representatives of the Board Audit Committee and Board Risk Management Committee on matters relating to the Company that have been deliberated at both committees, as well as on matters that require appropriate attention. The Board also reviews regular management reports and information on corporate and business issues to assess performance against business targets and objectives.

Each member of the Board is required to apply independent judgement in decision making in their capacity as a Director. Where urgency prevails and if appropriate, decisions are also taken by way of a Directors' Circular Resolution in accordance with the Company's Constitution.

The Board is able to seek clarification and advice as well as request for information on matters pertaining to the Company and the Group from the Senior Management and the Company Secretaries. Should the need arise, the Directors may also seek independent professional advice, at the Company's expense, when deemed necessary for the proper discharge of their duties.

The Board had adopted an internal guideline on the Standard Procedures for Directors to have access to independent advice which lays down the procedures for Directors seeking internal and/or external professional independent advice. The objectives of this guideline among others are as follows:

- To ensure consistency throughout the Group on the procedures for Directors of the Group to have access to independent professional advice; and
- To enable Directors to have an enhanced perception of issues within the Group by allowing them to obtain independent opinion/advice/consultation from leading professionals in the relevant areas.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Meetings and Access of Information (continued)

The Board convened fifteen (15) meetings for the financial year ended 31 December 2025. Details of the attendance of each Director at Board meetings held during the financial year are set out below:-

<u>Name of Directors</u>	<u>Total meetings attended</u>	<u>Percentage of attendance (%)</u>
Donald Joshua Jaganathan ^(a)	15/15	100.00
Wong Pek Yee	15/15	100.00
Hizamuddin Jamalluddin	15/15	100.00
Nadzirah Abd Rashid ^(b)	2/2	100.00
Oliver Tan Chuan Li	15/15	100.00
Jahanath Muthusamy (Former Chairman) ^(c)	13/13	100.00
Shaifubahrim Mohd Saleh ^(d)	5/5	100.00

(a) Appointed as Chairman on 1 November 2025

(b) Appointed as Member on 1 November 2025

(c) Retired on 1 November 2025

(d) Ceased on 31 March 2025

Pursuant to BNM's Policy on Corporate Governance, a director must attend at least 75% of the Board meetings held in each year. For the year under review, all Directors in office at the end of the financial year had complied with the attendance requirement as stipulated by BNM.

Appointments and Re-election to the Board

The Company is governed by BNM's Policy on Corporate Governance on the appointment of new Directors and the re-appointment of its existing Directors upon the expiry of their respective tenures of office as approved by BNM.

The Group Board Nominating and Remuneration Committee ("BNRC") reviews and assesses the appointments/re-appointments of Directors. During such assessment, the Group BNRC also refers to the results of the individual assessments conducted via the Board Effectiveness Evaluation ("BEE"). The recommendation of the BNRC will thereafter be presented to the Board. Upon approval by the Board, the application for the appointment/re-appointment of Directors will be submitted to BNM for approval.

Clause 79 of the Company's Constitution provides that one-third of the Directors for the time being, or, if their number is not three or a multiple of three, the number nearest one-third, shall retire from office at each Annual General Meeting. Retiring Directors can offer themselves for re-election. Directors who are appointed during the financial year are eligible for re-election by shareholders at the next Annual General Meeting held following their appointments.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Training

The Directors continuously participate in various seminars, conferences and training programmes and in-house workshops to keep themselves abreast of the relevant regulatory framework, financial sector issues as well as current and future market developments.

The Group has also adopted a guideline on the Standard Procedures on Directors' In-House Orientation and Continuing Education Programme for the Group, the objectives of which are as follows:

- to ensure consistency throughout the Group in developing an in-house orientation and Continuing Education Programme for its Directors to familiarise themselves with the industry and the Company/Group; and
- to provide Directors with a better understanding of the nature of business, corporate strategy, risks of the business, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate.

During the financial year ended 31 December 2025, the Directors of RHB Insurance Berhad attended the following training programmes, conferences and seminars:

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan	In-House Training on E-invoicing Handling for Directors and Updates on The Budget 2025 (6 February 2025)	<ul style="list-style-type: none">• Budget 2025 Updates* – Personal Tax, Corporate Tax, Stamp Duty, Indirect Tax• Forest City tax incentive• e-invoice
	E-Invoicing Requirement and Implication for Directors (15 May 2025)	<ul style="list-style-type: none">• Understanding the Malaysian e-invoicing mandate, compliance obligations, and how these affect company directors (especially those receiving director fees under contract for service)

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan (continued)	In-House Training Session on E-Invoicing (3 June 2025)	<ul style="list-style-type: none"> • Insight sharing by EY • e-Invoice requirements and key considerations for NEDs • Tax compliance obligations for NEDs. • Director's remuneration from a service tax perspective
	In-House Training on Shariah Screening and Cryptocurrency (30 June 2025)	<ul style="list-style-type: none"> • Introduction to Shariah Investment and Cryptocurrencies • Landscape of Cryptocurrencies in Malaysia and international • Fatwa and Shariah Issues in Cryptocurrencies
	In-House Training on Future-Proofing The Board: ISSB Standards And The Next Frontier of ESG Leadership (2 September 2025)	<ul style="list-style-type: none"> • Clarify the Board's role in ISSB-aligned sustainability reporting • Understand IFRS S1 & S2 requirements and integration with TCFD • Strengthen Board oversight of ESG assurance, internal controls, and long-term value creation
	Climate Risk training (10 September 2025)	<ul style="list-style-type: none"> • Understanding climate risk types. • Risk assessment frameworks • Governance and Risk Management
	In-House Training on Basel III Requirements (30 September 2025)	<ul style="list-style-type: none"> • Malaysia Regulatory Roadmap • Key Changes: Basel II to Basel III Reform • Impact Analysis: Singapore Banks • Impact Analysis: RHB Group and Entities
	In-House Training on Strategic Success on The Path To Net Zero (4 November 2025)	<ul style="list-style-type: none"> • Climate Change & Value Creation: Discuss how climate change affects business value. • Sustainability Goals: Evaluate RHB's plan to achieve carbon-neutral operations and net zero position. • Organisational Capabilities: Analyze the skills and systems needed to meet these strategic goals.

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan (continued)	In-House Training on Cybersecurity & Emerging Technology Risk (26 November 2025)	<ul style="list-style-type: none">• Current Cyber Threat Landscape and Regulatory Updates• Overview of the latest threat landscape and threat actors' movements• Key regulatory updates and• Emerging Threats and AI Implications• Examination of AI-driven cyber threats and misuse – "Bringing it to Life!"• Governance, risk considerations, and the Board's oversight role• Practical Risk Mitigation and Crisis Management• Effective risk mitigation strategies, including supply chain and third-party• Ransomware insights: Tactics, anatomy of attacks, and real-world case study• Use cases and scenarios walkthrough• Strategic Role of the Board in Cybersecurity• Board's role and responsibilities during a cyber-crisis• Governance best practices and ethical considerations• Preparing for Future Challenges• Post-Quantum Cryptography (PQC): Importance and impact on financial• Roadmap for readiness and strategic planning

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Donald Joshua Jaganathan (continued)	In-House Training on Integrity and Governance: Building a Resilient Organisation (27 November 2025)	<ul style="list-style-type: none"> • The session aims to strengthen understanding of how integrity and governance contribute to organisational resilience by fostering ethical leadership, accountability and trust that enable the bank to withstand challenges and sustain long-term performance. • Observe the link between integrity, governance and organisational resilience. • Identify proactive measures to strengthen governance and risk culture. • Recognise the importance of trust and accountability in sustaining business continuity and reputation
	In-House Training on Establishing Islah Through Islamic Finance (28 November 2025)	<ul style="list-style-type: none"> • This programme is designed to discuss key initiatives and recommendations of the MLC position paper. The learners will be exposed to the three parts of the paper and its significant areas. The programme will cultivate the agenda of Islah in Islamic finance development towards more inclusive and sustainable world.
	Practical session: Step-by-step registration for MyInvois Portal and guided approach for the generation of e-Invoice via MyInvois Portal (1 December 2025)	<ul style="list-style-type: none"> • Provides a step-by-step guide for the overall registration & e-Invoice submission process • Training file for hands-on practice during the session • Directors are required to manually input the fields listed below during the training session, in consideration of confidentiality and to ensure the successful submission in MyInvois. Please note that in actual implementation, RHB will pre-populate these fields for Directors.
	Sustainability Fundamentals (1 December 2025)	<ul style="list-style-type: none"> • Sustainability principles • Climate risk and resilience basics • ESG frameworks and reporting essentials • Governance practices for sustainability

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee	In-House Training on E-invoicing Handling for Directors and Updates on The Budget 2025 (6 February 2025)	<ul style="list-style-type: none"> • Budget 2025 Updates* – Personal Tax, Corporate Tax, Stamp Duty, Indirect Tax • Forest City tax incentive • e-invoice
	In-House Training Session on E-Invoicing (3 June 2025)	<ul style="list-style-type: none"> • Insight sharing by EY • e-Invoice requirements and key considerations for NEDs • Tax compliance obligations for NEDs • Director's remuneration from a service tax perspective
	The Influence of Board Culture on Corporate Performance (5 June 2025)	<ul style="list-style-type: none"> • Aims to explore what defines a high-performing board culture and will tackle critical cultural issues such as power distance, entrenched boardroom practices, and the need to evolve board dynamics for future readiness.
	Addressing Issues & Challenges of IFRS1 & IFRS2 Reporting in Malaysia (5 June 2025)	<ul style="list-style-type: none"> • The session was designed to support Malaysian reporting entities facing real-world implementation issues with the new IFRS standards. It addressed gaps between theory and practice as companies move toward compliance • IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures" are part of the sustainability reporting standards developed by the International Sustainability Standards Board (ISSB) under the IFRS Foundation — now being adopted globally and increasingly in Malaysia under frameworks such as the National Sustainability Reporting Framework (NSRF).

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Carbon Capture: Utilisation and Storage (CCUS) Market Perspectives (18 June 2025)	<ul style="list-style-type: none"> • Overview of Environmental, Social, and Governance (ESG) in general insurance company. • Regulatory requirements and sustainability governance. • Knowledge sharing on industry peers as responsible insurer and investor. • Climate risk management and risk management tools. • Data Analytics: Strategies and challenges. • Data Analytics: Social Impact. • ESG reporting.
	BNM's Sasana Symposium 2025 (17 and 18 June 2025)	<ul style="list-style-type: none"> • The symposium served as a strategic platform for thought leadership and policy collaboration, reaffirming BNM's role not just as a monetary authority but also as a convener of national economic and financial reform agenda. It emphasized the need for collective stakeholder engagement in building resilience amid global economic uncertainties, rapid technology change,
	Facing the Future: Elevating Board Leadership in a time of Transformation (25 June 2025)	<ul style="list-style-type: none"> • Boards are at a defining juncture in the evolution of business and the global economy. To stay ahead, they must reshape governance structures, adapt leadership practices, and confront new realities—including: • What defines corporate performance in the age of AI and constant disruption? • What constitutes a forward-looking board culture? • What leadership traits and behaviours are essential to navigate technological change while driving strategic growth?

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Insurance Forum (7 August 2025)	<ul style="list-style-type: none"> Focusing on the impact of artificial intelligence (AI) on the insurance sector. The event, part of MyFintech Week 2025, discussed leveraging technology, addressing protection gaps like cyber and climate risks, and aligning with themes from the EY 2025 Global Insurance Outlook.
	The National Resolution Symposium (NRS) 2025 (26 and 27 August 2025)	<ul style="list-style-type: none"> This year's theme of "Precaution over Reaction: Harvesting Readiness in an Uncertain World," highlights the need to build readiness today to navigate the uncertainties of tomorrow. It calls for a proactive, thoughtful approach to identifying emerging risks and strengthening institutional readiness, resolution capabilities, and crisis management frameworks—long before they are put to the test.
	Decoding Budget 2026: Capital Market and Business Outlook (14 October 2025)	<ul style="list-style-type: none"> Global market trends, technological disruptions, and domestic policy shifts are reshaping Malaysia's economy and capital markets. The Budget 2026 announcement marks a critical juncture, setting the government's fiscal priorities amid both domestic reforms and global uncertainties—including the continuing US trade tensions. This half-day programme will bring together economists, analysts, and industry leaders to unpack the key measures, opportunities, and risks in Budget 2026. With a focus on the capital market and business landscape, participants will gain insights into the policy direction, sectoral implications, and investor sentiment shaping Malaysia's financial future.

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	In-House Training on Cybersecurity & Emerging Technology Risk (26 November 2025)	<ul style="list-style-type: none"> • Current Cyber Threat Landscape and Regulatory Updates • Overview of the latest threat landscape and threat actors' movements • Key regulatory updates and Emerging Threats and AI Implications • Examination of AI-driven cyber threats and misuse – "Bringing it to Life!" • Governance, risk considerations, and the Board's oversight role • Practical Risk Mitigation and Crisis Management • Effective risk mitigation strategies, including supply chain and third-party • Ransomware insights: Tactics, anatomy of attacks, and real-world case study • Use cases and scenarios walkthrough • Strategic Role of the Board in Cybersecurity • Board's role and responsibilities during a cyber-crisis • Governance best practices and ethical considerations • Preparing for Future Challenges • Post-Quantum Cryptography (PQC): Importance and impact on financial • Roadmap for readiness and strategic planning
	In-House Training on Integrity and Governance: Building a Resilient Organisation (27 November 2025))	<ul style="list-style-type: none"> • The session aims to strengthen understanding of how integrity and governance contribute to organisational resilience by fostering ethical leadership, accountability and trust that enable the bank to withstand challenges and sustain long-term performance • Observe the link between integrity, governance and organisational resilience. • Identify proactive measures to strengthen governance and risk culture. • Recognise the importance of trust and accountability in sustaining business continuity and reputation

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Wong Pek Yee (continued)	Practical session: Step-by-step registration for MyInvois Portal and guided approach for the generation of e-Invoice via MyInvois Portal (1 December 2025)	<ul style="list-style-type: none"> • Provides a step-by-step guide for the overall registration & e-Invoice submission process • Training file for hands-on practice during the session • Directors are required to manually input the fields listed below during the training session, in consideration of confidentiality and to ensure the successful submission in MyInvois. Please note that in actual implementation, RHB will pre-populate these fields for Directors • The fields to be completed during the training session by participant are as follows
Hizamuddin Jamalluddin	Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024 (21 April 2025)	<ul style="list-style-type: none"> • The latest monetary policies and their impact on the financial ecosystem • Regulatory updates and compliance challenges in today's dynamic • Key economic trends, fiscal impacts, and financial stability outlook • Market opportunities and risks for businesses and financial institutions
	In-House Training on Shariah Screening and Cryptocurrency (30 June 2025)	<ul style="list-style-type: none"> • Introduction to Shariah Investment and Cryptocurrencies • Landscape of Cryptocurrencies in Malaysia and international • Fatwa and Shariah Issues in Cryptocurrencies
	In-House Training on Future-Proofing The Board: ISSB Standards And The Next Frontier of ESG Leadership (2 September 2025)	<ul style="list-style-type: none"> • Clarify the Board's role in ISSB-aligned sustainability reporting • Understand IFRS S1 & S2 requirements and integration with TCFD practices • Strengthen Board oversight of ESG assurance, internal controls, and long-term value creation
	In-House Training on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training (4 September 2025)	<ul style="list-style-type: none"> • Role of Board • Local and Global trends • AML Tech Trends

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Hizamuddin Jamalluddin (continued)	FIDE Core Module A (Insurance) (30 September until 3 October 2025)	<ul style="list-style-type: none"> • The FIDE Core program is designed to provide directors of financial institutions with a profound understanding of sound governance principles, their roles and responsibilities, and how these responsibilities are fulfilled in practice. Participants will have the opportunity to engage with international thought leaders with vast experience and knowledge in the field of corporate governance. This program promises to be a highly interactive and stimulating experience, during which the faculty will take participants through real-life case studies and scenarios.
	In-House Training on Strategic Success on The Path To Net Zero (4 November 2025)	<ul style="list-style-type: none"> • Climate Change & Value Creation: Discuss how climate change affects business value. • Sustainability Goals: Evaluate RHB's plan to achieve carbon-neutral operations and net zero position. • Organisational Capabilities: Analyze the skills and systems needed to meet these strategic goals.
	In-House Training on Cybersecurity & Emerging Technology Risk (26 November 2025)	<ul style="list-style-type: none"> • Current Cyber Threat Landscape and Regulatory Updates • Overview of the latest threat landscape and threat actors' movements • Key regulatory updates and • Emerging Threats and AI Implications • Examination of AI-driven cyber threats and misuse – "Bringing it to Life!" • Governance, risk considerations, and the Board's oversight role • Practical Risk Mitigation and Crisis Management • Effective risk mitigation strategies, including supply chain and third-party

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Hizamuddin Jamalluddin (continued)	In-House Training on Cybersecurity & Emerging Technology Risk (26 November 2025)	<ul style="list-style-type: none"> • Ransomware insights: Tactics, anatomy of attacks, and real-world case study • Use cases and scenarios walkthrough • Strategic Role of the Board in Cybersecurity • Board's role and responsibilities during a cyber-crisis • Governance best practices and ethical considerations • Preparing for Future Challenges • Post-Quantum Cryptography (PQC): Importance and impact on financial systems • Roadmap for readiness and strategic planning
	In-House Training on Integrity and Governance: Building a Resilient Organisation (27 November 2025)	<ul style="list-style-type: none"> • The session aims to strengthen understanding of how integrity and governance contribute to organisational resilience by fostering ethical leadership, accountability and trust that enable the bank to withstand challenges and sustain long-term performance. • Observe the link between integrity, governance and organisational resilience. • Identify proactive measures to strengthen governance and risk culture • Recognise the importance of trust and accountability in sustaining business
	In-House Training on Establishing Islah Through Islamic Finance (28 November 2025)	<ul style="list-style-type: none"> • This programme is designed to discuss key initiatives and recommendations of the MLC position paper. The learners will be exposed to the three parts of the paper and its significant areas. The programme will cultivate the agenda of Islah in Islamic finance development towards more inclusive and sustainable world.

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Hizamuddin Jamalluddin (continued)	Practical session: Step-by-step registration for MyInvois Portal and guided approach for the generation of e-Invoice via MyInvois Portal (1 December 2025)	<ul style="list-style-type: none"> • Provides a step-by-step guide for the overall registration & e-Invoice submission process • Training file for hands-on practice during the session • Directors are required to manually input the fields listed below during the training session, in consideration of confidentiality and to ensure the successful submission in MyInvois. Please note that in actual implementation, RHB will pre-populate these fields for Directors.
Nadzirah Abd Rashid	In-House Training on E-invoicing Handling for Directors and Updates on The Budget 2025 (6 February 2025)	<ul style="list-style-type: none"> • Budget 2025 Updates* – Personal Tax, Corporate Tax, Stamp Duty, Indirect • Forest City tax incentive • e-Invoice
	National Climate Governance Summit 2025 (7 April 2025)	<ul style="list-style-type: none"> • Transition Finance: The Foundation of the Transition Economy — focusing on how transition finance can enable the shift to a low-carbon, sustainable economy
	ASEAN Investment Conference - "Connecting Capital, Unlocking Opportunities, and Driving Sustainability" (8 and 9 April 2025)	<ul style="list-style-type: none"> • Connecting Capital, Unlocking Opportunities, and Driving Sustainability — focusing on investment flows, regional integration, innovation, sustainable finance and ASEAN competitiveness
	Masterclass Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities (6 May 2025)	<ul style="list-style-type: none"> • The Changing Landscape of High-Tech Financial Crime • Key Risk Areas for Financial Institutions • Board Responsibilities & Oversight Expectations

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Nadzirah Abd Rashid (continued)	PWC AI Leadership Conference 2025 (13 May 2025)	<ul style="list-style-type: none"> AI Leadership in the Age of Trust, Transformation & Responsibility — with a strong focus on how business and public sector leaders can shape AI adoption responsibly while building trust and strategic advantage
	In-House Training Session on E-Invoicing (3 June 2025)	<ul style="list-style-type: none"> Insight sharing by EY e-Invoice requirements and key considerations for NEDs Tax compliance obligations for NEDs. Director's remuneration from a service tax perspective
	In-House Training on Shariah Screening and Cryptocurrency (30 June 2025)	<ul style="list-style-type: none"> Introduction to Shariah Investment and Cryptocurrencies Landscape of Cryptocurrencies in Malaysia and international Fatwa and Shariah Issues in Cryptocurrencies
	The National Resolution Symposium (NRS) 2025 (26 and 27 August 2025)	<ul style="list-style-type: none"> This year's theme of "Precaution over Reaction: Harvesting Readiness in an Uncertain World," highlights the need to build readiness today to navigate the uncertainties of tomorrow. It calls for a proactive, thoughtful approach to identifying emerging risks and strengthening institutional readiness, resolution capabilities, and crisis management frameworks—long before they are put to the test.
	In-House Training on Future-Proofing The Board: ISSB Standards And The Next Frontier of ESG Leadership (2 September 2025)	<ul style="list-style-type: none"> Clarify the Board's role in ISSB-aligned sustainability reporting Understand IFRS S1 & S2 requirements and integration with TCFD practices Strengthen Board oversight of ESG assurance, internal controls, and long-term value creation

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Nadzirah Abd Rashid (continued)	In-House Training on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training (4 September 2025)	<ul style="list-style-type: none"> • Role of Board • Local and Global trends • AML Tech Trends
	In-House Training on Basel III Requirements (30 September 2025)	<ul style="list-style-type: none"> • Malaysia Regulatory Roadmap • Key Changes: Basel II to Basel III Reform • Impact Analysis: Singapore Banks • Impact Analysis: RHB Group and Entities
	In-House Training on Cybersecurity & Emerging Technology Risk (26 November 2025)	<ul style="list-style-type: none"> • Current Cyber Threat Landscape and Regulatory Updates • Overview of the latest threat landscape and threat actors' movements • Key regulatory updates and • Emerging Threats and AI Implications • Examination of AI-driven cyber threats and misuse – "Bringing it to Life!" • Governance, risk considerations, and the Board's oversight role • Practical Risk Mitigation and Crisis Management • Effective risk mitigation strategies, including supply chain and third-party • Ransomware insights: Tactics, anatomy of attacks, and real-world case study • Use cases and scenarios walkthrough • Strategic Role of the Board in Cybersecurity • Board's role and responsibilities during a cyber-crisis • Governance best practices and ethical considerations • Preparing for Future Challenges • Post-Quantum Cryptography (PQC): Importance and impact on financial • Roadmap for readiness and strategic planning

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Nadzirah Abd Rashid (continued)	In-House Training on Integrity and Governance: Building a Resilient Organisation (27 November 2025)	<ul style="list-style-type: none">• The session aims to strengthen understanding of how integrity and governance contribute to organisational resilience by fostering ethical leadership, accountability and trust that enable the bank to withstand challenges and sustain long-term performance.• Observe the link between integrity, governance and organisational resilience.• Identify proactive measures to strengthen governance and risk culture• Recognise the importance of trust and accountability in sustaining business
	In-House Training on Establishing Islah Through Islamic Finance (28 November 2025)	<ul style="list-style-type: none">• This programme is designed to discuss key initiatives and recommendations of the MLC position paper. The learners will be exposed to the three parts of the paper and its significant areas. The programme will cultivate the agenda of Islah in Islamic finance development towards more inclusive and sustainable world.

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Oliver Tan Chuan Li	In-House Training on E-invoicing Handling for Directors and Updates on The Budget 2025 (6 February 2025)	<ul style="list-style-type: none"> • Budget 2025 Updates* – Personal Tax, Corporate Tax, Stamp Duty, Indirect • Forest City tax incentive • e-invoice
	In-House Training Session on E-Invoicing (3 June 2025)	<ul style="list-style-type: none"> • Insight sharing by EY • e-Invoice requirements and key considerations for NEDs • Tax compliance obligations for NEDs. • Director's remuneration from a service tax perspective
	In-House Training on Future-Proofing The Board: ISSB Standards And The Next Frontier of ESG Leadership (2 September 2025)	<ul style="list-style-type: none"> • Clarify the Board's role in ISSB-aligned sustainability reporting • Understand IFRS S1 & S2 requirements and integration with TCFD • Strengthen Board oversight of ESG assurance, internal controls, and long-term value creation
	In-House Training on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training (4 September 2025)	<ul style="list-style-type: none"> • Role of Board • Local and Global trends • AML Tech Trends
	In-House Training on Basel III Requirements (30 September 2025)	<ul style="list-style-type: none"> • Malaysia Regulatory Roadmap • Key Changes: Basel II to Basel III Reform • Impact Analysis: Singapore Banks • Impact Analysis: RHB Group and Entities
	In-House Training on Strategic Success on The Path To Net Zero (4 November 2025)	<ul style="list-style-type: none"> • Climate Change & Value Creation: Discuss how climate change affects business value. • Sustainability Goals: Evaluate RHB's plan to achieve carbon-neutral operations and net zero position. • Organisational Capabilities: Analyze the skills and systems needed to meet these strategic goals.

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Oliver Tan Chuan Li (continued)	In-House Training on Cybersecurity & Emerging Technology Risk (26 November 2025)	<ul style="list-style-type: none">• Current Cyber Threat Landscape and Regulatory Updates• Overview of the latest threat landscape and threat actors' movements• Key regulatory updates and• Emerging Threats and AI Implications• Examination of AI-driven cyber threats and misuse – "Bringing it to Life!"• Governance, risk considerations, and the Board's oversight role• Practical Risk Mitigation and Crisis Management• Effective risk mitigation strategies, including supply chain and third-party• Ransomware insights: Tactics, anatomy of attacks, and real-world case study• Use cases and scenarios walkthrough• Strategic Role of the Board in Cybersecurity• Board's role and responsibilities during a cyber-crisis• Governance best practices and ethical considerations• Preparing for Future Challenges• Post-Quantum Cryptography (PQC): Importance and impact on financial• Roadmap for readiness and strategic planning

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Training (continued)

Name of Director	Training Programme Attended	Training Scope & Description
Oliver Tan Chuan Li (continued)	In-House Training on Integrity and Governance: Building a Resilient Organisation (27 November 2025)	<ul style="list-style-type: none">• The session aims to strengthen understanding of how integrity and governance contribute to organisational resilience by fostering ethical leadership, accountability and trust that enable the bank to withstand challenges and sustain long-term performance.• Observe the link between integrity, governance and organisational resilience.• Identify proactive measures to strengthen governance and risk culture• Current Cyber Threat Landscape and Regulatory Updates• Recognise the importance of trust and accountability in sustaining business
	In-House Training on Establishing Islah Through Islamic Finance (28 November 2025)	<ul style="list-style-type: none">• This programme is designed to discuss key initiatives and recommendations of the MLC position paper. The learners will be exposed to the three parts of the paper and its significant areas. The programme will cultivate the agenda of Islah in Islamic finance development towards more inclusive and sustainable world.

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Board Performance Evaluation

In line with the requirements of the Bank Negara Malaysia's Policy Document on Corporate Governance and the Malaysian Code on Corporate Governance, which call for the periodic appointment of an external party to conduct an objective and independent Board assessment, the Board appointed Ernst & Young Consulting Sdn Bhd ("EY") to facilitate the BEE for the FY2025.

The external assessment encompassed two primary areas, which were comprehensively evaluated across key assessment dimensions, namely:

Board

- Leadership and Culture
- Composition
- Responsibilities
- Committees
- Administration and Operations

Directors

- Independence
- Contribution and Commitment
- Competencies, Skills and Expertise
- General Comments on other Directors

The BEE results showed an overall good score attained by the Board, supporting Committees and individual Directors.

Key Strengths

The Board continues to demonstrate strong and effective leadership under the stewardship of the newly appointed Chairman. The Chairman has brought renewed dynamism and drive at the Board level, leading discussions effectively and driving decision-making.

The Board benefits from a positive and constructive culture. The boardroom environment is collaborative and open, encouraging active participation from all Directors. Discussions are marked by healthy and robust debate, with diverse perspectives thoughtfully considered.

The Board Committees continue to provide support to the Board in discharging its duties and responsibilities. Matters within their respective mandates are thoroughly deliberated at the Committee level, enabling issues to be appropriately reviewed and, where possible, resolved prior to escalation to the Board. This structured approach enhances the efficiency and effectiveness of Board deliberations.

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Board Performance Evaluation (continued)

Areas for improvement

The Board identified opportunities to further strengthen its effectiveness through deeper engagement with Management, enhancement of Board composition, particularly in technical insurance expertise and emerging areas such as transformation, technology, AI and ESG as well as increased emphasis on strategic oversight, including business model review, growth initiatives, digital strategy and succession planning. The Investment Committee's strategic role will also be reinforced, alongside continued improvements to the quality and timeliness of Board papers to support effective deliberations and decision-making.

Ethical & Sound Leadership

The Group has a structured and robust risk management framework and internal control systems in place to ensure our business operations are carried out effectively and efficiently without compromising quality. The Board continues to support the initiatives undertaken by the Group with the support of management. This is carried out by exercising good business judgement when developing strategy, delivering objectives and managing our respective risks by having a robust Enterprise Risk Management in place as part of the Group's internal control.

In addition to having proper control mechanisms in place, the Board also views ethical leadership as one of its core responsibility. The Group's ethical culture is guided and led by the tone from the top and the ethical principles and values are driven by the Board through the leadership team and are embedded across the Group. The Board believes that integrity breeds trust and therefore, it is crucial that our staff uphold integrity in order for our customers and clients to place their trust in us.

The Board fully supports the efforts by the Group to set effective safeguards and controls in order to empower staff in maintaining the highest standards of integrity and ethical behavior in all day-to-day dealings and activities. To ensure the Group's messages on this matter is consistent, the Group has in place codes of business ethics and conduct for the Board and employees. These codes convey the minimum requirements that must be met by our people in doing business the RHB way by exercising ethical and sound leadership.

Group Board Committees

Following the Group-wide transformation exercise undertaken in late 2007, the various Board Committees within the Group were consolidated to form Group Board Committees residing either at the Company's holding company, RHB Bank Berhad. The objective is to promote better efficiency and effectiveness in implementing holistic strategies for the benefit of the Group as a whole. The Group Board Committees currently residing at RHB Bank Berhad which are shared by the Company are as follows:

- Board Nominating and Remuneration Committee; and
- Board Sustainability Committee.

The functions and terms of reference of the Group Board Committees are clearly defined and comply with the relevant governing laws, regulations and guidelines. The members of the Group Board Committees comprise the Directors of the Company and that of the operating entities within the Group to ensure a fair representation across the entities in pursuing the interests of the entities concerned. The relevant minutes/extract of minutes of meetings of all Group Board Committees are tabled to the respective Boards for notation.

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Appendix I

RHB INSURANCE BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Nominating and Remuneration Committee ("BNRC")

BNRC comprises three (3) INEDs and one (1) Non INED. A total of ten (10) meetings were held for the BNRC during the financial year ended 31 December 2025. Details of the attendance of each member for the BNRC's meetings are as follows:

<u>Members of BNRC</u>	<u>Total meetings attended</u>	<u>Percentage of attendance</u> (%)
Datuk Iain John Lo (Chairperson)	10/10	100
Dato' Mohamad Nasir Ab Latif	10/10	100
Hijah Arifakh Othman	10/10	100
Donald Joshua Jaganathan	10/10	100

The main objectives of the BNRC are to support the Boards in the following:

- (i) Review and assess the appointment/re-appointments of directors, board committee members, Shariah Committee ("SC") members, Senior Officers, Appointed Actuary and Company Secretary (where applicable) for recommendation to the Boards of main entities and other subsidiaries (as deemed appropriate) under RHB Banking Group ("the Group").
- (ii) Advise the Boards on optimal size and mix of skills of Boards.
- (iii) Provide oversight and direction on Human Resource matters and operations, and to recommend to the Boards for approval of remuneration and human resource strategies.

Board Sustainability Committee ("BSC")

BSC comprises four (3) INEDs and one (1) Non INED. A total of five (5) meetings were held for the BSC during the financial year ended 31 December 2025. Details of the attendance of each member for the BSC's meetings are as follows:

<u>Members of BSC</u>	<u>Total meetings attended</u>	<u>Percentage of attendance</u> (%)
Datuk Iain John Lo (Chairperson)	5/5	100
Dato' Mohamad Nasir Ab Latif	5/5	100
Donald Joshua Jaganathan	5/5	100
Hijah Arifakh Othman	5/5	100

The BSC was established on 1 September 2022 to provide an oversight on the Group's Sustainability and Climate related strategy; a forum for periodical and in-depth discussion/ review of Environmental, Social and Governance ("ESG") issues and will steer the Group's ESG strategy to achieve a sustainable competitive advantage.

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RHB INSURANCE BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Sustainability Committee ("BSC") (continued)

The BSC meetings were also attended by the Group Managing Director, being the Chairperson of the Group Sustainability Committee, the Group Chief Sustainability and Communications Officer and the Group Chief Risk Officer while the attendance of other Senior Management is by invitation, depending on the matters deliberated by the BSC.

Board Audit Committee ("BAC")

The Board had, on 23 March 2022, approved the establishment of the BAC for the Company which took effect on 25 April 2022 to look into the audit issues/matters arising from the insurance activities. The minutes of the BAC meetings are also tabled to the Board of RHB Insurance Berhad for notation.

The BAC comprises three (3) INEDs. A total of six (6) meetings were held during the financial year ended 31 December 2025. Details of the attendance of each member for the BAC's meetings are as follows:

<u>Members of BAC</u>	<u>Total meetings attended</u>	<u>Percentage of attendance (%)</u>
Wong Pek Yee (Chairperson) ^(a)	6/6	100
Hizamuddin Jamalluddin	6/6	100
Nadzirah Abd Rashid ^(b)	1/1	100
Shaifubahrim Mohd Saleh (Former Chairperson) ^(c)	2/2	100
Donald Joshua Jaganathan ^(d)	3/3	100

(a) Redesignated as Chairperson on 1 April 2025

(b) Appointed as Member on 1 November 2025

(c) Ceased as Chairman/Director on 31 March 2025

(d) Redesignated as Chairperson on 1 April 2025

The key objectives of the BAC are as follows:

- (i) To provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for RHB Insurance Berhad ("RHBI" or "the Company"), and to review the financial condition and performance of the Company;
- (ii) To review the quality of the audits conducted by internal and external auditors;
- (iii) To provide a line of communication between the Board and external auditors;
- (iv) To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process and activities;
- (v) To provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is, among others, independent of the Management; and
- (vi) To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Risk Committee ("BRC")

The Board had, on 19 March 2019, approved the establishment of the BRC for the Company which took effect on 1 April 2019 to look into the compliance and risk issues/matters arising from the insurance activities. The minutes of the BRC meetings are also tabled to the Board of RHB Insurance Berhad for notation.

The BRC comprises three (3) INEDs. A total of thirteen (13) meetings were held during the financial year ended 31 December 2025. Details of the attendance of each member for the BRC's meetings are as follows:

<u>Members of BRC</u>	<u>Total meetings attended</u>	<u>Percentage of attendance (%)</u>
Hizamuddin Jamalluddin (Chairperson) ^(a)	3/3	100
Wong Pek Yee ^(b)	13/13	100
Donald Joshua Jaganathan ^(c)	10/10	100
Jahanath Muthusamy ^(d)	10/10	100
Shaifubahrim Mohd Saleh ^(e)	3/3	100

(a) *Appointed as Chairperson on 1 November 2025*

(b) *Redesignated from Chairperson to Member on 1 April 2025*

(c) *Appointed as Chairperson on 1 April 2025 and subsequently redesignated as Member on 1 November 2025*

(d) *Retired on 1 November 2025*

(e) *Ceased as Member on 31 March 2025*

The key objectives of the BRC are as follows:

- (i) To provide oversight and governance of risks of RHB Insurance Berhad;
- (ii) To oversee Senior Management's activities in managing risks and ensure that the risk management process is in place and functioning;
- (iii) To promote the management of risk in accordance with a risk-return performance management framework; and
- (iv) To support and provide the overall leadership to the Senior Management in driving Risk and Compliance Culture and Risk Ownership in RHB Insurance Berhad.

Investment Committee ("IC")

IC comprises three (3) INEDs. A total of four (4) meetings were held for the IC during the financial year ended 31 December 2025. Details of the attendance of each member for the IC's meetings are as follows:

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Investment Committee ("IC") (continued)

<u>Members of IC</u>	<u>Total meetings attended</u>	<u>Percentage of attendance (%)</u>
Hizamuddin Jamalluddin (Chairperson) ^(a)	3/3	100
Wong Pek Yee	4/4	100
Dato' Darawati Hussain	4/4	100
Shaifubahrim Mohd Saleh (Former Chairperson) ^(b)	1/1	100

(a) Appointed as Chairperson on 1 April 2025

(b) Ceased as Chairperson on 31 March 2025

The main objectives of the IC are as follows:

- (i) To assist the Board to discharge its responsibilities by reviewing and overseeing the overall investment management of the Company; and
- (ii) To set targets for Management and Fund Managers to achieve satisfactory returns of investment in the form of capital appreciation, interest and dividend income.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance

The Company's Managing Director/Chief Executive Officer is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance for the Board meetings that he attends. As the only Executive Director on the Board of the Company, his remuneration, which includes salary and bonus, comprised short term or long term incentives, in cash or benefits-in-kind, is derived from the Company.

The Managing Director's sustainable remuneration package also includes performance bonus, in line with the Group's retention policy and risk-based approach. His Key Performance Indicators and remuneration are approved by the Board. The details on the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company during the financial year ended 31 December 2025) are as follows:

Name of Company's ED	Salary and Bonus (RM'000)	Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Oliver Tan Chuan Li	1,959	561	7	2,527
Name of Company's NEDs	Directors' Fees* (RM'000)	Other Emoluments** (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Jahanath Muthusamy	226	57	17	300
Wong Pek Yee	179	114	-	293
Shaifubahrim Mohd Saleh	39	29	-	68
Donald Joshua Jaganathan	194	141	5	340
Hizamuddin Jamalluddin	179	87	-	266
Nadzirah Abd Rashid	32	9	-	41
Sub Total (NEDs)	849	437	22	1,308
Grand Total (MD + NEDs)	2,808	998	29	3,835

Notes:

* Based on new Directors' fees.

** Include Board Committees' allowances and meeting allowance.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

The Board is mindful that fair remuneration is critical to attract, retain and motivate Directors with the relevant experience and expertise required to lead the Company. The BNRC has been entrusted with discharging the remuneration strategies (as outlined in its Terms Of Reference). The Group has also established a common reference incorporating the NED Remuneration Framework. It is aimed at applying the general principles for the remuneration of NEDs to ensure that remuneration levels are commensurate with the responsibilities, risks and time commitment of Boards/Board Committees. The level of remuneration reflects the level of responsibility undertaken by the particular NED concerned within the Company. It also takes into consideration practices within the industry and is reviewed at least once every two years.

No.	Non-Executive Directors' Remuneration Scheme	Unrestricted/Non-Deferred	Total (RM'000)	Restricted/Deferred	Total (RM'000)
A. Fixed-Type Remuneration					
i	Cash-based	<ul style="list-style-type: none"> • Fixed Fees • Directors' Fees¹ • Board Committees' Allowances² • Chairmen's premium³ for various Board & Board Committees • Emoluments⁴ 	1,023	-	1,023
ii	Shares & share-linked instruments	-	Nil	-	Nil
iii	Others	Benefits-In-Kind ⁵	22	-	22
B. Variable-Type Remuneration					
i	Cash-based	Meeting Attendance Allowance ⁶	264	-	264
ii	Shares & share-linked instruments	-	Nil	-	Nil
iii	Others	Directors' & Officers' Liability Insurance ⁷	29	-	29

Notes:

The overall remuneration package of the NEDs of the Group/Company comprises the following components:

1 Directors' Fees

NEDs are entitled to annual Directors' fees, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company and is part of a periodical review to ensure the Company remains competitive against its peers with the heightened responsibilities and accountabilities under the Companies Act 2016, the Financial Services Act 2013 and the Malaysian Code on Corporate Governance 2021. Total Directors' fees paid/payable to the Directors for financial year 2025 was about RM848,000.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Remuneration Governance (continued)

- 2 *Board Committee Allowances*
NEDs who sit on Board Committees are entitled to receive Board Committee allowances which shall be paid on a monthly basis.
- 3 *Chairmen's Premium*
The Chairmen of various Boards and Board Committees are entitled to receive a premium above the normal respective Board and Board Committee allowances, which shall be paid on an annual basis at the end of each financial year.
- 4 *Farewell Pot*
All NEDs will be awarded with 'Farewell Pot' scheme upon his/her exit from the Group, in recognition of their services and commitments to the Group. Under the 'Farewell Pot' scheme, any NED who leaves the Group would be entitled to RM3,000 as a one-off payment or as decided by the BNRC.
- 5 *Benefits-in-kind*
The Chairmen of various Boards and Board Committees are entitled to receive a premium above the normal respective Board and Board Committee allowances, which shall be paid on a monthly basis.
- 6 *Meeting attendance allowance*
NEDs are also entitled to meeting attendance allowances when they attend the Board/Board Committee meetings.
- 7 *Directors' & Officers' ("D&O") Liability Insurance*
The insurance covers the Group's Directors in respect of any liabilities arising from acts committed in their capacity as D&O of RHB Banking Group. However, the insurance policy does not indemnify a Director or principal officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty of trust. The Directors are required to contribute jointly towards a portion of the premiums of the said policy.

The remuneration structure and package for the NEDs are approved by the shareholders at the Company's Annual General Meeting. Further information on the total remuneration of the Directors from the Company is available under Note 22 on pages 54 to 55.

Policies and procedures, including the nomination framework for the Directors and Senior Management are reviewed regularly to ensure the remuneration levels are:

- Commensurate with the responsibilities, risks and time commitment; and
- Market-competitive and sufficient to attract and retain quality people but not excessive.

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RHB INSURANCE BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

RHB Total Rewards

RHB's Total Rewards Philosophy consists of four (4) key principles as follows:

- 1) To support and promote a high performance culture to deliver the Group's vision.
- 2) To provide a balanced approach between fixed and variable compensation that reflects individual's seniority and level of accountability.
- 3) To promote a strong performance and reward linkage while incorporating risk and compliance management (to fulfill risk control objective) as part of the key performance indicators for remuneration
- 4) To be competitive with market practice; tailored to specific market, i.e. Financial Industry the entity is operating in and aligned to internal philosophy.

The Total Rewards Policy was reviewed by the Board Nominating and Remuneration Committee ("BNRC") and approved by the Board. The policy acts as a guide when designing and implementing remuneration programs and is applicable to all employees in Malaysia and Overseas.

The Policy is guided by RHB's Total Rewards Model that covers all aspects of work that employees value, both tangible and intangible. The components of the model are illustrated below:-



RHB's philosophy of fair remuneration is critical to attract, retain and motivate employees and is within the ambient of RHB's risk appetite. It provides the roadmap to govern our reward strategy and is aligned with the business strategies, corporate values and long-term interests of the organization. RHB's remuneration shall be in alignment with Bank Negara Malaysia's Corporate Governance.

The remuneration for Senior Management including the Managing Directors and Group Management Committee members and the Other Material Risk Takers are being reviewed on an annual basis and deliberated at the BNRC and Board for approval.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

RHB Total Rewards (continued)

Tabulated below is the remuneration summary for FY2025 for the Senior Management and Other Material Risk Takers, ("OMRTs").

Total value of remuneration awards for the financial year ended 2025	Senior Management (1 Headcount)		Other Material Risk Takers (9 Headcounts)	
	Unrestricted/ Non-Deferred (RM'000)	Restricted/ Deferred (RM'000)	Unrestricted/ Non-Deferred (RM'000)	Restricted/ Deferred (RM'000)
Fixed remuneration				
- Cash-based	1,223	-	4,166	-
- Shares and share-linked instruments	-	-	-	-
- Others	15	-	11	-
Variable remuneration				
- Cash-based	825	-	2,107	-
- Shares and share-linked instruments	-	N1	-	N1
- Others	-	-	-	-

Notes:

Figures presented in the table are in Ringgit Malaysia.

N1 - In FY2025, a total of 50,000 and 97,000 units of RHB shares under RHB Group Employees' Share Grant Scheme ("SGS") were awarded to 1 Senior Officer and 6 OMRTs of RHB Insurance Berhad. The number of SGS units to be vested/paid by 2028 is conditional upon the said employees fulfilling the vesting/payment criteria.

RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Directors acknowledge the importance of having effective and reliable systems of internal control and risk management. These systems cover not only financial but also operational and compliance controls as well as risk management. The system, by its nature, can only provide reasonable but not absolute assurance against misstatement, loss or fraud.

Pursuant to Guidance 22.2 of Bank Negara Malaysia's Policy Document on Corporate Governance, RHB Insurance Berhad leverages on RHB Banking Group's risk management and internal control framework and policies. As such, details of the Group's risk management and internal control framework and policies can be found within the RHB Bank Berhad's Integrated Report 2025 available at www.rhbgroup.com.

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RHB INSURANCE BERHAD
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	31.12.2025 RM'000	31.12.2024 RM'000
ASSETS			
Property, plant and equipment	5	10,003	14,221
Right of use assets - Property office	6	1,906	1,917
Intangible assets - Computer software	7	32,977	33,569
Investments	8	1,304,518	1,230,252
Fair value through profit or loss		1,242,874	1,218,226
Loans and receivables		61,644	12,026
Reinsurance contract assets	10	477,893	490,659
Other assets	11	75,455	43,495
Deferred tax assets	15	1,162	3,489
Tax recoverable		13,290	11,337
Cash and cash equivalents	12	147,677	119,940
Total assets		2,064,881	1,948,879
LIABILITIES			
Insurance contract liabilities	10	1,173,492	1,151,547
Reinsurance contract liabilities	10	12,801	4,456
Other liabilities	13	72,290	69,876
Lease liabilities	14	1,928	2,058
Current tax liabilities		1,019	2,394
Total liabilities		1,261,530	1,230,331
EQUITY			
Share capital	16	100,000	100,000
Retained earnings	17	701,836	617,205
Share-based payment reserve	18	1,515	1,343
Total equity		803,351	718,548
Total liabilities and equity		2,064,881	1,948,879

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

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RHB INSURANCE BERHAD
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STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Insurance revenue	19	882,114	886,009
Insurance service expense	19	(655,597)	(631,649)
Insurance service results before reinsurance contracts held	19	226,517	254,360
Allocation of reinsurance premiums	21	(298,024)	(338,427)
Amount recoverable from reinsurers for incurred claims	21	124,755	123,228
Net expense from reinsurance contracts held	21	(173,269)	(215,199)
Insurance service results		53,248	39,161
Investment income	23	55,354	48,856
Realised (loss)/gains on financial assets at fair value through profit or loss	23	(1,116)	242
Fair value gains on financial assets at fair value through profit or loss	23	7,278	1,478
Investment results	23	61,516	50,576
Insurance finance expenses for insurance contracts issued	24	(25,231)	(19,409)
Reinsurance finance income for reinsurance contracts held	24	9,859	8,093
Insurance finance results	24	(15,372)	(11,316)
Other income	25	4,223	3,761
Other expenses	26	(975)	(470)
Foreign exchange losses		(14)	(4)
		3,234	3,287
Profit before tax		102,626	81,708
Taxation	27	(7,995)	244
Net profit for the financial year, representing total comprehensive income for the financial year		94,631	81,952
Basic earnings per share (sen)	28	94.63	81.95

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

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STATEMENT OF CHANGES IN EQUITY
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Distributable		Non-distributable	Total equity RM'000
		Share capital RM'000	Retained earnings RM'000	Share-based payment reserve RM'000	
At 1 January 2024		100,000	555,253	555	655,808
Net profit for the financial year		-	81,952	-	81,952
Dividends paid	29	-	(20,000)	-	(20,000)
Share-based payment expense		-	-	788	788
At 31 December 2024		<u>100,000</u>	<u>617,205</u>	<u>1,343</u>	<u>718,548</u>
At 31 December 2024		100,000	617,205	1,343	718,548
Net profit for the financial year		-	94,631	-	94,631
Dividends paid	29	-	(10,000)	-	(10,000)
Share-based payment expense		-	-	172	172
At 31 December 2025		<u>100,000</u>	<u>701,836</u>	<u>1,515</u>	<u>803,351</u>

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

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RHB INSURANCE BERHAD
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STATEMENT OF CASH FLOWS
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Note</u>	<u>2025</u>	<u>2024</u>
		RM '000	RM '000
Cash flows from operating activities			
Net profit for the financial year		94,631	81,952
Adjustments for:			
Gain from disposal of property, plant and equipment	25	(70)	(11)
Fair value gains from fair value through profit or loss - investments	8,23	(7,278)	(1,478)
Depreciation of property, plant and equipment	5	1,173	1,477
Depreciation of right-of-use assets	6	1,968	1,990
Amortisation of intangible assets - computer software	7	6,862	6,009
Share-based payment expense	18	172	788
Investment income	23	(55,354)	(48,856)
Unrealised losses on foreign exchange		14	4
Taxation	27	7,995	(244)
Interest expense on lease liabilities		52	118
		<u>50,165</u>	<u>41,749</u>
Purchase of fair value through profit or loss - investments	8	(59,205)	(102,948)
Proceeds from sale of fair value through profit or loss - investments	8	41,835	-
(Increase) / decrease in loans and receivables		(49,175)	7,284
Interest received		4,354	4,050
Dividend received		50,245	43,929
(Increase) / decrease in other assets		(31,673)	4,590
Increase in insurance contract liabilities		21,945	63,367
Decrease / (increase) in reinsurance contract assets		21,111	(17,385)
Increase / (decrease) in other payables		2,414	(4,736)
Cash generated from operations		<u>52,016</u>	<u>39,900</u>
Income taxes paid		(8,997)	(5,648)
Net cash generated from operating activities		<u>43,019</u>	<u>34,252</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,961)	(4,945)
Purchase of intangible assets - computer software	7	(264)	(381)
Proceeds from sale of property, plant and equipment		70	13
Net cash used in investing activities		<u>(3,155)</u>	<u>(5,313)</u>

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

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RHB INSURANCE BERHAD
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STATEMENT OF CASH FLOWS
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	2025 RM '000	2024 RM '000
Cash flows from financing activities			
Dividends paid	29	(10,000)	(20,000)
Principal lease payments		(2,139)	(2,090)
Net cash used in financing activities		<u>(12,139)</u>	<u>(22,090)</u>
Effect on exchange rate changes on cash and cash equivalents		12	10
Net increase in cash and cash equivalents		27,737	6,859
Cash and cash equivalents at beginning of financial year		119,940	113,081
Cash and cash equivalents at end of financial year	12	<u>147,677</u>	<u>119,940</u>
Cash and cash equivalents comprise:			
Cash at bank and in hand		87,280	81,705
Fixed and call deposits		60,397	38,235
		<u>147,677</u>	<u>119,940</u>

Analysis of changes in liabilities arising from financing activity is as follows:

	RM '000
Leases	
At 1 January 2024	4,101
Cash changes:	
Repayment	(2,090)
Non-cash changes:	
Additions (Note 6)	111
Lease modification (Note 6)	(182)
Accrued interest	118
At 31 December 2024	<u>2,058</u>
Cash changes:	
Repayment	(2,139)
Non-cash changes:	
Additions (Note 6)	1,957
Accrued interest	52
At 31 December 2025	<u>1,928</u>

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

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RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Company, a public limited liability company, incorporated and domiciled in Malaysia, is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

The Company's immediate and ultimate holding company is RHB Bank Berhad, a company incorporated in Malaysia.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and comply with the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVTPL").

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company and are effective.

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective and applicable for the Company's financial year beginning on or after 1 January 2025 are as follows:

(i) Amendments to MFRS 121 'Lack of Exchangeability'

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company and are effective (continued)

(i) Amendments to MFRS 121 'Lack of Exchangeability' (continued)

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Company.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

(i) Amendments to the Classification and Measurement of Financial Instruments - Amendments to MFRS 9 and MFRS 7 - effective 1 January 2026

The amendments include the following:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ('SPPI') criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income ('FVOCI').

(ii) Amendments to MFRS 9 and MFRS 7 'Contract Referencing Nature-dependent Electricity' - effective 1 January 2026

The amendments have added the buyer's application guidance on the MFRS 9 'own-use exemption' for contracts to buy and take delivery of electricity that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions e.g. the weather ('contracts referencing nature-dependent electricity'). Under the amendments, the buyer can apply the MFRS 9 'own-use exemption' to account for these contracts as executory contracts if the buyer has been, and expects to be, a 'net purchaser' of electricity for the contract period, based on the criteria set in the standard.

The amendments also permit hedge accounting in MFRS 9 if these contracts referencing nature-dependent electricity are used as hedging instruments.

New MFRS 7 disclosure requirements have been introduced to enable users to understand the effects of these contracts on an entity's financial performance and cash flows.

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2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

(iii) Annual Improvements to MFRS Accounting Standards - Volume 11 - effective 1 January 2026

The Annual Improvements to MFRS Accounting Standards - Volume 11 include minor amendments affecting the following 5 MFRSs:

- (i) Hedge accounting by a first-time adopter (Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards)
- (ii) Gain or loss on derecognition (Amendments to MFRS 7 Financial Instruments: Disclosures)
- (iii) Lessee derecognition of lease liabilities and transaction price (Amendments to MFRS 9 Financial Instruments)
- (iv) Determination of a "de facto agent" (Amendments to MFRS 10 Consolidated Financial Statements)
- (v) Cost method (Amendments to MFRS 107 Statement of Cash Flows)

Wording in certain paragraphs of these standards has been amended to improve consistency with other relevant standards and cross references to other standards, where applicable, have been added to enhance the understandability of these standards.

(iv) MFRS 18, 'Presentation and Disclosure in Financial Statements' - effective 1 January 2027

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in MFRS 18 relate to:

- The structure of the statement of profit or loss with defined subtotals;
- Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

(v) MFRS 19 'Subsidiaries without Public Accountability: Disclosures' - effective 1 January 2027

This new standard works alongside other MFRS Accounting Standards. An eligible subsidiary applies the requirements in other MFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in MFRS 19. MFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. MFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with MFRS Accounting Standards.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective above are not expected to give rise to any material financial impact to the Company, except for the adoption of MFRS 18 and MFRS 9 amendments, of which there will be further enhanced disclosures going forward. The Company is in the process of reviewing the financial impact arising from the requirements of these standards and expect the process to be completed prior to the effective date.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Financial assets

(i) Classification

The Company classifies its financial assets into the following measurement categories

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(a) Business model assessment

The Company conducts assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

(b) Assessment whether contractual cash flows are solely payments of principal and interest

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Company assesses whether the financial assets' contractual cash flows represent SPPI. In applying the SPPI test, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(ii) Recognition and derecognition

A financial asset is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase and sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at fair value plus transaction costs that are directly attributable to acquisition of the financial asset in the case of a financial asset not FVTPL. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Subsequent measurement of debt instruments depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its debt instruments:

(1) Financial investments at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated as fair value through profit or loss, are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised in profit or loss. The interest income is recognised in profit or loss using the effective interest rate method. Upon derecognition, any gain or loss will be recognised in profit or loss and presented under 'other operating income'.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(iii) Measurement (continued)

(a) Debt instruments (continued)

(2) Financial assets at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net fair value gains/ (losses) on financial assets. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate method.

(3) Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the income statements within 'net gain/(loss) arising from financial assets FVTPL' in the period in which it arises. The interest income is recognised in profit or loss using the effective interest rate method.

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuers' perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuers' net assets.

The Company measures all equity instruments at FVTPL, except where the management has elected, at initial recognition, to irrevocably designate an equity instrument as FVOCI. The Company's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as dividend income when the Company's right to receive payments is established.

Gains and losses on equity instruments at FVTPL are included in the 'net gain/(loss) arising from financial assets FVTPL' in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

(iv) Reclassification policy

Reclassification of financial assets is required when, and only when, the Company changes its business model for managing the assets. In such cases, the Company is required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instruments that have been designated as at fair value through other comprehensive income even when there is a change in business model. Such designations are irrevocable.

(v) Impairment

MFRS 9 requires the recognition of expected credit loss ("ECL") for all financial assets, except for financial assets classified or designated as FVTPL and equity securities classified under FVOCI, which are not subject to impairment assessment.

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for insurance receivables. The expected loss allowance is based on a provisional matrix with the usage of forward-looking information in determining the ECL, including the use of macroeconomic information.

There are three main components to measure ECL which are probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"). In determining the ECL, management will evaluate a range of possible outcomes, taking into account past loss experience, current conditions/trends and economic outlook.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expense in profit or loss during the financial period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (continued)

Freehold land, buildings in progress and renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land	Amortised over the period of the lease*
Buildings	2% to 3.33%
Motor vehicles	20%
Furniture, fixtures and fittings, office equipment	10% to 20%

* The remaining period of the lease ranges from 3 to 95 years.

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would render disclosure in the financial statement.

From 1 January 2019, leased assets (including leasehold land) are presented as a separate line item in the statement of financial position as right of use. Refer to accounting policy Note 3(d) on leases. Up to 31 December 2018, leased assets (including leasehold land) under lease arrangement classified as finance lease are amortised in equal instalments over the period of the respective leases that range from 3 to 95 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

At the end of the reporting period, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to Note 3(f) on the impairment of non-financial assets.

(c) Intangible assets

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Company have a definite useful life. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 3(f) on impairment of non-financial assets.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets (continued)

(a) Computer software licenses

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of 3 to 10 years.

(d) Leases - where the Company is the Lessee

From 1 January 2019, leases are recognised as right of use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Company has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117 : the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(i) 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 (refer to (iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases - where the Company is the Lessee (continued)

(ii) ROU assets (continued)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase and extension options if the Company are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in income statements in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the other interest expenses in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leases - where the Company is the Lessee (continued)

(iv) Reassessment of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short term leases and leases of low-value assets

Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture. Payments associated with short term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Investment income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

Other interest income, including amortisation of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

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

(f) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flows or cash-generating unit ("CGU"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in profit or loss.

(g) Revenue from general insurance business consists of insurance service results and insurance/reinsurance finance income or expenses.

(i) Insurance service results

Insurance service results include insurance revenue and insurance service expenses from insurance contracts issued, and net expense from reinsurance contracts held.

Insurance revenue is recognised based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Revenue from general insurance business consists of insurance service results and insurance/reinsurance finance income or expenses (continued)

(i) Insurance service results (continued)

Insurance service expenses arising from insurance contracts issued are recognised as they are incurred, and include losses on claims, other insurance service expenses, amortisation of insurance acquisition costs, losses and reversals of losses on onerous contracts.

Net expense from reinsurance contracts held comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance is recognised as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component.

(ii) Insurance/reinsurance finance income or expenses

Insurance/reinsurance finance income and expenses comprise the changes in the carrying amounts of the insurance contracts issued and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein.

(h) Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(i) Income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In the case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Income taxes (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome. Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

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 they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, and bonuses are accrued in the financial year in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plan

The Company contributes to the Employees' Provident Fund, the national defined contribution plan. The Company's contributions to the defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further legal or constructive obligations.

(iii) Share-based compensation

From 2023, the Company implemented SGS, which is awarded to employees and Executive Directors of the Company who fulfil the eligibility criteria ("Eligible Employees").

The SGS shall be in force for a period of nine years commencing from the effective date of implementation of the SGS, with vesting period to be three years after grant date.

The fair value of the shares offered is recognised as an expense in profit or loss over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iii) Share-based compensation (continued)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share grant that are expected to vest. At each reporting date, the Company revise the estimates of the number of shares granted and shares that are expected to vest. The impact of the revision of original estimates, if any, will be recognised in profit or loss, with the corresponding adjustment to share-based reserve in equity.

(k) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank balances and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purposes.

(m) Dividends

Dividends on ordinary shares are recognised as liabilities when the obligation to pay is established.

(n) Fair value of financial instruments

The basis of estimation of fair values for financial instruments is as follow:

- (i) The fair values of Malaysian Government Securities and BNM Notes are based on the indicative middle prices obtained from BNM.
- (ii) The fair values of corporate debt securities are based on quotations from Bondweb.
- (iii) The fair value of wholesale unit trust fund is based on the fair value of the underlying assets in the fund.
- (iv) The carrying amounts of other financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(p) Insurance contract and reinsurance contracts held

(i) Classification

The Company issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

(ii) Separating components from insurance and reinsurance contracts

The Company disaggregates the following components, if significant, from an insurance contract or reinsurance contract held and accounts them separately.

- Derivatives embedded in the contract.
- Distinct investment component.
- Distinct non-insurance service component.

The Company does not have any embedded derivatives in the current insurance contracts issued or reinsurance contracts held.

(iii) Level of aggregation

The insurance and reinsurance contracts are aggregated into groups for measurement purposes. Each group comprise of contracts with similar risks which are managed together and further divided by year of contract issuance; and into their expected profitability at inception as follows:

- contracts that are onerous on initial recognition.
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently.
- any remaining contracts.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which further contract may be added.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Insurance contract and reinsurance contracts held (continued)

(iii) Level of aggregation (continued)

Reinsurance contracts held are grouped on a similar basis to the underlying insurance contracts. Some reinsurance contracts held may provide cover for underlying contracts that are included in different groups.

(iv) Recognition

The Company recognises insurance and reinsurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts.
- The date when insurance policy is issued.
- The date when a group of contracts becomes onerous.

(v) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or group of insurance contracts within the portfolio.

For contracts which have a coverage period of one year or less, the Company has the option to recognise insurance acquisition cost as incurred and expense them or amortise them over time using a rational approach to allocate to each group. Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. commissions) are allocated only to the group of contracts. Insurance acquisition cash flows, other than commission, will be amortised over the coverage period of the contracts in line with premiums.

(vi) Contract boundary

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive right and obligation that exists during the reporting period in which the Company can compel the policy holder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

For reinsurance contracts, cash flows are within the boundary if they arise from substantive right and obligation that exists during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Insurance contract and reinsurance contracts held (continued)

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

The Company generally uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts: the coverage period of each contract in the group of contracts is one year or less;
- Loss occurring reinsurance contracts held: the coverage period of each contract in the group is one year or less; and
- Longer term insurance contracts and risk attaching reinsurance contracts held: the Company reasonably expects that the resulting measurement would not differ materially from the result of applying General Measurement model ("GMM").

The Company adopts PAA for all the insurance contracts issued and reinsurance contracts held that meet the eligibility criteria above.

Insurance contracts issued

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance 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. The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for coverage provided based on passage of time and any additional insurance 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 coverage and the related premium due date is no more than a year. Accordingly, the Company does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Insurance contract and reinsurance contracts held (continued)

(vii) Measurement - Contracts measured under Premium Allocation approach ("PAA") (continued)

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 increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustments for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows include risk adjustments for non-financial risk and they are discounted using current rates.

Risk adjustments for non-financial risk are determined based on confidence level method. The confidence level method involves estimation of probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustments for non-financial risk as the excess of the value at risk at the target confidence level over the expected value of the future cash flows. The target confidence level is set at 75th percentile.

The discount rates are determined using bottom-up approach. The Company generally determines the risk-free rates with reference to the Malaysian Government bond risk free yield curve and do not adjust for the illiquidity premium in view of the liquid nature of the insurance cash flows.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Insurance contract and reinsurance contracts held (continued)

(vii) Measurement - Contracts measured under Premium Allocation approach ("PAA") (continued)

Reinsurance contracts held

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

On initial recognition of each group of reinsurance contracts held, the carrying amount of the asset for remaining coverage is measured at the premiums paid on initial recognition, adjusted for ceding commissions that are not contingent on claims.

Subsequently, the carrying amount of the asset for remaining coverage is increased by any premiums paid (net of ceding commissions) and decreased by the amount recognised as cost of reinsurance for services received based on passage of time. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related reinsurance premium due date is no more than a year. Accordingly, the Company does not adjust the asset for remaining coverage to reflect the time value of money and the effect of financial risk.

At the initial recognition of the onerous component of the underlying insurance contracts, the Company recognises the reinsurance recovery of losses. The recognition of the loss recovery component is based on the reinsurance cession percentage. At the subsequent measurement, the loss recovery component will be adjusted to reflect changes in the loss component for the underlying onerous group of contracts.

The Company recognises the asset for incurred claims of a group of reinsurance contracts held at the amount of the fulfilment cash flows relating to incurred claims, adjusted for non-performance risk by reinsurers. The fulfilment cash flows include risk adjustments for non-financial risk, and they are discounted using current rates. The approach in determining the risk adjustments and discount rates is the same as the insurance contract groups.

(viii) Modification and derecognition

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

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

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimates of future cash flows and discount rate

In estimating the future cash flows, the Company incorporates all reasonable and supportable historical data about claims and other experiences, and updated to reflect current expectations of future events.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. This requirement is a significant change from the previous practice, where liabilities for insurance contracts were not discounted.

The illiquidity premium adjustment is set as zero.

The table below set out the discount rates applied for discounting of future cash flows:

	1 year	3 years	5 years	10 years
2025	2.86%	3.00%	3.25%	3.51%
2024	3.28%	3.48%	3.62%	3.81%

(b) Risk adjustments for non-financial risk

Risk adjustment for non-financial risk reflects the compensation that the Company would require for bearing non-financial risk. The company view is to derive the risk adjustment required using the same methodology adopted in deriving Provision for Risk Margin for Adverse Deviation ("PRAD").

In current practice, PRAD factor for expired risk is derived based on the uncertainty exhibited by past year claims at pre-defined confidence interval. Diversification benefit between lines of business is allowed for by simulating the PRAD at entity level (combination of all line of business) and allocate to each line of business based on the weightage of the PRAD of respective line of business. PRAD factor for unexpired risk reserve is based on the PRAD factor for expired risk and is loaded with an additional factor to allow for greater degree of variability in unexpired risk.

Under the regulatory Risk Based Capital guideline, the local regulators prescribed the valuation bases which aim to secure an overall level of sufficiency of policy reserves (at entity level) at least at 75% confidence level.

The Company disaggregates the change in the risk adjust for non-financial risk between insurance service results and the insurance finance income or expense.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Loss Component

The Company establishes a loss component of the liabilities for remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liabilities for remaining coverage, excluding the loss component on a systematic allocation basis.

The systematic allocation between the loss component and the liabilities for remaining coverage should result in the total amount allocated to the loss component to be equal to zero by the end of the coverage period of the insurance contract.

(d) Modification and derecognition

Except for policy cancellation, which are not categorised as policy modifications, the Company does not expect any of its policy endorsement to meet any modification conditions stated in the MFRS 17 unless facts and circumstances indicate otherwise. Therefore, changes in cash flows due to policy endorsements shall be treated as changes in estimates of fulfilment cash flows and when they occur.

The Company derecognises a contract when the specified obligations in the contract expires or are discharged or cancelled.

(e) Liability for incurred claim

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Liability for incurred claim (continued)

Some of the insurance contracts that have been written in the property line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Preparation of the financial statements involves making judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates

In the process of applying the Company's accounting policies, the following significant judgements, estimates and assumptions made by the management:

- The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and average number of claims for each accident year are disclosed in Note 33;
- Calculations of the fair value of financial instruments classified in "Financial assets at fair value through other comprehensive income", or in "Financial instruments at fair value through profit or loss", whether as assets or liabilities, and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Motor vehicles	Furniture, fixtures and fittings, office equipment	Assets work in progress	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<u>2025</u>						
<u>Net book value</u>						
At beginning of financial year	464	223	37	3,447	10,050	14,221
Additions at cost	-	-	-	176	2,785	2,961
Reclassification	-	-	-	366	(6,372)	(6,006)
Depreciation charge	(21)	(10)	(37)	(1,105)	-	(1,173)
At end of financial year	443	213	-	2,884	6,463	10,003
<u>2024</u>						
<u>Net book value</u>						
At beginning of financial year	484	233	94	3,213	19,996	24,020
Additions at cost	-	-	-	512	4,433	4,945
Disposals	-	-	-	(2)	-	(2)
Reclassification	-	-	-	1,114	(14,379)	(13,265)
Depreciation charge	(20)	(10)	(57)	(1,390)	-	(1,477)
At end of financial year	464	223	37	3,447	10,050	14,221
<u>2025</u>						
Cost	729	422	4	35,012	6,463	42,630
Accumulated depreciation	(286)	(209)	(4)	(32,128)	-	(32,627)
Net book value	443	213	-	2,884	6,463	10,003
<u>2024</u>						
Cost	729	422	287	35,100	10,050	46,588
Accumulated depreciation	(265)	(199)	(250)	(31,653)	-	(32,367)
Net book value	464	223	37	3,447	10,050	14,221

As at 31 December 2025, included in the carrying value of leasehold land and buildings of the Company are right of use assets relating to leasehold land and buildings amounting to RM443,000 (2024: RM464,000) and RM213,000 (2024: RM223,000) respectively.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

6. RIGHT OF USE ASSETS - PROPERTY OFFICE

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
<u>Cost</u>		
At beginning of financial year	19,006	19,077
Additions	1,957	111
Lease modifications	-	(182)
At end of financial year	<u>20,963</u>	<u>19,006</u>
<u>Accumulated depreciation</u>		
At beginning of financial year	17,089	15,099
Depreciation for the financial year (Note 20)	1,968	1,990
At end of financial year	<u>19,057</u>	<u>17,089</u>
<u>Net book value</u>		
At end of financial year	<u>1,906</u>	<u>1,917</u>

7. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
<u>Cost</u>		
At beginning of financial year	69,609	56,008
Additions	264	381
Reclassifications	6,006	13,265
Write-offs	(106)	(45)
At end of financial year	<u>75,773</u>	<u>69,609</u>
<u>Accumulated amortisation</u>		
At beginning of financial year	36,040	30,076
Amortisation for the financial year (Note 20)	6,862	6,009
Write-offs	(106)	(45)
At end of financial year	<u>42,796</u>	<u>36,040</u>
<u>Net book value</u>		
At end of financial year	<u>32,977</u>	<u>33,569</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

8. INVESTMENTS

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Debt securities	6	6
Equity securities	9,588	9,952
Unit trust funds	274,318	294,071
Structured entities	958,962	914,197
Staff loans	36	31
Fixed and call deposits	61,608	11,995
	<u>1,304,518</u>	<u>1,230,252</u>

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

Fair value through profit or loss	1,242,874	1,218,226
Loans and receivables	61,644	12,026
	<u>1,304,518</u>	<u>1,230,252</u>

a) Fair value through profit or loss

At fair value

Unquoted in Malaysia:

- Debt securities 6 | 6 |

Quoted in Malaysia:

- Equity securities 9,588 | 9,952 |

- Unit trust funds 274,318 | 294,071 |

- Structured entities 958,962 | 914,197 |

1,242,874 1,218,226 |

b) Loans and receivables ("LAR")

At amortised cost

- Staff loans 36 | 31 |

- Fixed and call deposits 61,608 | 11,995 |

61,644 12,026 |

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

8. INVESTMENTS (CONTINUED)

c) Carrying value of financial instruments

	Fair value through profit or loss RM '000	Loans and receivables RM '000	Total RM '000
At 1 January 2024	1,113,800	19,137	1,132,937
Purchases	102,948	-	102,948
Maturities	-	(7,111)	(7,111)
Fair value gains recorded in profit and loss (Note 23)	1,478	-	1,478
At 31 December 2024	1,218,226	12,026	1,230,252
Purchases	59,205	49,618	108,823
Disposals	(41,835)	-	(41,835)
Fair value gains recorded in profit and loss (Note 23)	7,278	-	7,278
At 31 December 2025	1,242,874	61,644	1,304,518

d) Fair value investments

	Fair value through profit or loss RM '000	Total RM '000
<u>At 31 December 2025</u>		
Level 1 - Quoted market price	9,588	9,588
Level 2 - Valuation techniques - market observable inputs	1,233,280	1,233,280
Level 3 - Valuation techniques - unobservable inputs	6	6
	1,242,874	1,242,874
<u>At 31 December 2024</u>		
Level 1 - Quoted market price	9,952	9,952
Level 2 - Valuation techniques - market observable inputs	1,208,268	1,208,268
Level 3 - Valuation techniques - unobservable inputs	6	6
	1,218,226	1,218,226

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

8. INVESTMENTS (CONTINUED)

e) Fair value measurements

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- (iii) Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM '000	RM '000	RM '000	RM '000
<u>At 31 December 2025</u>				
Fair value through profit and loss				
- Equity securities	9,588	-	-	9,588
- Debt securities	-	-	6	6
- Unit trust funds	-	274,318	-	274,318
- Structured entities	-	958,962	-	958,962
	<u>9,588</u>	<u>1,233,280</u>	<u>6</u>	<u>1,242,874</u>
<u>At 31 December 2024</u>				
Fair value through profit and loss				
- Equity securities	9,952	-	-	9,952
- Debt securities	-	-	6	6
- Unit trust funds	-	294,071	-	294,071
- Structured entities	-	914,197	-	914,197
	<u>9,952</u>	<u>1,208,268</u>	<u>6</u>	<u>1,218,226</u>

There were no transfers between levels 1 and 2 during the financial year.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last quoted bid prices at the end of the reporting period. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Bursa Malaysia equity investments classified as trading securities.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

8. INVESTMENTS (CONTINUED)

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

9. STRUCTURED ENTITIES

The Company has determined that its investment in wholesale unit trust funds ("investee funds") is an investment in unconsolidated structured entities. The Company invests in the investee funds, whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by AmInvestment Management Sdn Bhd and RHB Asset Management Sdn Bhd, who apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units, which entitle the holder to variable returns and fair values in the respective investee fund's net assets.

The Company holds 100% of units in AmIncome Value Fund and 87.42% of units in RHB Income Plus Fund 2, and has control over these investee funds. The Company is exposed to, or has rights to variable returns from its involvement with the investee funds and has the ability to affect those returns through its power over the investee funds.

These investee funds are classified as fair value through profit or loss and the change in fair value of each investee fund is included in profit or loss.

Although the Company has control over these investee funds which are considered wholly owned structured entities, these structured entities are not consolidated by applying the exemption under MFRS 127 'Separate Financial Statements' whereby the Company's ultimate holding company, which is incorporated in Malaysia, RHB Bank Berhad, is presenting a set of consolidated financial statements at group level.

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9. STRUCTURED ENTITIES (continued)

The Company's exposure to investments in the investee funds is disclosed below.

	<u>2025</u>	<u>2024</u>
Number of wholesale unit trust funds	2	2
Net asset value per unit of wholesale unit trust funds (RM):		
RHB Income Plus Fund 2	1.0055	0.9957
AmIncome Value Fund	1.0230	1.0258
Fair value of underlying assets (RM'000):		
Malaysian Government securities	99,372	114,648
Debt securities	830,145	731,304
Call deposits	11,303	61,751
Receivables	11,213	55
Cash equivalents	6,929	6,439
	<u>958,962</u>	<u>914,197</u>
Unrealised fair value loss as at 31 December	<u>(6,134)</u>	<u>(12,825)</u>

The Company's maximum exposure to loss from its interests in the investee funds is equal to the total fair value of its investments in the investee funds.

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10. INSURANCE AND REINSURANCE CONTRACTS

The following reconciliation tables shows how insurance and reinsurance contracts held are recognised in the statement of comprehensive income and movement of cash flows during the financial year. The tables analyses movements in liabilities for remaining coverage and movements in liabilities for incurred claims, which reconcile to the line items in the statement of comprehensive income.

The table below sets out the carrying amount of insurance and reinsurance contracts expected to be settled more than 12 months after the reporting date.

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Insurance contracts liabilities	(620,799)	(580,022)
Reinsurance contracts assets	300,676	302,016
	<u>(320,123)</u>	<u>(278,006)</u>

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10. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a) Insurance contracts issued

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Loss component	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025					
Insurance contract liabilities	10,788	291,620	766,243	82,896	1,151,547
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	10,788	291,620	766,243	82,896	1,151,547
Statement of comprehensive income movements					
Insurance revenue	-	(882,114)	-	-	(882,114)
Insurance service expense	518	154,154	498,657	2,268	655,597
Incurred claims and other directly attributable expenses	-	-	553,137	28,952	582,089
Amortisation of insurance acquisition cash flows	-	154,154	-	-	154,154
Changes to liabilities for incurred claims	-	-	(54,480)	(26,684)	(81,164)
Losses on onerous contracts and reversal of those losses	518	-	-	-	518
Investment components	-	(2,656)	2,656	-	-
Insurance service results	518	(730,616)	501,313	2,268	(226,517)
Insurance finance expenses	-	-	21,942	3,289	25,231
Total movements in statement of comprehensive income	518	(730,616)	523,255	5,557	(201,286)
Cash flows					
Premiums received	-	837,145	-	-	837,145
Claims and other directly attributable expenses paid	-	-	(489,325)	-	(489,325)
Insurance acquisition cash flows paid	-	(124,589)	-	-	(124,589)
Total cash flows	-	712,556	(489,325)	-	223,231
Net insurance contract liabilities at 31 December 2025	11,306	273,560	800,173	88,453	1,173,492
At 31 December 2025					
Insurance contract liabilities	11,306	273,560	800,173	88,453	1,173,492
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	11,306	273,560	800,173	88,453	1,173,492

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10. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Insurance contracts issued (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Loss component	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024					
Insurance contract liabilities	21,000	262,424	725,268	79,488	1,088,180
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	21,000	262,424	725,268	79,488	1,088,180
Statement of comprehensive income movements					
Insurance revenue	-	(886,009)	-	-	(886,009)
Insurance service expense	(10,212)	139,058	502,199	604	631,649
Incurred claims and other directly attributable expenses	-	-	545,585	32,262	577,847
Amortisation of insurance acquisition cash flows	-	139,058	-	-	139,058
Changes to liabilities for incurred claims	-	-	(43,386)	(31,658)	(75,044)
Losses on onerous contracts and reversal of those losses	(10,212)	-	-	-	(10,212)
Investment components	-	(2,574)	2,574	-	-
Insurance service results before reinsurance	(10,212)	(749,525)	504,773	604	(254,360)
Insurance finance expenses	-	-	16,605	2,804	19,409
Total movements in statement of comprehensive income	(10,212)	(749,525)	521,378	3,408	(234,951)
Cash flows					
Premiums received	-	883,069	-	-	883,069
Claims and other directly attributable expenses paid	-	-	(480,403)	-	(480,403)
Insurance acquisition cash flows paid	-	(104,348)	-	-	(104,348)
Total cash flows	-	778,721	(480,403)	-	298,318
Net insurance contract liabilities at 31 December 2024	10,788	291,620	766,243	82,896	1,151,547
At 31 December 2024					
Insurance contract liabilities	10,788	291,620	766,243	82,896	1,151,547
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities	10,788	291,620	766,243	82,896	1,151,547

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

10. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b) Reinsurance contracts held

	Assets for remaining coverage		Assets for incurred claims		Total
	Loss-recovery component	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025					
Reinsurance contract assets	2,842	71,708	374,152	41,957	490,659
Reinsurance contract liabilities	5	(10,698)	5,591	646	(4,456)
Net reinsurance contract assets	2,847	61,010	379,743	42,603	486,203
Statement of comprehensive income movements					
Allocation of reinsurance premiums	-	(298,024)	-	-	(298,024)
Amounts recoverable from reinsurers	350	-	122,336	2,069	124,755
Recovery of claims and benefits	-	-	121,625	11,328	132,953
Changes in assets for incurred claims	-	-	(3,313)	(9,259)	(12,572)
Recoveries and reversals of loss-recovery component	350	-	-	-	350
Effect of changes in the risk of reinsurers non-performance	-	-	4,024	-	4,024
Income / (expense) from reinsurance	350	(298,024)	122,336	2,069	(173,269)
Reinsurance finance income	-	-	8,256	1,603	9,859
Total movements in statement of comprehensive income	350	(298,024)	130,592	3,672	(163,410)
Cash flows					
Premiums paid	-	292,156	-	-	292,156
Recoveries from reinsurance	-	-	(149,857)	-	(149,857)
Total cash flows	-	292,156	(149,857)	-	142,299
Net reinsurance contract assets at 31 December 2025	3,197	55,142	360,478	46,275	465,092
At 31 December 2025					
Reinsurance contract assets	3,193	74,329	354,598	45,773	477,893
Reinsurance contract liabilities	4	(19,187)	5,880	502	(12,801)
Net reinsurance contract assets	3,197	55,142	360,478	46,275	465,092

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10. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b) Reinsurance contracts held (continued)

	Assets for remaining coverage		Assets for incurred claims		Total
	Loss-recovery component	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risks	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024					
Reinsurance contract assets	9,408	64,921	360,601	40,863	475,793
Reinsurance contract liabilities	-	4,966	(14,031)	2,090	(6,975)
Net reinsurance contract assets	9,408	69,887	346,570	42,953	468,818
Statement of comprehensive income movements					
Allocation of reinsurance premiums	-	(338,427)	-	-	(338,427)
Amounts recoverable from reinsurers	(6,561)	-	131,654	(1,865)	123,228
Recovery of claims and benefits	-	-	132,234	12,751	144,985
Changes in assets for incurred claims	-	-	(4,180)	(14,616)	(18,796)
Recoveries and reversals of loss-recovery component	(6,561)	-	-	-	(6,561)
Effect of changes in the risk of reinsurers non-performance	-	-	3,600	-	3,600
Income / (expense) from reinsurance	(6,561)	(338,427)	131,654	(1,865)	(215,199)
Reinsurance finance income	-	-	6,578	1,515	8,093
Total movements in statement of comprehensive income	(6,561)	(338,427)	138,232	(350)	(207,106)
Cash flows					
Premiums paid	-	329,550	-	-	329,550
Recoveries from reinsurance	-	-	(105,059)	-	(105,059)
Total cash flows	-	329,550	(105,059)	-	224,491
Net reinsurance contract assets at 31 December 2024	2,847	61,010	379,743	42,603	486,203
At 31 December 2024					
Reinsurance contract assets	2,842	71,708	374,152	41,957	490,659
Reinsurance contract liabilities	5	(10,698)	5,591	646	(4,456)
Net reinsurance contract assets	2,847	61,010	379,743	42,603	486,203

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11. OTHER ASSETS

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Other receivables, deposits and prepayments	35,061	4,482
Amount due from Malaysian Motor Insurance Pool ("MMIP")	37,201	36,133
Cash call	7,536	7,536
Assets held in MMIP	29,665	28,597
Dividend income receivable	3,193	2,880
	<u>75,455</u>	<u>43,495</u>
Current	45,790	14,898
Non-current	29,665	28,597
	<u>75,455</u>	<u>43,495</u>

The balance with MMIP as at 31 December 2025 is a net receivable of RM23,097,000 (2024: net receivable RM24,901,000) after setting off the amounts receivable from MMIP against Company's share of MMIP's insurance contract liabilities included in Note 10(a) to the financial statements.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash at bank balances and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purposes.

13. OTHER LIABILITIES

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Other payables	24,846	23,755
Other accrued expenses	29,082	29,134
Provision for staff bonus	11,314	10,267
Provision for advertising and marketing expenses	2,623	2,772
Provision for agents' profit commission	4,000	3,500
Provision for training expenses	425	448
	<u>72,290</u>	<u>69,876</u>
Current	72,290	69,876
Non-current	-	-
	<u>72,290</u>	<u>69,876</u>

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14. LEASE LIABILITIES

	<u>2025</u> RM '000	<u>2024</u> RM '000
Current	1,791	1,843
Non-current	137	215
	<u>1,928</u>	<u>2,058</u>
Undiscounted cash flows of lease liabilities		
Within one year	1,896	2,078
One year to three years	74	90
	<u>1,970</u>	<u>2,168</u>

15. DEFERRED TAX ASSETS / (LIABILITIES)

Deferred income 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 authority.

The amounts determined before/after appropriate offsetting, are as follows:

	<u>2025</u> RM '000	<u>2024</u> RM '000
Deferred tax assets before offsetting	13,948	13,163
Deferred tax liabilities before offsetting	(12,786)	(9,674)
Net deferred tax assets / (liabilities) after offsetting	<u>1,162</u>	<u>3,489</u>
	<u>2025</u> RM '000	<u>2024</u> RM '000
At beginning of financial year	3,489	(7,009)
(Charged) / credited to profit or loss (Note 27)	(2,327)	10,498
At end of financial year	<u>1,162</u>	<u>3,489</u>

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15. DEFERRED TAX ASSETS / (LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	Excess of capital allowances over depreciation	Insurance contract liabilities / reinsurance contract assets	Fair value changes on FVTPL financial assets	Provisions	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2025	(5,436)	(4,238)	3,804	9,359	3,489
(Charged) / credited to profit or loss	(749)	(2,363)	(1,596)	2,381	(2,327)
At 31 December 2025	(6,185)	(6,601)	2,208	11,740	1,162
At 1 January 2024	(4,545)	(6,623)	4,159	-	(7,009)
(Charged) / credited to profit or loss	(891)	2,385	(355)	9,359	10,498
At 31 December 2024	(5,436)	(4,238)	3,804	9,359	3,489

16. SHARE CAPITAL

	2025		2024	
	Amount	Number of shares	Amount	Number of shares
	RM'000		RM'000	
ORDINARY SHARES				
Issued and fully paid:				
At beginning and end of financial year	100,000	100,000	100,000	100,000

17. RETAINED EARNINGS

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 January 2014.

Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

18. SHARE-BASED PAYMENT RESERVE

	2025	2024
	RM '000	RM '000
Share-based payment reserve	1,515	1,343

Share-based payment reserve represents the cost of the ordinary shares of RHB Bank Berhad in respect of SGS awarded to eligible employees of the Company.

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19. INSURANCE SERVICE RESULTS BEFORE REINSURANCE CONTRACTS HELD

	<u>2025</u> RM '000	<u>2024</u> RM '000
<u>Insurance revenue</u>		
Insurance revenue under premium allocation approach	882,114	886,009
<u>Insurance service expenses</u>	<u>(655,597)</u>	<u>(631,649)</u>
Incurred claims and other directly attributable expenses	(582,089)	(577,847)
Amortisation of insurance acquisition cash flows	(154,154)	(139,058)
Changes to liabilities for incurred claims	81,164	75,044
Losses on onerous contracts and reversal of those losses	(518)	10,212
Insurance service results	<u>226,517</u>	<u>254,360</u>

Breakdown of insurance service expenses by major product lines is presented below:

	Motor	Fire	Engineering	Other groups of insurance contracts	Total
<u>2025</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Incurred claims and other directly attributable expenses	(357,968)	(94,151)	(20,150)	(109,820)	(582,089)
Amortisation of insurance acquisition cash flows	(61,808)	(45,050)	(5,332)	(41,964)	(154,154)
Changes to liabilities for incurred claims	23,298	28,420	(5,372)	34,818	81,164
Losses on onerous contracts and reversal of those losses	(176)	28	2,040	(2,410)	(518)
	<u>(396,654)</u>	<u>(110,753)</u>	<u>(28,814)</u>	<u>(119,376)</u>	<u>(655,597)</u>

	Motor	Fire	Engineering	Other groups of insurance contracts	Total
<u>2024</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Incurred claims and other directly attributable expenses	(348,955)	(111,757)	(15,158)	(101,977)	(577,847)
Amortisation of insurance acquisition cash flows	(57,054)	(42,560)	(4,013)	(35,431)	(139,058)
Changes to liabilities for incurred claims	17,632	26,628	23,307	7,477	75,044
Losses on onerous contracts and reversal of those losses	(108)	1	6,240	4,079	10,212
	<u>(388,485)</u>	<u>(127,688)</u>	<u>10,376</u>	<u>(125,852)</u>	<u>(631,649)</u>

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20. INSURANCE ACQUISITION CASH FLOWS AND OTHER INSURANCE SERVICE EXPENSES

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Commissions	108,089	107,178
<u>Personnel costs</u>		
Staff salary and bonus	62,834	64,950
Defined contribution plan	9,991	10,016
Share-based payment expenses (Note 18)	599	788
Other staff benefits	3,910	4,709
	<u>77,334</u>	<u>80,463</u>
<u>Establishments costs</u>		
Rent and rates	391	(294)
Depreciation of property, plant and equipment (Note 5)	1,173	1,477
Depreciation of right of use assets (Note 6)	1,968	1,990
Amortisation of intangible assets - computer software (Note 7)	6,862	6,009
Others	1,315	1,289
	<u>11,709</u>	<u>10,471</u>
<u>Marketing costs</u>		
Electronic printing	3,390	3,885
Advertising and marketing expenses	13,315	8,630
Others	18,086	8,976
	<u>34,791</u>	<u>21,491</u>
<u>Administrative and general expenses</u>		
Auditors' remuneration	470	503
statutory audit services	470	428
audit-related services	-	75
Provision/(Write-back) of allowance for impairment on insurance receivable:	339	(1,621)
Bad debts written off	13	63
Bank charges	4,947	4,604
Management fees	10,360	10,110
Other expenses	19,635	11,697
	<u>35,764</u>	<u>25,356</u>
	<u>267,686</u>	<u>244,959</u>
<u>Attributable Expenses to Insurance Service Contracts</u>		
Amortisation of insurance acquisition cash flows	154,154	139,058
Deferred insurance acquisition cost accrued but yet to be amortised	1,230	(5,863)
Other maintenance expenses	111,333	112,852
<u>Non-Attributable Expenses to Insurance Service Contracts</u>	969	(1,088)
	<u>267,686</u>	<u>244,959</u>

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21. INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Allocation of reinsurance premiums	(298,024)	(338,427)
<u>Amount recoverable from reinsurers for incurred claims</u>	<u>124,755</u>	<u>123,228</u>
Recovery of claims and benefits	132,953	144,985
Changes in assets for incurred claims	(12,572)	(18,796)
Recoveries and reversals of loss-recovery	350	(6,561)
Effect of changes in the risk of reinsurers' non-performance	4,024	3,600
Net expenses from reinsurance contracts held	<u>(173,269)</u>	<u>(215,199)</u>

22. DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors are as follows:

	Salary and other remuneration, including meeting allowance	Benefits-in- kind (based on an estimated monetary value)	Bonus	Total
	RM '000	RM '000	RM '000	RM '000
<u>2025</u>				
<u>Chief Executive Officer/ Managing Director</u>				
Oliver Tan Chuan Li	1,694	7	825	2,527
	<u>1,694</u>	<u>7</u>	<u>825</u>	<u>2,527</u>
<u>2024</u>				
<u>Chief Executive Officer/ Managing Director</u>				
Oliver Tan Chuan Li	1,373	7	399	1,779
	<u>1,373</u>	<u>7</u>	<u>399</u>	<u>1,779</u>

(i) In addition to the above, during the financial year ended 31 December 2025, the MD/CEO who led the achievement of the Company's short and long term business objectives, was awarded a sum of RM16,772 (inclusive of the employer's EPF contribution) under the Cash Deferred Scheme (2024: RM225,120).

(ii) As at 31 December 2025, the total number of shares awarded to the MD/CEO amounted to 150,000 units (2024: 75,000 units).

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22. DIRECTORS' REMUNERATION (CONTINUED)

	Fees	Benefits-in-kind (based on an estimated monetary value)	Others*	Total
	RM '000	RM '000	RM '000	RM '000
<u>2025</u>				
<u>Non-executive Directors</u>				
Jahanath Muthusamy [^]	226	17	57	300
Wong Pek Yee	179	-	114	293
Shaifubahrim Mohd Saleh [#]	39	-	29	68
Donald Joshua Jaganathan	194	5	141	340
Hizamuddin Bin Jamalluddin	179	-	87	266
Nadzirah Abd Rashid	32	-	9	41
	<u>849</u>	<u>22</u>	<u>437</u>	<u>1,308</u>
<u>2024</u>				
<u>Non-executive Directors</u>				
Jahanath Muthusamy	260	35	50	345
Wong Pek Yee	160	-	92	252
Shaifubahrim Mohd Saleh	160	-	99	259
Donald Joshua Jaganathan	160	-	86	246
Hizamuddin Bin Jamalluddin	160	-	44	204
	<u>900</u>	<u>35</u>	<u>371</u>	<u>1,306</u>

* Others comprise of Directors' committee allowance, meeting allowance, share-based expenses and other remuneration.

ceased on 31 March 2025

[^] retired on 1 November 2025

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23. INVESTMENT RESULTS

	<u>2025</u> RM '000	<u>2024</u> RM '000
<u>Investment income</u>		
Dividend income from FVTPL investments	50,557	44,633
Interest income from loans and receivables	4,797	4,223
	<u>55,354</u>	<u>48,856</u>
Realised (loss) / gains from FVTPL investments	<u>(1,116)</u>	<u>242</u>
Fair value gains from FVTPL investments	<u>7,278</u>	<u>1,478</u>
Investment results	<u>61,516</u>	<u>50,576</u>

24. INSURANCE FINANCE RESULTS

	<u>2025</u> RM '000	<u>2024</u> RM '000
<u>Insurance finance expenses</u>	(25,231)	(19,409)
Interest accreted using current financial assumptions	(21,893)	(18,925)
Changes in interest rates and other financial assumptions	(3,338)	(484)
<u>Reinsurance finance income</u>	9,859	8,093
Interest accreted using current financial assumptions	8,904	7,953
Changes in interest rates and other financial assumptions	955	140
Insurance finance results	<u>(15,372)</u>	<u>(11,316)</u>

The total net investment results and net insurance finance results as at 31 December 2025 is RM46,144,000 (2024: RM39,260,000). The investment result is as disclosed in Note 23 and insurance finance result is as disclosed in Note 24.

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24. INSURANCE FINANCE RESULTS (CONTINUED)

a) Investment and insurance finance results

Breakdown of investment and insurance finance results by major product lines is presented below:

	Insurance related					Non-insurance related	Total
	Motor	Motor quota share	Fire	Engineering	Other groups of insurance contracts		
<u>2025</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount recognised in profit or loss:							
Investment income							
Dividend, interest and similar income	-	-	-	-	-	55,354	55,354
Realised gains / (losses)	-	-	-	-	-	(1,116)	(1,116)
Fair value gains / (losses)	-	-	-	-	-	7,278	7,278
	-	-	-	-	-	61,516	61,516
Insurance finance expenses							
Interest accreted using current financial assumptions	(11,601)	-	(3,231)	(1,923)	(5,138)	-	(21,893)
Changes in interest rates and other financial assumptions	(2,244)	-	(160)	(366)	(568)	-	(3,338)
	(13,845)	-	(3,391)	(2,289)	(5,706)	-	(25,231)
Reinsurance finance income							
Interest accreted using current financial assumptions	-	2,698	-	-	6,206	-	8,904
Changes in interest rates and other financial assumptions	-	375	-	-	580	-	955
	-	3,073	-	-	6,786	-	9,859
Total net investment, insurance finance expenses and reinsurance finance income	(13,845)	3,073	(3,391)	(2,289)	1,080	61,516	46,144

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24. INSURANCE FINANCE RESULTS (CONTINUED)

a) Investment and insurance finance results (continued)

Breakdown of investment and insurance finance results by major product lines is presented below:

	Insurance related					Non- insurance related	Total
	Motor	Motor quota share	Fire	Engineering	Other groups of insurance contracts		
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount recognised in profit or loss:							
Investment income							
Dividend, interest and similar income	-	-	-	-	-	48,856	48,856
Realised gains / (losses)	-	-	-	-	-	242	242
Fair value gains / (losses)	-	-	-	-	-	1,478	1,478
	-	-	-	-	-	50,576	50,576
Insurance finance expenses							
Interest accreted using current financial assumptions	(10,668)	-	(2,620)	(2,153)	(3,484)	-	(18,925)
Changes in interest rates and other financial assumptions	(361)	-	(29)	(48)	(46)	-	(484)
	(11,029)	-	(2,649)	(2,201)	(3,530)	-	(19,409)
Reinsurance finance income							
Interest accreted using current financial assumptions	-	2,229	-	-	5,724	-	7,953
Changes in interest rates and other financial assumptions	-	55	-	-	85	-	140
	-	2,284	-	-	5,809	-	8,093
Total net investment, insurance finance expenses and reinsurance finance income	(11,029)	2,284	(2,649)	(2,201)	2,279	50,576	39,260

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25. OTHER INCOME

	<u>2025</u> RM '000	<u>2024</u> RM '000
Gain from disposal of property, plant and equipment	70	11
Other operating income	4,153	3,750
	<u>4,223</u>	<u>3,761</u>

26. OTHER EXPENSES

	<u>2025</u> RM '000	<u>2024</u> RM '000
Other expenses	975	470
	<u>975</u>	<u>470</u>

27. TAXATION

	<u>2025</u> RM '000	<u>2024</u> RM '000
<u>Malaysian taxation:</u>		
Current taxation	5,668	10,254
Deferred taxation (Note 15)	2,327	(10,498)
	<u>7,995</u>	<u>(244)</u>
<u>Current taxation</u>		
Current financial year	8,812	12,040
Overprovision in respect of prior financial years	(3,144)	(1,786)
	5,668	10,254
<u>Deferred taxation</u>		
Origination and reversal of temporary differences	2,327	(10,498)
	<u>7,995</u>	<u>(244)</u>

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the statutory income tax rate of Malaysia as follows:

	<u>2025</u> RM '000	<u>2024</u> RM '000
Profit before taxation	<u>102,626</u>	<u>81,708</u>
Tax calculated at a rate of 24%	24,630	19,610
Expenses not deductible for tax purposes	328	5,599
Income exempted for tax purposes	(12,827)	(11,367)
Deductible temporary differences not recognised previously	(992)	(12,300)
Overprovision in respect of prior financial years	(3,144)	(1,786)
Tax (income) / expenses	<u>7,995</u>	<u>(244)</u>

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28. BASIC EARNINGS PER SHARE

The basic earnings per ordinary share has been calculated based on the net profit for the financial year amounting to RM94,631,000 (2024: RM81,952,000) divided by the number of ordinary shares in issue of 100,000,000 (2024: 100,000,000) during the financial year.

29. DIVIDENDS

Dividends paid during the financial year are as follows:

	2025		2024	
	Net dividend per share	Amount of dividend net of tax	Net dividend per share	Amount of dividend net of tax
	Sen	RM'000	Sen	RM'000
In respect of the financial year ended 31 December 2024 – interim dividend	-	-	20	20,000
In respect of the financial year ended 31 December 2024 – final dividend	10	10,000	-	-
	<u>10</u>	<u>10,000</u>	<u>20</u>	<u>20,000</u>

The shareholders had declared a single-tier final dividend of 10 sen per share amounting to RM10,000,000 in respect of the financial year ended 31 December 2024 on 5 May 2025, and paid on 8 May 2025.

30. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

The related parties of, and their relationship with the Company, are as follows:

<u>Related</u>	<u>Relationship</u>
RHB Bank Berhad	Immediate and ultimate holding company
Employees Provident Fund ("EPF")	Substantial shareholder of RHB Bank Berhad, a fund body that is significantly influenced by the Government
Subsidiaries and associate of RHB Bank Berhad as disclosed in its financial statements	Subsidiaries of the immediate and ultimate holding company
Key management personnel	Key management personnel of the Company consists of: - Managing Director of the Company; and - Member of the Group Management ("GMC")
Related parties of key management personnel (deemed as related to the Company)	Close family members and dependents of key management personnel

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30. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

The following are the significant related party transactions and balances in respect of transactions entered into during the current financial year. The related party transactions described below were on terms and conditions agreed between the Company and its related parties.

		<u>2025</u>	<u>2024</u>	
		RM '000	RM '000	
<u>Related party transactions</u>	<u>Nature of transaction</u>			
With subsidiaries of immediate and ultimate holding company	Interest income	4,457	4,146	
	Insurance premium earned	17,265	15,155	
	Commission paid and payable	(29,246)	(27,836)	
	Rental expense	(342)	(341)	
	Shared service fees	(10,360)	(10,110)	
	Utilities charges	(2)	(3)	
	Repairs and maintenance	(6)	(15)	
	Fund management fees	(48)	(31)	
	With key management personnel	Insurance premium earned	14	53
		Claims paid	(30)	(17)
<u>Related party balances</u>	<u>Types of balances</u>			
With subsidiaries of immediate and ultimate holding company	Bank balances	86,390	80,739	
	Fixed and call deposits	51,677	50,231	
	Insurance premium receivable / payable	115	778	
	Shared service fees	(1,652)	(1,695)	
	Fund management fees	(13)	(13)	
	Others	(3,712)	(2,263)	
		<u>2025</u>	<u>2024</u>	
		RM '000	RM '000	
<u>Key management personnel</u>				
The remuneration of key management personnel is as follows:				
Short-term employee benefits				
- Salary and other remuneration (i)		1,824	1,351	
- Contribution to EPF (i)		247	187	
- Share-based payment expense (ii)		450	234	
- Benefits in kind		7	7	
		<u>2,527</u>	<u>1,779</u>	

(i) In addition to the above, during the financial year ended 31 December 2025, the MD/CEO who led the achievement of the Company's short and long term business objectives, was awarded a sum of RM16,772 (inclusive of the employer's EPF contribution) under the Cash Deferred Scheme (2024: RM225,120).

(ii) As at 31 December 2025, the total number of shares awarded to the MD/CEO amounted to 150,000 units (2024: 75,000 units).

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31. CAPITAL COMMITMENTS

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Authorised and contracted for	<u>1,977</u>	<u>506</u>

32. RISK MANAGEMENT FRAMEWORK

(a) Risk Management Framework

The Company operates within a defined set of principles and guidelines based on best practices that have been approved by the Board.

Risk is inherent in the Company's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides insurance risk, the Company is also exposed to a range of other risk types such as credit, market, liquidity, operational and legal, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to being able to drive sustainable growth and shareholder value, while sustaining competitive advantage, and is thus a central part of the proactive risk management of the Company.

The Enterprise Risk Management Framework governs the management of risks in the Company, as follows:

1. It provides a holistic overview of the risk and control environment, with risk management aimed towards loss minimisation and mitigation against losses which may occur through, principally, the failure of effective checks and controls in the organisation.
2. It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Company. They are:

1. Risk Governance from the Board of Directors

The ultimate responsibility of the Board of Directors is to ensure that an effective risk management strategy is in place and uniformly understood across RHB Banking Group. The Group has a structured framework to support the Board's oversight responsibilities.

The Board Risk Committee ("BRC") is the principal Board Committee that provides oversight over risk management for the Company to ensure that the Group's risk management process is in place and functional. The BRC assists the Board to review the overall risk management philosophy, frameworks, policies and models.

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32. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(a) Risk Management Framework (continued)

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Company. They are: (continued)

1. Risk Governance from the Board of Directors (continued)

The responsibility for the supervision of the day to day management of enterprise risk management is managed by the risk management function. The Company's Investment Committee manages interest rate risk, market risk, credit risk and liquidity risk associated with Company's investments.

2. Clear Understanding of Risk Management Ownership

Proactive risk ownership is important for effective management of risk. This promotes a risk awareness culture throughout the Company. The respective departments are collectively responsible for identifying, managing and reporting risks. The business units manage certain defined risks supported by the services provided by the functional units, including the risk management function.

3. Institutionalisation of a Risk-focused Organisation

In addition to risk ownership, a risk-focused culture is promoted throughout the Company through strengthening of the central risk management functions and continuous reinforcement of a risk and control environment within the Company.

4. Alignment of Risk Management to Business Strategies

Adopting the Group Risk Management Framework serves to align the Company's business strategy to risk strategy, and vice-versa. This is articulated through the risk appetite setting and the Company's annual business and financial budgetary plan, which is facilitated by the integration of risk measures in capital management.

Risk appetite is set by the Board and reported through various metrics that enable the Company to manage capital constraints and shareholders' expectations. The risk appetite is a key component of the management of risks and describes the types and level of risk that the Company and the Group are prepared to accept in delivering its strategy.

5. Optimisation of Risk-adjusted Return

One of the objectives of capital management is to reflect a risk-adjusted return assumed by the businesses throughout the Company. By linking risk to capital, the risk-adjusted return measure contributes to the creation of shareholder value by facilitating the allocation of capital to the businesses.

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32. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital Management Plan

Capital Management Plan ("CMP") has been written to set out recommendation on the action plans to be taken by the Board and management of the Company in the event of Capital Adequacy Ratio ("CAR") falling below the internal target and the minimum supervisory requirement. The CMP requires the Board and management of the Company to undertake remedial actions to improve the Company's capital position in the event of CAR falling below predetermined thresholds within defined timeframe. The CMP is aligned to the Company's vision and mission. It is intended that through the guidance of Internal Capital Adequacy Assessment Process ("ICAAP") coupled with the CMP; strong alignment will be forged between the risk profile and capital adequacy. Capital adequacy shall be assessed in relation to the Company's own risk profiles, and strategies will be put in place to maintain appropriate capital levels. Through ICAAP, comprehensive risks are identified, measured and managed while adequate capital levels consistent with the risk profiles are maintained over and above the Individual Target Capital Level ("ITCL") after incorporating the Company's current and strategic planning under base and stressed conditions.

With reference to the Policy Document on Stress Testing (BNM/RH/PD 029-7), the impact of the adverse scenarios on the capital position of the company is robustly assessed under several stress test scenarios by various stress magnitude.

CMP has been implemented for the Company to monitor and manage the CAR such that actions can be undertaken accordingly to prevent it from falling below ITCL.

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33. INSURANCE RISK

The Company underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis, with the exception of short-term policies such as Marine Cargo which covers the duration in which the cargo is being transported. The Company also underwrites some non-annual policies with coverage period more than one year such as Contractor's All Risk and Engineering, Bonds and Workmen Compensation. The majority of the insurance businesses written by the Company are Fire and Motor. Other major lines of business includes Personal Accident, Medical, Liabilities and other miscellaneous classes. Through the underwriting of these insurance contracts, the Company is exposed to various types of risks, with insurance risk being the primary risk.

By underwriting insurance contracts, the Company takes on insurance risk by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Company faces under insurance contracts is that the actual claims and benefits payments differ from expectations; the risks arise from the fluctuations in timing, frequency and severity of claims; as well as the adequacy of premiums and reserves.

The Company is also exposed to risks arising from climate changes, natural disasters, terrorism activities, regulatory changes and pandemic events. For longer tail claims that take some years to settle, there is also inflation risk.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by the following:

- The Company's underwriting strategy is intended to ensure that the risks underwritten are well diversified across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, underwriting authorities, risk management engineering and risk accumulation limits to ensure risks underwritten are well diversified.
- The Company has in place claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.
- The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance is ceded on both proportional and non-proportional basis. The Company's placement of reinsurance is well diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

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33. INSURANCE RISK (CONTINUED)

The table below sets out the concentration of the Company's groups of insurance contracts and reinsurance contracts held:

	Assets	Liabilities	Net
	RM '000	RM '000	RM '000
2025			
<u>Insurance contracts issued</u>			
Motor	-	648,830	648,830
Fire	-	246,069	246,069
Engineering	-	86,984	86,984
Other groups of insurance contracts	-	191,609	191,609
Total insurance contracts issued	-	1,173,492	1,173,492
<u>Reinsurance contracts held</u>			
Motor quota share	(108,332)	-	(108,332)
Other groups of reinsurance contracts	(369,561)	12,801	(356,760)
Total reinsurance contracts held	(477,893)	12,801	(465,092)
2024			
<u>Insurance contracts issued</u>			
Motor	-	619,127	619,127
Fire	-	257,830	257,830
Engineering	-	74,606	74,606
Other groups of insurance contracts	-	199,984	199,984
Total insurance contracts issued	-	1,151,547	1,151,547
<u>Reinsurance contracts held</u>			
Motor quota share	(141,613)	-	(141,613)
Other groups of reinsurance contracts	(349,046)	4,456	(344,590)
Total reinsurance contracts held	(490,659)	4,456	(486,203)

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33. INSURANCE RISK (CONTINUED)

(a) Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and average number of claims for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claims, economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

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33. INSURANCE RISK (CONTINUED)

(b) Sensitivity analysis

The liability for incurred claims is sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

	Change in assumptions	Impact on gross undiscounted liabilities RM'000	Impact on net undiscounted liabilities RM'000	Impact on profit before tax RM'000	Impact on profit after tax/equity RM'000
<u>2025</u>					
Average claim cost	10%	88,688	58,538	(58,538)	(44,489)
Average number of claims	10%	74,208	52,790	(52,790)	(40,120)
Average claim settlement period	Increased by 6 months	10,867	6,180	(6,180)	(4,697)
<u>2024</u>					
Average claim cost	10%	84,350	51,844	(51,844)	(39,401)
Average number of claims	10%	68,308	43,127	(43,127)	(32,777)
Average claim settlement period	Increased by 6 months	9,400	5,555	(5,555)	(4,222)

(c) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each date of statement of financial position, together with cumulative payments to-date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

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33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Gross liabilities on incurred claims for 2025:

Accident year	<u>Before</u>								Total RM'000
	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2020</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2025</u> RM'000	
At end of accident year		527,252	424,635	407,727	502,960	504,441	530,886	518,685	
One year later		485,228	346,118	402,656	473,675	473,441	496,248		
Two years later		455,363	333,693	371,386	439,886	443,117			
Three years later		448,150	328,240	353,313	434,502				
Four years later		437,735	328,333	347,548					
Five years later		427,755	317,314						
Six years later		426,539							
Seven years later									
Current estimate of undiscounted gross cumulative claims		426,539	317,314	347,548	434,502	443,117	496,248	518,685	-
At end of accident year		(147,498)	(120,208)	(106,150)	(163,211)	(164,777)	(166,110)	(164,275)	
One year later		(276,206)	(200,896)	(228,992)	(286,287)	(269,659)	(271,845)		
Two years later		(342,289)	(239,698)	(281,873)	(332,548)	(305,086)			
Three years later		(375,793)	(270,122)	(301,412)	(369,664)				
Four years later		(389,705)	(280,273)	(312,667)					
Five years later		(395,277)	(288,046)						
Six years later		(402,311)							
Seven years later									
Cumulative payments to date		(402,311)	(288,046)	(312,667)	(369,664)	(305,086)	(271,845)	(164,275)	-
Gross undiscounted liabilities for incurred claims	55,578	24,228	29,268	34,881	64,838	138,031	224,404	354,410	925,638
Effect on discounting									(37,012)
Total gross liabilities for incurred claims (Note 10(a))									888,626

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33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Net liabilities on incurred claims for 2025:

Accident year	Before								Total
	2018	2019	2020	2021	2022	2023	2024	2025	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		304,953	281,975	270,757	337,084	362,894	352,942	359,839	
One year later		275,600	236,119	228,927	311,909	328,973	331,574		
Two years later		256,414	221,102	213,188	289,157	301,379			
Three years later		253,658	216,571	204,437	278,626				
Four years later		249,800	212,290	201,256					
Five years later		247,472	209,345						
Six years later		241,090							
Seven years later									
Current estimate of undiscounted net cumulative claims		241,090	209,345	201,256	278,626	301,379	331,574	359,839	-
At end of accident year		(107,517)	(91,141)	(80,138)	(113,515)	(127,490)	(122,677)	(122,974)	
One year later		(177,151)	(143,324)	(139,006)	(195,316)	(200,994)	(193,547)		
Two years later		(200,211)	(168,025)	(165,572)	(225,528)	(226,140)			
Three years later		(218,266)	(184,619)	(176,768)	(241,259)				
Four years later		(227,673)	(191,769)	(182,811)					
Five years later		(230,633)	(195,726)						
Six years later		(234,275)							
Seven years later									
Cumulative payments to-date		(234,275)	(195,726)	(182,811)	(241,259)	(226,140)	(193,547)	(122,974)	-
Net undiscounted liabilities for incurred claims	15,411	6,815	13,619	18,445	37,367	75,238	138,027	236,865	541,788
Effect on discounting									(59,915)
Total net liabilities for incurred claims									481,873

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Gross liabilities on incurred claims for 2024:

Accident year	Before								Total
	2017	2018	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		532,463	527,252	424,635	407,727	502,960	504,441	530,886	
One year later		462,905	485,228	346,118	402,656	473,675	473,441		
Two years later		440,163	455,363	333,693	371,386	439,886			
Three years later		426,810	448,150	328,240	353,313				
Four years later		432,950	437,735	328,333					
Five years later		430,186	427,755						
Six years later		420,695							
Seven years later									
Current estimate of undiscounted gross cumulative claims		420,695	427,755	328,333	353,313	439,886	473,441	530,886	-
At end of accident year		(185,153)	(147,498)	(120,208)	(106,150)	(163,211)	(164,777)	(166,110)	
One year later		(317,115)	(276,206)	(200,896)	(228,992)	(286,287)	(269,659)		
Two years later		(358,800)	(342,289)	(239,698)	(281,873)	(332,548)			
Three years later		(377,202)	(375,793)	(270,122)	(301,413)				
Four years later		(387,971)	(389,705)	(280,272)					
Five years later		(395,946)	(395,277)						
Six years later		(401,279)							
Seven years later									
Cumulative payments to date		(401,279)	(395,277)	(280,272)	(301,413)	(332,548)	(269,659)	(166,110)	-
Gross undiscounted liabilities for incurred claims	57,901	19,416	32,478	48,061	51,900	107,338	203,782	364,776	885,652
Effect on discounting									(36,513)
Total gross liabilities for incurred claims (Note 10(a))									849,139

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

33. INSURANCE RISK (CONTINUED)

(c) Claims development table (continued)

Net liabilities on incurred claims for 2024:

Accident year	Before								Total
	2017	2018	2019	2020	2021	2022	2023	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year		329,794	304,953	281,975	270,757	337,084	362,894	352,942	
One year later		301,115	275,600	236,119	228,927	311,909	328,973		
Two years later		288,822	256,414	221,102	213,188	289,157			
Three years later		278,526	253,658	216,571	204,437				
Four years later		276,445	249,800	212,290					
Five years later		275,398	247,472						
Six years later		270,672							
Seven years later									
Current estimate of undiscounted net cumulative claims		270,672	247,472	212,290	204,437	289,157	328,973	352,942	-
At end of accident year		(141,728)	(107,517)	(91,141)	(80,138)	(113,515)	(127,490)	(122,677)	
One year later		(223,323)	(177,151)	(143,324)	(139,006)	(195,316)	(200,994)		
Two years later		(243,648)	(200,211)	(168,025)	(165,572)	(225,527)			
Three years later		(251,354)	(218,266)	(184,619)	(176,768)				
Four years later		(258,151)	(227,673)	(191,769)					
Five years later		(262,559)	(230,633)						
Six years later		(265,353)							
Seven years later									
Cumulative payments to-date		(265,353)	(230,633)	(191,769)	(176,768)	(225,527)	(200,994)	(122,677)	-
Net undiscounted liabilities for incurred claims	18,770	5,319	16,839	20,521	27,669	63,630	127,979	230,265	510,992
Effect on discounting									(84,199)
Total net liabilities for incurred claims									426,793

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS

(a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

The Company's primary exposure to credit risk arises through its investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers through reinsurance contracts held.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Investment Committee manages the credit risk associated with investments by setting guidelines on minimum credit ratings and prevents risk concentrations by setting maximum credit exposure for each class of investment and for any one borrower or group of borrowers.

Cash and deposits in Malaysia are generally placed with banks and financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 which are regulated by Bank Negara Malaysia.

A credit control committee has been established to manage the credit risk of receivables and Credit Control Department ensures adherence to the Company's credit policy. As part of the overall risk management strategy, the Company cedes insurance risk through proportional and non-proportional treaties and facultative arrangements. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The Company monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and review its reinsurance arrangements periodically. The Company typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors. When selecting its reinsurers, the Company considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.

The nature of the Company's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS

(a) Credit risk (continued)

Credit exposure

The following table shows maximum exposure to credit risk for the components on the statement of financial position and items such as future commitments.

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
Loans and receivables		
Staff loans	36	31
Fixed and call deposits	61,608	11,995
Reinsurance contract assets - assets for incurred claims	406,753	422,346
Other assets*	73,466	42,457
Cash and cash equivalents**	147,677	119,940
	<u>689,540</u>	<u>596,769</u>

* excluding prepayments amounting to RM1,989,000 (2024: RM1,038,000) which is not subject to credit risk.

** excluding petty cash amounting to RM500 (2024: RM500) which is not subject to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating

	Neither past-due nor impaired					Total RM'000
	Rated: satisfactory	Rated: unsatis- factory	Not rated	Not past- due but impaired	Past due and impaired	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>2025</u>						
Loans and receivables						
Staff loans	-	-	36	-	-	36
Fixed and call deposits	61,608	-	-	-	-	61,608
Reinsurance contract assets - assets for incurred claims	274,908	6,262	125,583	-	-	406,753
Other assets*	-	-	73,466	-	-	73,466
Cash and cash equivalents**	147,677	-	-	-	-	147,677
	<u>484,193</u>	<u>6,262</u>	<u>199,085</u>	<u>-</u>	<u>-</u>	<u>689,540</u>
<u>2024</u>						
Loans and receivables						
Staff loans	-	-	31	-	-	31
Fixed and call deposits	11,995	-	-	-	-	11,995
Reinsurance contract assets - assets for incurred claims	315,102	4,304	102,940	-	-	422,346
Other assets*	-	-	42,457	-	-	42,457
Cash and cash equivalents**	119,940	-	-	-	-	119,940
	<u>447,037</u>	<u>4,304</u>	<u>145,428</u>	<u>-</u>	<u>-</u>	<u>596,769</u>

* excluding prepayments amounting to RM1,989,000 (2024: RM1,038,000) which is not subject to credit risk.

** excluding petty cash amounting to RM500 (2024: RM500) which is not subject to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the reputable rating agencies' credit ratings of counterparties. AAA is the highest possible rating.

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2025</u>						
Loans and receivables						
Staff loans	-	-	-	-	36	36
Fixed and call deposits	-	61,608	-	-	-	61,608
Reinsurance contract assets - assets for incurred claims	-	-	274,908	6,262	125,583	406,753
Other assets*	-	-	-	-	73,466	73,466
Cash and cash equivalents**	818	146,859	-	-	-	147,677
	<u>818</u>	<u>208,467</u>	<u>274,908</u>	<u>6,262</u>	<u>199,085</u>	<u>689,540</u>
<u>2024</u>						
Loans and receivables						
Staff loans	-	-	-	-	31	31
Fixed and call deposits	-	11,995	-	-	-	11,995
Reinsurance contract assets - assets for incurred claims	-	-	315,102	4,304	102,940	422,346
Other assets*	-	-	-	-	42,457	42,457
Cash and cash equivalents**	973	118,967	-	-	-	119,940
	<u>973</u>	<u>130,962</u>	<u>315,102</u>	<u>4,304</u>	<u>145,428</u>	<u>596,769</u>

* excluding prepayments amounting to RM1,989,000 (2024: RM1,038,000) which is not subject to credit risk.

** excluding petty cash amounting to RM500 (2024: RM500) which is not subject to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk of the Company being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due without having to transact at a reasonable cost.

This is managed by monitoring the daily and monthly projected and actual cash flows, and ensuring that a reasonable quantum of financial assets is maintained in liquid instruments at all times.

The Company also sets minimum limits on liquid assets to be held at all times as well as adhering to all regulatory limits.

Maturity profiles for insurance and reinsurance contracts (present value of future cash flow basis)

The table below summarises the maturity profile of insurance contracts liabilities and reinsurance assets based on estimated timing of net cash outflows from the recognised insurance liabilities.

2025

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contracts held	360,478	59,802	91,960	48,476	71,593	28,354	60,293	360,478
	<u>360,478</u>	<u>59,802</u>	<u>91,960</u>	<u>48,476</u>	<u>71,593</u>	<u>28,354</u>	<u>60,293</u>	<u>360,478</u>
Insurance contracts issued	800,173	179,374	219,405	131,820	126,713	49,571	93,290	800,173
	<u>800,173</u>	<u>179,374</u>	<u>219,405</u>	<u>131,820</u>	<u>126,713</u>	<u>49,571</u>	<u>93,290</u>	<u>800,173</u>

2024

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contracts held	379,745	77,727	112,083	75,777	41,678	13,726	58,752	379,743
	<u>379,745</u>	<u>77,727</u>	<u>112,083</u>	<u>75,777</u>	<u>41,678</u>	<u>13,726</u>	<u>58,752</u>	<u>379,743</u>
Insurance contracts issued	766,243	186,221	228,370	162,289	74,658	36,512	78,193	766,243
	<u>766,243</u>	<u>186,221</u>	<u>228,370</u>	<u>162,289</u>	<u>74,658</u>	<u>36,512</u>	<u>78,193</u>	<u>766,243</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

Maturity profiles for financial assets and liabilities (contractual undiscounted cash flow basis)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable.

2025

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and receivables								
Staff loans	36	36	-	-	-	-	-	36
Fixed and call deposits	61,608	61,608	-	-	-	-	-	61,608
Other assets*	73,466	73,466	-	-	-	-	-	73,466
Cash and cash equivalents**	147,677	147,677	-	-	-	-	-	147,677
Total financial assets	282,787	282,787	-	-	-	-	-	282,787
Other liabilities	72,290	72,290	-	-	-	-	-	72,290
Lease liabilities	1,928	1,896	67	7	-	-	-	1,970
Total financial liabilities	74,218	74,186	67	7	-	-	-	74,260

2024

	Carrying value	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and receivables								
Staff loans	31	31	-	-	-	-	-	31
Fixed and call deposits	11,995	11,995	-	-	-	-	-	11,995
Other assets*	42,457	42,457	-	-	-	-	-	42,457
Cash and cash equivalents**	119,940	119,940	-	-	-	-	-	119,940
Total financial assets	174,423	174,423	-	-	-	-	-	174,423
Other liabilities	69,876	69,876	-	-	-	-	-	69,876
Lease liabilities	2,058	2,078	67	23	-	-	-	2,168
Total financial liabilities	71,934	71,954	67	23	-	-	-	72,044

* excluding prepayments amounting to RM1,989,000 (2024: RM1,038,000) which is not subject to credit

** excluding petty cash amounting to RM500 (2024: RM500) which is not subject to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(c) Market risk

Market risk is the risk of loss arising from adverse movements in market indicators, such as interest rates, credit spreads, equity prices and currency exchange rates.

The Company's investments in equities, REITs and fixed income securities are outsourced to professional fund managers. The Investment Committee oversees the formulation of investment policies and strategies and meetings were held during the financial year to review and monitor the performance of the fund managers.

Foreign exchange risk

Foreign exchange risk is the risk of holding or taking positions in foreign currencies.

The Company's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to Singapore Dollar ("SGD").

As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013, and hence, primarily denominated in the same currency (the local RM) as its insurance contract liabilities. The Company's exposure to currency risk is confined to a current account maintained with a bank in Singapore and certain expenses denominated in foreign currency. The current account was opened to facilitate the collection of premiums from reinsurers in Singapore and the amount involved is minimal.

The Company does not engage in derivative transactions for speculative purposes. Where deemed necessary in line with the Company's risk management policy, the Company enters into derivative transactions solely for hedging purposes.

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

Interest rate risk

Interest rate/profit yield risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rate/profit yield.

The Company has no significant concentration of interest rate/profit yield risk on investment in deposit placements due to the relatively short-term nature and are intended to be held-to-maturity.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company maintains an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities and to manage the maturities of interest bearing financial assets.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

Interest rate risk (continued)

The Company is exposed to interest rate risk primarily through its investments in fixed income securities, insurance contracts and reinsurance contracts held. Interest rate risk is managed by the Company on an ongoing basis. The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and fixed income securities are, as follows:

	<u>2025</u>	<u>2024</u>
	RM '000	RM '000
<u>Insurance contract issued</u>		
Motor	454,463	416,263
Fire	122,145	134,194
Engineering	67,382	56,060
Other groups of insurance contracts	<u>156,183</u>	<u>159,726</u>
	800,173	766,243
<u>Reinsurance contracts held</u>		
Motor quota share	(88,159)	(120,289)
Other groups of reinsurance contracts	<u>(272,319)</u>	<u>(259,454)</u>
	(360,478)	(379,743)
Fixed income securities at FVTPL	1,242,874	1,218,226

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate/profit yield risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

		<u>2025</u>	<u>2024</u>
	Change in interest rate	Impact on profit after tax and equity*	Impact on profit after tax and equity*
		RM '000	RM '000
Insurance and reinsurance contracts	+100 basis points	7,989	6,669
Fixed income securities	+100 basis points	(36,073)	(42,863)
Insurance and reinsurance contracts	-100 basis points	(8,334)	(6,943)
Fixed income securities	-100 basis points	39,804	46,198

* impact on equity reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous financial period.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

34. FINANCIAL RISKS (CONTINUED)

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT and legal risk but excludes strategic and reputation risk.

The Company cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit.

Business risks, such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

35. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December 2025, as prescribed under the RBC Framework is provided below:

	<u>Note</u>	<u>2025</u> RM '000	<u>2024</u> RM '000
<u>Eligible Tier 1 Capital</u>			
Share capital (paid-up)	16	100,000	100,000
Retained earnings		678,291	602,981
<u>Eligible Tier 2 Capital</u>			
Share-based payment reserve	18	1,515	1,343
		<u>779,806</u>	<u>704,324</u>
Amount deducted from capital		(10,112)	(9,323)
Total capital available		<u>769,694</u>	<u>695,001</u>

There are based on statistical returns for financial year 2025 and 2024, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns. The accounting policies prescribed in the notes to the statistical returns are accounting policies adopted in the audited financial statements of the Company for the financial year ended 31 December 2025 prepared in accordance with the MFRS, as modified by the BNM pursuant to Section 65 of the FSA 2013.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

36. CLAIM AGAINST THE COMPANY BY THE MALAYSIA COMPETITION COMMISSION ("MyCC")

In August 2016, the Malaysia Competition Commission ("MyCC") undertook an investigation under Section 15(1) of the Competition Act 2010 ("the Act") against the Company, Persatuan Insurans Am Malaysia ("PIAM") and its other 21 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes.

On 22 February 2017, MyCC informed that pursuant to its investigation, MyCC on the preliminary basis found that the Company together with the other 21 members of PIAM, have infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and are therefore liable for an infringement under Section 4(3) of the Act.

On 14 September 2020, MyCC issued a finding of infringement against the Company, PIAM and the other 21 members despite the conduct allegedly giving rise to the infringement being undertaken pursuant to a written direction of the Company's sectoral regulator, BNM.

The Company's share of the financial penalty imposed by MyCC amounts to RM4,180,021. The MyCC also imposed certain behavioural remedies upon the Company and the other insurers.

Without any admission of liability, the Company made a provision of the financial penalty in the financial statements for the previous year ended 31 December 2020 due to the uncertainty then on the outcome and duration of the tribunal process.

On 23 March 2021, the Competition Appeal Tribunal ("COMPAT") granted a stay of the financial penalty pending the disposal of the appeal.

On 2 September 2022, COMPAT allowed the appeal of all insurers and the decision of MyCC dated 14 September 2020 has been set aside.

On 1 December 2022, MyCC had filed a judicial review application before the High Court of Malaya ("the Court") at Kuala Lumpur against the decision of COMPAT dated 2 September 2022.

On 3 January 2023, the Company filed an affidavit to appear before the Court to submit an objection to MyCC's application for leave to file the judicial review. The affidavit has been allowed by the Court and the Company's submission was made on 30 November 2023. The Court fixed 16 January 2024 to deliver their decision.

On 16 January 2024, the High Court dismissed MyCC's application for leave to apply for judicial review and ordered a cost of RM10,000 to be paid to the Company. On 15 February 2024, MyCC filed an appeal against the dismissal for the leave application to the Court of Appeal.

On 29 May 2025, the Court of Appeal had fixed 30 April 2026 for the hearing of the matter.

The provision made previously in the financial statements remains unchanged as at 31 December 2025.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 February 2026.

Registration No.

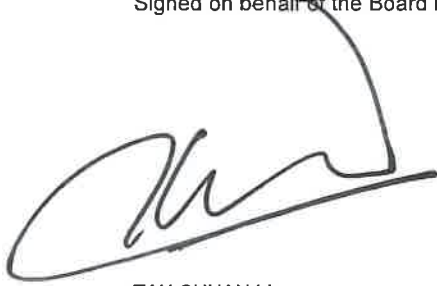
197801000983 (38000-U)

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

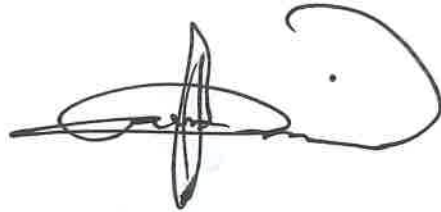
STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016, we, Tan Chuan Li and Donald Joshua Jaganathan, two of the Directors of RHB Insurance Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 83 are drawn up so as to show a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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



TAN CHUAN LI
DIRECTOR



DONALD JOSHUA JAGANATHAN
DIRECTOR

Kuala Lumpur
Date: 27 February 2026

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016, I, Chong Sook Yin, being the Officer primarily responsible for the financial management of RHB Insurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 83 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared at Kuala Lumpur
on 27 February 2026

Before me,

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)
)
)


CHONG SOOK YIN



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Insurance Berhad (“the Company”) give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 7 to 83.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

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, 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.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

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 the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the 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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RHB INSURANCE BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197801000983 (38000-U)

- (d) 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.
- (e) 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.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Chan Suet Lye

CHAN SUET LYE
03603/10/2027 J
Chartered Accountant

Kuala Lumpur
27 February 2026