

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Registration No.

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DIRECTORS' REPORT

The Directors are pleased to submit their report to the member together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITY

The principal activity of the Group and the Company is the underwriting of all classes of life insurance business, including investment-linked business. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Net profit for the financial year	<u>292,505</u>	<u>292,505</u>

DIVIDENDS

The amount of dividend declared and paid by the Group and the Company since the end of the previous financial year was as follows:

RM'000

In respect of the financial year ended 31 December 2024:

Final single tier dividend of 4.43 sen per ordinary shares,
paid on 26 June 2025

10,000

SHARE CAPITAL

On 18 November 2025, the Company increased its issued and paid-up share capital from RM226,000,000 to RM796,000,000 by way of the allotment and issuance of 570,000,000 new ordinary shares of RM1.00 each in the Company to Tokio Marine & Nichido Fire Insurance Co., Ltd ("TMNF"), the sole member of the Company.

The total consideration for the subscription of the new ordinary shares be satisfied entirely by way of set-off against the total principal amount of RM570,000,000 under the Subordinated Loan from the Company to TMNF.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

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DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

PROVISION FOR INSURANCE LIABILITIES

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to ascertain that there was adequate provision for the insurance liabilities in accordance with the principles outlined under MFRS 17 "Insurance Contracts" standard.

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the Directors of the Group and the Company are not aware of any circumstances which would render the amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and the Company have been written down to an amount which the current assets might be expected 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 Group and 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 methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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DIRECTORS' REPORT (CONTINUED)

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and the Company that has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and 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 affect the ability of the Group and the Company to meet their obligations as and 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 Group and 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 Group and the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in Note 32(iii), the results of the operations of the Group and 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 Group and the Company for the financial year in which this report is made.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE

A. BOARD OF DIRECTORS

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

U Chen Hock*	Chairman, Independent Director
Chuah Sue Yin**	Chairman, Non-Independent Non-Executive Director
Tan Ming-Li	Independent Director
Christina Foo***	Independent Director
Loh Kam Hian^	Independent Director
Tang Loo Chuan	Executive Director

* Mr. U Chen Hock resigned as Chairman and Independent Director on 6 March 2025.

** Ms. Chuah Sue Yin was appointed as a Non-Independent Non-Executive Director and Chairman of the Board on 1 July 2025.

*** Ms. Christina Foo was appointed to the Board on 4 March 2025.

^ Mr. Loh Kam Hian was appointed to the Board on 1 April 2025.

The Board has the overall responsibility for promoting sustainable growth and financial soundness of the Group and the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Group and the Company and their customers, officers and the general public.

The Board is responsible for:

- (a) reviewing and approving the strategic plan for the Group and the Company including the 3-year IT and cybersecurity strategic plans;
- (b) reviewing and approving the Group and the Company's overall risk strategy, risk appetite including the technology risk appetite; and oversee their implementation;
- (c) identifying principal risks and ensure the implementation of appropriate systems to manage these risks, including application of immediate remedial measures should the need arise;
- (d) ensuring the Group and the Company maintain an appropriate level and quality of capital for their risk profile and business plan;
- (e) approving and overseeing the effective implementation of sound and robust Technology Risk Management Framework ("TRMF") and Cyber Resilience Framework ("CRF"), and ensure the risk assessments undertaken in relation to material technology applications submitted to Bank Negara Malaysia ("BNM") are robust and comprehensive.
- (f) overseeing the conduct of the Group and the Company's business, including that of participating business, to ensure sound management by the senior management and to evaluate whether the business is properly managed towards achieving corporate objectives, and that the Group and the Company's dealings with shareholders, policyholders, claimants and creditors are conducted in a fair and equitable manner;

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

The Board is responsible for: (continued)

- (g) safeguarding the integrity and credibility of the Group and the Company, including ensuring that the senior management and all levels of employees conduct business with highest level of moral behavior and in a manner that instills public confidence;
- (h) providing a clear framework of objectives and policies for the senior management to operate, including the setting of authority limits and reporting lines;
- (i) reviewing and be responsible for the adequacy and integrity of the Group and the Company's internal control systems and management information systems, including policies and procedures for compliance with applicable laws, regulations, rules, directives and guidelines;
- (j) developing, implementing and maintaining an effective communications policy that enables both the Board and the senior management to communicate effectively with their shareholders, stakeholders and public;
- (k) safeguarding the interests of policyholders and shareholders with trustworthy, prudent, efficient and able administration; and
- (l) adhering to sound corporate governance principles in the appointment or reappointment of Directors, Chief Executive Officer and Company Secretary, the structure and composition of the Board and the individual Board committees as well as relevant disclosures.

The detailed responsibilities of the Board is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

A1 Composition of the Board

The Board is made up of 3 Independent Non-Executive Directors, 1 Non-Independent Non-Executive Director and 1 Executive Director. The appointments and re-appointments of all Board members were approved by BNM.

The Board comprises members from diverse backgrounds and qualifications and bring a wide range of financial and commercial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and competencies to the Group and the Company. This composition is the right mix for proper governance of and the Group and the Company.

All members of the Board complied with BNM's requirements on the minimum criteria of "A Fit and Proper Person" as prescribed under the Financial Services Act, 2013 ("FSA 2013").

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows:

Chuah Sue Yin – Non-Independent Non-Executive Director

Working experience:

Ms. Chuah was first appointed to the Board as an Independent Non-Executive Director on 8 May 2016 and served in that capacity until 7 May 2025, having completed a cumulative nine-year tenure. She was subsequently appointed as a Non-Independent Non-Executive Director and Chairman of the Company on 1 July 2025. She is a member of the Audit Committee, Nominating Committee, Remuneration Committee, and Risk Management and Compliance Committee.

Ms. Chuah graduated with a Bachelor of Science with Honours in Management Science from the University of Warwick, United Kingdom in July 1994. She is a Chartered Accountant of the Malaysian Institute of Accountants since April 1999 and a Fellow member of the Institute of Chartered Accountants in England & Wales since April 2012. She is also an associate of the Malaysian Institute of Taxation (now known as Chartered Tax Institute of Malaysia) since August 2007 and a Certified Public Accountant from the Malaysian Institute of Certified Public Accounts.

Further, Ms. Chuah is an approved company auditor under the Companies Act, 2016, a Registered Auditor of Public Interest Entity under the Securities Commission Malaysia Act, 1993, an Auditor of Co-operative Societies under the Co-operatives Societies Act, 1993, a Registered ASEAN Chartered Professional Accountant and a tax agent under the Income Tax Act, 1967. Since January 2025, she is a GRI Certified Sustainability Professional.

Ms. Chuah began her career in September 1994 as a Senior Accountant in Coopers & Lybrand Birmingham, United Kingdom where she performed and managed various audit assignments. Thereafter, she joined PricewaterhouseCoopers London, United Kingdom as the Supervisor of the Risk Assurance Division from September 1997 to December 1998 where she performed and managed various risk management and computer audit assignments. She subsequently returned to Malaysia and joined PCCO PLT as a Senior Manager from January 1999 to April 2004. She became a Partner of PCCO PLT in April 2004 and since April 2007, she is the Managing Partner of PCCO PLT.

She has also been the Director of PCCO Management Services Sdn Bhd ("PCCO Management") since January 1999 and PCCO Tax Services Sdn Bhd ("PCCO Tax") since April 2004. Further, she is the Managing Director of PCCO Tax and PCCO Management since April 2007.

As a Managing Partner/Director of the PCCO Group, she directed a multidisciplinary team of professionals providing high-quality services across audit, accounting, tax, advisory, due diligence and business advisory, recruitment solutions and capital market consultancy services. She also focused on optimizing business operations, ensuring compliance with regulations, and providing strategic business advice for client organisations as well as overseeing business development and growth strategies for the group of companies.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Chuah Sue Yin – Non-Independent Non-Executive Director (continued)

Working experience (continued):

Since February 2005, Ms. Chuah has several prior board experiences of listed companies in sectors such as trading, manufacturing and information technology solutions. Currently she is an independent non-executive director of a public listed company, BP Plastics Holding Bhd of which she sits as the chairperson of the Audit Committee and the Nomination and Remuneration Committee, and as a member of the risk management committees.

Tan Ming-Li – Independent Director

Working experience:

Ms. Tan was appointed as a Director of our Company on 1 July 2024. She is the chairperson of the Risk Management and Compliance Committee and a member of Audit Committee, Nominating Committee and Remuneration Committee.

Ms. Tan is a graduate from the University of Melbourne, Australia with a double degree in Law (Hons) and Science and has been a member of the Malaysian Bar since 1994. In addition, she is an appointed member of the Disciplinary Committee of the Malaysian Advocates and Solicitors' Disciplinary Board.

Ms. Tan is currently a senior partner in the legal firm, Cheang & Ariff and has been in legal practice since 1994. She specialises in corporate and securities law where she is principally involved in advising on capital market transactions, mergers and acquisitions, regulatory and compliance, corporate restructuring as well as corporate finance related work. Prior to joining her present firm in 1997, she practiced law in the firm of Allen & Gledhill, specialising in the areas of corporate and commercial litigation as well as intellectual property.

Ms. Tan is the co-author of the book, "Capital Market Discipline and Misconduct" published by Lexis Nexis (2019), together with Dato Loh Siew Cheang and Evelyn Chan.

Ms. Tan also sits on the Boards of Directors of CapitaLand Malaysia Reit Management Sdn Bhd and Om Holdings Limited (a company listed on Bursa Malaysia Securities Berhad and the Australian Stock Exchange) and Stratus Global Holdings Berhad.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Christina Foo – Independent Director

Working experience:

Ms. Christina Foo was appointed as a Director of our Company on 4 March 2025. She is the chairperson of the Nomination and Remuneration Committee, and a member of the Audit Committee as well as the Risk Management and Compliance Committee.

Ms. Christina Foo graduated with Bachelor of Business Studies (Accounting) degree from Deakin University, Australia in 1985. She is a Chartered Accountant and a member of Malaysian Institute of Accountants, ASEAN Chartered Professional Accountants and Malaysian Institute of Corporate Governance. She is also a Fellow of CPA Australia, Malaysian Institute of Management and Institute of Corporate Directors Malaysia. She is a Qualified Risk Director of the Institute of Enterprise Risk Practitioners.

Ms. Christina Foo has over 40 years of experience in public practice, specializing in Accounting, Tax, Strategic & Business Advisory services. She began her career in Ernst & Young ("EY") Malaysia in 1985. During this period until 2001, she served in various capacities in EY LLP based in Atlanta, USA, EY International in London and EY Asia Pacific Consulting. Her last held position was Director, Business Development, EY Malaysia.

In 2001, Ms. Christina Foo founded Priority One group and was a Director of Priority One Tax Services Sdn. Bhd. and Priority One Consultancy Services Sdn Bhd until August 2022. As a business owner, Ms. Christina Foo has established, invested in, and managed a diverse range of businesses. She served as a Senior Practice Fellow at Sunway Business School, Sunway University from 2018 to 2019 and she currently chairs the Industry Advisory Board, Sunway Business School, Sunway University. She has been a Corporate Director on various boards since 2007.

Ms. Christina Foo is an advocate for continuous professional development and education, and she has delivered talks and participated in conferences on topics such as Governance, Risk Management, Sustainability, ESG, Technology, and Diversity, Equity & Inclusion. She is committed to contributing her skills and knowledge to organizations that align with her values.

Ms. Christina Foo is also the Senior Independent Non-Executive Director of UEM Sunrise Berhad and an Independent Non-Executive Director of Ancom Nylex Berhad and Touch 'n Go Sdn Bhd. Ms. Christina Foo is also a Non-Executive Director of Malaysia Technology Development Corporation Sdn Bhd.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Loh Kam Hian – Independent Director

Working experience:

Mr. Loh was appointed as a Director of our Company on 1 April 2025. He is the Chairman of the Audit Committee and a member of Risk Management and Compliance Committee, Nominating Committee and Remuneration Committee.

Mr. Loh is a qualified accountant and a member of the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants ("MICPA")) as well as the Malaysian Institute of Accountants ("MIA"). Mr. Loh joined KPMG in 1989 under their articleship program to pursue his professional qualification with MICPA. Upon qualifying as a professional accountant in 1993, he advanced through the ranks at KPMG, becoming Senior Manager and Head of an Audit Department in 2000.

In 2000, Mr. Loh left KPMG to join MNRB Group, a large listed insurance and reinsurance company, as Head of Finance. He was later entrusted to lead the Corporate & Strategic Planning and Risk Management functions, playing a key role in the restructuring of the Group. His contributions included establishing a dedicated risk management unit and setting up subsidiaries for the takaful and retakaful business. Additionally, he was involved in the formation of a subsidiary company to serve as the Group's marketing arm in the Dubai International Financial Centre.

In 2007, Mr. Loh rejoined KPMG Malaysia as an Audit Partner and took on various leadership roles. He was the Chief Financial Officer and a member of the Executive Committee from 2014 to 2022, Chair of the Audit and Accounting Committee from 2012 to 2022, and Partner-in-Charge of Audit Quality from 2019 to 2022. He also served as Head of one of the four Audit Departments of KPMG Malaysia from 2011 to 2019, and as Head of the Insurance Practice from 2011 to 2018.

Throughout his career, Mr. Loh has accumulated extensive expertise in various industries, including insurance, oil and gas, industrial products, financial services, construction, property development, manufacturing, and trading. His experience includes corporate restructuring, initial public offerings (IPOs), due diligence reviews, financial modelling, and share valuation. Additionally, he established the Actuarial Practice for KPMG in Malaysia and took the lead as Partner-in-Charge for the implementation of MFRS 17 for insurance clients of KPMG. He retired from KPMG in 2022.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Tang Loo Chuan – Executive Director

Working experience:

Mr. Tang was appointed as a Director of our Company on 8 May 2016. He is a member of the Nominating Committee. He was a Non-Independent Non-Executive Director and also a member of the Remuneration Committee and the Risk Management and Compliance Committee until 7 May 2018. On 8 May 2018, he was redesignated to Non-Independent Executive Director and on the same day, relinquished his position as member of the Remuneration Committee and the Risk Management and Compliance Committee following BNM's approval for his re-appointment.

Mr. Tang graduated from Nanyang Technological University, Singapore with a Bachelor of Business (specialising in Actuarial Science) in May 1994. Since July 2003, he is a Fellow of the Institute of Actuaries, United Kingdom (now known as Institute & Faculty of Actuaries).

He began his career in May 1994 as a Senior Actuarial Assistant in the Insurance Corporation of Singapore Limited where he oversaw product pricing and valuation functions as well as the customisation of actuarial valuation software.

He subsequently joined The Asia Life Assurance Society Limited (Singapore) as the Actuarial Manager from May 1997 to May 2002 where he oversaw product pricing, product development and stress test reporting. He then took on the position of an Actuarial Manager in John Hancock Life Assurance Company Limited from May 2002 to May 2004 where he oversaw product pricing, product development, stress test reporting and experience studies. Mr. Tang subsequently joined Manulife (Singapore) Pte Limited (following the merger of Manulife (Singapore) Pte Ltd and John Hancock Life Assurance Company Ltd in 2004) as the Vice President and Appointed Actuary, from May 2004 to May 2008, where he was the head of pricing and local risk-based capital reporting. From June 2008 to March 2010, Mr. Tang was the Appointed Actuary of UOB Life Assurance Ltd (now Pru Life Assurance Ltd) where he oversaw product pricing, product development, local risk-based capital framework, stress test reporting, reinsurance and participating fund governance. He was also a member of the company's investment committee and bancassurance committee. He subsequently joined AXA Life Insurance Singapore Pte Ltd from June 2010 to September 2011 as the Chief Actuary and Appointed Actuary where he similarly oversaw product pricing, local risk-based capital framework, stress test reporting, reinsurance, par fund governance and asset liability management. During the same period, he was also a member the Agency Compensation Review Workgroup and the Local Investment Committee of AXA Life Insurance Singapore Pte Ltd. He then joined Aviva Ltd from October 2011 to January 2015 as an Appointed Actuary, where he was also the deputy to the chief financial officer and oversaw product pricing, local risk-based capital framework, capital management, stress test reporting, reinsurance, participating fund governance, asset liability management and experience studies.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Tang Loo Chuan – Executive Director (continued)

Working experience (continued):

Since January 2015, he has been the Senior Vice President of the Life Actuarial Department of Tokio Marine Asia Pte. Ltd. ("TMAP"). Mr. Tang is currently the Chief Life Officer of TMAP. Mr. Tang oversees, among other things, product pricing, capital management policy, investment policy, participating fund governance and experience studies. He is a member of the Executive Committee of TMAP. He also plays a regional role in establishing the business strategies for the Tokio Marine Group's life insurance business (outside Japan). Mr. Tang currently holds directorships in a number of life insurance companies, namely PT Tokio Marine Life Insurance Indonesia and Tokio Marine Life Insurance Singapore Ltd. ("TMLIS").

None of the Directors hold any share in the Group and the Company.

All Directors are required to attend the in-house orientation and education programmes within 3 months from his/her date of appointment and the Financial Institutions Directors' Education Programme developed by BNM and Perbadanan Insurans Deposit Malaysia in collaboration with the International Centre for Leadership in Finance within one year from his/her date of appointment.

In order to keep the Directors abreast with the dynamic and complex business environments as well as new statutory and regulatory requirements, a budget for Directors' trainings is provided each year by the Group and the Company. During the financial year, the Directors participated in an in-house training organized by the Company on Cyber Security Awareness Training, conducted by LGMS Berhad, as well as the 2025 Independent Directors/Commissioners Conference in Bangkok, organized by the regional office. All Directors had attended various training programmes/seminars during the financial year and the Nominating Committee reviewed the list of training programmes/seminars attended by the Directors and was satisfied with the training programmes/seminars attended by the Directors.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A2 Board Meetings

The Board held seven (7) meetings during the financial year and the attendance of the Board members was as follows:

<u>Board of Directors</u>	<u>Number of meetings attended</u>
U Chen Hock	1/1 *
Chuah Sue Yin	6/6 **
Tan Ming-Li	7/7
Christina Foo	6/6 ***
Loh Kam Hian	5/5 ^
Tang Loo Chuan	7/7

* Mr. U Chen Hock resigned as Chairman and Independent Director on 6 March 2025. He attended the only meeting held before his resignation.

** Ms. Chuah Sue Yin ended her tenure as Independent Director on 7 May 2025 following the expiration of her appointment term approved by BNM. She was subsequently appointed as a Non-Independent Non-Executive Director and Chairman of the Company on 1 July 2025. She attended all six meetings held during her tenure of appointment.

*** Ms. Christina Foo was appointed to the Board on 4 March 2025 and she attended all six meetings held after her appointment.

^ Mr. Loh Kam Hian was appointed to the Board on 1 April 2025 and he attended all five meetings held after his appointment.

A3 Board Committees

The Board has established the following four (4) Board Committees operating on the terms of reference approved by the Board, to assist the Board in the execution of its responsibilities.

Nominating Committee ("NC")

The composition of the NC as at the date of this report are as follows:

Christina Foo	Chairperson, Independent Director
Tan Ming-Li	Independent Director
Loh Kam Hian	Independent Director
Chuah Sue Yin	Non-Independent Non-Executive Director
Tang Loo Chuan	Executive Director

The NC is responsible for:

- (a) establishing a mechanism for formal assessment and carry out annual evaluation to assess the performance and the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board, the contribution of the Board's various committees, and the performance of the Chief Executive Officer;
- (b) establishing the minimum requirements for the Board and the Chief Executive Officer to perform their responsibilities effectively;

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Nominating Committee ("NC") (continued)

The NC is responsible for: (continued)

- (c) recommending and assessing the nominees for directorship, nominees for Board Committees membership, as well as nominees for the Chief Executive Officer or key senior officers or Company Secretary. This includes assessing the Directors and the Chief Executive Officer or key senior officers or Company Secretary proposed for re-appointment where applicable, before an application is submitted to BNM;
- (d) recommending to the Board the removal of a Director or Chief Executive Officer or Company Secretary if he/she is ineffective, errant or negligent in discharging his/her responsibilities;
- (e) ensuring Directors, Chief Executive Officer, and Company Secretary are assessed under the Fit and Proper requirements at time of appointment, on an annual basis or as and when circumstance changed that may affect the ability to meet the minimum requirements;
- (f) assisting the Board in regular review of succession plans for the Board and Board Committees; and
- (g) ensuring that all Directors undergo appropriate induction programmes and regularly review the training needs for Directors to ensure the Directors received continuous training.

The detailed terms of reference of the NC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

The NC held six (6) meetings during the financial year and the attendance of the NC members was as follows:

<u>Members of the NC</u>	<u>Number of meetings attended:</u>
U Chen Hock	1/1 [^]
Christina Foo	5/5 [*]
Tan Ming-Li	6/6
Chuah Sue Yin	5/5 ^{**}
Loh Kam Hian	4/4 ^{***}
Tang Loo Chuan	6/6

[^] Mr. U Chen Hock stepped down as a member of the NC on 6 March 2025. He attended the only meeting held before his resignation.

^{*} Ms. Christina Foo was appointed as a member of the NC on 4 March 2025. She was subsequently appointed as the Chairman of the NC on 8 May 2025. She attended all six meetings held after her appointment.

^{**} Ms. Chuah Sue Yin stepped down as the Chairman of the NC on 7 May 2025 following the expiration of her appointment term approved by BNM. She was subsequently appointed as a member of the NC on 1 July 2025. She attended all five meetings held during her tenure of appointment.

^{***} Mr. Loh Kam Hian was appointed as a member of the NC on 8 May 2025 and he attended all four meetings held after his appointment.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Remuneration Committee ("RC")

The composition of the RC as at the date of this report are as follows:

Christina Foo	Chairperson, Independent Director
Tan Ming-Li	Independent Director
Loh Kam Hian	Independent Director
Chuah Sue Yin	Non-Independent Non-Executive Director

The RC is responsible for:

- (a) recommending and periodically review the remuneration of Directors on the Board, particularly on whether the remuneration remains appropriate to each director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken; and
- (b) recommending and periodically review the remuneration framework for the Group and the Company, where the framework should:
 - (i) be in line with the business and risk strategies, corporate values and long-term interests of the Group and the Company;
 - (ii) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Group and the Company as a whole, taking into account the interests of customers; and
 - (iii) be designed and implemented with input from the control functions and the Risk Management and Compliance Committee to ensure that risk exposures and risk outcomes are adequately considered.

The detailed terms of reference of the RC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Remuneration Committee ("RC") (continued)

The RC held three (3) meeting during the financial year and the attendance of the RC members was as follows:

<u>Members of the RC</u>	<u>Number of meetings attended</u>
Christina Foo	3/3*
Tan Ming-Li	3/3
Loh Kam Hian	2/2**
Chuah Sue Yin	2/2***
U Chen Hock	Not Applicable^

* Ms. Christina Foo was appointed as a member of the RC on 4 March 2025. She was subsequently appointed as the Chairman of the RC on 8 May 2025. She attended all three meetings held after her appointment.

** Mr. Loh Kam Hian was appointed as a member of the RC on 8 May 2025 and he attended all two meetings held after his appointment.

*** Ms. Chuah Sue Yin stepped down as the Chairman of the RC on 7 May 2025 following the expiration of her appointment term approved by BNM. She was subsequently appointed as a member of the RC on 1 July 2025. She attended all two meetings held during her tenure of appointment.

^ Mr. U Chen Hock stepped down as a member of the RC on 6 March 2025. No meeting was held before his resignation.

Audit Committee ("AC")

The composition of the AC as at the date of this report are as follows:

Loh Kam Hian	Chairman, Independent Director
Tan Ming-Li	Independent Director
Christina Foo	Independent Director
Chuah Sue Yin	Non-Independent Non-Executive Director

The AC is established pursuant to the requirements of BNM/RH/PD/029-9: Guidelines on Corporate Governance to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information to ensure reliable and transparent financial reporting and oversee the effectiveness of internal audit function and external auditor. In doing so, the AC is providing an avenue for external and internal auditors to effectively voice their findings.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Audit Committee ("AC") (continued)

The AC is responsible for:

- (a) appointing the external auditors having regarded their independence, objectivity, performance, nature and scope of audit, as well as approving the terms of audit engagement and any provision of non-audit services by them where required;
- (b) reviewing the audit plans, findings and recommendations by the external auditors and statutory financial statements of the Group and the Company, including the discussion of the results and findings arising from the external audits and ensuring that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendation;
- (c) considering any related-party transactions that may arise within the Group and the Company or Tokio Marine group of companies;
- (d) reviewing the adequacy of the scope, functions and resources of internal audit function to perform audits including technology audits, given the size and complexity of the Group and the Company's operations; and
- (e) reviewing the internal audit programme and findings of the internal audit process and where necessary, ensuring that appropriate actions are taken to address control weaknesses non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.

The detailed terms of reference of the AC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Audit Committee ("AC") (continued)

The AC held four (4) meetings during the financial year and the attendance of the AC members was as follows:

<u>Members of the AC</u>	<u>Number of meetings attended</u>
Loh Kam Hian	3/3 *
Tan Ming-Li	4/4
Christina Foo	4/4 **
Chuah Sue Yin	3/3 ***
U Chen Hock	Not applicable ^

* Mr. Loh Kam Hian was appointed as the Chairman of the AC on 8 May 2025 and he attended all three meetings held after his appointment.

** Ms. Christina Foo was appointed as a member of the AC on 4 March 2025 and she attended all four meetings held after her appointment.

*** Ms. Chuah Sue Yin stepped down as the Chairman of the AC on 7 May 2025 following the expiration of her appointment term approved by BNM. She was subsequently appointed as a member of the AC on 1 July 2025. She attended all three meetings held during her tenure of appointment.

^ Mr. U Chen Hock stepped down as a member of the AC on 6 March 2025. No meeting was held before his resignation.

Risk Management and Compliance Committee ("RMCC")

The composition of the RMCC as at the date of this report are as follows:

Tan Ming-Li	Chairperson, Independent Director
Christina Foo	Independent Director
Loh Kam Hian	Independent Director
Chuah Sue Yin	Non-Independent Non-Executive Director

The RMCC is responsible for:

- reviewing and recommending risk management strategies, policies, risk appetite and risk tolerance levels including the technology risk appetite for the Board's approval;
- reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as to the extent to which these are operating effectively;
- reviewing and overseeing the adequacy of the 3-year IT and cybersecurity strategic plans. These plans shall be periodically reviewed, at least once every three (3) years;
- reviewing and recommending to the Board the technology-related frameworks including technology risk management framework ("TRMF"), cyber resilience framework ("CRF") and Cloud Strategy and Policy ("CSP"), and ensure the risk assessments undertaken in relation to material technology projects are robust and comprehensive;

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Risk Management and Compliance Committee ("RMCC") (continued)

- (e) reviewing reports from management on risk exposure, risk portfolio composition and risk management activities and ensure that these are within the risk appetite set by the Board. This including monitoring the Group and the Company's technology risk against its approved technology risk appetite;
- (f) reviewing and evaluating the adequacy and effectiveness of the overall management of compliance risk on yearly basis;
- (g) reviewing the management of any compliance and risk management incidents reported to and managed by the Management as well as to provide oversight on compliance reporting requirements; and
- (h) ensuring that adequate infrastructure, resources and systems are in place for effective Compliance and Risk Management. This includes ensuring that the staff responsible for managing Compliance and Risk Management are duly empowered to perform their responsibilities independently.

The detailed terms of reference of the RMCC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

The RMCC held four (4) meetings during the financial year and the attendance of the RMCC members was as follows:

<u>Members of the RMCC</u>	<u>Number of meetings attended</u>
Tan Ming-Li	4/4
Christina Foo	4/4 *
Loh Kam Hian	3/3 **
Chuah Sue Yin	3/3 ***
U Chen Hock	Not Applicable ^

* Ms. Christina Foo was appointed as a member of the RMCC on 4 March 2025 and she attended all four meetings held after her appointment.

** Mr. Loh Kam Hian was appointed as a member of the RMCC on 8 May 2025 and he attended all three meetings held after his appointment.

*** Ms. Chuah Sue Yin stepped down as a member of RMCC on 7 May 2025 following the expiration of her appointment term approved by BNM. She was subsequently appointed as a member of the RMCC on 1 July 2025. She attended all three meetings held during her tenure of appointment.

^ Mr. U Chen Hock stepped down as a member of the RMCC on 6 March 2025. No meeting was held before his resignation.

The RMCC is supported by the Group and the Company's senior management, the Compliance Department and the Risk Management Department.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

B. INTERNAL CONTROL FRAMEWORK

B1 Responsibility

The Board is responsible for the adequacy and effectiveness of the Group and the Company's risk management and internal control framework, including policies and procedures for compliance with applicable laws, regulations, rules, directives and guidelines. The framework is established to manage rather than eliminate risks and is designed to provide reasonable assurance against any occurrence of loss or non-compliances.

At the Board level, the responsibilities for the oversight of the risk management and internal control framework have been delegated to the Board RMCC and Board AC. The responsibilities are clearly defined in the respective committees' Terms of Reference.

B2 Authority & Responsibility

The Management Committee of the Group and the Company, led by the Chief Executive Officer, is responsible for implementation of the risk management and internal control framework. The Group and the Company have clearly defined lines of authority to supervise and monitor the business operations of the Group and the Company. Limits of authority have been established and approved by the Board. Various sub-committees have been formed to manage specific areas such as Asset & Liability Management, Claims, Underwriting, Information Technology ("IT") and Business Continuity. Roles and responsibilities for each committee are clearly defined in the respective committees' Terms of Reference.

B3 Planning, Monitoring & Reporting

The Group and the Company undergo a strategic planning and budgeting process to establish the annual business plan and performance targets which is recommended to the Board for approval. The Management Committee is responsible for implementing strategies to achieve the targets as well as adherence to established policies and procedures. Financial and operational reports are reviewed by the Management Committee on a monthly basis to allow timely response and actions to mitigate any potential risks. Reports are tabled and presented to the Board at least quarterly highlighting the performance of the Group and the Company as well as any updates on risk management, compliance and audit matters.

B4 Policies & Procedures

Policies and procedures have been established to ensure adequacy of internal controls as well as compliance with relevant laws and regulations. These policies and procedures are reviewed periodically to ensure the documents continue to be updated and aligned with business strategies and processes. The effectiveness in implementation of the policies and procedures is regularly reviewed by the governance functions of the Group and the Company. Key policies that have been established for the purpose of governance include the Risk Management Framework and Compliance Policy.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

B. INTERNAL CONTROL FRAMEWORK (CONTINUED)

B4 Policies & Procedures (continued)

The key policies and procedures for:

- (a) Risk Management function
 - (i) Risk Management Framework ("RMF");
 - (ii) Risk Appetite Framework ("RAF");
 - (iii) Operational Risk Management Framework ("ORMF");
 - (iv) Technology Risk Management Framework ("TRMF");
 - (v) Cyber Resilience Framework ("CRF");
 - (vi) Climate Risk Management Framework ("CRMF")
 - (vii) Cloud Strategy and Policy ("CSP"); and
 - (viii) Credit Risk Management Framework ("CRMF")

The above framework and policies are reviewed on an annual basis to ensure all relevant and latest requirements are considered and included. The framework and policies will be presented to Risk Management and Compliance Committee for endorsement before the Board's approval. During the financial year, there was no significant changes made to the framework except for some minor updates to enhance the clarity on the expected requirements.

- (b) Compliance function
 - (i) Compliance Policy;
 - (ii) Anti-Money Laundering and Counter Financing of Terrorism Policy;
 - (iii) Anti-Bribery and Corruption Policy;
 - (iv) Personal Data Protection Policy;
 - (v) Competition Policy and Compliance Procedures;
 - (vi) Compliance and Risk Management Incidents Reporting Policy; and
 - (vii) Whistleblowing Policy

These frameworks/policies are reviewed annually or from time to time to ensure continued relevance and to reflect latest regulatory and group requirements. These will be tabled to the Risk Management and Compliance Committee for endorsement before the Board's approval.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

B. INTERNAL CONTROL FRAMEWORK (CONTINUED)

B5 Three Lines of Defense

In accordance with the Group and the Company's RMF, the Group and the Company use the three lines of defense model to ensure the effectiveness of the risk management and internal control framework. The three lines of defense model provides clarity on roles and responsibilities as well as accountability in management of risk.

Line of Defense	Financial Segregation	Responsibilities
First Line	Risk taking units: Senior Management Business Units	<ul style="list-style-type: none">• Day-to-day management of risks inherent in their business decisions and activities; and• Putting in place tools and techniques, including monitoring and reporting, for managing risks in their activities.
Second Line	Independent risk oversight and control units that oversee and review the first line's activities: <ul style="list-style-type: none">• Risk Management• Compliance	<p>Risk Management:</p> <ul style="list-style-type: none">• Responsible for developing the risk management framework, setting policies and methodologies for risk management process. <p>Compliance:</p> <ul style="list-style-type: none">• Responsible for developing and implementing the compliance framework, policies and methodologies for managing compliance risk.
Third Line	Internal Audit	Responsible for providing the Board an independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control process within the Group and the Company.

B6 Internal Audit

The purpose of internal audit is to provide an independent, objective assurance and consulting activity designed to add value and improve the Group and the Company's operations. It helps the Group and the Company to accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of governance, risk management and internal control processes within the Group and the Company.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

C. REMUNERATION FRAMEWORK

The Remuneration Framework forms a key component of the governance and incentive structure. This covers all the employees in the Group and the Company at the headquarter and branches.

The objectives of the Policy are to:

- (a) serve as a guide for the performance assessment and compensation matters of the employee through which the Board ensures the remuneration is aligned with the culture, objectives and strategy of the Group and the Company; and
- (b) attract, develop and retain high performing and motivated employees.

The overall Remuneration Framework for the Group and the Company is set to:

- (a) be in line with the business and risk strategies, corporate values and long-term interests of the Group and the Company;
- (b) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Group and the Company as a whole, taking into account the interests of its customers; and
- (c) take into account any input from the control functions and the Board RMCC to ensure that risk exposures and risk outcomes are adequately considered.

At the start of the year, the Board reviews, considers and approves the Corporate Key Performance Indicators ("KPI") and performance bonus pool for the year. The KPI is set by taking into account the business and risk strategies, long-term interest, time horizon of risks and corporate values of the Group and the Company and the performance bonus pool will depend on the actual achievement rate at the end of the financial year. The KPI set is measured by financial metrics linked to business growth, distribution strategies and value creation and non-financial metrics linked to customers' (including employees, customers and intermediaries) engagement.

Subsequent to the Board's approval, the Chief Executive Officer will cascade the KPI to the direct reports; who then cascade to their respective departments. The KPI shall be set in accordance to the level of accountability, roles and responsibilities of the individual employee.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

C. REMUNERATION FRAMEWORK (CONTINUED)

After the financial year ended, the Management will present the performance of the Group and the Company against the Corporate KPIs set and the resulting performance bonus pool. Performance bonus is not guaranteed and shall be subject to the performance of the Group and the Company, the department and the individual employees. If the Group and the Company's performance metrics are weak compared to the Corporate KPIs set, the adjustments will be made accordingly to the performance bonus pool. Staff is appraised against the KPIs set for them. Performance bonus is linked to the contribution of the department and the individual staff to the overall performance of the Group and the Company.

To safeguard the independence and authority of individuals engaged in control functions, the remuneration of such individuals is based principally on the achievement of control functions objectives, and determined in a manner that is independent from the business lines. KPIs of the Appointed Actuary, the Head of Internal Audit, the Head of Risk Management and the Head of Compliance are based on the functions' objectives.

The Group and the Company remunerate the staff in the form of cash where the components comprised of fixed salary and variable performance bonus. The variable performance bonus is not guaranteed and is subject to the performance of the Group and the Company, the department and the individual employee.

The Group and the Company continue to review its Remuneration Framework on an ongoing basis taking into consideration current market practices as well as the guidelines issued by the regulators and have introduced an additional remuneration component as follows:

The Long Term Incentive Plan ("LTI") is a multi-year remuneration framework developed as contingent bonus upon meeting the performance metrics set and such reward is paid 3 years after the assessment period. By aligning key executives' interest with the long term value creation within the risk appetite and the deferment of LTI payment, the LTI Plan would fulfil the regulatory requirement on the adoption of a multi-year remuneration framework for senior management and other material risk takers. In addition, LTI Plan is an effective way to reward, motivate and retain talents who have contributed to the long term value creation of the Group and the Company.

As of 31 December 2025, the Group and the Company have 17 (2024: 17) senior management members comprising of Chief Executive Officer and his direct reports. Besides the senior management members, there is one material risk taker comprising of the Head of Fixed Income. The quantitative remuneration disclosure for the senior management members for the financial year ended 31 December 2025 is shown in the table below. All the senior management members received variable remuneration for the financial year; and none (2024: 1) of the senior management members received a sign-on award during the financial year 2025; and none of the members receive any guaranteed bonus, severance payments.

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

C. REMUNERATION FRAMEWORK (CONTINUED)

The remuneration paid and accrued to the Board members, senior management members and other material risk takers during the financial year ended 31 December 2025 are shown in the following tables:

<u>Name</u>	<u>Directorship/Designation</u>	<u>Fixed Remuneration</u>	<u>Variable Remuneration</u>	<u>Total value of remuneration awards for the financial year</u> RM'000
		<u>Cash-based</u> RM'000	<u>Cash-based</u> RM'000	
U Chen Hock	Chairman/Independent Director*	37	2	39
Chuah Sue Yin	Chairman/Non-Independent Non-Executive Director**	166	19	185
Tan Ming-Li	Independent Director	140	24	164
Christina Foo	Independent Director***	115	22	137
Loh Kam Hian	Independent Director^	97	17	114

* Mr. U Chen Hock resigned as Chairman and Independent Director on 6 March 2025

** Ms. Chuah Sue Yin was appointed as a Non-Independent Non-Executive Director and Chairman of the Board on 1 July 2025.

*** Ms. Christina Foo was appointed to the Board on 4 March 2025.

^ Mr. Loh Kam Hian was appointed to the Board on 1 April 2025.

<u>Name</u>	<u>No of Headcount</u>	<u>Fixed Remuneration</u>	<u>Variable Remuneration</u>	<u>Total value of remuneration awards for the financial year</u> RM'000
		<u>Cash-based*</u> RM'000	<u>Cash-based</u> RM'000	
Senior management Members and other material risk takers	18	11,596	8,156	19,752

The quantitative remuneration disclosure for the Chief Executive Officer is disclosed in Note 25(a) to the financial statements.

* Amount including benefits-in-kind.

No deferred fixed remuneration, shares and share-linked instrument was paid and accrued to the Board members, senior management members and other material risk takers during the financial year ended 31 December 2025.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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DIRECTORS' REPORT (CONTINUED)

FINANCIAL REPORTING

The Board has the overall responsibilities to ensure that accounting records are properly kept and that the Group and the Company's financial statements are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Group and the Company meet all prescriptive requirements under this section relating to proper records, annual reports, public disclosure and statutory reporting.

SUBSIDIARIES

The Company do not have any subsidiary except for investment in controlled structured entities as disclosed in Note 8 of the financial statements. There is no director in the controlled structured entities.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Group and the Company or its holding company or subsidiaries of the holding company during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Group and the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind shown in page 24 of the Directors' Report) by reason of a contract made by the Group and the Company or a related corporation 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.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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DIRECTORS' REPORT (CONTINUED)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and the Company were RM10,000,000 (2024: RM10,000,000) and RM27,000 (2024: RM27,000) respectively.

IMMEDIATE AND ULTIMATE HOLDING CORPORATION

During the year, there was a change in immediate holding company from Tokio Marine Life Insurance Singapore Ltd ("TMLIS") to Tokio Marine & Nichido Fire Insurance Co. Ltd. ("TMNF"), a company incorporated in Japan. Tokio Marine Holdings, Inc., a company incorporated in Japan, is the ultimate holding company.

EVENTS DURING THE YEAR AND SUBSEQUENT EVENTS

Events during the year and subsequent to year-end are disclosed in Note 32 to the financial statements.

AUDITORS' REMUNERATION

There is no indemnity given or insurance effected for any auditor of the Group and the Company. The auditors' remuneration for the financial year is as follows:

	<u>Group</u> RM'000	<u>Company</u> RM'000
Statutory audit	1,270	1,256
Other audit services	455	455
	<u> </u>	<u> </u>

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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DIRECTORS' REPORT (CONTINUED)

AUDITORS

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

This report was approved by the Board of Directors on 24 March 2026. Signed on behalf of the Board of Directors:



LOH KAM HIAN
DIRECTOR



CHUAH SUE YIN
DIRECTOR

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Loh Kam Hian and Chuah Sue Yin, two of the Directors of Tokio Marine Life Insurance Malaysia Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 33 to 246 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and financial performance and the cash flow of the Group and the Company for the financial year ended 31 December 2025 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 March 2026.



LOH KAM HIAN
DIRECTOR



CHUAH SUE YIN
DIRECTOR

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

I, Kang Yu Fen, the officer primarily responsible for the financial management of Tokio Marine Life Insurance Malaysia Bhd., do solemnly and sincerely declare that the financial statements set out on pages 33 to 246 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



KANG YU FEN

Subscribed and solemnly declared by the above named Kang Yu Fen at Kuala Lumpur in Malaysia on 24 March 2026.

Before me:



COMMISSIONER FOR OATH

at 6.12, Tingkat 6, Wisma Centra'
147, Jalan Ampang,
50450, Kuala Lumpur



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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Registration No. 199801001430 (457556-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Tokio Marine Life Insurance Malaysia Bhd. ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the 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 Group and of the Company, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss, statements of total comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 33 to 246.

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



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(CONTINUED)
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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 Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, 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 Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(CONTINUED)**

(Incorporated in Malaysia)
Registration No. 199801001430 (457556-X)

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 Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (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 Group's and 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.
- (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 Group's or 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 Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 199801001430 (457556-X)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1145
Chartered Accountants

LIEW CHI MIN
03529/09/2026 J
Chartered Accountant

Kuala Lumpur
24 March 2026

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Property, plant and equipment	3	159,886	160,490	159,886	160,490
Right-of-use assets	4	10,395	10,042	10,395	10,042
Investment properties	5	183,934	185,104	183,934	185,104
Intangible assets	6	5,989	6,587	5,989	6,587
Financial investments					
Fair value through other comprehensive income ("FVOCI") financial assets	7a	7,498,028	7,074,230	7,498,028	7,074,230
Fair value through profit or loss ("FVTPL") financial assets	7b	4,375,311	4,017,302	4,376,732	4,020,017
Amortised cost ("AC") financial assets	7c	529	537	529	537
Reinsurance contract assets	9	94,797	110,462	94,797	110,462
Tax recoverable		14,236	-	14,236	-
Other receivables	10	11,282	9,748	11,276	9,660
Cash and cash equivalents		569,234	500,575	566,555	497,789
TOTAL ASSETS		12,923,621	12,075,077	12,922,357	12,074,918
LIABILITIES AND EQUITY					
Share capital	11	796,000	226,000	796,000	226,000
Retained earnings	12	1,520,647	1,238,142	1,520,647	1,238,142
Asset revaluation reserve		4,142	3,996	4,142	3,996
FVOCI reserve		116,886	73,134	116,886	73,134
Insurance finance reserve		(86,274)	(62,341)	(86,274)	(62,341)
Reinsurance finance reserve		5,084	3,026	5,084	3,026
TOTAL EQUITY		2,356,485	1,481,957	2,356,485	1,481,957
Insurance contract liabilities	13	9,850,608	10,043,605	9,850,045	10,044,075
Reinsurance contract liabilities	9	4,304	3,988	4,304	3,988
Lease liabilities		820	500	820	500
Other payables	14	250,216	142,739	250,001	142,686
Other financial liabilities		486	576	-	-
Provision for agency long association benefits	15	47,856	44,787	47,856	44,787
Current tax liabilities		-	597	-	597
Deferred tax liabilities	16	412,846	356,328	412,846	356,328
TOTAL LIABILITIES		10,567,136	10,593,120	10,565,872	10,592,961
TOTAL LIABILITIES AND EQUITY		12,923,621	12,075,077	12,922,357	12,074,918

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

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Insurance revenue		769,627	745,513	769,627	745,513
Insurance service expenses		(658,393)	(633,193)	(658,393)	(633,193)
Net (expenses)/income from reinsurance contracts held		(19,049)	4,804	(19,049)	4,804
Insurance service result	17	92,185	117,124	92,185	117,124
Finance expenses from insurance contracts issued		(327,499)	(825,823)	(326,466)	(825,903)
Finance income from reinsurance contracts held		2,274	3,058	2,274	3,058
Net insurance finance expenses	18	(325,225)	(822,765)	(324,192)	(822,845)
Interest revenue from financial assets not measured at FVTPL		327,487	307,236	327,487	307,236
Net gains on FVTPL investments		270,098	674,595	268,584	673,921
(Allowance for)/write-back of net credit impairment losses		(42)	27	(42)	27
Net gains on investments in debt securities measured at FVOCI		7,228	9,497	7,228	9,497
Net (losses)/gains from fair value adjustments to investment properties		(1,170)	14,772	(1,170)	14,772
Rental income from investment properties		7,344	7,456	7,344	7,456
Net investment income	19	610,945	1,013,583	609,431	1,012,909
Net insurance and investment result		377,905	307,942	377,424	307,188
Other operating expenses	25	(4,202)	(18,336)	(3,721)	(17,625)
Finance costs	32(ii)	(6,184)	-	(6,184)	-
Profit before taxation		367,519	289,606	367,519	289,563
Taxation	20	(75,014)	(118,965)	(75,014)	(118,961)
Net profit for the year		292,505	170,641	292,505	170,602
Basic earnings per share (sen)	21	36.75	75.50	36.75	75.49

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Net profit for the year	292,505	170,641	292,505	170,602
Other comprehensive income/(loss):				
<u>Items that will be reclassified subsequently to profit or loss</u>				
Fair value change on FVOCI financial assets: (Note 19)	90,768	4,555	90,768	4,555
Net fair value gain arising during the year	100,808	16,541	100,808	16,541
Realised gains transferred to statement of profit or loss	(10,082)	(11,959)	(10,082)	(11,959)
Allowance for/(write-back) of net credit impairment losses transferred to statement of profit or loss	42	(27)	42	(27)
Income tax relating to these items	(18,200)	(1,959)	(18,200)	(1,959)
Finance expenses from insurance contracts issued	(58,732)	(1,908)	(58,732)	(1,908)
Tax effects thereon	5,983	1,138	5,983	1,138
Finance income from reinsurance contracts held	2,573	2,266	2,573	2,266
Tax effects thereon	(515)	(453)	(515)	(453)
<u>Items that will not be reclassified to profit or loss</u>				
Asset revaluation reserve:				
Gross asset revaluation surplus	2,790	4,213	2,790	4,213
Income tax relating to these items	(259)	(392)	(259)	(392)
Finance expenses from insurance contracts issued	(2,385)	(3,602)	(2,385)	(3,602)
Total other comprehensive income for the year, net of tax	22,023	3,858	22,023	3,858
Total comprehensive income for the year	314,528	174,499	314,528	174,460

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

**GROUP STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Group	Non-distributable to owner					Distributable to owner	Total RM'000
	Share capital RM'000	FVOCI reserve** RM'000	Asset revaluation reserves RM'000	Insurance finance reserve** RM'000	Reinsurance finance reserve RM'000	Retained earnings* RM'000	
At 1 January 2024	226,000	66,760	3,777	(57,793)	1,213	1,077,501	1,317,458
Net profit for the year	-	-	-	-	-	170,641	170,641
Other comprehensive income/(loss) for the year	-	6,374	219	(4,548)	1,813	-	3,858
Total comprehensive income/(loss) for the year	-	6,374	219	(4,548)	1,813	170,641	174,499
Dividend paid	-	-	-	-	-	(10,000)	(10,000)
At 31 December 2024/1 January 2025	226,000	73,134	3,996	(62,341)	3,026	1,238,142	1,481,957
Net profit for the year	-	-	-	-	-	292,505	292,505
Increase in share capital	570,000	-	-	-	-	-	570,000
Other comprehensive income/(loss) for the year	-	43,752	146	(23,933)	2,058	-	22,023
Total comprehensive income/(loss) for the year	570,000	43,752	146	(23,933)	2,058	292,505	884,528
Dividend paid	-	-	-	-	-	(10,000)	(10,000)
At 31 December 2025	796,000	116,886	4,142	(86,274)	5,084	1,520,647	2,356,485

* Included in the retained earnings as at 31 December 2025 is unallocated surplus in the insurance funds (net of deferred tax). These amounts are only distributable upon the actual recommended transfer from insurance funds to the Shareholders' Fund by the Appointed Actuary and the approval by the Board of Directors of the Group and the Company.

** Refer to Note 2.4(i)(iv) to the financial statements

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

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199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Company	Non-distributable to owner					Distributable to owner	Total
	Share capital	FVOCI reserve**	Asset revaluation reserves	Insurance finance reserve**	Reinsurance finance reserve	Retained earnings*	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	226,000	66,760	3,777	(57,793)	1,213	1,077,540	1,317,497
Net profit for the year	-	-	-	-	-	170,602	170,602
Other comprehensive income/(loss) for the year	-	6,374	219	(4,548)	1,813	-	3,858
Total comprehensive income/(loss) for the year	-	6,374	219	(4,548)	1,813	170,602	174,460
Dividend paid	-	-	-	-	-	(10,000)	(10,000)
At 31 December 2024/1 January 2025	226,000	73,134	3,996	(62,341)	3,026	1,238,142	1,481,957
Net profit for the year	-	-	-	-	-	292,505	292,505
Increase in share capital	570,000	-	-	-	-	-	570,000
Other comprehensive income/(loss) for the year	-	43,752	146	(23,933)	2,058	-	22,023
Total comprehensive income/(loss) for the year	570,000	43,752	146	(23,933)	2,058	292,505	884,528
Dividend paid	-	-	-	-	-	(10,000)	(10,000)
At 31 December 2025	796,000	116,886	4,142	(86,274)	5,084	1,520,647	2,356,485

* Included in the retained earnings as at 31 December 2025 is unallocated surplus in the insurance funds (net of deferred tax). These amounts are only distributable upon the actual recommended transfer from insurance funds to the Shareholders' Fund by the Appointed Actuary and the approval by the Board of Directors of the Company.

** Refer to Note 2.4(i)(iv) to the financial statements

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the year	292,505	170,641	292,505	170,602
Adjustments for non-cash items:				
Investment income	(439,470)	(410,875)	(438,822)	(410,410)
Interest expense for lease liabilities	72	89	72	89
Realised gains of FVOCI financial assets	(10,082)	(11,959)	(10,082)	(11,959)
Expected credit losses ("ECL") on investments in financial assets	42	(27)	42	(27)
Fair value gains of FVTPL financial assets	(162,605)	(575,950)	(161,739)	(575,741)
Fair value losses/(gains) of investment properties	1,170	(14,772)	1,170	(14,772)
Depreciation of property, plant and equipment	5,382	5,387	5,382	5,387
Depreciation of right-of-use assets	596	790	596	790
Write-offs of property, plant and equipment	2	10	2	10
Gain on disposal of property, plant and equipment	(108)	-	(108)	-
Amortisation of intangible assets	2,516	4,048	2,516	4,048
Impairment loss of other receivables	522	555	522	555
Provision for agency long association benefits	6,182	6,720	6,182	6,720
Interest expense on subordinated loan	6,184	-	6,184	-
Taxation	75,014	118,965	75,014	118,961
Changes in working capital:				
Purchases of financial assets	(2,510,161)	(2,922,437)	(2,431,949)	(2,900,378)
Proceeds from maturity and disposal of financial assets	1,916,762	2,196,497	1,888,771	2,175,714
Decrease in loans	8	207	8	207
Decrease/(increase) in reinsurance contract assets	18,239	(24,952)	18,239	(24,952)
Decrease/(increase) in other receivables	634	(23,220)	634	(23,220)
Increase in insurance contract liabilities	429,901	979,338	429,901	979,338
Increase in reinsurance contract liabilities	316	-	316	-
Increase/(decrease) in other payables	30,259	4,071	3,588	(2,476)
Decrease in other financial liabilities	(90)	(98)	-	-
Dividend income received	95,157	85,892	94,923	85,671
Interest income received	349,678	345,206	347,496	343,066
Rental income received	7,522	7,336	7,522	7,336
Agency long association benefits paid	(3,113)	(3,064)	(3,113)	(3,064)
Income tax paid	(46,321)	(24,830)	(46,321)	(24,830)
Fee paid	(882)	(759)	-	-
Payment of Bancassurance upfront fee	(570,000)	-	(570,000)	-
Net cash outflows from operating activities	(504,169)	(87,191)	(480,549)	(93,335)

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,123)	(1,481)	(2,123)	(1,481)
Purchase of intangible assets	(1,918)	(2,388)	(1,918)	(2,388)
Proceeds from disposal of property, plant and equipment	108	-	108	-
Net cash outflows from investing activities	<u>(3,933)</u>	<u>(3,869)</u>	<u>(3,933)</u>	<u>(3,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(10,000)	(10,000)	(10,000)	(10,000)
Payment to lease liabilities	(568)	(649)	(568)	(649)
Issuance of subordinated loan and subsequent converted to share capital	570,000	-	570,000	-
Interest paid on subordinated loan	(6,184)	-	(6,184)	-
Cash proceed from unit created	29,212	14,610	-	-
Cash paid for unit cancelled	(5,699)	(22,458)	-	-
Net cash inflows/(outflows) from financing activities	<u>576,761</u>	<u>(18,497)</u>	<u>553,248</u>	<u>(10,649)</u>
Net increase/(decrease) in cash and cash equivalents	68,659	(109,557)	68,766	(107,853)
Cash and cash equivalents at 1 January	500,575	610,132	497,789	605,642
Cash and cash equivalents at 31 December	<u>569,234</u>	<u>500,575</u>	<u>566,555</u>	<u>497,789</u>
Cash and cash equivalents comprise:				
Cash and bank balances	43,557	35,545	41,439	34,859
Fixed and call deposits with maturity of less than three months	525,677	465,030	525,116	462,930
	<u>569,234</u>	<u>500,575</u>	<u>566,555</u>	<u>497,789</u>

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

An analysis of changes in liabilities arising from financing activities is as follows:

	Group/Company	
	2025	2024
	RM'000	RM'000
Lease liabilities:		
As at 1 January	500	484
Lease additions (Note 4)	816	576
Interest expense for lease liabilities	72	89
Payment to lease liabilities	(568)	(649)
As at 31 December	<u>820</u>	<u>500</u>

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Group and the Company are principally engaged in the underwriting of all classes of life insurance business, including investment-linked business. There were no significant changes in the nature of this activity during the financial years relevant to these financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 23, Menara Tokio Marine Life, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia. The principal place of business of the Company is located at Ground Floor, Menara Tokio Marine Life, 189 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

During the year, there is a change of ownership from Tokio Marine Life Insurance Singapore Ltd (“TMLIS”) to Tokio Marine & Nichido Fire Insurance Co. Ltd. (“TMNF”), a company incorporated in Japan, as the Company’s immediate holding company and Tokio Marine Holdings, Inc., a company incorporated in Japan, as the ultimate holding company.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 March 2026.

2 MATERIAL ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the Directors to exercise their judgement in the process of applying the Group and the Company’s accounting policies. It also requires the use of 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. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results could differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 2.3 to the financial statements.

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group and the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2a Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company

The accounting policies adopted by the Group and the Company for the financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2024, except for the adoption of the following amendments to MFRS:

	<u>Effective Date</u>
Amendments to MFRS 121 "The Effects of Changes in Foreign Exchange Rates" "Lack of Exchangeability"	1 January 2025

The adoption of the above amendments to standards issued by MASB in the current financial year does not have any material impact to the financial statements of the Group and the Company for the current financial year and/or prior periods, and it is not likely to affect future periods.

2.2b The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years:

(i) Financial year beginning after 1 January 2026

Amendments to MFRS 9 "Financial Instruments" and MFRS 7 "Financial Instruments: Disclosures" "Amendments to the Classification and Measurement of Financial Instruments"

The amendments require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met).

The amendments clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion.

The amendments 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 the amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2b The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

(i) Financial year beginning after 1 January 2026 (continued)

Annual improvements to MFRS Accounting Standards for Enhanced Consistency

The annual improvements comprise the following amendments:

- Amendments to MFRS 1 align the hedge accounting provisions with MFRS 9 requirements and add cross-references for better clarity.
- Amendments to MFRS 7 on gain or loss on derecognition – obsolete cross-referencing is removed. Additionally, the implementation guidance is revised to address the inconsistency within MFRS 7 on disclosure of deferred difference between fair value and transaction price. The amendments also clarify that the credit risk guidance does not cover all MFRS 7 requirements.
- Amendments to MFRS 9 clarify that the derecognition principle of MFRS 9 should be applied by lessees to account for extinguished lease liabilities. In addition, the term “transaction price” as defined in MFRS 15 has also been removed from MFRS 9.
- Amendments to MFRS 10 resolve an inconsistency in determining whether a party is acting as a de facto agent.
- Amendments to MFRS 107 replace the term ‘cost method’ which is not a defined term in MFRS.

(ii) Financial year beginning after 1 January 2027

MFRS 18 “Presentation and Disclosure in Financial Statements”

The new MFRS replaces MFRS 101 “Presentation of Financial Statements” and introduces a new structure of profit or loss statement.

- (a) Income and expenses are classified into 3 main categories:
- (i) Operating category which typically includes results from the main business activities;
 - (ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - (iii) Financing category that presents income and expenses from financing liabilities.
- (b) Entities are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

MFRS 18 will be applied retrospectively.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2b The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

(ii) Financial year beginning after 1 January 2027 (continued)

MFRS 19 “Subsidiaries without Public Accountability: Disclosures”

MFRS 19 is a voluntary MFRS Accounting Standard that provides reduced disclosure requirements for eligible subsidiaries. An eligible entity may elect to apply MFRS 19 if at the end of the reporting period, the entity meets all the following conditions:

- is a subsidiary as defined in MFRS 10;
- does not have public accountability; and
- has an ultimate or intermediate parent that prepares consolidated financial statements available for public use that comply with MFRS Accounting Standards

If an eligible entity elects to apply MFRS 19, it continues to apply the recognition, measurement and presentation requirements in other MFRS Accounting Standards, except for the disclosure requirement, where the “reduced disclosure requirements” of MFRS 19 should be applied.

Eligible subsidiaries that elect to apply MFRS 19 in one reporting period may revoke the election at a subsequent reporting period, and therefore, may elect to apply MFRS 19 more than once. When there is a change in the application of MFRS 19, comparative information is provided for all amounts reported in the current period’s financial statements.

The amendments to standards or interpretations effective for the financial years beginning on or after 1 January 2026 are not expected to have any material financial impact to the financial statements of the Group and the Company in the period when effective, except for the adoption of the amendments to MFRS 9 and MFRS 7, and MFRS 18. Management is currently assessing the detailed implications of applying the new/amendments to the standards on the financial statements of the Group and the Company.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Significant Accounting Judgements, Estimates and Assumptions

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

(a) Critical judgements in applying the Group and the Company's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company. However, the Directors are of the opinion that there are currently no accounting policies which require significant judgement to be exercised.

(b) Key sources of estimation, uncertainty and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Valuation of insurance and reinsurance contract liabilities/assets

Fulfilment cash flows that comprise:

- Estimates of future cash flows;
- An adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- A risk adjustment for non-financial risk.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Significant Accounting Judgements, Estimates and Assumptions (continued)

(b) Key sources of estimation, uncertainty and assumptions (continued)

Valuation of insurance and reinsurance contract liabilities/assets (continued)

The contractual service margin (“CSM”) represents the unearned profit the Company will recognise as it provides insurance contract services in the future. The CSM is released in each reporting period for an amount recognised in profit or loss to reflect the insurance contract services provided under the group of insurance contracts in that period.

Summary of accounting policies and assumptions adopted for the valuation of liabilities can be found in Note 2.4(i) and Note 29b. Additionally, sensitivity of reported financial position to key assumptions is disclosed in Note 29d.

Consolidation of investment in collective investment schemes

The Company assesses the requirements under MFRS 10 Consolidated Financial Statements and accounting policies in Note 2.4 (a)(i) on its investments in collective investment schemes as at 31 December 2025. The considerations on which the Company assesses control over its investment in collective investment schemes (covering both wholesale or retail funds) include but not limited to the following:

- whether the Company, being the unit holder, has the practical ability to summon for a unitholders’ meeting or any other alternative mechanism to remove the Trustee or the Manager of the collective investment schemes;
- whether the Company has the ability to change the investment objectives / mandates of the collective investment schemes to affect the collective investment schemes’ investment strategies and returns;
- any rights arising from other contractual arrangements; and
- whether the Company is exposed to, or has rights to variable returns from its investment in collective investment schemes.

The Company’s assessment and conclusion on whether the Company has control over collective investment schemes are included in Note 8 to the financial statements.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Company has determined that the investment in structured securities, such as unit trust investments that the Company has interests in are structured entities.

(ii) Change in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. The difference between fair value of any consideration paid and relevant shares equivalent of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries (including structured entities) are carried at fair value in accordance with MFRS 9 "Financial Instrument". On disposal of investment in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in the profit or loss.

(c) Business combination

The purchase method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than fair value of the acquired net assets, the difference is recognised directly in the profit or loss.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(d) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value less accumulated depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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 Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss.

Freehold land is not depreciated as it has an infinite life. Depreciation is provided so as to write off the cost of other property, plant and equipment on a straight line basis to their residual values over the expected useful lives of the assets. The expected useful lives of the assets are summarised as follows:

Motor vehicles	5 years
Office equipment, furniture and fittings	10 years
Computer equipment	4 years
Renovation	10 years
Leasehold land	Lease period ranging from 63 to 914 years
Leasehold buildings	Lease period subject to a maximum of 50 years
Freehold buildings	50 years

Depreciation on assets under construction commences when the assets are ready for their intended use. Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting year. Depreciation is recognised in insurance service expenses if it is directly attributable to insurance acquisition activities as stated in Note 2.4(i)(iii)(a) and Note 2.4(i)(iv)(a).

(e) Investment properties

Investment properties, comprising principally land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group and the Company.

Investment properties are initially stated at cost including related and incidental expenditure incurred, and are subsequently carried at fair value, representing open market value determined by independent professional valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(e) Investment properties (continued)

The fair values of investment properties are reviewed annually by an independent professional valuer. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Changes in fair values are recognised in profit or loss.

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group and the Company.

(f) Intangible assets

All intangible assets are stated at cost less accumulated amortisation and impairment losses.

The intangible assets mainly consist of computer software. Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the project. These costs are amortised over their expected useful life of 4 years on a straight-line basis, with the useful lives being reviewed annually.

Amortisation of intangible assets under development commences when the intangible assets are ready for their intended use. Amortisation is recognised in insurance service expenses if it is directly attributable to insurance acquisition activities as stated in Note 2.4 (i)(iii)(a) and Note 2.4 (i)(iv)(a).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may be impaired. An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. Recoverable amount is estimated for an individual asset, or, if it is not possible, for the cash-generating unit. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(g) Impairment of non-financial assets (continued)

A subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(h) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (that is, the date on which the Company commits to purchase or sell the asset).

At initial recognition, the Group and the Company measure a financial asset or financial liability at its fair value, plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income.

(ii) Financial Asset classification and subsequent measurement

a) Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds. The debt instruments depend on the Group and the Company's business model test and the contractual cashflow characteristics of the assets (solely payment of principal and interest ("SPPI") test). If the debt instrument meets both the business model test and the SPPI test, the debt instruments shall be measured at FVOCI. The debt instrument will be initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are re-measured at fair value.

All fair value adjustments are recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment. Debt instruments that are held for trading or are managed on a fair value basis (including derivatives) will be classified as FVTPL. Such financial assets do not meet the business model test as well as the contractual cashflow characteristics test. These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All subsequent fair value adjustments are recognised through profit or loss.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(h) Financial instruments (continued)

(ii) Financial Asset classification and subsequent measurement (continued)

a) Debt Instruments (continued)

Nonetheless, debt instruments which meets the requirements to be either measured at FVOCI, may irrevocably be designated to FVTPL on initial recognition, when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group and the Company classify debt instruments as financial assets at FVOCI, except for financial assets for investment-linked funds which remains as FVTPL.

b) Equity

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

The Group and the Company subsequently measures all equity investments, including real estate investment trust and unit trust funds at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Net gains on FVTPL investments' in the statement of profit or loss.

c) Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if the business model is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the outstanding principal. Financial assets at amortised cost are subsequently measured using the effective interest rates and are subject to impairment assessment. The Group and the Company classified loans and receivables as financial assets measured at amortised cost.

(iii) Impairment of financial instruments

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage ECL impairment model:

Stage 1: 12-month ECL

For financial assets that have no significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the 12-month ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months) will be recognised in profit or loss.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(h) Financial instruments (continued)

(iii) Impairment of financial instruments (continued)

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage ECL impairment model:

Stage 2: Lifetime ECL - Non-credit impaired

For financial assets that have significant increase in credit risks since initial recognition but do not have objective evidence of impairment, a lifetime ECL that results from all possible default events over the expected life of the financial assets will be recognised in profit or loss. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company is exposed to credit risk.

Stage 3: Impairment - Credit impaired

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, impairment will be recognised in profit or loss.

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

The Group and the Company used the general approach to measure loss allowances for the following:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group and the Company considered debt security to have low credit risk when its credit risk rating is a minimum base rating of "BBB". The Group and the Company also considered all government issued or government guaranteed debt securities to have low credit risk. The Group and the Company's fixed deposits with licensed banks are also assessed to have low credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company considered reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and the Company's historical experience and informed credit assessment and including forward-looking information.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(h) Financial instruments (continued)

(iii) Impairment of financial instruments (continued)

A significant increase in credit risk since inception may occur in the following:

- a) if the financial assets are 30 days past due;
- b) in the case of corporate debt securities, if there is a significant deterioration of credit risk rating by 2 ranks from the initial purchase or contract date; or
- c) significant increase in bond yields due to market's assessment of creditworthiness of those investments.

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

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

- significant financial difficulty of the borrower or issuer, such as lawsuits of similar actions that threaten the financial viability of the counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The simplified approach impairment recognition allows for loss allowance to be recognised based on expected lifetime ECL, without considering credit risk. Loss allowances for trade and other receivables, with no financing component, are always measured at an amount equal to lifetime ECLs.

ECL is a probability weighted estimate of credit losses over the expected life of a financial asset. The estimated ECL incorporates time value of money and considers historical data, current conditions and forecasts of future economic conditions.

The Group and the Company measured the ECL on an individual basis for debts securities that are deemed significant. When estimating ECL, the Group and the Company considered the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD").

$$ECL = PD \times LGD \times EAD$$

PD represents the likelihood of a borrower defaulting on its financial obligation at the time of default, either over the next 12 months, or over the remaining lifetime of the obligation. Multi-year PDs (of up to 30 years) are generated, based on proprietary and publicly available ratings data, using statistical methods. PDs representing different economic scenarios are projected, allowing the Group and the Company to consider a range of possible outcomes as required under MFRS 9. If a counterparty of exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(h) Financial instruments (continued)

(iii) Impairment of financial instruments (continued)

LGD is the estimated magnitude of the likely loss if there is a default, based on statistical method. LGD is expressed as a percentage per loss per unit of exposure at the time of default and varies by type and seniority of claims, availability of collateral, geographical location and industry of borrower and existing market conditions.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount.

The PDs and LGDs are then applied accordingly to the carrying value of financial assets (debt securities at FVOCI) to obtain an ECL.

As the Group and the Company measured ECL on a collective basis, the financial assets are grouped based on shared characteristics such as credit risk rating, type of financial asset, and etc. Forward looking information and key economic variables are considered while assessing the change in credit risk of an instrument. These economic variables and their associated impact on PD, LGD and EAD vary by financial instruments. Some of the key macroeconomics factors incorporated into the ECL estimation include Gross Domestic Product, current and future interest rates environment.

(iv) Derecognition of financial assets

The Group and the Company derecognised a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of financial assets in its entirety, other than for equity instruments which are FVOCI, all gains and losses, (difference between the carrying amount and the sum of consideration received or receivable), if any, is recognised in the profit or loss. Accumulated fair value gains and losses on debt securities at FVOCI which were recognised within OCI will be reclassified from OCI to profit or loss; whilst accumulated fair value gains and losses on equity instruments at FVOCI which were recognised within OCI are directly transferred to retained earnings.

(v) Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(h) Financial instruments (continued)

(v) Fair value of financial instruments

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the date of the statement of financial position.

For investments in unit and real estate investment trusts, fair value is determined by reference to published bid values.

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit/placement and accrued interest/profit. The fair value of fixed interest/yield-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the date of the statement of financial position.

If investments in equity instruments do not have quoted market price in an active market and whose fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition of financial assets are also included in the cost of the financial assets except for FVTPL financial assets, where the transaction cost are expensed in profit or loss as they are incurred.

The carrying values of financial assets and financial liabilities with 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)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts

The Group and the Company issue contracts that transfer mainly insurance risk.

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

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Group and the Company (the insurer) have 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. Such contracts may also transfer financial risk. As a general guideline, the Group and the Company determine whether they have significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk. Currently, the Group and the Company do not issue any investment contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are further classified as being either with or without discretionary participation features ("DPF"). An insurance contract with direct participation features is defined by the Group and the Company as one which, at inception, meets the following criteria:

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

These criteria are assessed at inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the contract boundary.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

The Group and the Company use judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items. Participating and Investment-Linked contracts typically satisfy the aforementioned criteria.

The assessment of whether an insurance contract meets these three criteria is made at inception of the contract and not revised subsequently, except in case of a substantial modification of the contract.

(i) Unit of account

The Group and the Company manage insurance contracts issued by product lines of similar risk nature. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group and the Company determine the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group and the Company use significant judgement to determine at what level of granularity they have reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group and the Company aggregate reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of contracts for which there is a net gain at initial recognition, if any.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(ii) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group and the Company determine that a group of contracts becomes onerous.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Group and the Company do not recognise a group of quota share reinsurance contracts held until they have recognised at least one of the underlying insurance contracts.

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(ii) Recognition and derecognition (continued)

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Group and the Company as a result of an agreement with the counterparties or due to a change in regulations, they treat changes in cash flows caused by the modification as changes in estimates of the fulfillment cash flow ("FCF"), unless the conditions for the derecognition of the original contract are met. The Group and the Company derecognise the original contract and recognise the modified contract as a new contract if any of the following conditions are present:

- a) if the modified terms had been included at contract inception and the Group and the Company would have concluded that the modified contract:
 - i) is not in scope of MFRS 17;
 - ii) results in different separable components;
 - iii) results in a different contract boundary; or
 - iv) belongs to a different group of contracts;
- b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- c) the original contract was accounted for under the premium allocation approach ("PAA"). However, the modification means that the contract no longer meets the eligibility criteria for that approach.

The PAA is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the PAA provides a measurement which is not materially different from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the PAA, the liability for remaining coverage ("LFRC") is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims ("LFIC") is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(ii) Recognition and derecognition (continued)

Accounting for contract modification and derecognition (continued)

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group and the Company:

- a) Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.
- b) Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LFRC of the group) in the following manner, depending on the reason for the derecognition:
 - i) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
 - ii) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
 - iii) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group and the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group and the Company assume such a hypothetical premium as actually received.
- c) Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a) if the contract is extinguished, any net difference between the derecognised part of the LFRC of the original contract and any other cash flows arising from extinguishment;
- b) if the contract is transferred to the third party, any net difference between the derecognised part of the LFRC of the original contract and the premium charged by the third party;
- c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LFRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement

a) Fulfilment cash flows

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group and the Company expect to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- i) are based on a probability weighted mean of the full range of possible outcomes;
- ii) are determined from the perspective of the Group and the Company, provided the estimates are consistent with observable market prices for market variables; and
- iii) reflect conditions existing at the measurement date.

These cash flows comprise:

- premiums and any other costs specifically chargeable to the policyholders under the terms of the contract;
- payments to (or on behalf of) policyholders, including claim payments to policyholder, claims that have already been reported but not yet paid, incurred claims for occurred events but for which claims have not been reported, future claims for which the Company has a substantive obligation and payments that vary on the return of the underlying items;
- insurance acquisition costs arise from the costs 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;
- claims handling, policy administrative, and maintenance costs;
- costs that the company will incur in performing investment activities, providing investment-return service to policyholders of insurance contracts without direct participation feature, and providing investment-related service to policyholders of insurance contracts with direct participation features;
- transaction-based taxes and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis; and
- payments by the insurer in a fiduciary capacity to meet tax obligations incurred by the policyholder, and related receipts.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

a) Fulfilment cash flows (continued)

Fulfilment cash flows within contract boundary (continued)

In the measurement of reinsurance contracts held, the estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group and the Company use the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group and the Company have a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- i) the Group and the Company have the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- ii) both of the following criteria are satisfied:
 - a. the Group and the Company have the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - b. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

a) Fulfilment cash flows (continued)

Contract boundary (continued)

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group and the Company that exist during the reporting period in which they are compelled to pay amounts to the reinsurer or in which the Group and the Company have a substantive right to receive services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Group and the Company include the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- i) costs directly attributable to individual contracts and groups of contracts; and
- ii) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Asset for insurance acquisition cash flows

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

The asset for IACF is derecognised from the statement of financial position when the IACF are included in the initial measurement of the CSM of the related group of insurance contracts.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

a) Fulfilment cash flows (continued)

Asset for insurance acquisition cash flows (continued)

The Group and the Company assess at each reporting date whether facts and circumstances indicate that an asset for IACF may be impaired, then recognises an impairment in the statement of profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group.

The impairment loss is recognised to the extent that the carrying amount of the asset for IACF exceeds the expected net cash inflows as determined by the FCF at initial recognition without consideration of expected renewals since the bancassurance partnership entered during the year is only for acquisition of new business (for further details of the bancassurance with RHB Banking Group, refer to Note 32(i) to the financial statements).

Discount Rates

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. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

a) Fulfilment cash flows (continued)

Discount Rates (continued)

A bottom-up approach is adopted to determine the discount rates. Specifically, risk free rates are constructed from Malaysian Government Securities ("MGS"). Illiquidity adjustment (where applicable) is based on the spread of reference portfolio, suitably corrected for credit loss. Methodology is detailed below in Note 29b below.

The Company applies the OCI option where the impact of changes in discount rates is recognised in OCI. Measurement of FCF in the statement of financial position is based on current interest rates. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined at initial recognition.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk reflects the compensation the Group and the Company require for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as they fulfil insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group and the Company to the reinsurer. The cost of capital method was used to derive the overall risk adjustment for non-financial risk.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

a) Fulfilment cash flows (continued)

Risk adjustment for non-financial risk (continued)

Specifically, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined based on internal capital requirements applicable to the Group and the Company as it is projected in line with the run-off of the business.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 87% (2024: 86%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2025.

CSM

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (iv) below) arising from:

- i) the initial recognition of the FCF;
- ii) cash flows arising from the contracts in the group at that date;
- iii) the derecognition of any IACF asset; and
- iv) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are derecognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

b) Initial measurement - Groups of contracts not measured under the PAA

CSM (continued)

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group and the Company recognise the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group and the Company recognise as a reinsurance expense as it receives reinsurance coverage in the future.

Investment Component

The Group and the Company identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Investment-linked, participating, and non-participating contracts that have explicit surrender values are determined as contracts that contain investment components. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms.

c) Subsequent measurement - Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued at the is the sum of:

- i) the LFRC, comprising:
 - a. the FCF related to future service allocated to the group at that date; and
 - b. the CSM of the group at that date; and
- ii) the LFIC, comprising the FCF related to past service allocated to the group at the reporting date.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- i) the remaining coverage, comprising:
 - a. the FCF related to future service allocated to the group at that date; and
 - b. the CSM of the group at that date; and
- ii) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Group and the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- i) changes that relate to current or past service are recognised in profit or loss; and
- ii) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LFRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- i) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as IACF and premium-based taxes;
- ii) changes in estimates of the present value of future cash flows in the LFRC, except those described in the following paragraph;
- iii) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- iv) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments i) - ii) and iv) are measured using the locked-in discount rates as described in the section on interest accretion on the CSM below.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- i) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- ii) changes in the FCF relating to the LFIC; and
- iii) experience adjustments relating to insurance service expenses (excluding IACF).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- i) changes in the Group and the Company's share of the fair value of the underlying items; and
- ii) changes in the FCF that do not vary based on the returns of underlying items:
 - a. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - b. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as IACF and premium-based taxes;
 - c. changes in estimates of the present value of future cash flows in the LFRC, except those described in the following paragraph;
 - d. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
 - e. changes in the risk adjustment for non-financial risk that relate to future service.Adjustments b.-e. are measured using the current discount rates.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

- c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- i) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- ii) changes in the FCF that do not vary based on the returns of underlying items:
 - a. changes in the FCF relating to the LFIC; and
 - b. experience adjustments relating to insurance service expenses (excluding IACF).

The Group and the Company do not have any products with complex guarantees and do not use derivatives to economically hedge the risks.

Changes to the CSM

For insurance contracts issued, at the end of each reporting period (which the Group and the Company define as three-month interim), the carrying amount of the CSM is adjusted by the Group and the Company to reflect the effect of the following changes:

- i) The effect of any new contracts added to the group.
- ii) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- iii) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LFRC. When the CSM is zero, changes in the FCF adjust the loss component within the LFRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- iv) The effect of any currency exchange differences.
- v) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

Changes to the CSM (continued)

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group and the Company revise the locked-in discount curves by calculating Annualized Premium Equivalent ("APE") weighted-average discount curves over the period that contracts in the group are issued.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by considering the quantify of benefits provided under a contract in the specified period relative to its expected coverage duration. Quantity of benefit is measured by coverage units that best presents the underlying insurance service provided by contracts.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

Changes to the CSM (continued)

Release of the CSM to profit or loss (continued)

For insurance contracts issued, the Group and the Company determine the coverage period for the CSM recognition as the policy coverage for insurance risk.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- the quantity of benefits provided by contracts in the group;
- the expected coverage duration of contracts in the group; and
- the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group and the Company use the amount that they expect the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits.

The Group and the Company determine coverage units as follows:

- for Participating contracts, coverage units are determined based on the higher of Sum Assured or Asset Share;
- for Non-Participating contracts, coverage units are based on the fixed coverage benefit (mortality, medical, critical illness, etc.) amounts during the insurance coverage period; and
- for Investment-Linked contracts, coverage units are based on policyholders' account values, sum-at-risk benefits payable and rider coverage benefit amounts (where applicable);

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

Changes to the CSM (continued)

Release of the CSM to profit or loss (continued)

The Group and the Company do not reflect the time value of money in the allocation of the CSM to coverage units. For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate reinsurance contracts are based on the insurance coverage provided by the reinsurer, and they are determined by the ceded policies' fixed face values, taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Onerous contracts - Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group and the Company recognise the excess in insurance service expenses and record it as a loss component of the LFRC.

When a loss component exists, the Group and the Company allocate the following between the loss component and the remaining component of the LFRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- expected incurred claims and expenses for the period;
- changes in the risk adjustment for non-financial risk for the risk expired;
and
- finance income/(expenses) from insurance contracts issued.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

c) Subsequent measurement - Groups of contracts not measured under the PAA (continued)

Changes to the CSM (continued)

Onerous contracts - Loss component (continued)

The amounts of loss component allocation above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Reinsurance contracts held - Loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group and the Company expect to recover from the group of reinsurance contracts held. The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iii) Measurement (continued)

d) Initial and Subsequent measurement - Groups of contracts measured under the PAA

With the exception for Catastrophe reinsurance treaty, the Group and the Company do not apply PAA measurement model for insurance and reinsurance contracts.

On initial recognition, the Group and the Company measure the remaining coverage as the amount of ceding premiums paid and any amounts arising from the derecognition of the IACF liabilities.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- i) the remaining coverage; and
- ii) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

At each of the subsequent reporting dates, the remaining coverage is:

- i) increased for ceding premiums paid in the period; and
- ii) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income

a) Insurance service result from insurance contracts issued

Insurance revenue

As the Group and the Company provide services under the group of insurance contracts, it reduces the LFRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group and the Company expect to be entitled to in exchange for those services.

Insurance revenue comprises the following:

Amounts relating to the changes in the LFRC:

- i) insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts related to the loss component;
 - repayments of investment components;
 - amounts of transaction-based taxes collected in a fiduciary capacity; and
 - insurance acquisition expenses;
- ii) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income (expenses);
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;
- iii) amounts of the CSM recognised in profit or loss for the services provided in the period; and
- iv) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as IACF and premium-based taxes.

IACF recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income (continued)

a) Insurance service result from insurance contracts issued (continued)

Insurance service expenses

Insurance service expenses include the following:

- i) incurred claims and benefits excluding investment components;
- ii) other incurred directly attributable insurance service expenses;
- iii) amortisation of IACF;
- iv) changes that relate to past service (i.e. changes in the FCF relating to the LFIC); and changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Amortisation of IACF is reflected in insurance service expenses in the same amount as IACF recovery reflected within insurance revenue as described above.

b) Insurance service result from reinsurance contracts held

Net income/(expenses) from reinsurance contracts held

The Group and the Company present financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- i) reinsurance expenses;
- ii) incurred claims recovery;
- iii) other incurred directly attributable insurance service expenses;
- iv) effect of changes in risk of reinsurer non-performance;
- v) for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- vi) changes relating to past service (i.e. adjustments to incurred claims).

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income (continued)

b) Insurance service result from reinsurance contracts held (continued)

Net income/(expenses) from reinsurance contracts held (continued)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group and the Company expect to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- i) insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- ii) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income (expenses) from reinsurance contracts held; and
 - changes that relate to future coverage (which adjust the CSM);
- iii) amounts of the CSM recognised in profit or loss for the services received in the period; and
- iv) ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Group and the Company recognise reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income (continued)

c) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- i) the effect of the time value of money and changes in the time value of money; and
- ii) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- i) interest accreted on the FCF and the CSM; and
- ii) the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are changes in the fair value of underlying items.

The Group and the Company do not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM, the effect of changes in the value of money is disaggregated between profit or loss and OCI. However, for the contracts measured using the VFA, no disaggregation is applied (profit or loss option is applied). Choice of presentation was made taking into consideration financial asset classification under MFRS 9.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income (continued)

Presentation of FVOCI reserve and insurance finance reserve of participating fund in statement of changes in equity

The Group and the Company have applied accounting policy choice not to present in the Statement of Changes in Equity the participating fund's share of accumulated OCI on underlying measured at FVOCI that is attributable to policyholders as each component of equity presented in the Group's and the Company's Statements of Changes in Equity includes only profit or loss, other comprehensive income and transactions with owners of the Group and the Company for the year. The accounting policy choice adopted by the Group and the Company has taken into consideration the local regulatory restrictions on benefits payout (including the determination of the asset share, bonus declarations, the surplus transfer to shareholders and use of excess estate of life insurance funds) as stipulated in the Policy Document on Management of Insurance Funds and Policy Document of Management of Participating Life Business as issued by Bank Negara Malaysia.

Hence, the following are excluded in the Statement of Changes in Equity:

(a) an FVOCI reserve relating to the underlying assets of the policyholders of participating fund; and

(b) an equal and opposite Insurance finance reserve relating to the underlying assets of the policyholders of participating fund.

Instead, the policyholder-attributable amounts are reflected in insurance contract liabilities as shown below as the policyholder-attributable portion of FVOCI movements represents changes in amounts owed to policyholders under participating contracts and therefore does not constitute equity of the Group and the Company:

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income (continued)

Presentation of FVOCI reserve and insurance finance reserve of participating fund in statement of changes in equity (continued)

<u>Group/Company</u>	<u>Attributable to owners of the Group and the Company</u>		<u>Attributable to the policyholders</u>		<u>Total</u>	
	<u>FVOCI reserve RM'000</u>	<u>Insurance finance reserve RM'000</u>	<u>FVOCI reserve RM'000</u>	<u>Insurance finance reserve RM'000</u>	<u>FVOCI reserve RM'000</u>	<u>Insurance finance reserve RM'000</u>
At 1 January 2025	73,134	(62,341)	110,384	(110,384)	183,518	(172,725)
Net fair value gain on FVOCI financial assets during the year	59,964	-	40,844	-	100,808	-
Realised gains transferred to statement of profit or loss	(555)	-	(9,527)	-	(10,082)	-
Write back net credit impairment losses transferred to statement of profit or loss	38	-	4	-	42	-
Net finance expense from insurance contracts	-	(29,916)	-	(28,816)	-	(58,732)
Income tax relating to these items	(15,695)	5,983	(2,505)	-	(18,200)	5,983
Total other comprehensive income for the year	43,752	(23,933)	28,816	(28,816)	72,568	(52,749)
At 31 December 2025	116,886	(86,274)	139,200	(139,200)	256,086	(225,474)

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(i) Insurance contracts (continued)

(iv) Amounts recognised in comprehensive income (continued)

Presentation of FVOCI reserve and insurance finance reserve of participating fund in statement of changes in equity (continued)

The accounting policy choice adopted by the Group and the Company on the presentation of FVOCI reserve and Insurance finance reserve relating to the underlying assets of the policyholders of participating fund has no impact on total reserves or total equity of the Group and the Company.

(j) Other revenue recognition

Interest income for all interest-bearing financial instruments including financial instruments measured at FVTPL, are recognised within investment income in profit or loss using the effective interest rate method. When a receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income.

Rental income from investment properties is recognised on an accrual basis.

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

Gains or losses arising on disposal of investments are credited or charged to profit or loss.

(k) Right-of-use ("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.

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.

The Group and the Company apply the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment properties owned by the Group and the Company. Refer to accounting policy Note 2.4(e) on investment property.

The Group and the Company present ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment property are presented as a separate line in the statement of financial position.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(l) Income taxes

Current tax expense is determined according to the tax laws of the jurisdiction in which the Group and the Company operate and include all taxes based upon the taxable profits. The tax expense on the Life Fund is based on the method prescribed under the Income Tax Act, 1967 for life insurance business. Current tax is recognised in profit or loss.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purpose and their carrying amounts in the financial statements. However, deferred tax is 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 assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised in other comprehensive income ("OCI"), in which case, the deferred tax is also charged or credited to OCI.

The Group and the Company presumed investment property measured at fair value will be recovered entirely through sale. Accordingly, deferred tax assets or liabilities arising on such investment property are measured at the tax rate of 8% when the Group and the Company sell the property.

(m) Foreign currencies

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in RM, which is the Group and the Company's functional and presentation currency.

(n) Employee benefits

(i) Short term employee benefits

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

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(n) Employee benefits (continued)

(ii) Post-employment benefits

Defined contribution plan

The Group and the Company's contributions to the Employees' Provident Fund ("EPF"), the national defined contribution plan, are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Short-term employee and post-employment benefits are recognised in insurance service expenses if they are directly attributable to insurance acquisition activities or other fulfillment activities as stated in Note 2.4 (i)(iii)(a) and Note 2.4 (i)(iv)(a).

(o) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements.

(p) Dividends

Dividends are recognised as liabilities when the obligation to pay is established in which the dividends are declared and approved by the Group and the Company's shareholder and the regulator. No provision is made for a proposed dividend.

(q) Provisions for agency long association benefits

Provisions for agency long association benefits is recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of Material Accounting Policies (continued)

(r) Other payables

Other payables are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method. The acquisition cost and maintenance cost payable under MFRS 17 “Insurance Contracts” are included under other payables as the Group and the Company deemed such cash flows should be removed from the LFRC and/or LFIC under MFRS 17 once they are incurred and recognised under other MFRSs.

(s) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, and fixed and call deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It excludes deposits which are held for investment purpose.

(t) Statement of cash flows

The Group and the Company classify the cash flows for the purchase and disposal of financial investments as operating cash flows, as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under operating activities.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs that are directly attributable to the issuance of new shares are recognised as equity, net of tax.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

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3 PROPERTY, PLANT AND EQUIPMENT

<u>Group/Company</u>	<u>Motor vehicles</u> RM'000	<u>Office equipment, furniture and fittings</u> RM'000	<u>Computer equipment</u> RM'000	<u>Renovation</u> RM'000	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Total</u> RM'000
<u>Cost/Valuation</u>							
At 1 January 2025	918	7,834	16,571	23,304	81,974	71,469	202,070
Additions	743	194	997	189	-	-	2,123
Disposals	(758)	-	-	-	-	-	(758)
Write-offs	-	(54)	(299)	-	-	-	(353)
Revaluation surplus for the financial year arising from revaluation	-	-	-	-	-	2,657	2,657
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,657)	(2,657)
At 31 December 2025	<u>903</u>	<u>7,974</u>	<u>17,269</u>	<u>23,493</u>	<u>81,974</u>	<u>71,469</u>	<u>203,082</u>
Cost	903	7,974	17,269	23,493	-	-	49,639
Valuation	-	-	-	-	81,974	71,469	153,443
At 31 December 2025	<u>903</u>	<u>7,974</u>	<u>17,269</u>	<u>23,493</u>	<u>81,974</u>	<u>71,469</u>	<u>203,082</u>

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

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group/Company</u>	<u>Motor vehicles</u> RM'000	<u>Office equipment, furniture and fittings</u> RM'000	<u>Computer equipment</u> RM'000	<u>Renovation</u> RM'000	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Total</u> RM'000
<u>Accumulated depreciation</u>							
At 1 January 2025	918	6,417	13,955	20,290	-	-	41,580
Charge for the financial year (Note 25)	109	390	1,374	852	-	2,657	5,382
Disposals	(758)	-	-	-	-	-	(758)
Write-offs	-	(52)	(299)	-	-	-	(351)
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,657)	(2,657)
At 31 December 2025	<u>269</u>	<u>6,755</u>	<u>15,030</u>	<u>21,142</u>	<u>-</u>	<u>-</u>	<u>43,196</u>
<u>Net book value</u>							
At 31 December 2025	<u><u>634</u></u>	<u><u>1,219</u></u>	<u><u>2,239</u></u>	<u><u>2,351</u></u>	<u><u>81,974</u></u>	<u><u>71,469</u></u>	<u><u>159,886</u></u>

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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group/Company</u>	<u>Motor vehicles</u> RM'000	<u>Office equipment, furniture and fittings</u> RM'000	<u>Computer equipment</u> RM'000	<u>Renovation</u> RM'000	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Total</u> RM'000
<u>Cost/Valuation</u>							
At 1 January 2024	918	7,747	15,481	23,162	80,406	71,869	199,583
Additions	-	174	1,165	142	-	-	1,481
Write-offs	-	(87)	(75)	-	-	-	(162)
Reclassification to investment properties (Note 5)	-	-	-	-	-	(400)	(400)
Revaluation surplus for the financial year	-	-	-	-	1,568	2,554	4,122
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,554)	(2,554)
At 31 December 2024	918	7,834	16,571	23,304	81,974	71,469	202,070
Cost	918	7,834	16,571	23,304	-	-	48,627
Valuation	-	-	-	-	81,974	71,469	153,443
At 31 December 2024	918	7,834	16,571	23,304	81,974	71,469	202,070

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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group/Company</u>	<u>Motor vehicles</u> RM'000	<u>Office equipment, furniture and fittings</u> RM'000	<u>Computer equipment</u> RM'000	<u>Renovation</u> RM'000	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Total</u> RM'000
<u>Accumulated depreciation</u>							
At 1 January 2024	918	6,061	12,599	19,321	-	-	38,899
Charge for the financial year (Note 25)	-	433	1,431	969	-	2,554	5,387
Write-offs	-	(77)	(75)	-	-	-	(152)
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,554)	(2,554)
At 31 December 2024	<u>918</u>	<u>6,417</u>	<u>13,955</u>	<u>20,290</u>	<u>-</u>	<u>-</u>	<u>41,580</u>
<u>Net book value</u>							
At 31 December 2024	<u>-</u>	<u>1,417</u>	<u>2,616</u>	<u>3,014</u>	<u>81,974</u>	<u>71,469</u>	<u>160,490</u>

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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of revalued land and buildings, had these assets been carried at cost less accumulated depreciation is as follows:

<u>Group/Company</u>	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Total</u> RM'000
At 31 December 2025	15,335	44,374	59,709
At 31 December 2024	15,335	46,086	61,421

The fair value hierarchy of the self-occupied properties is as follows:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>31 December 2025</u>				
Recurring fair value measurements				
- Freehold land	-	-	81,974	81,974
- Buildings	-	-	71,469	71,469
	-	-	153,443	153,443
<u>31 December 2024</u>				
Recurring fair value measurements				
- Freehold land	-	-	81,974	81,974
- Buildings	-	-	71,469	71,469
	-	-	153,443	153,443

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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group and the Company engaged external, independent and qualified valuer to determine the fair value of the Group and the Company's land and buildings annually. As at 31 December 2025, the fair values of the self-occupied properties have been determined by Raine & Horne International Zaki + Partners Sdn. Bhd.

The main level 3 inputs used by the Group and the Company are term yield, reversionary yield and average price per square feet derived and evaluated by Raine & Horne International Zaki + Partners Sdn. Bhd. based on comparable transactions and industry data.

The self-occupied properties of the Group and the Company were valued by an independent professional valuer based on the following parameters:

Description	Fair value (RM'000)	Valuation technique	Unobservable inputs	Input	Sensitivity in term yield and reversionary yield +/- 25 basis point (RM'000)	Sensitivity in average price per square feet +/- 5% (RM'000)
<u>31 December 2025</u>						
Self-occupied properties	153,443	Investment method and comparison method	Term yield	5.75%	+384	-
			Reversionary yield	6.25%	-384	-
			Average price per square feet	RM263 to RM925	-	+7,672 -7,672
<u>31 December 2024</u>						
Self-occupied properties	153,443	Investment method and comparison method	Term yield	6.00%	+384	-
			Reversionary yield	6.50%	-384	-
			Average price per square feet	RM263 to RM925	-	+7,672 -7,672

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4 RIGHT-OF-USE ASSETS

<u>Group/Company</u>	<u>Office equipment</u> RM'000	<u>Buildings</u> RM'000	<u>Leasehold land and buildings</u> RM'000	<u>Total</u> RM'000
<u>Net book value</u>				
At 1 January 2025	50	248	9,744	10,042
Additions	36	780	-	816
Charge for the financial year (Note 25)	(75)	(388)	(133)	(596)
Revaluation surplus for the financial year	-	-	133	133
At 31 December 2025	<u>11</u>	<u>640</u>	<u>9,744</u>	<u>10,395</u>
<u>Net book value</u>				
At 1 January 2024	211	170	9,612	9,993
Additions	-	576	-	576
Transfer from investment properties (Note 5)	-	-	172	172
Charge for the financial year (Note 25)	(161)	(498)	(131)	(790)
Revaluation surplus for the financial year	-	-	91	91
At 31 December 2024	<u>50</u>	<u>248</u>	<u>9,744</u>	<u>10,042</u>

5 INVESTMENT PROPERTIES

<u>Group/Company</u>	<u>Freehold land and buildings</u> RM'000	<u>Leasehold land and buildings</u> RM'000	<u>Total</u> RM'000
At 1 January 2025	176,177	8,927	185,104
Fair value changes for the financial year (Note 18)	(1,170)	-	(1,170)
At 31 December 2025	<u>175,007</u>	<u>8,927</u>	<u>183,934</u>
At 1 January 2024	161,425	8,679	170,104
Transfer from self-occupied properties (Note 3)	400	-	400
Transfer to right-of-use assets (Note 4)	-	(172)	(172)
Fair value changes for the financial year (Note 18)	14,352	420	14,772
At 31 December 2024	<u>176,177</u>	<u>8,927</u>	<u>185,104</u>

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5 INVESTMENT PROPERTIES (CONTINUED)

The fair value hierarchy of the investment properties is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>31 December 2025</u>				
Recurring fair value measurements				
- Freehold land	-	-	129,896	129,896
- Leasehold land	-	-	6,541	6,541
- Buildings	-	-	47,497	47,497
	<u>-</u>	<u>-</u>	<u>183,934</u>	<u>183,934</u>
	<u>-</u>	<u>-</u>	<u>183,934</u>	<u>183,934</u>
<u>31 December 2024</u>				
Recurring fair value measurements				
- Freehold land	-	-	129,896	129,896
- Leasehold land	-	-	6,541	6,541
- Buildings	-	-	48,667	48,667
	<u>-</u>	<u>-</u>	<u>185,104</u>	<u>185,104</u>
	<u>-</u>	<u>-</u>	<u>185,104</u>	<u>185,104</u>

The Group and the Company engaged external, independent and qualified valuers to determine the fair value of the Group and the Company's land and buildings annually. As at 31 December 2025, the fair values of the investment properties have been determined by Raine & Horne International Zaki + Partners Sdn. Bhd.

The main level 3 input used by the Group and the Company is average price per square feet derived and evaluated by Raine & Horne International Zaki + Partners Sdn. Bhd. based on comparable transactions and industry data.

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5 INVESTMENT PROPERTIES (CONTINUED)

The investment properties of the Group and the Company were valued by an independent professional valuer based on the following parameters:

Description	Fair value (RM'000)	Valuation technique	Unobservable inputs	Input	Sensitivity in average price per square feet +/- 5% (RM'000)
<u>31 December 2025</u>					
Investment properties	183,934	Comparison method	Average price per square feet	RM16 to RM1,391	+9,197 -9,197
<u>31 December 2024</u>					
Investment properties	185,104	Comparison method	Average price per square feet	RM16 to RM1,391	+9,255 -9,255

The rental income and direct operating expenses arising from investment properties that have been recognised in profit or loss during the financial year are as follows:

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Rental income	10,063	9,727
Direct operating expenses	(2,719)	(2,271)
Net rental income from investment properties (Note 18 and Note 19)	<u>7,344</u>	<u>7,456</u>

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6 INTANGIBLE ASSETS

<u>Group/Company</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Net book value</u>		
At 1 January	6,587	8,247
Additions	1,918	2,388
Amortisation charged to profit or loss (Note 25)	(2,516)	(4,048)
At 31 December	<u>5,989</u>	<u>6,587</u>
Cost	55,932	54,014
Accumulated amortisation	(49,943)	(47,427)
At 31 December	<u>5,989</u>	<u>6,587</u>

Included in the net book value of computer software, there are software under development phase amounting to RM2,175,000 as at 31 December 2025 (2024: RM1,898,000).

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7 FINANCIAL INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Quoted:				
Equities	2,448,239	2,358,405	2,424,062	2,358,994
Unquoted:				
Government bonds	3,973,094	3,807,969	3,904,014	3,765,675
Other debt securities	3,981,365	3,657,749	3,981,365	3,657,749
Equities*	1,470,641	1,267,409	1,470,641	1,244,093
Controlled structured entities (Note 8)	-	-	94,678	67,736
Loans	529	537	529	537
	<u>11,873,868</u>	<u>11,092,069</u>	<u>11,875,289</u>	<u>11,094,784</u>

*Includes unquoted equities, unit trusts and real estate investment trusts.

The Group and the Company's financial investments are summarised by the following categories:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
FVOCI financial assets	7,498,028	7,074,230	7,498,028	7,074,230
FVTPL financial assets	4,375,311	4,017,302	4,376,732	4,020,017
AC financial assets	529	537	529	537
	<u>11,873,868</u>	<u>11,092,069</u>	<u>11,875,289</u>	<u>11,094,784</u>

7a FVOCI FINANCIAL ASSETS

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At fair value:		
Unquoted:		
Government bonds	3,877,965	3,738,092
Other debt securities	3,620,063	3,336,138
	<u>7,498,028</u>	<u>7,074,230</u>
Current	334,985	327,739
Non-current	7,163,043	6,746,491
	<u>7,498,028</u>	<u>7,074,230</u>

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7 FINANCIAL INVESTMENTS (CONTINUED)

7b FVTPL FINANCIAL ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Quoted:				
Equities	2,448,239	2,358,405	2,424,062	2,358,994
Unquoted:				
Government bonds	95,129	69,877	26,049	27,583
Other debt securities	361,302	321,611	361,302	321,611
Equities	1,470,641	1,267,409	1,470,641	1,244,093
Controlled structured entities (Note 8)	-	-	94,678	67,736
	<u>4,375,311</u>	<u>4,017,302</u>	<u>4,376,732</u>	<u>4,020,017</u>
Current	3,993,078	3,638,345	4,063,579	3,683,354
Non-current	383,233	378,957	313,153	336,663
	<u>4,375,311</u>	<u>4,017,302</u>	<u>4,376,732</u>	<u>4,020,017</u>

7c AC FINANCIAL ASSETS

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Unquoted and secured:		
Mortgage loans	529	537

The carrying values approximate the fair values at the date of the statement of financial position.

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Current	-	-
Non-current	529	537
	<u>529</u>	<u>537</u>

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

7 FINANCIAL INVESTMENTS (CONTINUED)

7d MOVEMENTS IN THE CARRYING VALUES OF FINANCIAL INSTRUMENTS

<u>Group</u>	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>AC</u> RM'000	<u>Total</u> RM'000
At 1 January 2024	6,504,185	3,255,319	744	9,760,248
Purchases	1,328,749	1,606,825	-	2,935,574
Maturities	(483,878)	(55,000)	-	(538,878)
Disposals	(295,290)	(1,365,860)	-	(1,661,150)
Decrease in loans	-	-	(207)	(207)
Movement of investment income accrued	4,325	68	-	4,393
Fair value gains recorded in:				
- Profit or loss	11,959	575,950	-	587,909
- OCI	4,555	-	-	4,555
- ECL	27	-	-	27
Amortisation adjustment	(402)	-	-	(402)
At 31 December 2024	7,074,230	4,017,302	537	11,092,069
Purchases	1,114,350	1,307,026	-	2,421,376
Maturities	(398,592)	(42,000)	-	(440,592)
Disposals	(394,149)	(1,069,789)	-	(1,463,938)
Decrease in loans	-	-	(8)	(8)
Movement of investment income accrued	2,670	167	-	2,837
Fair value gains recorded in:				
- Profit or loss	10,082	162,605	-	172,687
- OCI	90,768	-	-	90,768
- ECL	(42)	-	-	(42)
Amortisation adjustment	(1,289)	-	-	(1,289)
At 31 December 2025	7,498,028	4,375,311	529	11,873,868

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7 FINANCIAL INVESTMENTS (CONTINUED)

7d MOVEMENTS IN THE CARRYING VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

<u>Company</u>	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>AC</u> RM'000	<u>Total</u> RM'000
At 1 January 2024	6,504,185	3,259,322	744	9,764,251
Purchases	1,328,749	1,584,877	-	2,913,626
Maturities	(483,878)	(55,000)	-	(538,878)
Disposals	(295,290)	(1,345,077)	-	(1,640,367)
Decrease in loans	-	-	(207)	(207)
Movement of investment income accrued	4,325	154	-	4,479
Fair value gains recorded in:				
- Profit or loss	11,959	575,741	-	587,700
- OCI	4,555	-	-	4,555
- ECL	27	-	-	27
Amortisation adjustment	(402)	-	-	(402)
At 31 December 2024	7,074,230	4,020,017	537	11,094,784
Purchases	1,114,350	1,297,439	-	2,411,789
Maturities	(398,592)	(42,000)	-	(440,592)
Disposals	(394,149)	(1,060,630)	-	(1,454,779)
Decrease in loans	-	-	(8)	(8)
Movement of investment income accrued	2,670	167	-	2,837
Fair value gains recorded in:				
- Profit or loss	10,082	161,739	-	171,821
- OCI	90,768	-	-	90,768
- ECL	(42)	-	-	(42)
Amortisation adjustment	(1,289)	-	-	(1,289)
At 31 December 2025	7,498,028	4,376,732	529	11,875,289

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7 FINANCIAL INVESTMENTS (CONTINUED)

7e FAIR VALUES OF FINANCIAL INSTRUMENTS

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
<u>Group</u>			
<u>31 December 2025</u>			
Level 1	-	2,448,239	2,448,239
Level 2	7,498,028	1,895,092	9,393,120
Level 3	-	31,980	31,980
	<u>7,498,028</u>	<u>4,375,311</u>	<u>11,873,339</u>
<u>31 December 2024</u>			
Level 1	-	2,358,405	2,358,405
Level 2	7,074,230	1,626,576	8,700,806
Level 3	-	32,321	32,321
	<u>7,074,230</u>	<u>4,017,302</u>	<u>11,091,532</u>
<u>Company</u>			
<u>31 December 2025</u>			
Level 1	-	2,424,062	2,424,062
Level 2	7,498,028	1,920,690	9,418,718
Level 3	-	31,980	31,980
	<u>7,498,028</u>	<u>4,376,732</u>	<u>11,874,760</u>
<u>31 December 2024</u>			
Level 1	-	2,358,994	2,358,994
Level 2	7,074,230	1,628,702	8,702,932
Level 3	-	32,321	32,321
	<u>7,074,230</u>	<u>4,020,017</u>	<u>11,094,247</u>

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7 FINANCIAL INVESTMENTS (CONTINUED)

7e FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 1 financial instruments are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions that are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Group and the Company's own models whereby the majority of assumptions are market observable.

Level 3 financial instruments are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category are unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Company. Therefore, unobservable inputs reflect the Group and the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group and the Company's own data.

The following table presents the changes in Level 3 instruments:

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At the beginning of the financial year	32,321	20,288
Fair value (losses)/gains recognised in profit or loss	(341)	12,033
At the end of the financial year	<u>31,980</u>	<u>32,321</u>

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7 FINANCIAL INVESTMENTS (CONTINUED)

7e FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

All unquoted equity securities of the Group and the Company at fair value were classified under level 3 due to no quoted market prices in an active market. The fair value of investments in unquoted equity securities are measured based on the adjusted net asset value method by referencing to the annual financial statements of the entities that the Group and the Company invested in.

Description	Fair value (RM'000)	Valuation technique	Unobservable inputs	Sensitivity in change in net tangible assets +/- 5% (RM'000)
<u>31 December 2025</u>				
Unquoted equities	31,980	Adjusted net asset value	Net tangible assets	+1,599 -1,599
<u>31 December 2024</u>				
Unquoted equities	32,321	Adjusted net asset value	Net tangible assets	+1,616 -1,616

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7 FINANCIAL INVESTMENTS (CONTINUED)

7f The carrying amount of the financial assets by product line is as follows:

<u>Group</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Other RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>				
<u>Underlying assets</u>				
Cash and cash equivalents	156,775	93,657	-	250,432
Government bonds	26,049	1,506,597	-	1,532,646
Other debt securities	361,302	1,559,277	-	1,920,579
Equity securities	1,398,310	1,800,886	-	3,199,196
Loans	-	529	-	529
	<u>1,942,436</u>	<u>4,960,946</u>	<u>-</u>	<u>6,903,382</u>
<u>Other investments</u>				
Cash and cash equivalents	315,891	-	2,911	318,802
Government bonds	2,371,368	-	69,080	2,440,448
Other debt securities	2,060,786	-	-	2,060,786
Equity securities	560,164	-	159,520	719,684
	<u>5,308,209</u>	<u>-</u>	<u>231,511</u>	<u>5,539,720</u>
Total investment assets and cash and cash equivalents	<u>7,250,645</u>	<u>4,960,946</u>	<u>231,511</u>	<u>12,443,102</u>
<u>31 December 2024</u>				
<u>Underlying assets</u>				
Cash and cash equivalents	137,710	133,753	-	271,463
Government bonds	27,582	1,581,733	-	1,609,315
Other debt securities	321,611	1,584,152	-	1,905,763
Equity securities	1,322,541	1,682,191	-	3,004,732
Loans	-	537	-	537
	<u>1,809,444</u>	<u>4,982,366</u>	<u>-</u>	<u>6,791,810</u>
<u>Other investments</u>				
Cash and cash equivalents	224,720	-	4,392	229,112
Government bonds	2,156,360	-	42,294	2,198,654
Other debt securities	1,751,986	-	-	1,751,986
Equity securities	474,536	-	146,546	621,082
	<u>4,607,602</u>	<u>-</u>	<u>193,232</u>	<u>4,800,834</u>
Total investment assets and cash and cash equivalents	<u>6,417,046</u>	<u>4,982,366</u>	<u>193,232</u>	<u>11,592,644</u>

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7 FINANCIAL INVESTMENTS (CONTINUED)

7f The carrying amount of the financial assets by product line is as follows: (continued)

<u>Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Other RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>				
<u>Underlying assets</u>				
Cash and cash equivalents	154,707	93,657	-	248,364
Government bonds	26,049	1,506,597	-	1,532,646
Other debt securities	361,302	1,559,277	-	1,920,579
Equity securities	1,374,133	1,800,886	-	3,175,019
Controlled structured entities	25,027	-	-	25,027
Loans	-	529	-	529
	<u>1,941,218</u>	<u>4,960,946</u>	<u>-</u>	<u>6,902,164</u>
<u>Other investments</u>				
Cash and cash equivalents	315,891	-	2,300	318,191
Government bonds	2,371,368	-	-	2,371,368
Other debt securities	2,060,786	-	-	2,060,786
Equity securities	560,164	-	159,520	719,684
Controlled structured entities	-	-	69,651	69,651
	<u>5,308,209</u>	<u>-</u>	<u>231,471</u>	<u>5,539,680</u>
Total investment assets and cash and cash equivalents	<u>7,249,427</u>	<u>4,960,946</u>	<u>231,471</u>	<u>12,441,844</u>

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7 FINANCIAL INVESTMENTS (CONTINUED)

7f The carrying amount of the financial assets by product line is as follows: (continued)

<u>Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Other RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>				
<u>Underlying assets</u>				
Cash and cash equivalents	137,082	133,753	-	270,835
Government bonds	27,582	1,581,733	-	1,609,315
Other debt securities	321,611	1,584,152	-	1,905,763
Equity securities	1,299,814	1,682,191	-	2,982,005
Controlled structured entities	23,316	-	-	23,316
Loans	-	537	-	537
	<u>1,809,405</u>	<u>4,982,366</u>	<u>-</u>	<u>6,791,771</u>
<u>Other investments</u>				
Cash and cash equivalents	224,720	-	2,234	226,954
Government bonds	2,156,360	-	-	2,156,360
Other debt securities	1,751,986	-	-	1,751,986
Equity securities	474,536	-	146,546	621,082
Controlled structured entities	-	-	44,420	44,420
	<u>4,607,602</u>	<u>-</u>	<u>193,200</u>	<u>4,800,802</u>
Total investment assets and cash and cash equivalents	<u>6,417,007</u>	<u>4,982,366</u>	<u>193,200</u>	<u>11,592,573</u>

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7 FINANCIAL INVESTMENTS (CONTINUED)

7g Amounts arising from expected credit loss

<u>Group/Company</u>	<u>Stage 1*</u>		<u>Total</u>	
	<u>Carrying amount</u> RM'000	<u>Related ECL allowance</u> RM'000	<u>Carrying amount</u> RM'000	<u>ECL allowance</u> RM'000
Balance as at 1 January 2025	7,074,767	541	7,074,767	541
Originated or purchased	1,114,350	95	1,114,350	95
Matured or disposal	(792,741)	(40)	(792,741)	(40)
Remeasurements	102,181	(13)	102,181	(13)
Total movement for the year	<u>423,790</u>	<u>42</u>	<u>423,790</u>	<u>42</u>
Balance as at 31 December 2025	<u>7,498,557</u>	<u>583</u>	<u>7,498,557</u>	<u>583</u>
Balance as at 1 January 2024	6,504,929	568	6,504,929	568
Originated or purchased	1,328,749	86	1,328,749	86
Matured or disposal	(779,368)	(100)	(779,368)	(100)
Remeasurements	20,457	(13)	20,457	(13)
Total movement for the year	<u>569,838</u>	<u>(27)</u>	<u>569,838</u>	<u>(27)</u>
Balance as at 31 December 2024	<u>7,074,767</u>	<u>541</u>	<u>7,074,767</u>	<u>541</u>

* ECL are all Stage 1 (12-month ECL) impairment model.

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8 CONTROLLED STRUCTURED ENTITIES

The Company has determined that its investment in a wholesale unit trust fund and a retail fund amounting to RM69.7 million (2024: RM44.4 million) and RM25.0 million (2024: RM23.3 million) respectively as disclosed in Note 7 to the financial statements as investment in structured entities ("investee funds"). 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 RHB Asset Management Sdn Bhd and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The Company holds 100% of RHB Income Plus Fund 8 and 98% of RHB Leisure, Lifestyle and Luxury Fund respectively (2024: 100% of RHB Income Plus Fund 8 and 98% of RHB Leisure, Lifestyle and Luxury Fund). All funds were established in Malaysia and the Company has control over these investee funds. The Company is exposed to, or has rights to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

As the Company has control over these investee funds which are considered controlled structured entities, these structured entities are consolidated at Group level.

All investee funds are audited by PricewaterhouseCoopers PLT.

RHB Income Plus Fund 8, a wholesale unit trust fund and RHB Leisure, Lifestyle and Luxury Fund, a retail unit trust fund are classified as fair value through profit or loss investment and the change in fair value of the investee funds are recognised in the statement of profit or loss in the Company's separate financial statements.

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

	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Fair value of underlying net assets:		
Cash equivalents	2,118	686
Deposits with licensed financial institutions	561	2,100
Investments - Unquoted fixed income securities	69,080	42,294
Investments - Quoted investments - foreign	24,177	22,727
Other (payables)/receivables	(207)	36
	<u>95,729</u>	<u>67,843</u>

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

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES)

<u>Group/Company</u>	<u>2025</u>			<u>2024</u>		
	<u>Assets</u> RM'000	<u>Liabilities</u> RM'000	<u>Total</u> RM'000	<u>Assets</u> RM'000	<u>Liabilities</u> RM'000	<u>Total</u> RM'000
Contracts not under PAA	94,797	(4,228)	90,569	110,462	(3,907)	106,555
Contracts under PAA	-	(76)	(76)	-	(81)	(81)
Reinsurance contract assets/(liabilities)	<u>94,797</u>	<u>(4,304)</u>	<u>90,493</u>	<u>110,462</u>	<u>(3,988)</u>	<u>106,474</u>

The net reinsurance contract assets are further analysed as follows:

	<u>Group/Company</u>	
	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Contracts not under PAA</u>		
CSM	(57,620)	(39,985)
Risk adjustment for non-financial risk	64,086	55,911
Present value of future cash flows	84,103	90,629
	<u>90,569</u>	<u>106,555</u>
Contracts under PAA	(76)	(81)
Total	<u>90,493</u>	<u>106,474</u>

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9a Reconciliation of the remaining coverage and incurred claims

Reinsurance contract not measured under the PAA

<u>Group/Company</u>	<u>Assets for remaining coverage</u>		<u>Assets for incurred claim</u> RM'000	<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss-recovery component</u> RM'000		
Net reinsurance contract assets as at 1 January 2024	23,175	32	58,401	81,608
Reinsurance contract assets as at 1 January 2024	28,693	32	57,423	86,148
Reinsurance contract liabilities as at 1 January 2024	(5,518)	-	978	(4,540)
<u>Changes in the statement of profit or loss and OCI</u>				
Allocation of reinsurance premiums paid	(52,679)	-	-	(52,679)
Amounts recoverable from reinsurers:				
- Recoveries of incurred claims and other insurance service expenses	-	(7)	57,857	57,850
- Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	15	-	15
- Effect of changes in non-performance risk of reinsurers	-	-	(36)	(36)
Net (expenses)/income from reinsurance contracts	(52,679)	8	57,821	5,150
Finance income/(expenses) from reinsurance contracts held (Note 18)	5,335	(1)	(10)	5,324
Total changes in the statement of profit or loss and OCI	(47,344)	7	57,811	10,474

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9a Reconciliation of the remaining coverage and incurred claims (continued)

Reinsurance contract not measured under the PAA (continued)

<u>Group/Company</u>	<u>Assets for remaining coverage</u>		<u>Assets for incurred claim</u>	<u>Total</u>
	<u>Excluding loss-recovery component</u>	<u>Loss-recovery component</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment component	(3,172)	-	3,172	-
<u>Cash flows</u>				
Reinsurance premiums paid	61,586	-	-	61,586
Amounts received	-	-	(47,113)	(47,113)
Total cash flows	<u>61,586</u>	<u>-</u>	<u>(47,113)</u>	<u>14,473</u>
Net reinsurance contract assets as at 31 December 2024	<u>34,245</u>	<u>39</u>	<u>72,271</u>	<u>106,555</u>
Reinsurance contract assets as at 31 December 2024	38,587	39	71,836	110,462
Reinsurance contract liabilities as at 31 December 2024	(4,342)	-	435	(3,907)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9a Reconciliation of the remaining coverage and incurred claims (continued)

Reinsurance contract not measured under the PAA (continued)

<u>Group/Company</u>	<u>Assets for remaining coverage</u>		<u>Assets for incurred claim</u> RM'000	<u>Total</u> RM'000
	<u>Excluding loss-recovery component</u> RM'000	<u>Loss-recovery component</u> RM'000		
Net reinsurance contract assets as at 1 January 2025	34,245	39	72,271	106,555
Reinsurance contract assets as at 1 January 2025	38,587	39	71,836	110,462
Reinsurance contract liabilities as at 1 January 2025	(4,342)	-	435	(3,907)
<u>Changes in the statement of profit or loss and OCI</u>				
Allocation of reinsurance premiums paid	(52,919)	-	-	(52,919)
Amounts recoverable from reinsurers:				
- Recoveries of incurred claims and other insurance service expenses	-	(42)	33,410	33,368
- Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	748	-	748
- Effect of changes in non-performance risk of reinsurers	-	-	8	8
Net (expenses)/income from reinsurance contracts	(52,919)	706	33,418	(18,795)
Finance income/(expenses) from reinsurance contracts held (Note 18)	4,844	(7)	10	4,847
Total changes in the statement of profit or loss and OCI	(48,075)	699	33,428	(13,948)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9a Reconciliation of the remaining coverage and incurred claims (continued)

Reinsurance contract not measured under the PAA (continued)

<u>Group/Company</u>	<u>Assets for remaining coverage</u>		<u>Assets for incurred claim</u>	<u>Total</u>
	<u>Excluding loss-recovery component</u>	<u>Loss-recovery component</u>		
	RM'000	RM'000	RM'000	RM'000
Investment component	(1,380)	-	1,380	-
<u>Cash flows</u>				
Reinsurance premiums paid	46,965	-	-	46,965
Amounts received	-	-	(49,003)	(49,003)
Total cash flows	46,965	-	(49,003)	(2,038)
Net reinsurance contract assets as at 31 December 2025	31,755	738	58,076	90,569
Reinsurance contract assets as at 31 December 2025	35,589	737	58,471	94,797
Reinsurance contract liabilities as at 31 December 2025	(3,834)	1	(395)	(4,228)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9a Reconciliation of the remaining coverage and incurred claims (continued)

Reinsurance contract measured under the PAA

<u>Group/Company</u>	<u>Assets for remaining coverage</u>		<u>Assets for incurred claim</u>	<u>Total</u>
	<u>Excluding loss-recovery component</u>	<u>Loss-recovery component</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net reinsurance contract liabilities as at 1 January 2024	(84)	-	-	(84)
<u>Changes in the statement of profit or loss and OCI</u>				
Allocation of reinsurance premiums paid	(346)	-	-	(346)
Net expenses from reinsurance contracts	(346)	-	-	(346)
Total changes in the statement of profit or loss and OCI	(346)	-	-	(346)
<u>Cash flows</u>				
Reinsurance premiums paid	349	-	-	349
Total cash flows	349	-	-	349
Net reinsurance contract liabilities as at 31 December 2024	(81)	-	-	(81)
Reinsurance contract liabilities as at 31 December 2024	(81)	-	-	(81)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9a Reconciliation of the remaining coverage and incurred claims (continued)

Reinsurance contract measured under the PAA (continued)

<u>Group/Company</u>	<u>Assets for remaining coverage</u>		<u>Assets for incurred claim</u>	<u>Total</u>
	<u>Excluding loss-recovery component</u>	<u>Loss-recovery component</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net reinsurance contract liabilities as at 1 January 2025	(81)	-	-	(81)
<u>Changes in the statement of profit or loss and OCI</u>				
Allocation of reinsurance premiums paid	(254)	-	-	(254)
Net expenses from reinsurance contracts	(254)	-	-	(254)
Total changes in the statement of profit or loss and OCI	(254)	-	-	(254)
<u>Cash flows</u>				
Reinsurance premiums paid	259	-	-	259
Total cash flows	259	-	-	259
Net reinsurance contract liabilities as at 31 December 2025	(76)	-	-	(76)
Reinsurance contract liabilities as at 31 December 2025	(76)	-	-	(76)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9b Reconciliation of the measurement components of reinsurance contract balances

Reinsurance contract not measured under the PAA

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Total</u> RM'000
Net reinsurance contract assets as at 1 January 2024	41,812	34,511	5,285	81,608
Reinsurance contract assets as at 1 January 2024	45,102	34,511	6,535	86,148
Reinsurance contract liabilities as at 1 January 2024	(3,290)	-	(1,250)	(4,540)
<u>Changes in the statement of profit or loss and OCI</u>				
Changes that relate to current services:				
- CSM recognised for services provided	-	-	(975)	(975)
- Change in risk adjustment for non-financial risk for risk expired	-	(5,222)	-	(5,222)
- Effect of changes in non-performance risk of reinsurers	(36)	-	-	(36)
- Experience adjustment	7,943	-	3,425	11,368
Changes that relate to future services:				
- Contracts initially recognised in the year	1,978	4,136	(6,114)	-
- Changes in estimates that adjust the CSM	21,569	20,042	(41,611)	-
- Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	15	15
Net income/(expenses) from reinsurance contracts	31,454	18,956	(45,260)	5,150
Finance income/(expense) from reinsurance contracts held (Note 18)	2,890	2,444	(10)	5,324
Total changes in the statement of profit or loss and OCI	34,344	21,400	(45,270)	10,474

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9b Reconciliation of the measurement components of reinsurance contract balances (continued)

Reinsurance contract not measured under the PAA (continued)

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non- financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Total</u> RM'000
<u>Cash flows</u>				
Reinsurance premiums paid	61,586	-	-	61,586
Amounts received	(47,113)	-	-	(47,113)
Total cash flows	14,473	-	-	14,473
Net reinsurance contract assets as at 31 December 2024	90,629	55,911	(39,985)	106,555
Reinsurance contract assets as at 31 December 2024	91,225	55,911	(36,674)	110,462
Reinsurance contract liabilities as at 31 December 2024	(596)	-	(3,311)	(3,907)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9b Reconciliation of the measurement components of reinsurance contract balances (continued)

Reinsurance contract not measured under the PAA (continued)

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Total</u> RM'000
Net reinsurance contract assets as at 1 January 2025	90,629	55,911	(39,985)	106,555
Reinsurance contract assets as at 1 January 2025	91,225	55,911	(36,674)	110,462
Reinsurance contract liabilities as at 1 January 2025	(596)	-	(3,311)	(3,907)
<u>Changes in the statement of profit or loss and OCI</u>				
Changes that relate to current services:				
- CSM recognised for services provided	-	-	499	499
- Change in risk adjustment for non-financial risk for risk expired	-	(6,428)	-	(6,428)
- Effect of changes in non-performance risk of reinsurers	8	-	-	8
- Experience adjustment	(20,404)	-	6,782	(13,622)
Changes that relate to future services:				
- Contracts initially recognised in the year	2,483	5,638	(8,121)	-
- Changes in estimates that adjust the CSM	10,366	5,521	(15,887)	-
- Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	748	748
Net (expenses)/income from reinsurance contracts	(7,547)	4,731	(15,979)	(18,795)
Finance income/(expense) from reinsurance contracts held (Note 18)	3,059	3,444	(1,656)	4,847
Total changes in the statement of profit or loss and OCI	(4,488)	8,175	(17,635)	(13,948)

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9 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

9b Reconciliation of the measurement components of reinsurance contract balances (continued)

Reinsurance contract not measured under the PAA (continued)

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non- financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Total</u> RM'000
<u>Cash flows</u>				
Reinsurance premiums paid	46,965	-	-	46,965
Amounts received	(49,003)	-	-	(49,003)
Total cash flows	(2,038)	-	-	(2,038)
Net reinsurance contract assets as at 31 December 2025	84,103	64,086	(57,620)	90,569
Reinsurance contract assets as at 31 December 2025	85,293	64,086	(54,582)	94,797
Reinsurance contract liabilities as at 31 December 2025	(1,190)	-	(3,038)	(4,228)

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10 OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Amount due from related parties (Note 26)	74	60	74	60
Investment income receivable	1,884	2,255	1,884	2,255
Outstanding proceeds from sale of investments	7,770	4,627	7,770	4,627
Prepayment of expenses	511	940	511	940
Deposits	766	769	766	769
Sundry debtors	6,016	6,205	6,016	6,205
Others	105	214	99	126
	<u>17,126</u>	<u>15,070</u>	<u>17,120</u>	<u>14,982</u>
Accumulated impairment loss (Note 30a)	<u>(5,844)</u>	<u>(5,322)</u>	<u>(5,844)</u>	<u>(5,322)</u>
	<u>11,282</u>	<u>9,748</u>	<u>11,276</u>	<u>9,660</u>
Current	10,516	8,979	10,510	8,891
Non-current	766	769	766	769
	<u>11,282</u>	<u>9,748</u>	<u>11,276</u>	<u>9,660</u>

Due to the short-term nature of majority of other receivables, their carrying amounts are considered to be reasonable approximations of their fair values.

The Company records impairment loss for other receivables in separate allowance accounts. A reconciliation of the allowance for impairment losses for other receivables are as follows:

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	5,322	4,767
Movement during the financial year	522	555
At 31 December	<u>5,844</u>	<u>5,322</u>

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11 SHARE CAPITAL

<u>Group/Company</u>	<u>Number of shares</u> '000	RM'000
Ordinary shares issued and fully paid up:		
At the beginning of the financial year	226,000	226,000
Capital injection during the financial year*	570,000	570,000
At the end of the financial year	<u>796,000</u>	<u>796,000</u>

The holder of ordinary shares is entitled to receive dividends or declared from time-to-time and is entitled to one vote per share at general meetings of the Group and the Company.

*Refer to Note 32(i) to the financial statements

12 RETAINED EARNINGS

Under the single-tier system which came into effect from the year of assessment 2008 onwards, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system will be tax exempt in the hands of shareholders.

The Company may distribute single tier exempt dividend to its shareholder out of its retained earnings. Pursuant to Section 51(1) of the Financial Services Act, 2013, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for Insurers, the 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.

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13 INSURANCE CONTRACT LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Life Risk and Savings	4,892,069	4,938,445	4,891,506	4,938,915
Participating	4,958,539	5,105,160	4,958,539	5,105,160
Insurance contract liabilities	<u>9,850,608</u>	<u>10,043,605</u>	<u>9,850,045</u>	<u>10,044,075</u>

The insurance contract liabilities and the movements are further analysed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
CSM	1,061,545	1,093,760	1,061,545	1,093,760
Risk adjustment for non-financial risk	214,095	194,456	214,095	194,456
Present value of future cash flows	9,254,087	8,755,389	9,253,524	8,755,859
Assets for IACF*	(679,119)	-	(679,119)	-
	<u>9,850,608</u>	<u>10,043,605</u>	<u>9,850,045</u>	<u>10,044,075</u>

*Refer to Note 32(i) to the financial statements

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims.

Life Risk and Savings

<u>Group</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net insurance contract liabilities/(assets) as at 1 January 2024	3,791,958	9,504	318,673	(16,800)	4,103,335
Insurance contract liabilities as at 1 January 2024	3,791,958	9,504	318,673	(16,800)	4,103,335
<u>Changes in the statement of profit or loss and OCI</u>					
Insurance revenue (Note 17)	(639,385)	-	-	-	(639,385)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	(1,430)	473,012	-	471,582
Losses and reversal of losses on onerous contracts	-	(2,360)	-	-	(2,360)
IACF amortisation	65,082	-	-	-	65,082
Insurance service result	(574,303)	(3,790)	473,012	-	(105,081)
Finance expenses/(income) from insurance contracts issued (Note 18)	372,461	(149)	-	-	372,312
Total changes in the statement of profit or loss and OCI	(201,842)	(3,939)	473,012	-	267,231

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Life Risk and Savings (continued)

<u>Group</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment components	(195,787)	-	195,787	-	-
Derecognition of assets for IACF (Note 25)	(16,800)	-	-	16,800	-
<u>Cash flows</u>					
Premiums received	1,320,638	-	-	-	1,320,638
Claims and other directly attributable expenses paid	-	-	(624,754)	-	(624,754)
IACF	(128,005)	-	-	-	(128,005)
Total cash flows	<u>1,192,633</u>	<u>-</u>	<u>(624,754)</u>	<u>-</u>	<u>567,879</u>
Other movements	1,324	-	(1,324)	-	-
Net insurance contract liabilities as at 31 December 2024	<u>4,571,486</u>	<u>5,565</u>	<u>361,394</u>	<u>-</u>	<u>4,938,445</u>
Insurance contract liabilities as at 31 December 2024	4,571,486	5,565	361,394	-	4,938,445

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Life Risk and Savings (continued)

<u>Group</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net insurance contract liabilities as at 1 January 2025	4,571,486	5,565	361,394	-	4,938,445
Insurance contract liabilities as at 1 January 2025	4,571,486	5,565	361,394	-	4,938,445
<u>Changes in the statement of profit or loss and OCI</u>					
Insurance revenue (Note 17)	(666,525)	-	-	-	(666,525)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	(1,020)	491,640	-	490,620
Losses and reversal of losses on onerous contracts	-	6,663	-	-	6,663
IACF amortisation	72,358	-	-	-	72,358
Insurance service result	(594,167)	5,643	491,640	-	(96,884)
Finance expenses/(income) from insurance contracts issued (Note 18)	193,618	(137)	-	-	193,481
Total changes in the statement of profit or loss and OCI	(400,549)	5,506	491,640	-	96,597

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Life Risk and Savings (continued)

<u>Group</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment components	(192,922)	-	192,922	-	-
Cash flows recognised as assets for insurance acquisition	-	-	-	(685,050)	(685,050)
Derecognition of assets for IACF (Note 25)	(5,931)	-	-	5,931	-
<u>Cash flows</u>					
Premiums received	1,300,926	-	-	-	1,300,926
Claims and other directly attributable expenses paid	-	-	(644,002)	-	(644,002)
IACF cash flows	(114,847)	-	-	-	(114,847)
Total cash flows	<u>1,186,079</u>	<u>-</u>	<u>(644,002)</u>	<u>-</u>	<u>542,077</u>
Other movements	(18)	-	18	-	-
Net insurance contract liabilities/(asset) as at 31 December 2025	<u>5,158,145</u>	<u>11,071</u>	<u>401,972</u>	<u>(679,119)</u>	<u>4,892,069</u>
Insurance contract liabilities as at 31 December 2025	5,158,145	11,071	401,972	(679,119)	4,892,069

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a **Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

Life Risk and Savings (continued)

<u>Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net insurance contract liabilities/(asset) as at 1 January 2024	3,792,348	9,504	318,673	(16,800)	4,103,725
Insurance contract liabilities as at 1 January 2024	3,792,348	9,504	318,673	(16,800)	4,103,725
<u>Changes in the statement of profit or loss and OCI</u>					
Insurance revenue (Note 17)	(639,385)	-	-	-	(639,385)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	(1,430)	473,012	-	471,582
Losses and reversal of losses on onerous contracts	-	(2,360)	-	-	(2,360)
IACF amortisation	65,082	-	-	-	65,082
Insurance service result	(574,303)	(3,790)	473,012	-	(105,081)
Finance expenses/(income) from insurance contracts issued (Note 18)	372,541	(149)	-	-	372,392
Total changes in the statement of profit or loss and OCI	(201,762)	(3,939)	473,012	-	267,311

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Life Risk and Savings (continued)

<u>Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment components	(195,787)	-	195,787	-	-
Derecognition of assets for IACF (Note 25)	(16,800)	-	-	16,800	-
<u>Cash flows</u>					
Premiums received	1,320,638	-	-	-	1,320,638
Claims and other directly attributable expenses paid	-	-	(624,754)	-	(624,754)
IACF cash flows	(128,005)	-	-	-	(128,005)
Total cash flows	<u>1,192,633</u>	<u>-</u>	<u>(624,754)</u>	<u>-</u>	<u>567,879</u>
Other movements	1,324	-	(1,324)	-	-
Net insurance contract liabilities as at 31 December 2024	<u>4,571,956</u>	<u>5,565</u>	<u>361,394</u>	<u>-</u>	<u>4,938,915</u>
Insurance contract liabilities as at 31 December 2024	4,571,956	5,565	361,394	-	4,938,915

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a **Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

Life Risk and Savings (continued)

<u>Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net insurance contract liabilities as at 1 January 2025	4,571,956	5,565	361,394	-	4,938,915
Insurance contract liabilities as at 1 January 2025	4,571,956	5,565	361,394	-	4,938,915
<u>Changes in the statement of profit or loss and OCI</u>					
Insurance revenue (Note 17)	(666,525)	-	-	-	(666,525)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	(1,020)	491,640	-	490,620
Losses and reversal of losses on onerous contracts	-	6,663	-	-	6,663
IACF amortisation	72,358	-	-	-	72,358
Insurance service result	(594,167)	5,643	491,640	-	(96,884)
Finance expenses/(income) from insurance contracts issued (Note 18)	192,585	(137)	-	-	192,448
Total changes in the statement of profit or loss and OCI	(401,582)	5,506	491,640	-	95,564

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Life Risk and Savings (continued)

<u>Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment components	(192,922)	-	192,922	-	-
Cash flows recognised as assets for insurance acquisition	-	-	-	(685,050)	(685,050)
Derecognition of assets for IACF (Note 25)	(5,931)	-	-	5,931	-
<u>Cash flows</u>					
Premiums received	1,300,926	-	-	-	1,300,926
Claims and other directly attributable expenses paid	-	-	(644,002)	-	(644,002)
IACF	(114,847)	-	-	-	(114,847)
Total cash flows	<u>1,186,079</u>	<u>-</u>	<u>(644,002)</u>	<u>-</u>	<u>542,077</u>
Other movements	(18)	-	18	-	-
Net insurance contract liabilities/(asset) as at 31 December 2025	<u>5,157,582</u>	<u>11,071</u>	<u>401,972</u>	<u>(679,119)</u>	<u>4,891,506</u>
Insurance contract liabilities as at 31 December 2025	5,157,582	11,071	401,972	(679,119)	4,891,506

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Participating

<u>Group/Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net insurance contract liabilities as at 1 January 2024	4,208,576	329	748,865	-	4,957,770
Insurance contract liabilities as at 1 January 2024	4,208,576	329	748,865	-	4,957,770
<u>Changes in the statement of profit or loss and OCI</u>					
Insurance revenue (Note 17)	(106,128)	-	-	-	(106,128)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	(57)	98,306	-	98,249
Losses and reversal of losses on onerous contracts	-	330	-	-	330
IACF amortisation	310	-	-	-	310
Insurance service result	(105,818)	273	98,306	-	(7,239)
Finance expenses from insurance contracts issued (Note 18)	459,021	-	-	-	459,021
Total changes in the statement of profit or loss and OCI	353,203	273	98,306	-	451,782

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Participating (continued)

<u>Group/Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment components	(386,294)	-	386,294	-	-
<u>Cash flows</u>					
Premiums received	151,135	-	-	-	151,135
Claims and other directly attributable expenses paid	-	-	(454,874)	-	(454,874)
IACF	(653)	-	-	-	(653)
Total cash flows	<u>150,482</u>	<u>-</u>	<u>(454,874)</u>	<u>-</u>	<u>(304,392)</u>
Other movements	4,743	-	(4,743)	-	-
Net insurance contract liabilities as at 31 December 2024	<u>4,330,710</u>	<u>602</u>	<u>773,848</u>	<u>-</u>	<u>5,105,160</u>
Insurance contract liabilities as at 31 December 2024	4,330,710	602	773,848	-	5,105,160

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Participating (continued)

<u>Group/Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net insurance contract liabilities as at 1 January 2025	4,330,710	602	773,848	-	5,105,160
Insurance contract liabilities as at 1 January 2025	4,330,710	602	773,848	-	5,105,160
<u>Changes in the statement of profit or loss and OCI</u>					
Insurance revenue (Note 17)	(103,102)	-	-	-	(103,102)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	(116)	88,086	-	87,970
Losses and reversal of losses on onerous contracts	-	398	-	-	398
IACF amortisation	384	-	-	-	384
Insurance service result	(102,718)	282	88,086	-	(14,350)
Finance expenses from insurance contracts issued (Note 18)	195,135	-	-	-	195,135
Total changes in the statement of profit or loss and OCI	92,417	282	88,086	-	180,785

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13a Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Participating (continued)

<u>Group/Company</u>	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Assets for IACF</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Investment components	(396,212)	-	396,212	-	-
<u>Cash flows</u>					
Premiums received	131,908	-	-	-	131,908
Claims and other directly attributable expenses paid	-	-	(458,625)	-	(458,625)
IACF	(689)	-	-	-	(689)
Total cash flows	<u>131,219</u>	<u>-</u>	<u>(458,625)</u>	<u>-</u>	<u>(327,406)</u>
Other movements	<u>3,640</u>	<u>-</u>	<u>(3,640)</u>	<u>-</u>	<u>-</u>
Net insurance contract liabilities as at 31 December 2025	<u>4,161,774</u>	<u>884</u>	<u>795,881</u>	<u>-</u>	<u>4,958,539</u>
Insurance contract liabilities as at 31 December 2025	4,161,774	884	795,881	-	4,958,539

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13b Reconciliation of the measurement components of insurance contract balances

Life Risk and Savings

<u>Group</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Net insurance contract liabilities/(asset) as at 1 January 2024	2,922,698	188,765	1,008,672	(16,800)	4,103,335
Insurance contract liabilities as at 1 January 2024	2,922,698	188,765	1,008,672	(16,800)	4,103,335
<u>Changes in the statement of profit or loss and OCI</u>					
Changes that relate to current services:					
- CSM recognised for services provided	-	-	(94,316)	-	(94,316)
- Change in risk adjustment for non-financial risk for risk expired	-	(27,298)	-	-	(27,298)
- Experience adjustments	18,893	-	-	-	18,893
Changes that relate to future services:					
- Contracts initially recognised in the year	(181,897)	24,964	156,985	-	52
- Changes in estimates that adjust the CSM	105,580	154	(110,739)	-	(5,005)
- Changes in estimates that result in losses and reversal of losses on onerous contracts	233	2,360	-	-	2,593
Insurance service result	(57,191)	180	(48,070)	-	(105,081)
Finance expenses from insurance contracts issued	347,600	5,511	19,201	-	372,312
Total changes in the statement of profit or loss and OCI	290,409	5,691	(28,869)	-	267,231

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Group</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Derecognition of assets for IACF (Note 25)	(16,800)	-	-	16,800	-
<u>Cash flows</u>					
Premiums received	1,320,638	-	-	-	1,320,638
Claims and other directly attributable expenses paid	(624,754)	-	-	-	(624,754)
Insurance acquisition cash flows	(128,005)	-	-	-	(128,005)
Total cash flows	<u>567,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,879</u>
Net insurance contract liabilities as at 31 December 2024	<u>3,764,186</u>	<u>194,456</u>	<u>979,803</u>	<u>-</u>	<u>4,938,445</u>
Insurance contract liabilities as at 31 December 2024	3,764,186	194,456	979,803	-	4,938,445

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Group</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Net insurance contract liabilities as at 1 January 2025	3,764,186	194,456	979,803	-	4,938,445
Insurance contract liabilities as at 1 January 2025	3,764,186	194,456	979,803	-	4,938,445
<u>Changes in the statement of profit or loss and OCI</u>					
Changes that relate to current services:					
- CSM recognised for services provided	-	-	(94,714)	-	(94,714)
- Change in risk adjustment for non-financial risk for risk expired	-	(26,582)	-	-	(26,582)
- Experience adjustments	17,749	-	-	-	17,749
Changes that relate to future services:					
- Contracts initially recognised in the year	(155,624)	24,465	131,192	-	33
- Changes in estimates that adjust the CSM	82,863	14,314	(97,177)	-	-
- Changes in estimates that result in losses and reversal of losses on onerous contracts	6,503	127	-	-	6,630
Insurance service result	(48,509)	12,324	(60,699)	-	(96,884)
Finance expenses from insurance contracts issued	163,504	7,315	22,662	-	193,481
Total changes in the statement of profit or loss and OCI	114,995	19,639	(38,037)	-	96,597

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Group</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non- financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Cash flows recognised as asset for insurance acquisition	-	-	-	(685,050)	(685,050)
Derecognition of assets for IACF (Note 25)	(5,931)	-	-	5,931	-
<u>Cash flows</u>					
Premiums received	1,300,926	-	-	-	1,300,926
Claims and other directly attributable expenses paid	(644,002)	-	-	-	(644,002)
Insurance acquisition cash flows	(114,847)	-	-	-	(114,847)
Total cash flows	<u>542,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,077</u>
Net insurance contract Liabilities/(asset) as at 31 December 2025	<u>4,415,327</u>	<u>214,095</u>	<u>941,766</u>	<u>(679,119)</u>	<u>4,892,069</u>
Insurance contract liabilities as at 31 December 2025	4,415,327	214,095	941,766	(679,119)	4,892,069

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Net insurance contract liabilities/(asset) as at 1 January 2024	2,923,088	188,765	1,008,672	(16,800)	4,103,725
Insurance contract liabilities as at 1 January 2024	2,923,088	188,765	1,008,672	(16,800)	4,103,725
<u>Changes in the statement of profit or loss and OCI</u>					
Changes that relate to current services:					
- CSM recognised for services provided	-	-	(94,316)	-	(94,316)
- Change in risk adjustment for non-financial risk for risk expired	-	(27,298)	-	-	(27,298)
- Experience adjustments	18,893	-	-	-	18,893
Changes that relate to future services:					
- Contracts initially recognised in the year	(181,897)	24,964	156,985	-	52
- Changes in estimates that adjust the CSM	105,580	154	(110,739)	-	(5,005)
- Changes in estimates that result in losses and reversal of losses on onerous contracts	233	2,360	-	-	2,593
Insurance service result	(57,191)	180	(48,070)	-	(105,081)
Finance expenses from insurance contracts issued	347,680	5,511	19,201	-	372,392
Total changes in the statement of profit or loss and OCI	290,489	5,691	(28,869)	-	267,311

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Derecognition of assets for IACF (Note 25)	(16,800)	-	-	16,800	-
<u>Cash flows</u>					
Premiums received	1,320,638	-	-	-	1,320,638
Claims and other directly attributable expenses paid	(624,754)	-	-	-	(624,754)
IACF	(128,005)	-	-	-	(128,005)
Total cash flows	<u>567,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,879</u>
Net insurance contract liabilities as at 31 December 2024	<u>3,764,656</u>	<u>194,456</u>	<u>979,803</u>	<u>-</u>	<u>4,938,915</u>
Insurance contract liabilities as at 31 December 2024	3,764,656	194,456	979,803	-	4,938,915

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Net insurance contract liabilities as at 1 January 2025	3,764,656	194,456	979,803	-	4,938,915
Insurance contract liabilities as at 1 January 2025	3,764,656	194,456	979,803	-	4,938,915
<u>Changes in the statement of profit or loss and OCI</u>					
Changes that relate to current services:					
- CSM recognised for services provided	-	-	(94,714)	-	(94,714)
- Change in risk adjustment for non-financial risk for risk expired	-	(26,582)	-	-	(26,582)
- Experience adjustments	17,749	-	-	-	17,749
Changes that relate to future services:					
- Contracts initially recognised in the year	(155,624)	24,465	131,192	-	33
- Changes in estimates that adjust the CSM	82,863	14,314	(97,177)	-	-
- Changes in estimates that result in losses and reversal of losses on onerous contracts	6,503	127	-	-	6,630
Insurance service result	(48,509)	12,324	(60,699)	-	(96,884)
Finance expenses from insurance contracts issued	162,471	7,315	22,662	-	192,448
Total changes in the statement of profit or loss and OCI	113,962	19,639	(38,037)	-	95,564

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13b Reconciliation of the measurement components of insurance contract balances (continued)

Life Risk and Savings (continued)

<u>Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Cash flows recognised as assets for insurance acquisition	-	-	-	(685,050)	(685,050)
Derecognition of assets for IACF (Note 25)	(5,931)	-	-	5,931	-
<u>Cash flows</u>					
Premiums received	1,300,926	-	-	-	1,300,926
Claims and other directly attributable expenses paid	(644,002)	-	-	-	(644,002)
Insurance acquisition cash flows	(114,847)	-	-	-	(114,847)
Total cash flows	542,077	-	-	-	542,077
Net insurance contract liabilities as at 31 December 2025	<u>4,414,764</u>	<u>214,095</u>	<u>941,766</u>	<u>(679,119)</u>	<u>4,891,506</u>
Insurance contract Liabilities/(asset) as at 31 December 2025	4,414,764	214,095	941,766	(679,119)	4,891,506

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13b Reconciliation of the measurement components of insurance contract balances (continued)

Participating

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Net insurance contract liabilities at at 1 January 2024	4,871,994	-	85,776	-	4,957,770
Insurance contract liabilities as at 1 January 2024	4,871,994	-	85,776	-	4,957,770
<u>Changes in the statement of profit or loss and OCI</u>					
Changes that relate to current services:					
- CSM recognised for services provided	-	-	(6,670)	-	(6,670)
- Experience adjustments	(899)	-	-	-	(899)
Changes that relate to future services:					
- Contracts initially recognised in the year	(30)	-	42	-	12
- Changes in estimates that adjust the CSM	(33,791)	-	33,910	-	119
- Changes in estimates that result in losses and reversal of losses on onerous contracts	199	-	-	-	199
Insurance service result	(34,521)	-	27,282	-	(7,239)

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13 **INSURANCE CONTRACT LIABILITIES (CONTINUED)**

13b Reconciliation of the measurement components of insurance contract balances (continued)

Participating (continued)

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
<u>Changes in the statement of profit or loss and OCI</u> (continued)					
Finance expenses from insurance contracts issued	458,122	-	899	-	459,021
Total changes in the statement of profit or loss and OCI	423,601	-	28,181	-	451,782
<u>Cash flows</u>					
Premiums received	151,135	-	-	-	151,135
Claims and other directly attributable expenses paid	(454,874)	-	-	-	(454,874)
IACF	(653)	-	-	-	(653)
Total cash flows	(304,392)	-	-	-	(304,392)
Net insurance contract liabilities as at 31 December 2024	4,991,203	-	113,957	-	5,105,160
Insurance contract liabilities as at 31 December 2024	4,991,203	-	113,957	-	5,105,160

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13b Reconciliation of the measurement components of insurance contract balances (continued)

Participating (continued)

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
Net insurance contract liabilities at at 1 January 2025	4,991,203	-	113,957	-	5,105,160
Insurance contract liabilities as at 1 January 2025	4,991,203	-	113,957	-	5,105,160
<u>Changes in the statement of profit or loss and OCI</u>					
Changes that relate to current services:					
- CSM recognised for services provided	-	-	(7,153)	-	(7,153)
- Experience adjustments	(7,595)	-	-	-	(7,595)
Changes that relate to future services:					
- Contracts initially recognised in the year	(75)	-	84	-	9
- Changes in estimates that adjust the CSM	(5,296)	-	5,296	-	-
- Changes in estimates that result in losses and reversal of losses on onerous contracts	389	-	-	-	389
Insurance service result	(12,577)	-	(1,773)	-	(14,350)

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13b Reconciliation of the measurement components of insurance contract balances (continued)

Participating (continued)

<u>Group/Company</u>	<u>Estimates of present value future cash flows</u> RM'000	<u>Risks adjustment for non-financial risks</u> RM'000	<u>CSM</u> RM'000	<u>Assets for IACF</u> RM'000	<u>Total</u> RM'000
<u>Changes in the statement of profit or loss and OCI</u> (continued)					
Finance expenses from insurance contracts issued	187,540	-	7,595	-	195,135
Total changes in the statement of profit or loss and OCI	174,963	-	5,822	-	180,785
<u>Cash flows</u>					
Premiums received	131,908	-	-	-	131,908
Claims and other directly attributable expenses paid	(458,625)	-	-	-	(458,625)
IACF	(689)	-	-	-	(689)
Total cash flows	(327,406)	-	-	-	(327,406)
Net insurance contract liabilities as at 31 December 2025	4,838,760	-	119,779	-	4,958,539
Insurance contract liabilities as at 31 December 2025	4,838,760	-	119,779	-	4,958,539

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13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

13c Expected timing of derecognition of IACF asset

Number of years until expected to be recognized:	As at 31 December 2025 RM'000
1 year	15,139
2 years	17,784
3 years	20,601
4 years	23,395
5 years	26,144
6 – 10 years	167,190
More than 10 years	408,866
	<hr/>
Total	679,119
	<hr/> <hr/>

14 OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amount due to related parties (Note 26)	375	426	375	426
Outstanding payable on purchases of investment securities	2,083	13,402	2,083	13,402
Tenant deposits	3,315	3,127	3,315	3,127
Staff related accrued expenses	42,699	33,137	42,699	33,137
Outstanding Bancassurance				
Deferred Access Fee	115,050	-	115,050	-
Other accrued expenses	29,396	44,364	29,396	44,364
Sundry creditors	38,622	36,561	38,622	36,561
Other payables	18,676	11,722	18,461	11,669
	<hr/>	<hr/>	<hr/>	<hr/>
	250,216	142,739	250,001	142,686
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Current	131,851	139,612	131,636	139,559
Non-current	118,365	3,127	118,365	3,127
	<hr/>	<hr/>	<hr/>	<hr/>
	250,216	142,739	250,001	142,686
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of other current payables are considered to be reasonable approximations of their fair values, due to their short-term nature. The majority of the non-current payables is outstanding bancassurance deferred access fee which has a fair value of RM115,050,000 as at 31 December 2025 (2024: nil). The fair value of the non-current payable was calculated based on cash flows discounted using a current risk free rate.

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15 PROVISION FOR AGENCY LONG ASSOCIATION BENEFITS

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	44,787	41,131
Charged to profit or loss	6,182	6,720
Paid during the financial year	(3,113)	(3,064)
	<u>47,856</u>	<u>44,787</u>
At 31 December	<u>47,856</u>	<u>44,787</u>
Payable within 12 months	16,881	15,256
Payable after 12 months	30,975	29,531
	<u>47,856</u>	<u>44,787</u>

16 DEFERRED TAX LIABILITIES

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 January	356,328	288,546
Recognised in:		
Profit or loss (Note 20)	43,527	66,116
OCI	12,991	1,666
	<u>412,846</u>	<u>356,328</u>
At 31 December	<u>412,846</u>	<u>356,328</u>
Current	60,281	48,937
Non-current	352,565	307,391
	<u>412,846</u>	<u>356,328</u>
At 31 December	<u>412,846</u>	<u>356,328</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Deferred tax liabilities	433,145	371,158
Deferred tax assets	(20,299)	(14,830)
	<u>412,846</u>	<u>356,328</u>
At 31 December	<u>412,846</u>	<u>356,328</u>

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16 DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax liabilities/(assets)

<u>Group/Company</u>	<u>Unallocated surplus</u> RM'000	<u>Property, plant and equipment</u> RM'000	<u>Self-occupied properties</u> RM'000	<u>Investment properties</u> RM'000	<u>Financial investments</u> RM'000	<u>Insurance/reinsurance reserve</u> RM'000	<u>Total</u> RM'000
At 1 January 2025	265,479	364	6,392	14,155	84,769	(14,831)	356,328
Recognised in:							
Profit or loss (Note 20)	32,247	31	-	(94)	11,343	-	43,527
OCI	-	-	259	-	18,200	(5,468)	12,991
At 31 December 2025	<u>297,726</u>	<u>395</u>	<u>6,651</u>	<u>14,061</u>	<u>114,312</u>	<u>(20,299)</u>	<u>412,846</u>
At 1 January 2024	234,131	407	6,000	12,973	49,181	(14,146)	288,546
Recognised in:							
Profit or loss (Note 20)	31,348	(43)	-	1,182	33,629	-	66,116
OCI	-	-	392	-	1,959	(685)	1,666
At 31 December 2024	<u>265,479</u>	<u>364</u>	<u>6,392</u>	<u>14,155</u>	<u>84,769</u>	<u>(14,831)</u>	<u>356,328</u>

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17 INSURANCE SERVICE RESULT

<u>Group/Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>
<u>2025</u>			
Insurance revenue			
<i>Contracts not measured under the PAA</i>			
Amounts relating to the changes in the liability for remaining coverage:			
- Expected incurred claims and other directly attributable expenses	472,871	95,565	568,436
- Change in the risk adjustment for non-financial risk for the risk expired	26,582	-	26,582
- CSM recognised for the services provided	94,714	7,153	101,867
IACF recovery	72,358	384	72,742
Insurance revenue from contracts not measured under the PAA	<u>666,525</u>	<u>103,102</u>	<u>769,627</u>
Insurance revenue	<u>666,525</u>	<u>103,102</u>	<u>769,627</u>
Insurance service expenses			
Incurred claims and other directly attributable expenses	(490,620)	(87,970)	(578,590)
Losses on onerous contracts and reversal of those losses	(6,663)	(398)	(7,061)
IACF amortisation	(72,358)	(384)	(72,742)
Insurance service expenses	<u>(569,641)</u>	<u>(88,752)</u>	<u>(658,393)</u>
Insurance service result before reinsurance	<u>96,884</u>	<u>14,350</u>	<u>111,234</u>

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17 INSURANCE SERVICE RESULT (CONTINUED)

<u>Group/Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>
<u>2025</u>			
Net (expenses)/income from reinsurance contracts held			
<i><u>Contracts not measured under the PAA</u></i>			
Amounts relating to the changes in the remaining coverage:			
- Expected incurred claims and other directly attributable expenses recovery	(46,990)	-	(46,990)
- Change in the risk adjustment for non-financial risk for the risk expired	(6,428)	-	(6,428)
- CSM recognised for the services received	499	-	499
	<hr/>	<hr/>	<hr/>
Reinsurance expenses - contracts not measured under the PAA	(52,919)	-	(52,919)
Reinsurance expenses - contracts measured under the PAA	(254)	-	(254)
Effect of changes in the risk of reinsurers' non-performance	8	-	8
Amount recoverable from reinsurers for incurred claims	33,368	-	33,368
Changes in estimates that result in losses and reversal of losses on onerous contracts	748	-	748
	<hr/>	<hr/>	<hr/>
Net expenses from reinsurance contracts held	(19,049)	-	(19,049)
	<hr/>	<hr/>	<hr/>
Insurance service result	77,835	14,350	92,185
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17 INSURANCE SERVICE RESULT (CONTINUED)

<u>Group/Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>
<u>2024</u>			
Insurance revenue			
<i><u>Contracts not measured under the PAA</u></i>			
Amounts relating to the changes in the liability for remaining coverage:			
- Expected incurred claims and other directly attributable expenses	452,689	99,148	551,837
- Change in the risk adjustment for non-financial risk for the risk expired	27,298	-	27,298
- CSM recognised for the services provided	94,316	6,670	100,986
IACF recovery	65,082	310	65,392
	<hr/>	<hr/>	<hr/>
Insurance revenue from contracts not measured under the PAA	639,385	106,128	745,513
	<hr/>	<hr/>	<hr/>
Insurance revenue	639,385	106,128	745,513
	<hr/>	<hr/>	<hr/>
Insurance service expenses			
Incurred claims and other directly attributable expenses	(471,582)	(98,249)	(569,831)
Losses on onerous contracts and reversal of those losses	2,360	(330)	2,030
IACF amortisation	(65,082)	(310)	(65,392)
	<hr/>	<hr/>	<hr/>
Insurance service expenses	(534,304)	(98,889)	(633,193)
	<hr/>	<hr/>	<hr/>
Insurance service result before reinsurance	105,081	7,239	112,320
	<hr/>	<hr/>	<hr/>

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

17 INSURANCE SERVICE RESULT (CONTINUED)

<u>Group/Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>
<u>2024</u>			
Net (expenses)/income from reinsurance contracts held			
<i>Contracts not measured under the PAA</i>			
Amounts relating to the changes in the remaining coverage:			
- Expected incurred claims and other directly attributable expenses recovery	(46,482)	-	(46,482)
- Change in the risk adjustment for non-financial risk for the risk expired	(5,222)	-	(5,222)
- CSM recognised for the services received	(975)	-	(975)
Reinsurance expenses - contracts not measured under the PAA	(52,679)	-	(52,679)
Reinsurance expenses - contracts measured under the PAA	(346)	-	(346)
Effect of changes in the risk of reinsurers' non-performance	(36)	-	(36)
Amount recoverable from reinsurers for incurred claims	57,850	-	57,850
Changes in estimates that result in losses and reversal of losses on onerous contracts	15	-	15
Net income from reinsurance contracts held	4,804	-	4,804
Insurance service result	109,885	7,239	117,124

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17 INSURANCE SERVICE RESULT (CONTINUED)

17a Impact of contracts recognised in the year for insurance contracts issued

Life Risk and Savings

<u>Group/Company</u>	<u>Non-onerous contracts originated</u> RM'000	<u>Onerous contracts originated</u> RM'000	<u>Total</u> RM'000
<u>2025</u>			
Estimates of the present value of future cash outflows			
IACF	119,180	383	119,563
Claims and other directly attributable expenses	801,964	1,085	803,049
	<hr/>	<hr/>	<hr/>
Estimates of the present value of future cash outflows	921,144	1,468	922,612
Estimates of the present value of future cash inflows	(1,076,659)	(1,577)	(1,078,236)
Risk adjustment for non-financial risk	24,323	142	24,465
CSM	131,192	-	131,192
	<hr/>	<hr/>	<hr/>
Increase in insurance contract liabilities from contracts recognised in the year	-	33	33
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>2024</u>			
Estimates of the present value of future cash outflows			
IACF	167,757	449	168,206
Claims and other directly attributable expenses	881,526	1,340	882,866
	<hr/>	<hr/>	<hr/>
Estimates of the present value of future cash outflows	1,049,283	1,789	1,051,072
Estimates of the present value of future cash inflows	(1,231,010)	(1,959)	(1,232,969)
Risk adjustment for non-financial risk	24,742	222	24,964
CSM	156,985	-	156,985
	<hr/>	<hr/>	<hr/>
Increase in insurance contract liabilities from contracts recognised in the year	-	52	52
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

17 INSURANCE SERVICE RESULT (CONTINUED)

17a Impact of contracts recognised in the year for insurance contracts issued (continued)

Participating

<u>Group/Company</u>	<u>Non-onerous contracts originated RM'000</u>	<u>Onerous contracts originated RM'000</u>	<u>Total RM'000</u>
<u>2025</u>			
Estimates of the present value of future cash outflows			
IACF	413	43	456
Claims and other directly attributable expenses	3,414	261	3,675
	<hr/>	<hr/>	<hr/>
Estimates of the present value of future cash outflows	3,827	304	4,131
Estimates of the present value of future cash inflows	(3,911)	(295)	(4,206)
CSM	84	-	84
	<hr/>	<hr/>	<hr/>
Increase in insurance contract liabilities from contracts recognised in the year	-	9	9
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>2024</u>			
Estimates of the present value of future cash outflows			
IACF	250	60	310
Claims and other directly attributable expenses	1,974	365	2,339
	<hr/>	<hr/>	<hr/>
Estimates of the present value of future cash outflows	2,224	425	2,649
Estimates of the present value of future cash inflows	(2,266)	(413)	(2,679)
CSM	42	-	42
	<hr/>	<hr/>	<hr/>
Increase in insurance contract liabilities from contracts recognised in the year	-	12	12
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

17 **INSURANCE SERVICE RESULT (CONTINUED)**

17b **Impact of contracts recognised in the year for reinsurance contracts held**

<u>Group/Company</u>	<u>Contracts originated not in a net gain RM'000</u>	<u>Contracts originated in a net gain RM'000</u>	<u>Total RM'000</u>
<u>2025</u>			
Estimates of the present value of future cash inflows	4,083	39,426	43,509
Estimates of the present value of future cash outflows	(7,470)	(33,556)	(41,026)
Risk adjustment for non-financial risk	155	5,483	5,638
CSM	3,232	(11,353)	(8,121)
	<u> </u>	<u> </u>	<u> </u>
Increase in reinsurance contract assets from contracts recognised in the year	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
<u>2024</u>			
Estimates of the present value of future cash inflows	4,418	40,037	44,455
Estimates of the present value of future cash outflows	(7,797)	(34,680)	(42,477)
Risk adjustment for non-financial risk	366	3,770	4,136
CSM	3,013	(9,127)	(6,114)
	<u> </u>	<u> </u>	<u> </u>
Increase in reinsurance contract assets from contracts recognised in the year	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

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

18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES

<u>Group</u>	Life Risk and		<u>Other</u> RM'000	<u>Total</u> RM'000
	<u>Savings</u> RM'000	<u>Participating</u> RM'000		
<u>2025</u>				
Interest revenue from financial assets not measured at FVTPL	4,798	141,802	-	146,600
Net gains on FVTPL investments	76,901	119,325	-	196,226
Allowance for net credit impairment losses	-	(4)	-	(4)
Net gains on investments in debt securities measured at FVOCI	-	40,718	-	40,718
Net losses from fair value adjustments to investment properties	-	(1,063)	-	(1,063)
Rental income from investment properties	-	6,692	-	6,692
Gross asset revaluation surplus	-	2,593	-	2,593
Net investment and other income - underlying assets	81,699	310,063	-	391,762
Interest revenue from financial assets not measured at FVTPL	180,627	-	-	180,887
Net gains on FVTPL investments	62,951	-	-	62,951
Allowance for net credit impairment losses	(38)	-	-	(38)
Net gains on investments in debt securities measured at FVOCI	57,278	-	-	57,278
Net losses from fair value adjustments to investment properties	(107)	-	-	(107)
Rental income from investment properties	652	-	-	652
Gross asset revaluation surplus	197	-	-	197
Net investment and other income - other investments	301,560	-	-	301,560
Interest revenue from financial assets not measured at FVTPL	-	-	260	260
Net gains on FVTPL investments	-	-	10,921	10,921
Net investment and other income - other	-	-	11,181	11,181
Total net investment and other income	383,259	310,063	11,181	704,503

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18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Group</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2025</u>				
Changes in value of underlying assets of contracts measured under the VFA	(77,609)	(300,135)	-	(377,744)
Effect of changes in interest rates and other financial assumptions	(29,917)	-	-	(29,917)
Interest accreted	(85,955)	-	-	(85,955)
Others*	-	105,000	-	105,000
Finance expenses from insurance contracts issued	(193,481)	(195,135)	-	(388,616)
Effect of changes in interest rates and other financial assumptions	2,573	-	-	2,573
Interest accreted	2,274	-	-	2,274
Finance income from reinsurance contracts held	4,847	-	-	4,847
Net insurance/reinsurance finance expenses	(188,634)	(195,135)	-	(383,769)
<u>Summary of the amounts recognised in profit or loss</u>				
Net investment and other income - underlying assets	81,699	276,149	-	357,848
Net investment and other income - other investments	241,916	-	-	241,916
Net investment and other income - other	-	-	11,181	11,181
Net insurance/reinsurance finance expenses	(161,291)	(163,934)	-	(325,225)
	162,324	112,215	11,181	285,720

*included in net insurance finance expenses of participating portfolio is the surplus transfer from excess estate to shareholders' fund during the year. Refer to Note 32 (iii) to the financial statements.

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

18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Group</u>	Life Risk and <u>Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2025</u>				
<u>Summary of the amounts recognised in OCI</u>				
Net investment and other income				
- underlying assets	-	33,914	-	33,914
Net investment and other income				
- other investments	59,644	-	-	59,644
Net insurance/reinsurance finance expenses	(27,343)	(31,201)	-	(58,544)
	<u>32,301</u>	<u>2,713</u>	<u>-</u>	<u>35,014</u>

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

18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Group</u>	Life Risk and		<u>Other</u> RM'000	<u>Total</u> RM'000
	<u>Savings</u> RM'000	<u>Participating</u> RM'000		
<u>2024</u>				
Interest revenue from financial assets not measured at FVTPL	3,257	144,695	-	147,952
Net gains on FVTPL investments	308,177	323,936	-	632,113
Write-back of net credit impairment losses	-	52	-	52
Net gains on investments in debt securities measured at FVOCI	-	6,260	-	6,260
Net gains from fair value adjustments to investment properties	-	12,965	-	12,965
Rental income from investment properties	-	6,795	-	6,795
Gross asset revaluation surplus	-	3,916	-	3,916
<u>Net investment and other income - underlying assets</u>	<u>311,434</u>	<u>498,619</u>	<u>-</u>	<u>810,053</u>
Interest revenue from financial assets not measured at FVTPL	159,184	-	-	159,184
Net gains on FVTPL investments	35,182	-	-	35,182
Allowance of net credit impairment losses	(25)	-	-	(25)
Net gains on investments in debt securities measured at FVOCI	7,792	-	-	7,792
Net gains from fair value adjustments to investment properties	1,807	-	-	1,807
Rental income from investment properties	661	-	-	661
Gross asset revaluation surplus	297	-	-	297
<u>Net investment and other income - other investments</u>	<u>204,898</u>	<u>-</u>	<u>-</u>	<u>204,898</u>
Interest revenue from financial assets not measured at FVTPL	-	-	100	100
Net gains on FVTPL investments	-	-	7,300	7,300
<u>Net investment and other income - other</u>	<u>-</u>	<u>-</u>	<u>7,400</u>	<u>7,400</u>
<u>Total net investment and other income</u>	<u>516,332</u>	<u>498,619</u>	<u>7,400</u>	<u>1,022,351</u>

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18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Group</u>	Life Risk and <u>Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2024</u>				
Changes in value of underlying assets of contracts measured under the VFA	(288,424)	(459,021)	-	(747,445)
Effect of changes in interest rates and other financial assumptions	(5,686)	-	-	(5,686)
Interest accreted	(78,202)	-	-	(78,202)
Finance expenses from insurance contracts issued	(372,312)	(459,021)	-	(831,333)
Effect of changes in interest rates and other financial assumptions	2,266	-	-	2,266
Interest accreted	3,058	-	-	3,058
Finance income from reinsurance contracts held	5,324	-	-	5,324
Net insurance finance expenses	(366,988)	(459,021)	-	(826,009)
<u>Summary of the amounts recognised in profit or loss</u>				
Net investment and other income - underlying assets	311,434	498,809	-	810,243
Net investment and other income - other investments	195,940	-	-	195,940
Net investment and other income - other	-	-	7,400	7,400
Net insurance/reinsurance finance expenses	(363,568)	(459,197)	-	(822,765)
	143,806	39,612	7,400	190,818
<u>Summary of the amounts recognised in OCI</u>				
Net investment and other loss - underlying assets	-	(190)	-	(190)
Net investment and other income - other investments	8,958	-	-	8,958
Net insurance/reinsurance finance (expenses)/income	(3,420)	176	-	(3,244)
	5,538	(14)	-	5,524

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18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Company</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2025</u>				
Interest revenue from financial assets not measured at FVTPL	4,798	141,802	-	146,600
Net gains on FVTPL investments	75,587	119,325	-	194,912
Allowance for net credit impairment losses	-	(4)	-	(4)
Net gains on investments in debt securities measured at FVOCI	-	40,718	-	40,718
Net gains from fair value adjustments to investment properties	-	(1,063)	-	(1,063)
Rental income from investment properties	-	6,692	-	6,692
Gross asset revaluation surplus	-	2,593	-	2,593
Net investment and other income - underlying assets	80,385	310,063	-	390,448
Interest revenue from financial assets not measured at FVTPL	180,627	-	-	180,627
Net gains on FVTPL investments	62,951	-	-	62,951
Allowance for net credit impairment losses	(38)	-	-	(38)
Net gains on investments in debt securities measured at FVOCI	57,278	-	-	57,278
Net gains from fair value adjustments to investment properties	(107)	-	-	(107)
Rental income from investment properties	652	-	-	652
Gross asset revaluation surplus	197	-	-	197
Net investment and other income - other investments	301,560	-	-	301,560
Interest revenue from financial assets not measured at FVTPL	-	-	260	260
Net gains on FVTPL investments	-	-	10,721	10,721
Net investment and other income - other	-	-	10,981	10,981
Total net investment and other income	381,945	310,063	10,981	702,989

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18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Company</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2025</u>				
Changes in value of underlying assets of contracts measured under the VFA	(76,576)	(300,135)	-	(376,711)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in-rates	(29,917)	-	-	(29,917)
Interest accreted	(85,955)	-	-	(85,955)
Others*	-	105,000	-	105,000
Finance expenses from insurance contracts issued	(192,448)	(195,135)	-	(387,583)
Effect of changes in interest rates and other financial assumptions	2,573	-	-	2,573
Interest accreted	2,274	-	-	2,274
Finance income from reinsurance contracts held	4,847	-	-	4,847
Net insurance/reinsurance finance expenses	(187,601)	(195,135)	-	(382,736)
<u>Summary of the amounts recognised in profit or loss</u>				
Net investment and other income - underlying assets	80,385	276,149	-	356,534
Net investment and other income - other investments	241,916	-	-	241,916
Net investment and other income - other	-	-	10,981	10,981
Net insurance/reinsurance finance expenses	(160,258)	(163,934)	-	(324,192)
	162,043	112,215	10,981	285,239

*included in net insurance finance expenses of participating portfolio is the surplus transfer from excess estate to shareholders' fund during the year. Refer to Note 32 (iii) to the financial statements.

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18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Company</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2025</u>				
<u>Summary of the amounts recognised in OCI</u>				
Net investment and other income				
- underlying assets	-	33,914	-	33,914
Net investment and other income				
- other investments	59,644	-	-	59,644
Net insurance/reinsurance finance expenses	(27,343)	(31,201)	-	(58,544)
	<u>32,301</u>	<u>2,713</u>	<u>-</u>	<u>35,014</u>

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18 INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)

<u>Company</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2024</u>				
Interest revenue from financial assets not measured at FVTPL	3,257	144,695	-	147,952
Net gains on FVTPL investments	307,656	323,936	-	631,592
Write-back of net credit impairment losses	-	52	-	52
Net gains on investments in debt securities measured at FVOCI	-	6,260	-	6,260
Net gains from fair value adjustments to investment properties	-	12,965	-	12,965
Rental income from investment properties	-	6,795	-	6,795
Gross asset revaluation surplus	-	3,916	-	3,916
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment and other income - underlying assets	310,913	498,619	-	809,531
	<hr/>	<hr/>	<hr/>	<hr/>
Interest revenue from financial assets not measured at FVTPL	159,184	-	-	159,184
Net gains on FVTPL investments	35,182	-	-	35,182
Allowance for net credit impairment losses	(25)	-	-	(25)
Net gains on investments in debt securities measured at FVOCI	7,792	-	-	7,792
Net gains from fair value adjustments to investment properties	1,807	-	-	14,772
Rental income from investment properties	661	-	-	661
Gross asset revaluation surplus	297	-	-	297
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment and other income - other investments	204,898	-	-	204,898
	<hr/>	<hr/>	<hr/>	<hr/>
Interest revenue from financial assets not measured at FVTPL	-	-	100	100
Net gains on FVTPL investments	-	-	7,147	7,147
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment and other income - other	-	-	7,247	7,247
	<hr/>	<hr/>	<hr/>	<hr/>
Total net investment and other income	<u>515,811</u>	<u>498,619</u>	<u>7,247</u>	<u>1,021,677</u>

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18 **INVESTMENT, OTHER INCOME, AND INSURANCE FINANCE EXPENSES (CONTINUED)**

<u>Company</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Other</u> RM'000	<u>Total</u> RM'000
<u>2024</u>				
Changes in value of underlying assets of contracts measured under the VFA	(288,504)	(459,021)	-	(747,525)
Effect of changes in interest rates and other financial assumptions	(5,686)	-	-	(5,686)
Interest accreted	(78,202)	-	-	(78,202)
Finance expenses from insurance contracts issued	(372,392)	(459,021)	-	(831,413)
Effect of changes in interest rates and other financial assumptions	2,266	-	-	2,266
Interest accreted	3,058	-	-	3,058
Finance income from reinsurance contracts held	5,324	-	-	5,324
Net insurance/reinsurance finance expenses	(367,068)	(459,021)	-	(826,089)
<u>Summary of the amounts recognised in profit or loss</u>				
Net investment and other income - underlying assets	310,913	498,809	-	789,962
Net investment and other income - other investments	195,940	-	-	200,719
Net investment and other income - other	-	-	7,247	22,228
Net insurance/reinsurance finance expenses	(363,648)	(459,197)	-	(822,845)
	143,205	39,612	7,247	190,064
<u>Summary of the amounts recognised in OCI</u>				
Net investment and other loss - underlying assets	-	(190)	-	(190)
Net investment and other income - other investments	8,958	-	-	8,958
Net insurance/reinsurance finance (expenses)/income	(3,420)	176	-	(3,244)
	5,538	(14)	-	5,524

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19 **NET GAIN OR LOSS BY MEASUREMENT**

The net gain or loss for each class of financial instrument and investment properties by measurement category is as follows:

<u>Group</u>	<u>AC</u> RM'000	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2025</u>					
Interest revenue from financial asset not measured at FVTPL:					
Cash and cash equivalents	15,161	-	-	-	15,161
Government bonds	-	159,400	-	-	159,400
Other debt securities	-	152,926	-	-	152,926
	<u>15,161</u>	<u>312,326</u>	<u>-</u>	<u>-</u>	<u>327,487</u>
Net gains on FVTPL investments:					
Government bonds	-	-	1,663	-	1,663
Other debt securities	-	-	28,157	-	28,157
Equity securities	-	-	240,278	-	240,278
	<u>-</u>	<u>-</u>	<u>270,098</u>	<u>-</u>	<u>270,098</u>
Other:					
Net gains on investments in debt securities measured at FVOCI	-	97,996	-	-	97,996
Net losses from fair value adjustments to investment properties	-	-	-	(1,170)	(1,170)
Rental income from investment properties	-	-	-	7,344	7,344
Reversal of net credit impairment losses	-	(42)	-	-	(42)
	<u>-</u>	<u>97,954</u>	<u>-</u>	<u>6,174</u>	<u>104,128</u>
Total net investment income	<u>15,161</u>	<u>410,280</u>	<u>270,098</u>	<u>6,174</u>	<u>701,713</u>
Amounts recognised in profit or loss	15,161	319,512	270,098	6,174	610,945
Amounts recognised in OCI	-	90,768	-	-	90,768
Total net investment income	<u>15,161</u>	<u>410,280</u>	<u>270,098</u>	<u>6,174</u>	<u>701,713</u>

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

19 **NET GAIN OR LOSS BY MEASUREMENT (CONTINUED)**

The net gain or loss for each class of financial instrument and investment properties by measurement category is as follows:
(continued)

<u>Group</u>	<u>AC</u> RM'000	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2024</u>					
Interest revenue from financial asset not measured at FVTPL:					
Cash and cash equivalents	16,171	-	-	-	16,171
Government bonds	-	147,905	-	-	147,905
Other debt securities	-	143,160	-	-	143,160
	<u>16,171</u>	<u>291,065</u>	<u>-</u>	<u>-</u>	<u>307,236</u>
Net gains on FVTPL investments:					
Government bonds	-	-	1,375	-	1,375
Other debt securities	-	-	25,277	-	25,277
Equity securities	-	-	647,943	-	647,943
	<u>-</u>	<u>-</u>	<u>674,595</u>	<u>-</u>	<u>674,595</u>
Other:					
Net gains on investments in debt securities measured at FVOCI	-	14,052	-	-	14,052
Net gains from fair value adjustments to investment properties	-	-	-	14,772	14,772
Rental income from investment properties	-	-	-	7,456	7,456
Reversal of net credit impairment losses	-	27	-	-	27
	<u>-</u>	<u>14,079</u>	<u>-</u>	<u>22,228</u>	<u>36,307</u>
Total net investment income	<u>16,171</u>	<u>305,144</u>	<u>674,595</u>	<u>22,228</u>	<u>1,018,138</u>
Amounts recognised in profit or loss	16,171	300,589	674,595	22,228	1,013,583
Amounts recognised in OCI	-	4,555	-	-	4,555
Total net investment income	<u>16,171</u>	<u>305,144</u>	<u>674,595</u>	<u>22,228</u>	<u>1,018,138</u>

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19 **NET GAIN OR LOSS BY MEASUREMENT (CONTINUED)**

The net gain or loss for each class of financial instrument and investment properties by measurement category is as follows:
(continued)

<u>Company</u>	<u>AC</u> RM'000	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2025</u>					
Interest revenue from financial assets not measured at FVTPL:					
Cash and cash equivalents	15,161	-	-	-	15,161
Government bonds	-	159,400	-	-	159,400
Other debt securities	-	152,926	-	-	152,926
	<u>15,161</u>	<u>312,326</u>	<u>-</u>	<u>-</u>	<u>327,487</u>
Net gains on FVTPL investments:					
Government bonds	-	-	1,663	-	1,663
Other debt securities	-	-	25,056	-	25,056
Equity securities	-	-	241,865	-	241,865
	<u>-</u>	<u>-</u>	<u>268,584</u>	<u>-</u>	<u>268,584</u>
Other:					
Net gains on investments in debt securities measured at FVOCI	-	97,996	-	-	97,996
Net losses on investment properties measured as FVTPL	-	-	-	(1,170)	(1,170)
Rental income from investment properties	-	-	-	7,344	7,344
Allowance for net credit impairment losses	-	(42)	-	-	(42)
	<u>-</u>	<u>97,954</u>	<u>-</u>	<u>6,174</u>	<u>104,128</u>
Total net investment income	<u>15,161</u>	<u>410,280</u>	<u>268,584</u>	<u>6,174</u>	<u>700,199</u>
Amounts recognised in profit or loss	15,161	319,512	268,584	6,174	609,431
Amounts recognised in OCI	-	90,768	-	-	90,768
Total net investment income	<u>15,161</u>	<u>410,280</u>	<u>268,584</u>	<u>6,174</u>	<u>700,199</u>

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19 **NET GAIN OR LOSS BY MEASUREMENT (CONTINUED)**

The net gain or loss for each class of financial instrument and investment properties by measurement category is as follows:
(continued)

<u>Company</u>	<u>AC</u> RM'000	<u>FVOCI</u> RM'000	<u>FVTPL</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>2024</u>					
Interest revenue from financial assets not measured at FVTPL:					
Cash and cash equivalents	16,171	-	-	-	16,171
Government bonds	-	147,905	-	-	147,905
Other debt securities	-	143,160	-	-	143,160
	<u>16,171</u>	<u>291,065</u>	<u>-</u>	<u>-</u>	<u>307,236</u>
Net gains on FVTPL investments:					
Government bonds	-	-	1,375	-	1,375
Other debt securities	-	-	23,094	-	23,094
Equity securities	-	-	649,452	-	649,452
	<u>-</u>	<u>-</u>	<u>673,921</u>	<u>-</u>	<u>673,921</u>
Other:					
Net gains on investments in debt securities measured at FVOCI	-	14,052	-	-	14,052
Net gains from fair value adjustments to investment properties	-	-	-	14,772	14,772
Rental income from investment properties	-	-	-	7,456	7,456
Write-back of net credit impairment losses	-	27	-	-	27
	<u>-</u>	<u>14,079</u>	<u>-</u>	<u>22,228</u>	<u>36,307</u>
Total net investment income	<u>16,171</u>	<u>305,144</u>	<u>673,921</u>	<u>22,228</u>	<u>1,017,464</u>
Amounts recognised in profit or loss	16,171	300,589	673,921	22,228	1,012,909
Amounts recognised in OCI	-	4,555	-	-	4,555
Total net investment income	<u>16,171</u>	<u>305,144</u>	<u>673,921</u>	<u>22,228</u>	<u>1,017,464</u>

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20 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Current tax	31,487	52,849	31,487	52,845
Taxation of participating policyholders' and unitholder funds	18,510	28,456	18,510	28,452
Taxation of the Company	12,977	24,393	12,977	24,393
Deferred tax (Note 16)	43,527	66,116	43,527	66,116
Taxation of participating policyholders' and unitholder funds	6,353	32,774	6,353	32,774
Taxation of the Company	37,174	33,342	37,174	33,342
Taxation	<u>75,014</u>	<u>118,965</u>	<u>75,014</u>	<u>118,961</u>
<u>Current tax</u>				
Current financial year	42,854	53,579	42,854	53,575
Over-provision in prior financial years	(1,138)	(730)	(1,138)	(730)
Tax remission recoverable	(10,229)	-	(10,229)	-
	<u>31,487</u>	<u>52,849</u>	<u>31,487</u>	<u>52,845</u>
<u>Deferred tax</u>				
Origination and reversal of temporary differences (Note 16)	43,527	66,116	43,527	66,116
Taxation	<u>75,014</u>	<u>118,965</u>	<u>75,014</u>	<u>118,961</u>

The explanation of the relationship between taxation and profit before is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>367,519</u>	<u>289,606</u>	<u>367,519</u>	<u>289,563</u>
Tax calculated at the Malaysian tax rate of 24% (2024: 24%)	88,205	69,505	88,205	69,495
Tax on investment income of participating policyowner and unit holder fund	24,863	61,226	24,863	61,226
Estimated tax relief on actuarial surplus transferable to shareholder's fund	(10,708)	(20,968)	(10,708)	(20,968)
Tax rate differential in respect of life insurance business	15,266	11,128	15,266	11,128
Expenses not deductible for tax purposes	2,369	4,584	2,369	4,584
Section 110B tax credit	(5,200)	(3,750)	(5,200)	(3,750)
Income not subject to tax	(28,398)	(2,377)	(28,398)	(2,371)
Over-provision in prior financial years	(1,154)	(383)	(1,154)	(383)
Tax remission recoverable	(10,229)	-	(10,229)	-
Tax expense for the financial year	<u>75,014</u>	<u>118,965</u>	<u>75,014</u>	<u>118,961</u>

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20 TAXATION (CONTINUED)

The tax expense of the Life Fund is based on the method prescribed under the Income Tax Act, 1967 for the life business, where the income tax in the Life Fund is calculated at 8% on investment income. The income tax for the Shareholders' Fund is calculated based on the tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

In 2008, the Ministry of Finance has gazetted an order on the allowance of income tax set-off/credit for the tax charged on the surplus transferred from the Life Fund to the Shareholders' Fund with effect from year of assessment 2008 under Section 110B of the Income Tax Act, 1967.

On 8 October 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") reached an agreement on the Two-Pillar Solution, also referred to as "BEPS 2.0" to address the tax challenges arising from the digitalisation of the economy. Pillar Two of this solution introduces a Global Minimum Tax ("GMT") to ensure that large multinational enterprises ("MNEs") pay a minimum tax rate of 15% on their income in each jurisdiction where they operate. This measure aims to limit tax competition and curb base erosion and profit shifting.

Malaysia has enacted the GMT under the Finance (No. 2) Act 2023, aligned with the OECD BEPS 2.0 Pillar Two rules. The regime applies to MNE groups with annual consolidated revenue of at least EUR 750 million and is effective for financial years beginning on or after 1 January 2025.

Japan's 2023 Tax Reform legislation was finalised and includes the Income Inclusion Rule ("IIR"), which applies to fiscal years starting on or after 1 April 2024. Before Malaysia's implementation of a Qualified Domestic Minimum Top-up Tax ("QDMTT") from 2025, any Top-up Tax arising in Malaysia (if applicable) may therefore be collected in Japan under the IIR for the relevant fiscal periods.

Malaysia GMT framework introduces a Domestic Top-Up Tax ("DTT") and a Multinational Top-Up Tax ("MTT") to ensure a minimum effective tax rate ("ETR") of 15%. The Inland Revenue Board confirms that the first GloBE Information Return and Top-Up Tax Return for a 31 December 2025 year-end will be due by 30 June 2027.

Based on our preliminary assessment, the Group's jurisdictional ETR is expected to exceed the 15% minimum threshold. Accordingly, no material financial impact arising from the GMT is anticipated for the 2025 financial year. As a result, TMLM currently does not expect any related current tax exposure nor any requirement to recognise or disclose deferred tax assets or liabilities associated with the GMT at this stage.

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21 BASIC EARNINGS PER SHARE (SEN)

The earnings per share has been calculated based on the net profit for the financial year and the weighted average number of ordinary shares of the Group and the Company in issue during the financial year.

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders	<u>292,505</u>	<u>170,641</u>	<u>292,505</u>	<u>170,602</u>
Weighted average number of shares in issue	<u>796,000</u>	<u>226,000</u>	<u>796,000</u>	<u>226,000</u>
Basic earnings per share (sen)	<u>36.75</u>	<u>75.50</u>	<u>36.75</u>	<u>75.49</u>

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

No diluted earnings per share is disclosed in these financial statements as there are no dilutive potential ordinary shares.

22 DIVIDENDS PAID

Group/Company

A first and final single tier dividend of 4.43 sen (2024: 4.43 sen) per ordinary share on 226,000,000 ordinary shares amounting to RM10,000,000 (2024: RM10,000,000) for the financial year ended 31 December 2024 was approved at the Annual General Meeting held on 25 June 2025 and this dividend was paid in full on 26 June 2025.

23 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Authorised and contracted but not provided for:		
- Computer hardware and software	2,670	2,597
- Renovation	254	434
	<u>2,924</u>	<u>3,031</u>

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24 OPERATING LEASE COMMITMENTS

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Commitments under non-cancellable operating leases where the Group and the Company is a lessee:		
Payable within one year	119	82
Payable after one year	36	59
	<u>155</u>	<u>141</u>
Commitments under non-cancellable operating leases where the Group and the Company is a lessor:		
Receivable within one year	8,912	6,599
Receivable after one year	11,378	1,474
	<u>20,290</u>	<u>8,073</u>

25 EXPENSES BY NATURE

An analysis of the expenses incurred by the Group and the Company is included in the table below:

<u>Group</u>	<u>Expenses attributed to insurance acquisition cash flows</u>	<u>Other directly attributable expenses</u>	<u>Other operating expenses</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>2025</u>				
Commission and agency expenses	52,606	91,806	-	144,412
Staff costs	34,258	71,229	-	105,487
Directors' remuneration (Note 26(c))	-	639	-	639
Depreciation of property, plant and equipment (Note 3)	1,857	3,525	-	5,382
Depreciation for right-of-use assets (Note 4)	206	390	-	596
Amortisation of intangible assets (Note 6)	833	1,683	-	2,516
Derecognition of assets for IACF (Note 13a)	5,931	-	-	5,931
Auditors' remuneration				
- statutory audit	-	1,127	-	1,127
- other audit services	-	455	-	455
- under-provision of prior year audit fee	-	143	-	143
Information technology expenses	-	12,742	-	12,742
Interest expenses for lease liabilities	25	47	-	72
Distribution related expenses	20,198	-	-	20,198
Management and administrative expenses	5,746	17,685	836	24,267
Impairment loss for other receivables	-	-	522	522
Other expenses	796	4,390	2,844	8,030
Total	<u>122,456</u>	<u>205,861</u>	<u>4,202</u>	<u>332,519</u>

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25 EXPENSES BY NATURE (CONTINUED)

An analysis of the expenses incurred by the Group and the Company is included in the table below:
(continued)

<u>Group</u>	<u>Expenses attributed to insurance acquisition cash flows</u> RM'000	<u>Other directly attributable expenses</u> RM'000	<u>Other operating expenses</u> RM'000	<u>Total</u> RM'000
<u>2024</u>				
Commission and agency expenses	57,334	92,551	-	149,885
Staff costs	37,252	52,973	5,428	95,653
Directors' remuneration (Note 26(c))	-	563	-	563
Depreciation of property, plant and equipment (Note 3)	2,380	3,007	-	5,387
Depreciation for right-of-use assets (Note 4)	349	441	-	790
Amortisation of intangible assets (Note 6)	1,736	2,312	-	4,048
Derecognition of assets for IACF (Note 13a)	16,800	-	-	16,800
Auditors' remuneration				
- statutory audit	-	1,004	-	1,004
- other audit services	-	450	-	450
Information technology expenses	-	10,923	-	10,923
Interest expenses for lease liabilities	39	50	-	89
Distribution related expenses	23,013	-	-	23,013
Management and administrative expenses	6,375	15,854	634	22,863
Impairment loss for other receivables	-	-	555	555
Other expenses	814	4,257	11,719	16,790
Total	<u>146,092</u>	<u>184,385</u>	<u>18,336</u>	<u>348,813</u>

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25 **EXPENSES BY NATURE (CONTINUED)**

An analysis of the expenses incurred by the Group and the Company is included in the table below:
(continued)

<u>Company</u>	Expenses attributed to insurance acquisition <u>cash flows</u> RM'000	Other directly attributable <u>expenses</u> RM'000	Other operating <u>expenses</u> RM'000	<u>Total</u> RM'000
<u>2025</u>				
Commission and agency expenses	52,606	91,806	-	144,412
Staff costs	34,258	71,229	-	105,487
Directors' remuneration (Note 26(c))	-	639	-	639
Depreciation of property, plant and equipment (Note 3)	1,857	3,525	-	5,382
Depreciation for right-of-use assets (Note 4)	206	390	-	596
Amortisation of intangible assets (Note 6)	833	1,683	-	2,516
Derecognition of assets for IACF (Note 13a)	5,931	-	-	5,931
Auditors' remuneration				
- statutory audit	-	1,113	-	1,113
- other audit services	-	455	-	455
- under-provision of prior year audit fee	-	143	-	143
Information technology expenses	-	12,742	-	12,742
Interest expenses for lease liabilities	25	47	-	72
Distribution related expenses	20,198	-	-	20,198
Management and administrative expenses	5,746	17,685	836	24,267
Impairment loss for other receivables	-	-	522	522
Other expenses	796	4,404	2,363	7,563
Total	122,456	205,861	3,721	332,038
<u>2024</u>				
Commission and agency expenses	57,334	92,551	-	149,885
Staff costs	37,252	52,973	5,428	95,653
Directors' remuneration (Note 26(c))	-	563	-	563
Depreciation of property, plant and equipment (Note 3)	2,380	3,007	-	5,387
Depreciation for right-of-use assets (Note 4)	349	441	-	790
Amortisation of intangible assets (Note 6)	1,736	2,312	-	4,048
Derecognition of assets for IACF (Note 13a)	16,800	-	-	16,800
Auditors' remuneration				
- statutory audit	-	992	-	992
- other audit services	-	450	-	450
Information technology expenses	-	10,923	-	10,923
Interest expenses for lease liabilities	39	50	-	89
Distribution related expenses	23,013	-	-	23,013
Management and administrative expenses	6,375	15,854	634	22,863
Impairment loss for other receivables	-	-	555	555
Other expenses	814	4,269	11,008	16,091
Total	146,092	184,385	17,625	348,102

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25 EXPENSES BY NATURE (CONTINUED)

An analysis of the expenses incurred by the Group and the Company is included in the table below:
(continued)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Attributable expenses to insurance contracts				
Amortisation of IACF	8,137	8,462	8,137	8,462
Deferred acquisition cash flows	114,319	137,630	114,319	137,630
Other maintenance expenses	205,861	184,385	205,861	184,385
	328,317	330,477	328,317	330,477
Non-attributable expenses to insurance contracts				
	4,202	18,336	3,721	17,625
Total	332,519	348,813	332,038	348,102

Included in staff costs are the remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Group and the Company during the financial year which amounted to RM6.8 million (2024: RM7.8 million).

(a) The total remuneration of the Chief Executive Officer during the financial year is as follows:

	Group/Company	
	2025	2024
	RM'000	RM'000
Salaries and other remuneration	2,898	3,013
Benefits-in-kind	21	24
Bonus	3,898	4,759
	6,817	7,796

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25 EXPENSES BY NATURE (CONTINUED)

(b) The details of remuneration of the Directors during the financial year are as follows:

<u>Group/Company</u>	<u>Fees</u> RM'000	<u>Other emoluments</u> RM'000	<u>Total</u> RM'000
<u>2025</u>			
Independent Directors:			
- Christina Foo	115	22	137
- Tan Ming-Li	140	24	164
- Loh Kam Hian	97	17	114
- Chuah Sue Yin	166	19	185
- U Chen Hock	37	2	39
	555	84	639
<u>2024</u>			
Independent Directors:			
- Datuk Leong Kam Weng	105	10	115
- Chuah Sue Yin	150	21	171
- U Chen Hock	175	21	196
- Tan Ming-Li	70	11	81
	500	63	563

26 RELATED PARTY DISCLOSURES

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

	<u>Country of incorporation</u>	<u>Relationship</u>
Tokio Marine Holdings, Inc. ("TMH")	Japan	Ultimate holding corporation
Tokio Marine & Nichido Life Insurance Co., Ltd. ("TMNL")	Japan	Subsidiary of ultimate holding corporation
Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF")	Japan	Immediate holding corporation
Tokio Marine Life Insurance Singapore Ltd. ("TMLIS")	Singapore	Subsidiary of ultimate holding corporation
Tokio Marine Asia Pte. Ltd. ("TMAP")	Singapore	Subsidiary of ultimate holding corporation
Tokio Marine Asset Management International Pte. Ltd. ("TMAMI")	Singapore	Subsidiary of ultimate holding corporation
Tokio Marine Insurans (Malaysia) Berhad ("TMIM")	Malaysia	Subsidiary of ultimate holding corporation
Key management personnel	-	Key management personnel includes the Directors, Chief Executive Officer ("CEO") and senior management who report directly to the CEO

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26 RELATED PARTY DISCLOSURES (CONTINUED)

In the normal course of business, the Group and the Company undertake at agreed terms and prices, various transactions with its holding and ultimate holding corporations and other corporations deemed related parties by virtue of them being members of Tokio Marine Holdings, Inc. group of corporations.

The related party balances as at the date of the statement of financial position and significant related party transactions arising from normal business transactions during the financial year are set out below.

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
(a) <u>Related party balances</u>		
<u>Other receivables (Note 10)</u>		
Amount due from TMIM	74	60
<u>Other payables (Note 14)</u>		
Amount due to TMAP	273	324
Amount due to TMIM	102	102
(b) <u>Significant related party transactions</u>		
Income/(expenses):		
Transactions with TMIM:		
Directly attributable expense:		
Management fee received/receivable - Cost sharing of secretarial services	216	258
Premiums paid/payable - Non-life insurance	(472)	(472)
Insurance contract liabilities:		
Premiums received/receivable - Group insurance	699	23
Office rental income	281	309
Transactions with TMAP:		
Directly attributable expense:		
Management fee	(253)	(304)
Cost sharing of system subscription and license fees paid/payable	(1,503)	(1,034)
Transactions with TMH:		
Directly attributable expense:		
Reimbursement of cyber security expenses received/receivables	808	-
(c) <u>Loan from immediate holding corporation</u>		
Transactions with TMNF:		
Drawdown of subordinated loan	570,000	-
Interest on subordinated loan	(6,184)	-

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26 RELATED PARTY DISCLOSURES (CONTINUED)

The related party balances as at the date of the statement of financial position and significant related party transactions arising from normal business transactions during the financial year are set out below. (continued)

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
(d) <u>Issuance of shares</u>		
Transactions with TMNF:		
Conversion of subordinated loan to share capital	(570,000)	-
(e) <u>Key management compensation</u>		
Salaries and bonuses	16,550	21,251
Directors' remuneration (Note 25(b))	639	563
Contribution to Employees' Provident Fund	2,469	3,165
Other allowances	575	523
Benefits-in-kind	157	140
	<u>20,390</u>	<u>25,642</u>

27 RISK MANAGEMENT FRAMEWORK

The Group and the Company being a member of the Tokio Marine Holdings, Inc. Group of Companies take into consideration the risk management philosophy and business strategy of Tokio Marine Group when managing the risk of the Group and the Company. The Group and the Company aim to assume risks that are consistent with maintaining their solvency and supporting their business objectives. The Group and the Company are selective in their approach to risk taking, striking a balance between risk accepted and the reward they can derive from accepting that risk.

The Board of Directors is responsible for the overall establishment, supervision and review of all risk management processes in the Group and the Company. The Board is assisted by the Group and the Company's Risk Management and Compliance Committee in the identification, evaluation and assessment of risks in the Group and the Company.

The compositions, functions and the responsibilities of Risk Management and Compliance Committee are explained in the Directors' Report.

The Group and the Company's risk management strategy includes maintaining sound, robust and effective risk management processes which are appropriate to the nature, scale and complexity of the Group and the Company's life insurance business to safeguard the interests of Company's shareholders as well as to protect the Group and the Company's policyholders' interests. The risks are classified into broad categories to streamline the risk management processes and are not meant to be restrictive as to the risk identification and evaluation process.

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27 RISK MANAGEMENT FRAMEWORK (CONTINUED)

The following are the four broad categories of risks faced by the Group and the Company:

A. Business Risks

Business risks arise from the Group and the Company's business strategy, the environment in which the Group and the Company operate, and their ability to provide suitable products and services to customers. The Group and the Company provide insurance protection against risks such as mortality and morbidity risks.

Within the business risks, insurance risk has significant impact on business results. Insurance risks arise with respect to the adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of a number of insurance risk drivers. This includes adverse mortality, longevity, morbidity, persistency and expense experience. The definition and management of insurance risks are explained in Note 29 to the financial statements.

The Group and the Company have in place various risk management techniques to control and optimise the Group and the Company's exposure to business risks in pursuit of the Group and the Company's business objectives. New risks are assessed before they are considered for acceptance.

B. Financial Risks

Financial risks pertain to credit risks, liquidity risks and market risks. Credit risks is the risk of loss for the Group and the Company's business, or of adverse change in the financial situation resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit event.

Liquidity risk refers to the possibility of the Group and the Company having insufficient cash resources to meet their financial obligations as they fall due under business as usual and stress scenarios.

The Group and the Company are exposed to market risk arising from their investment in debt securities, equities and properties. Changes in interest rates, foreign exchange rates, and equity prices will impact the financial position of the Group and the Company as any reaction to market changes will affect the present and future earnings of the Group and the Company for the life insurance operations and shareholders' equity. The definition and management of financial risks are explained in Note 30 to the financial statements.

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27 RISK MANAGEMENT FRAMEWORK (CONTINUED)

The following are the four broad categories of risks faced by the Group and the Company: (continued)

C. Operational Risks

Operational risks may arise from inadequate or failed internal processes and controls, from personnel and systems, or from external events such as sudden disasters crippling the operations of the Group and the Company. Such risks, although difficult to quantify, have the potential to impose significant costs and disruption to the financial soundness and ongoing business of the Group and the Company. Business continuity risks are the risks of not being able to resume normal business operations in view of disruption which include civil, economic, natural disasters, etc. Such risks may cause the Group and the Company to be unable to continue business as a going concern due to significant financial losses or the destruction of lives and infrastructures arising from natural catastrophes. The Group and the Company have put in place measures to control and minimize the Group and the Company's exposure to operational risks.

D. Technology Risks

Technology risks emanating from the use of IT and the Internet. These risks arise from failures or breaches of IT systems, applications, platforms or infrastructure, which could result in financial loss, disruptions in, our services or operations, or reputational harm. The Group and the Company are committed to minimize the exposure and impact of technology risk by putting in measures and controls to ensure confidentiality, availability of information and information processing facilities including critical systems and infrastructure to be protected against cyberattacks, fraudulent activities, information loss and other security risks and threats arising internally and externally.

28 CAPITAL MANAGEMENT

The Group and the Company's capital management objective is to maintain a strong capital position with optimum buffer to meet obligations towards policyholders and to comply with the required capital requirements.

A. Investment Management

The investment portfolio of the Group and the Company which forms the largest asset pool is managed by an investment team through setting of investment policy and strategic asset allocation. The investment limits are set and monitored at various levels to ensure that all investment activities are within the guidelines set by the local statutory requirements governed by BNM.

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28 **CAPITAL MANAGEMENT (CONTINUED)**

B. Regulatory Capital Framework

Regulatory capital is the minimum amount of assets that must be held throughout the financial year to meet statutory solvency requirements governed under the RBC Framework. As part of the statutory requirements, the Company is required to provide its capital position on a quarterly basis to BNM.

The capital structure of the Company, consisting of all funds, as at the date of statements of financial position, as prescribed under the RBC Framework is provided below:

	<u>Note</u>	<u>Company</u> <u>2025</u> RM'000	<u>2024</u> RM'000
Eligible Tier 1 Capital			
Share capital (paid-up)	11	796,000	226,000
Reserves, including retained earnings		3,164,506	2,997,930
Tier 2 Capital		349,893	263,821
Amount deducted from capital		(685,108)	(6,587)
Total capital available		<u>3,625,291</u>	<u>3,481,164</u>

The Company has met both the minimum and internal capital requirements specified in the RBC Framework for the financial years ended 31 December 2024 and 31 December 2025.

These 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 the accounting policies adopted in the audited financial statements of the Company for the financial year ending 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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29 **INSURANCE RISKS**

The risk under any one life insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group and the Company face under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits will vary from year to year from the estimate. A more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Stress testing on the financial condition is conducted regularly to assess its ability to withstand adverse deviations in various assumptions. A dynamic solvency testing is performed annually to monitor its solvency position.

29a **Underwriting risks concentration**

Life Risk and Savings

The following tables present the concentration of insured benefits across three bands of insured benefits per individual life assured, separately for non-linked and investment-linked business. These tables do not include annuity contracts:

<u>Insured benefits per individual life assured at the end of reporting year:</u> RM'000	<u>Gross of reinsurance</u> RM'000		<u>Net of reinsurance</u> RM'000	
<u>31 December 2025</u>				
0 - 500	61,433,764	72%	42,202,104	72%
500 - 1,000	18,553,287	22%	12,974,970	22%
More than 1,000	4,832,275	6%	3,450,115	6%
Total	<u>84,819,326</u>	<u>100%</u>	<u>58,627,189</u>	<u>100%</u>
<u>31 December 2024</u>				
0 - 500	62,715,637	74%	43,196,795	73%
500 - 1,000	17,914,788	21%	12,533,358	21%
More than 1,000	4,558,597	5%	3,271,636	6%
Total	<u>85,189,022</u>	<u>100%</u>	<u>59,001,789</u>	<u>100%</u>

Participating

The Group and the Company do not present underwriting risk concentration, because mortality risk in the case of direct participating contracts is not substantial, and it is managed by underwriting procedures in the same way as in Life Risk and Savings products.

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29 INSURANCE RISKS (CONTINUED)

29b Key assumptions

In applying MFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios, except where stochastic modelling is used to measure financial guarantees. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. All assumptions are reviewed and updated, if necessary, each financial year in order to value insurance contract liabilities that reflect the Group and the Company's experience. The assumptions are required to be on best estimate basis, where actual experience has equal chance of being better or worse than estimated.

(i) Mortality and morbidity

Mortality assumptions used are based on annual investigation into their respective mortality experience over the recent financial years, and are expressed as a percentage of a standard mortality table.

The morbidity assumptions for dread disease benefits are based on a percentage of the reinsurer's risk premium rates.

(ii) Lapse and surrender rates

Lapse and surrender assumptions are based on an annual investigation into their respective withdrawal experience over the recent financial years, and are expressed as rates of withdrawal, split by duration in-force.

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29 **INSURANCE RISKS (CONTINUED)**

29b **Key assumptions (continued)**

(iii) **Discount rate**

The discount rates applied to the estimates of the future cash flows shall reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The Group and the Company consider Malaysia Government Securities (“MGS”) yield curves a good foundation for determining a risk-free yield curve using the bottom-up approach. Insurance contracts cash flows can go beyond liquid segments of the MGS market. The Group and the Company have adopted Smith-Wilson method to extrapolate market observable prices and yields towards long term forward rate of 5.0% per annum.

In a bottom-up approach, an entity may adjust a liquid risk-free yield curve to include a premium for the illiquidity characteristics of the insurance contracts. Liquidity of an insurance contract depends on the ability of the policyholders to terminate / exit the contract with minimal loss in policyholder value. Illiquidity premium is estimated from market observed credit spread on “AA” corporate bonds with suitable adjustments for credit risks.

The Group and the Company consider the application of illiquidity premium to the valuation of Participating and Non-participating contract liabilities to be appropriate. However, illiquidity premium is not applied for Investment-Linked contracts as cash flows underlying these contracts are expected to be considerably less predictable (fluctuations in equity values, premium holiday, fund withdrawals, surrenders without penalties, etc.).

Spot Yield (by tenure)	2025		2024	
	Investment-Linked	Participating and Non-Participating	Investment-Linked	Participating and Non-Participating
1	2.8%	2.9%	3.3%	3.4%
5	3.3%	3.4%	3.7%	3.7%
10	3.6%	3.7%	3.9%	3.9%
20	4.1%	4.2%	4.2%	4.3%
30	4.4%	4.4%	4.4%	4.5%

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29 INSURANCE RISKS (CONTINUED)

29c Composition of the statement of financial position

An analysis of the amounts presented on the consolidated statement of financial position for insurance contracts is included in the table below, along with the presentation of current and non-current portions of the balances:

<u>Group</u>	<u>Life Risk and Savings</u> RM'000	<u>Participating</u> RM'000	<u>Total</u> RM'000	<u>Current portion</u> RM'000	<u>Non-current portion</u> RM'000	<u>Total</u> RM'000
As at 31 December 2025						
Insurance contract liabilities:						
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	5,571,188	4,958,539	10,529,727	1,764,589	8,765,138	10,529,727
- IACF assets	(679,119)	-	(679,119)	-	(679,119)	(679,119)
	<u>4,892,069</u>	<u>4,958,539</u>	<u>9,850,608</u>	<u>1,764,589</u>	<u>8,086,019</u>	<u>9,850,608</u>
Reinsurance contract (assets)/liabilities:						
- Reinsurance contract assets	(94,797)	-	(94,797)	(16,033)	(78,764)	(94,797)
- Reinsurance contract liabilities	4,304	-	4,304	1,028	3,276	4,304
	<u>(90,493)</u>	<u>-</u>	<u>(90,493)</u>	<u>(15,005)</u>	<u>(75,488)</u>	<u>(90,493)</u>

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29 INSURANCE RISKS (CONTINUED)

29c Composition of the statement of financial position (continued)

An analysis of the amounts presented on the consolidated statement of financial position for insurance contracts is included in the table below, along with the presentation of current and non-current portions of the balances: (continued)

<u>Group</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>	<u>Current portion RM'000</u>	<u>Non-current portion RM'000</u>	<u>Total RM'000</u>
As at 31 December 2024						
Insurance contract liabilities:						
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	4,938,445	5,105,160	10,043,605	1,822,891	8,220,714	10,043,605
	<u>4,938,445</u>	<u>5,105,160</u>	<u>10,043,605</u>	<u>1,822,891</u>	<u>8,220,714</u>	<u>10,043,605</u>
Reinsurance contract (assets)/liabilities:						
- Reinsurance contract assets	(110,462)	-	(110,462)	(38,692)	(71,770)	(110,462)
- Reinsurance contract liabilities	3,988	-	3,988	178	3,810	3,988
	<u>(106,474)</u>	<u>-</u>	<u>(106,474)</u>	<u>(38,514)</u>	<u>(67,960)</u>	<u>(106,474)</u>

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29 INSURANCE RISKS (CONTINUED)

29c Composition of the statement of financial position (continued)

An analysis of the amounts presented on the consolidated statement of financial position for insurance contracts is included in the table below, along with the presentation of current and non-current portions of the balances: (continued)

<u>Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>	<u>Current portion RM'000</u>	<u>Non-current portion RM'000</u>	<u>Total RM'000</u>
As at 31 December 2025						
Insurance contract liabilities:						
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	5,570,625	4,958,539	10,529,164	1,764,025	8,765,139	10,529,164
- IACF assets	(679,119)	-	(679,119)	-	(679,119)	(679,119)
	<u>4,891,506</u>	<u>4,958,539</u>	<u>9,850,045</u>	<u>1,764,025</u>	<u>8,086,020</u>	<u>9,850,045</u>
Reinsurance contract (assets)/liabilities:						
- Reinsurance contract assets	(94,797)	-	(94,797)	(16,033)	(78,764)	(94,797)
- Reinsurance contract liabilities	4,304	-	4,304	1,028	3,276	4,304
	<u>(90,493)</u>	<u>-</u>	<u>(90,493)</u>	<u>(15,005)</u>	<u>(75,488)</u>	<u>(90,493)</u>

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29 INSURANCE RISKS (CONTINUED)

29c Composition of the statement of financial position (continued)

An analysis of the amounts presented on the consolidated statement of financial position for insurance contracts is included in the table below, along with the presentation of current and non-current portions of the balances: (continued)

<u>Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>	<u>Current portion RM'000</u>	<u>Non-current portion RM'000</u>	<u>Total RM'000</u>
As at 31 December 2024						
Insurance contract liabilities:						
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	4,938,915	5,105,160	10,044,075	1,823,361	8,220,714	10,044,075
	<u>4,938,915</u>	<u>5,105,160</u>	<u>10,044,075</u>	<u>1,823,361</u>	<u>8,220,714</u>	<u>10,044,075</u>
Reinsurance contract (assets)/liabilities:						
- Reinsurance contract assets	(110,462)	-	(110,462)	(38,692)	(71,770)	(110,462)
- Reinsurance contract liabilities	3,988	-	3,988	178	3,810	3,988
	<u>(106,474)</u>	<u>-</u>	<u>(106,474)</u>	<u>(38,514)</u>	<u>(67,960)</u>	<u>(106,474)</u>

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

29 INSURANCE RISKS (CONTINUED)

29d Sensitivity

The Group and the Company conducted a sensitivity analysis on the actuarial liabilities as at the date of the statements of financial position, based on the change in one specific assumption while holding all other assumptions constant. Sensitivity information will also vary according to the current economic assumptions.

<u>Life Risk and Savings</u>	<u>Change in assumption</u>	<u>Impact on CSM</u>		<u>Impact on FCF</u>		<u>Impact on profit after tax</u>		<u>Impact on equity</u>	
		<u>Gross</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Net</u> RM'000
As at 31 December 2025:									
Worsening of mortality/morbidity	25%	(349,771)	(225,449)	484,884	329,181	(100,148)	(82,362)	(108,090)	(82,985)
Improvement in mortality/morbidity	-25%	405,799	282,330	(460,324)	(318,377)	35,619	26,197	43,620	28,838
Worsening of lapse/surrender rates	25%	(40,485)	(54,917)	33,507	49,402	3,582	2,883	5,582	4,412
Improvement in lapse/surrender rates	-25%	64,956	81,203	(56,124)	(75,174)	(5,092)	(4,436)	(7,065)	(4,822)
Worsening of expense	10%	(45,679)	(45,308)	55,934	54,762	(7,749)	(7,325)	(8,204)	(7,563)
Improvement in expense	-10%	47,848	46,585	(54,968)	(53,565)	5,243	4,997	5,697	5,584
As at 31 December 2024:									
Worsening of mortality/morbidity	25%	(401,379)	(271,041)	481,277	334,996	(58,070)	(48,736)	(63,919)	(50,700)
Improvement in mortality/morbidity	-25%	409,521	295,424	(457,883)	(328,173)	32,799	24,601	38,690	26,663
Worsening of lapse/surrender rates	25%	(49,429)	(60,085)	44,411	56,521	1,909	1,561	4,015	3,084
Improvement in lapse/surrender rates	-25%	74,391	88,015	(69,560)	(84,251)	(1,680)	(1,322)	(3,865)	(2,779)
Worsening of expense	10%	(46,467)	(45,328)	51,953	50,814	(4,042)	(3,969)	(4,389)	(4,296)
Improvement in expense	-10%	46,004	44,937	(51,245)	(49,945)	3,847	3,781	4,193	4,100

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29 INSURANCE RISKS (CONTINUED)

29d Sensitivity (continued)

The Group and the Company conducted a sensitivity analysis on the actuarial liabilities as at the date of the statements of financial position, based on the change in one specific assumption while holding all other assumptions constant. Sensitivity information will also vary according to the current economic assumptions. (continued)

<u>Participating</u>	<u>Change in assumption</u>	<u>Impact on CSM</u>		<u>Impact on FCF</u>		<u>Impact on profit after tax</u>		<u>Impact on equity</u>	
		<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2025:									
Worsening of mortality/morbidity	25%	(9,917)	(9,917)	10,163	10,163	(197)	(197)	(197)	(197)
Improvement in mortality/morbidity	-25%	10,449	10,449	(10,602)	(10,602)	122	122	122	122
Worsening of lapse/surrender rates	25%	(1,263)	(1,263)	323	323	752	752	752	752
Improvement in lapse/surrender rates	-25%	714	714	228	228	(753)	(753)	(753)	(753)
Worsening of expense	10%	(2,485)	(2,485)	2,690	2,690	(164)	(164)	(164)	(164)
Improvement in expense	-10%	2,281	2,281	(2,461)	(2,461)	143	143	143	143
As at 31 December 2024:									
Worsening of mortality/morbidity	25%	(11,320)	(11,320)	11,661	11,661	(273)	(273)	(273)	(273)
Improvement in mortality/morbidity	-25%	12,222	12,222	(12,506)	(12,506)	228	228	228	228
Worsening of lapse/surrender rates	25%	(921)	(921)	(25)	(25)	757	757	757	757
Improvement in lapse/surrender rates	-25%	274	274	680	680	(763)	(763)	(763)	(763)
Worsening of expense	10%	(2,651)	(2,651)	2,851	2,851	(160)	(160)	(160)	(160)
Improvement in expense	-10%	2,582	2,582	(2,772)	(2,772)	152	152	152	152

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29 INSURANCE RISKS (CONTINUED)

29e Expected recognition of the CSM

<u>Group/Company</u>	<u>Insurance contract issued</u>			<u>Reinsurance contract held</u>	
	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total CSM RM'000</u>	<u>Life Risk RM'000</u>	<u>Total CSM RM'000</u>
Number of years until expected to be recognised:					
<u>As at 31 December 2025</u>					
1 year	84,779	6,665	91,444	3,425	3,425
2 years	77,587	6,316	83,903	3,642	3,642
3 years	72,259	6,003	78,262	3,445	3,445
4 years	66,921	5,699	72,620	3,261	3,261
5 years	61,961	5,401	67,362	3,089	3,089
6 - 10 years	244,556	22,916	267,472	13,644	13,644
More than 10 years	333,703	66,779	400,482	27,114	27,114
Total	<u>941,766</u>	<u>119,779</u>	<u>1,061,545</u>	<u>57,620</u>	<u>57,620</u>
<u>As at 31 December 2024</u>					
1 year	89,374	6,289	95,663	1,959	1,959
2 years	81,383	5,897	87,280	2,335	2,335
3 years	75,557	5,604	81,161	2,228	2,228
4 years	69,718	5,338	75,056	2,121	2,121
5 years	64,270	5,077	69,347	2,019	2,019
6 - 10 years	253,426	21,721	275,147	9,051	9,051
More than 10 years	346,075	64,031	410,106	20,272	20,272
Total	<u>979,803</u>	<u>113,957</u>	<u>1,093,760</u>	<u>39,985</u>	<u>39,985</u>

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17

<u>Group/Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>			
<u>Insurance contracts issued:</u>			
Insurance revenue			
- New contracts and contracts measured under the full retrospective approach at transition	286,643	854	287,497
- Contracts measured under the modified retrospective approach at transition	343,136	-	343,136
- Contracts measured under the fair value approach at transition	36,746	102,248	138,994
	<u>666,525</u>	<u>103,102</u>	<u>769,627</u>
CSM as at 31 December 2025			
- New contracts and contracts measured under the full retrospective approach at transition	484,305	2,853	487,158
- Contracts measured under the modified retrospective approach at transition	435,510	-	435,510
- Contracts measured under the fair value approach at transition	21,951	116,926	138,877
	<u>941,766</u>	<u>119,779</u>	<u>1,061,545</u>
<u>Reinsurance contracts held:</u>			
CSM as at 31 December 2025			
- New contracts and contracts measured under the full retrospective approach at transition	(50,109)	-	(50,109)
- Contracts measured under the fair value approach at transition	(7,511)	-	(7,511)
	<u>(57,620)</u>	<u>-</u>	<u>(57,620)</u>

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17 (continued)

<u>Group/Company</u>	<u>Life Risk and Savings RM'000</u>	<u>Participating RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>			
<u>Insurance contracts issued:</u>			
Insurance revenue			
- New contracts and contracts measured under the full retrospective approach at transition	220,769	1,456	222,225
- Contracts measured under the modified retrospective approach at transition	380,341	-	380,341
- Contracts measured under the fair value approach at transition	38,275	104,672	142,947
	<u>639,385</u>	<u>106,128</u>	<u>745,513</u>
CSM as at 31 December 2024			
- New contracts and contracts measured under the full retrospective approach at transition	430,968	2,608	433,576
- Contracts measured under the modified retrospective approach at transition	520,679	-	520,679
- Contracts measured under the fair value approach at transition	28,156	111,349	139,505
	<u>979,803</u>	<u>113,957</u>	<u>1,093,760</u>
<u>Reinsurance contracts held:</u>			
CSM as at 31 December 2024			
- New contracts and contracts measured under the full retrospective approach at transition	(32,971)	-	(32,971)
- Contracts measured under the fair value approach at transition	(7,014)	-	(7,014)
	<u>(39,985)</u>	<u>-</u>	<u>(39,985)</u>

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29 **INSURANCE RISKS (CONTINUED)**

29f Amounts determined on transition to MFRS 17 (continued)

Insurance revenue and the CSM by transition method

Life Risk and Savings - Insurance contract issued

<u>Group/Company</u>	<u>New contracts and contracts measured under the full retrospective approach at transition</u> RM'000	<u>Contracts measured under the modified retrospective approach at transition</u> RM'000	<u>Contracts measured under the fair value approach at transition</u> RM'000	<u>Total</u> RM'000
<u>31 December 2025</u>				
Insurance revenue	286,643	343,136	36,746	666,525
CSM as at 1 January 2025	430,968	520,679	28,156	979,803
<u>Changes that relate to current service</u>				
CSM recognised for the services provided	(45,752)	(46,054)	(2,908)	(94,714)
<u>Changes that relate to future service</u>				
Changes in estimates that adjust the CSM	(43,138)	(49,974)	(4,065)	(97,177)
Contracts initially recognised in the year	131,192	-	-	131,192
	42,302	(96,028)	(6,973)	(60,699)
Finance expenses from insurance contracts issued	11,035	10,859	768	22,662
Total changes in the statement of profit or loss and OCI	53,337	(85,169)	(6,205)	(38,037)
CSM as at 31 December 2025	484,305	435,510	21,951	941,766

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17 (continued)

Insurance revenue and the CSM by transition method (continued)

Life Risk and Savings - Insurance contract issued (continued)

<u>Group/Company</u>	<u>New contracts and contracts measured under the full retrospective approach at transition</u> RM'000	<u>Contracts measured under the modified retrospective approach at transition</u> RM'000	<u>Contracts measured under the fair value approach at transition</u> RM'000	<u>Total</u> RM'000
<u>31 December 2024</u>				
Insurance revenue	220,769	380,341	38,275	639,385
CSM as at 1 January 2024	347,893	637,220	23,559	1,008,672
<u>Changes that relate to current service</u>				
CSM recognised for the services provided	(35,573)	(55,087)	(3,656)	(94,316)
<u>Changes that relate to future service</u>				
Changes in estimates that adjust the CSM	(46,787)	(71,557)	7,605	(110,739)
Contracts initially recognised in the year	156,985	-	-	156,985
	74,625	(126,644)	3,949	(48,070)
Finance expenses from insurance contracts issued	8,450	10,103	648	19,201
Total changes in the statement of profit or loss and OCI	83,075	(116,541)	4,597	(28,869)
CSM as at 31 December 2024	430,968	520,679	28,156	979,803

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17 (continued)

Insurance revenue and the CSM by transition method (continued)

Participating - Insurance contract issued

<u>Group/Company</u>	<u>New contracts and contracts measured under the full retrospective approach at transition</u> RM'000	<u>Contracts measured under the modified retrospective approach at transition</u> RM'000	<u>Contracts measured under the fair value approach at transition</u> RM'000	<u>Total</u> RM'000
<u>31 December 2025</u>				
Insurance revenue	854	-	102,248	103,102
CSM as at 1 January 2025	2,608	-	111,349	113,957
<u>Changes that relate to current service</u>				
CSM recognised for the services provided	(215)	-	(6,938)	(7,153)
<u>Changes that relate to future service</u>				
Changes in estimates that adjust the CSM	415	-	4,881	5,296
Contracts initially recognised in the year	84	-	-	84
	284	-	(2,057)	(1,773)
Finance expenses from insurance contracts issued	(40)	-	7,635	7,595
Total changes in the statement of profit or loss and OCI	244	-	5,578	5,822
CSM as at 31 December 2025	2,852	-	116,927	119,779

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17 (continued)

Insurance revenue and the CSM by transition method (continued)

Participating - Insurance contract issued (continued)

<u>Group/Company</u>	<u>New contracts and contracts measured under the full retrospective approach at transition</u> RM'000	<u>Contracts measured under the modified retrospective approach at transition</u> RM'000	<u>Contracts measured under the fair value approach at transition</u> RM'000	<u>Total</u> RM'000
<u>31 December 2024</u>				
Insurance revenue	1,456	-	104,672	106,128
CSM as at 1 January 2024	3,093	-	82,683	85,776
<u>Changes that relate to current service</u>				
CSM recognised for the services provided	(155)	-	(6,515)	(6,670)
<u>Changes that relate to future service</u>				
Changes in estimates that adjust the CSM	(387)	-	34,297	33,910
Contracts initially recognised in the year	42	-	-	42
	(500)	-	27,782	27,282
Finance expenses from insurance contracts issued	15	-	884	899
Total changes in the statement of profit or loss and OCI	(485)	-	28,666	28,181
CSM as at 31 December 2024	2,608	-	111,349	113,957

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17 (continued)

The CSM by transition method

Life Risk and Savings - Reinsurance contracts held

<u>Group/Company</u>	<u>New contracts and contracts measured under the full retrospective approach at transition</u> RM'000	<u>Contracts measured under the modified retrospective approach at transition</u> RM'000	<u>Contracts measured under the fair value approach at transition</u> RM'000	<u>Total</u> RM'000
CSM as at 1 January 2025	(32,971)	-	(7,014)	(39,985)
<u>Changes that relate to current service</u>				
CSM recognised for the services provided	743	-	(244)	499
Experience adjustments for ceded premiums	3,023	-	3,759	6,782
<u>Changes that relate to future service</u>				
Changes in estimates that adjust the CSM	(11,468)	-	(4,419)	(15,887)
Contracts initially recognised in the year	(8,121)	-	-	(8,121)
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts	79	-	669	748
	<u>(15,744)</u>	<u>-</u>	<u>(235)</u>	<u>(15,979)</u>
Finance (expenses)/income from reinsurance contracts issued	<u>(1,394)</u>	<u>-</u>	<u>(262)</u>	<u>(1,656)</u>
Total changes in the statement of profit or loss and OCI	<u>(17,138)</u>	<u>-</u>	<u>(497)</u>	<u>(17,635)</u>
CSM as at 31 December 2025	<u><u>(50,109)</u></u>	<u><u>-</u></u>	<u><u>(7,511)</u></u>	<u><u>(57,620)</u></u>

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29 INSURANCE RISKS (CONTINUED)

29f Amounts determined on transition to MFRS 17 (continued)

The CSM by transition method (continued)

Life Risk and Savings - Reinsurance contracts held (continued)

<u>Group/Company</u>	<u>New contracts and contracts measured under the full retrospective approach at transition</u> RM'000	<u>Contracts measured under the modified retrospective approach at transition</u> RM'000	<u>Contracts measured under the fair value approach at transition</u> RM'000	<u>Total</u> RM'000
CSM as at 1 January 2024	(18,170)	-	23,455	5,285
<u>Changes that relate to current service</u>				
CSM recognised for the services provided	(742)	-	(233)	(975)
Experience adjustments for ceded premiums	2,675	-	750	3,425
<u>Changes that relate to future service</u>				
Changes in estimates that adjust the CSM	(9,809)	-	(31,802)	(41,611)
Contracts initially recognised in the year	(6,114)	-	-	(6,114)
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts	15	-	-	15
	<u>(13,975)</u>	<u>-</u>	<u>(31,285)</u>	<u>(45,260)</u>
Finance (expenses)/income from reinsurance contracts issued	(826)	-	816	(10)
Total changes in the statement of profit or loss and OCI	<u>(14,801)</u>	<u>-</u>	<u>(30,469)</u>	<u>(45,270)</u>
CSM as at 31 December 2024	<u><u>(32,971)</u></u>	<u><u>-</u></u>	<u><u>(7,014)</u></u>	<u><u>(39,985)</u></u>

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29 **INSURANCE RISKS (CONTINUED)**

29g **Changes in accumulated OCI for FVOCI investment assets outstanding on transition to MFRS 17**

The reconciliation of cumulative amounts of the fair value reserve within OCI, for investment assets measured at FVOCI including of the groups of direct participating contracts to which the Group and the Company applied the modified retrospective approach or the fair value approach at the transition date, is provided in the table below.

	<u>Group/Company</u>	
	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
Opening fair value reserve	313,228	310,632
Net gains on investments in debt securities measured at FVOCI	46,923	16,541
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	(214,506)	(11,986)
Income tax relating to these items	8,033	(1,959)
Closing fair value reserve	<u>153,678</u>	<u>313,228</u>

30 **FINANCIAL RISKS**

The Group and the Company are exposed to a range of financial risks, including credit risk, liquidity risk and market risk.

Financial risks of investment-linked investment is not further provided and analysed as the financial risks in respect of investment-linked investments are generally wholly borne by the policyholders, and do not directly affect the profit before tax of the Group and the Company. Furthermore, investment-linked policyholders are responsible for allocation of the policy values amongst investment options offered by the Group and the Company. Although profit before tax is not affected by investment-linked investments, the investment return from such financial investments is included in the Group and the Company's profit or loss, as the Group and the Company have selected the fair value option for all investment-linked investments with corresponding change in insurance contract liabilities for investment-linked contracts.

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30 FINANCIAL RISKS (CONTINUED)

30a Credit risks

The Group and the Company are exposed to credit risk through investments in cash, money market and debt instruments, lending activities and exposure to counterparty's credit in reinsurance contracts.

For all three types of exposures, financial loss may materialise as a result of default by the borrower or counterparty. For investments in cash, money market and debt instruments, financial loss may also materialise as a result of a default by the issuer on coupon payment or principal amount. The Group and the Company have internal limits by issuer or counterparty and by investment grades. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis by the management.

The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

The Group and the Company manage their lending activities by extending loans against collateral pledged to the Group and the Company. Regular monitoring and review of the payments of loans are performed by the Group and the Company to identify any non-performing loans. Any non-performing loan identified is communicated to the management. Appropriate actions will be taken for the possible course of recovery and provision of these loans.

There were no significant changes to the credit risk management of the Group and the Company.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

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30 FINANCIAL RISKS (CONTINUED)

30a Credit risks (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial assets in accordance with the Group and the Company's credit ratings of counterparties:

<u>Group</u>	<u>Neither past due nor impaired investment grade</u>		<u>Not rated</u>	<u>Impaired</u>	<u>Total</u>
	<u>(AAA to A-)</u>	<u>(BBB to B-)</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2025</u>					
FVOCI financial assets					
Debt securities	3,584,538	-	3,913,490	-	7,498,028
FVTPL financial assets					
Debt securities	361,302	-	95,129	-	456,431
AC financial assets	-	-	529	-	529
Reinsurance contract assets	94,803	(6)	-	-	94,797
Other receivables*	10,771	-	-	5,844	16,615
Cash and cash equivalents	569,065	-	169	-	569,234
Allowance for impairment	-	-	-	(5,844)	(5,844)
	<u>4,620,479</u>	<u>(6)</u>	<u>4,009,317</u>	<u>-</u>	<u>8,629,790</u>
<u>31 December 2024</u>					
FVOCI financial assets					
Debt securities	3,300,598	-	3,773,632	-	7,074,230
FVTPL financial assets					
Debt securities	321,611	-	69,877	-	391,488
AC financial assets	-	-	537	-	537
Reinsurance contract assets	93,466	16,996	-	-	110,462
Other receivables*	8,808	-	-	5,322	14,130
Cash and cash equivalents	500,359	-	216	-	500,575
Allowance for impairment	-	-	-	(5,322)	(5,322)
	<u>4,224,842</u>	<u>16,996</u>	<u>3,844,262</u>	<u>-</u>	<u>8,086,100</u>

There is no past due but not impaired financial assets during the financial year ended 31 December 2025 and 31 December 2024.

* Exclude prepayments of RM511,000 as at 31 December 2025 (2024: RM940,000).

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30 FINANCIAL RISKS (CONTINUED)

30a Credit risks (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial assets in accordance with the Group and the Company's credit ratings of counterparties:

<u>Company</u>	Neither past due nor impaired investment grade		<u>Not rated</u> RM'000	<u>Impaired</u> RM'000	<u>Total</u> RM'000
	<u>(AAA to A-)</u> RM'000	<u>(BBB to B-)</u> RM'000			
<u>31 December 2025</u>					
FVOCI financial assets					
debt securities	3,584,538	-	3,913,490	-	7,498,028
FVTPL financial assets					
debt securities	361,302	-	26,049	-	387,351
AC financial assets	-	-	529	-	529
Reinsurance contract assets	94,803	(6)	-	-	94,797
Other receivables*	10,765	-	-	5,844	16,609
Cash and cash equivalents	566,386	-	169	-	566,555
Allowance for impairment	-	-	-	(5,844)	(5,844)
	<u>4,617,794</u>	<u>(6)</u>	<u>3,940,237</u>	<u>-</u>	<u>8,558,025</u>
<u>31 December 2024</u>					
FVOCI financial assets					
debt securities	3,300,598	-	3,773,632	-	7,074,230
FVTPL financial assets					
debt securities	321,611	-	27,583	-	349,194
AC financial assets	-	-	537	-	537
Reinsurance contract assets	93,466	16,996	-	-	110,462
Other receivables*	8,720	-	-	5,322	14,042
Cash and cash equivalents	497,573	-	216	-	497,789
Allowance for impairment	-	-	-	(5,322)	(5,322)
	<u>4,221,968</u>	<u>16,996</u>	<u>3,801,967</u>	<u>-</u>	<u>8,040,932</u>

There is no past due but not impaired financial assets during the financial year ended 31 December 2025 and 31 December 2024.

* Exclude prepayments of RM511,000 as at 31 December 2025 (2024: RM940,000).

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30 FINANCIAL RISKS (CONTINUED)

30a Credit risks (continued)

The financial assets are classified according to the credit rating by rating agencies approved by BNM. The creditworthiness of the debt securities is assessed by way of credit reviews performed on the issuers on an annual basis.

The financial assets which are not rated mainly comprise Malaysian government securities, corporate debt securities guaranteed by the Federal Government of Malaysia and loans. The corporate debt securities, although not rated are issued or guaranteed by the Federal Government of Malaysia which carry minimal credit risk.

The Group and the Company's loans receivable include mortgage loans and other secured loans to staff and policyholders. Mortgage loans are generally secured by collateral. The amount of loan is based on the valuation of collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. The type of collaterals, held by the Group and the Company as lender, for which it is entitled to in the event of default is as follows:

<u>Group/Company</u>	<u>Type of collaterals</u>	<u>Carrying value</u>	<u>Carrying value</u>
		<u>2025</u>	<u>2024</u>
		RM'000	RM'000
Mortgage loans	Properties	529	537

Impairment of other receivables are performed based on a collective assessment. No collateral is held as security for any impaired assets. The Group and the Company record impairment loss for other receivables in separate allowance accounts. A reconciliation of the allowance for impairment losses for other receivables are as follows:

<u>Group/Company</u>	<u>As at 31.12.2025</u>		<u>As at 31.12.2024</u>	
	<u>Other receivables</u>	<u>Impairment</u>	<u>Other receivables</u>	<u>Impairment</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	7,574	5,322	8,078	4,767
Movement during the financial year	(236)	522	(504)	555
At 31 December	7,338	5,844	7,574	5,322

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The liquidity demands of the Group and the Company are met through ongoing operations which include continuous premium income and investment income. The expected liquidity needs are often met through projection of outflows from the in-force insurance policy contract liabilities; the liabilities include renewal commissions, claims and other benefits (maturity and surrender). Whilst the nature of these outflows is deemed to be largely stable and can be assumed at outset, the Group and the Company remain susceptible to exceptional experiences (surrender or catastrophic events) for its insurance portfolio. Also, the Group and the Company may be subject to unexpected liquidity tightening due to adverse implications from the wider economic factors (domestic or global) or undue volatilities and unexpected losses experienced within investments.

Liquidity risk is reduced by having insurance contract liabilities that are well diversified by product and policyholder. The Group and the Company design insurance products to encourage policyholders to maintain their policies-in-force, thereby generating a diversified and stable flow of recurring premium income.

The Group and the Company adopt prudent liquidity risk management by monitoring daily liquidity and cash movements to ensure liquidity is available and cash is employed optimally.

Demand for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders. Expected liquidity demands are managed through a combination of treasury, investment and capital management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable over the past several years. Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Group and the Company from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations.

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>									
FINANCIAL ASSETS									
FVOCI financial assets									
Government bonds	99,953	87,778	125,469	101,394	132,347	683,584	2,647,440	-	3,877,965
Other debt securities	235,032	452,380	496,885	373,082	429,051	1,216,095	417,538	-	3,620,063
FVTPL financial assets ⁽¹⁾									
Government bonds	-	11,249	19,457	7,350	-	27,611	29,462	-	95,129
Other debt securities	28,329	43,030	33,391	41,394	53,371	129,527	32,260	-	361,302
AC financial assets									
Loans	-	-	-	-	-	-	-	529	529
Other receivables	11,282	-	-	-	-	-	-	-	11,282
Cash and cash equivalents	569,234	-	-	-	-	-	-	-	569,234
Net discounted cash flows	<u>943,830</u>	<u>594,437</u>	<u>675,202</u>	<u>523,220</u>	<u>614,769</u>	<u>2,056,817</u>	<u>3,126,700</u>	<u>529</u>	<u>8,535,504</u>

⁽¹⁾ An equity securities balance of RM3,918,880,000 is excluded from the table above.

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>									
LIABILITIES									
Lease liabilities	820	-	-	-	-	-	-	-	820
Other payables	131,851	-	-	115,050	-	-	-	3,315	250,216
Other financial liabilities	486	-	-	-	-	-	-	-	486
Provision for agency long association benefits	16,881	634	1,163	1,848	1,017	14,777	10,224	1,312	47,856
Net undiscounted cash flows	150,038	634	1,163	116,898	1,017	14,777	10,224	4,627	299,378

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>									
FINANCIAL ASSETS									
FVOCI financial assets									
Government bonds	67,270	100,330	85,412	145,446	111,486	727,956	2,500,192	-	3,738,092
Other debt securities	260,469	200,632	459,891	444,506	362,403	1,256,645	351,592	-	3,336,138
FVTPL financial assets ⁽¹⁾									
Government bonds	-	-	11,160	12,194	7,306	18,871	20,346	-	69,877
Other debt securities	10,722	29,056	40,183	28,503	38,523	144,104	30,520	-	321,611
AC financial assets									
Loans	-	-	-	-	-	-	-	537	537
Other receivables	9,748	-	-	-	-	-	-	-	9,748
Cash and cash equivalents	500,575	-	-	-	-	-	-	-	500,575
Net discounted cash flows	<u>848,784</u>	<u>330,018</u>	<u>596,646</u>	<u>630,649</u>	<u>519,718</u>	<u>2,147,576</u>	<u>2,902,650</u>	<u>537</u>	<u>7,976,578</u>

⁽¹⁾ An equity securities balance of RM3,625,814,000 is excluded from the table above.

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>									
LIABILITIES									
Lease liabilities	500	-	-	-	-	-	-	-	500
Other payables	139,612	-	-	-	-	-	-	3,127	142,739
Other financial liabilities	576	-	-	-	-	-	-	-	576
Provision for agency long association benefits	15,256	1,824	613	1,063	1,699	12,035	10,985	1,312	44,787
Net undiscounted cash flows	155,944	1,824	613	1,063	1,699	12,035	10,985	4,439	188,602

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>									
FINANCIAL ASSETS									
FVOCI financial assets									
Government bonds	99,953	87,778	125,469	101,394	132,347	683,584	2,647,440	-	3,877,965
Other debt securities	235,032	452,380	496,885	373,082	429,051	1,216,095	417,538	-	3,620,063
FVTPL financial assets ⁽¹⁾									
Government bonds	-	-	-	-	-	7,360	18,689	-	26,049
Other debt securities	28,329	43,030	33,391	41,394	53,371	129,527	32,260	-	361,302
Controlled structured entities								94,678	94,678
AC financial assets									
Loans	-	-	-	-	-	-	-	529	529
Other receivables	11,276	-	-	-	-	-	-	-	11,276
Cash and cash equivalents	566,555	-	-	-	-	-	-	-	566,555
Net discounted cash flows	<u>941,145</u>	<u>583,188</u>	<u>655,745</u>	<u>515,870</u>	<u>614,769</u>	<u>2,036,566</u>	<u>3,115,927</u>	<u>95,207</u>	<u>8,558,417</u>

⁽¹⁾ An equity securities balance of RM3,894,703,000 is excluded from the table above.

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>									
LIABILITIES									
Lease liabilities	820	-	-	-	-	-	-	-	820
Other payables	131,636	-	-	115,050	-	-	-	3,315	250,001
Provision for agency long association benefits	16,881	634	1,163	1,848	1,017	14,777	10,224	1,312	47,856
Net undiscounted cash flows	149,337	634	1,163	116,898	1,017	14,777	10,224	4,627	298,677

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>									
FINANCIAL ASSETS									
FVOCI financial assets									
Government bonds	67,270	100,330	85,412	145,446	111,486	727,956	2,500,192	-	3,738,092
Other debt securities	260,469	200,632	459,891	444,506	362,403	1,256,645	351,592	-	3,336,138
FVTPL financial assets ⁽¹⁾									
Government bonds	-	-	-	-	-	7,237	20,346	-	27,583
Other debt securities	10,722	29,056	40,183	28,503	38,523	144,104	30,520	-	321,611
Controlled structured entities	-	-	-	-	-	-	-	67,736	67,736
AC financial assets									
Loans	-	-	-	-	-	-	-	537	537
Other receivables	9,660	-	-	-	-	-	-	-	9,660
Cash and cash equivalents	497,789	-	-	-	-	-	-	-	497,789
Net discounted cash flows	845,910	330,018	585,486	618,455	512,412	2,135,942	2,902,650	68,273	7,999,146

⁽¹⁾ An equity securities balance of RM3,603,087,000 is excluded from the table above.

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30 FINANCIAL RISKS (CONTINUED)

30b Interest rate and liquidity risks - Maturity analysis for other financial assets and liabilities (continued)

Maturity profiles of financial assets and financial liabilities (continued)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining contractual obligations. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>No maturity date RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>									
LIABILITIES									
Lease liabilities	500	-	-	-	-	-	-	-	500
Other payables	139,559	-	-	-	-	-	-	3,127	142,686
Provision for agency long association benefits	15,256	1,824	613	1,063	1,699	12,035	10,985	1,312	44,787
Net undiscounted cash flows	155,315	1,824	613	1,063	1,699	12,035	10,985	4,439	187,973

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30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested.

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>								
Underlying assets ⁽¹⁾								
Government bonds	33,747	38,170	73,547	64,299	84,912	301,909	936,062	1,532,646
Other debt securities	92,450	216,064	274,314	227,784	273,156	625,362	211,449	1,920,579
Fixed and call deposits	239,242	-	-	-	-	-	-	239,242
Other investments ⁽¹⁾								
Government bonds	66,206	60,856	71,379	44,445	47,434	409,286	1,740,842	2,440,448
Other debt securities	170,909	279,345	255,963	186,692	209,267	720,260	238,350	2,060,786
Fixed and call deposits	286,435	-	-	-	-	-	-	286,435
Total investment assets	<u>888,989</u>	<u>594,435</u>	<u>675,203</u>	<u>523,220</u>	<u>614,769</u>	<u>2,056,817</u>	<u>3,126,703</u>	<u>8,480,136</u>

⁽¹⁾ An equity securities balance of RM3,199,196,000 and cash and bank balances of RM11,190,000 held within underlying assets, and equity securities balance of RM719,684,000 and cash and bank balances of RM32,367,000 held within other investments are excluded from the table above.

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

30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>								
Reinsurance contract assets	(19,161)	167	75	201	179	2,352	(69,106)	(85,293)
Insurance contract liabilities	1,673,062	94,650	92,287	96,911	135,794	880,103	6,281,280	9,254,087
Reinsurance contract liabilities	760	12	19	7	6	80	382	1,266
Total insurance and reinsurance contract balances ⁽²⁾	<u>1,654,661</u>	<u>94,829</u>	<u>92,381</u>	<u>97,119</u>	<u>135,979</u>	<u>882,535</u>	<u>6,212,556</u>	<u>9,170,060</u>

⁽²⁾ Risk adjustment for non-financial risk and assets for IACF are excluded from insurance contract balances.

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30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>								
Underlying assets ⁽¹⁾								
Government bonds	26,548	34,026	36,711	93,832	74,611	351,470	992,117	1,609,315
Other debt securities	155,569	88,047	225,375	250,860	213,386	756,868	215,658	1,905,763
Fixed and call deposits	263,767	-	-	-	-	-	-	263,767
Other investments ⁽¹⁾								
Government bonds	40,722	66,304	59,862	63,808	44,181	395,357	1,528,420	2,198,654
Other debt securities	115,623	141,641	274,698	222,150	187,540	643,881	166,453	1,751,986
Fixed and call deposits	201,263	-	-	-	-	-	-	201,263
Total investment assets	<u>803,492</u>	<u>330,018</u>	<u>596,646</u>	<u>630,650</u>	<u>519,718</u>	<u>2,147,576</u>	<u>2,902,648</u>	<u>7,930,748</u>

⁽¹⁾ An equity securities balance of RM3,004,732,000 and cash and bank balances of RM7,696,000 held within underlying assets, and equity securities balance of RM621,082,000 and cash and bank balances of RM27,849,000 held within other investments are excluded from the table above.

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30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Group</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>								
Reinsurance contract assets	(40,334)	134	254	56	194	2,177	(53,706)	(91,225)
Insurance contract liabilities	1,727,146	120,119	101,871	94,514	96,961	778,546	5,836,232	8,755,389
Reinsurance contract liabilities	(112)	6	20	26	14	102	621	677
Total insurance and reinsurance contract balances ⁽²⁾	<u>1,686,700</u>	<u>120,259</u>	<u>102,145</u>	<u>94,596</u>	<u>97,169</u>	<u>780,825</u>	<u>5,783,147</u>	<u>8,664,841</u>

⁽²⁾ Risk adjustment for non-financial risk and assets for IACF are excluded from insurance contract balances.

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30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>								
Underlying assets ⁽¹⁾								
Government bonds	33,747	38,170	73,547	64,299	84,912	301,909	936,062	1,532,646
Other debt securities	92,450	216,064	274,314	227,784	273,156	625,362	211,449	1,920,579
Fixed and call deposits	239,242	-	-	-	-	-	-	239,242
Other investments ⁽¹⁾								
Government bonds	66,206	49,607	51,922	37,095	47,434	389,035	1,730,069	2,371,368
Other debt securities	170,909	279,345	255,963	186,692	209,267	720,260	238,350	2,060,786
Fixed and call deposits	285,874	-	-	-	-	-	-	285,874
Total investment assets	<u>888,428</u>	<u>583,186</u>	<u>655,746</u>	<u>515,870</u>	<u>614,769</u>	<u>2,036,566</u>	<u>3,115,930</u>	<u>8,410,495</u>

⁽¹⁾ An equity securities balance of RM3,175,019,000 and cash and bank balances of RM9,122,000 held within underlying assets, and equity securities balance of RM719,684,000 and cash and bank balances of RM32,317,000 held within other investments are excluded from the table above.

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

30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2025</u>								
Reinsurance contract assets	(19,161)	167	75	201	179	2,352	(69,106)	(85,293)
Insurance contract liabilities	1,672,499	94,650	92,287	96,911	135,794	880,103	6,281,280	9,253,524
Reinsurance contract liabilities	760	12	19	7	6	80	382	1,266
Total insurance and reinsurance contract balances ⁽²⁾	<u>1,654,098</u>	<u>94,829</u>	<u>92,381</u>	<u>97,119</u>	<u>135,979</u>	<u>882,535</u>	<u>6,212,556</u>	<u>9,169,497</u>

⁽²⁾ Risk adjustment for non-financial risk and assets for IACF are excluded from the cash flow.

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30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>								
Underlying assets ⁽¹⁾								
Government bonds	26,548	34,026	36,711	93,832	74,611	351,470	992,117	1,609,315
Other debt securities	155,569	88,047	225,375	250,860	213,386	756,868	215,658	1,905,763
Fixed and call deposits	263,767	-	-	-	-	-	-	263,767
Other investments ⁽¹⁾								
Government bonds	40,722	66,304	48,702	51,614	36,875	383,723	1,528,420	2,156,360
Other debt securities	115,623	141,641	274,698	222,150	187,540	643,881	166,453	1,751,986
Fixed and call deposits	199,163	-	-	-	-	-	-	199,163
Total investment assets	<u>801,392</u>	<u>330,018</u>	<u>585,486</u>	<u>618,456</u>	<u>512,412</u>	<u>2,135,942</u>	<u>2,902,648</u>	<u>7,886,354</u>

⁽¹⁾ An equity securities balance of RM2,982,005,000 and cash and bank balances of RM7,068,000 held within underlying assets, and equity securities balance of RM621,082,000 and cash and bank balances of RM27,791,000 held within other investments are excluded from the table above.

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30 FINANCIAL RISKS (CONTINUED)

30c Interest rate and liquidity risks - Maturity analysis (continued)

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities in the Non-Participating, Investment-Linked and Participating product lines. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested. (continued)

<u>Company</u>	<u>Up to 1 year RM'000</u>	<u>1-2 years RM'000</u>	<u>2-3 years RM'000</u>	<u>3-4 years RM'000</u>	<u>4-5 years RM'000</u>	<u>5-10 years RM'000</u>	<u>Over 10 years RM'000</u>	<u>Total RM'000</u>
<u>31 December 2024</u>								
Reinsurance contract assets	(40,334)	134	254	56	194	2,177	(53,706)	(91,225)
Insurance contract liabilities	1,727,616	120,119	101,871	94,514	96,961	778,546	5,836,232	8,755,859
Reinsurance contract liabilities	(112)	6	20	26	14	102	621	677
Total insurance and reinsurance contract balances ⁽²⁾	<u>1,687,170</u>	<u>120,259</u>	<u>102,145</u>	<u>94,596</u>	<u>97,169</u>	<u>780,825</u>	<u>5,783,147</u>	<u>8,665,311</u>

⁽²⁾ Risk adjustment for non-financial risk and assets for IACF are excluded from the cash flow.

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30 FINANCIAL RISKS (CONTINUED)

30d Liquidity risk - Amounts payable on demand

For contracts issued within the product lines, the amounts payable on demand and the carrying amount of the respective groups of contracts are presented in the following tables:

<u>Group</u>	<u>2025</u>		<u>2024</u>	
	<u>Amount payable on demand</u> RM'000	<u>Carrying amount</u> RM'000	<u>Amount payable on demand</u> RM'000	<u>Carrying amount</u> RM'000
Life Risk and Savings	2,584,110	4,892,069	2,308,242	4,938,445
Participating	3,592,128	4,958,539	3,666,402	5,105,160

<u>Company</u>	<u>2025</u>		<u>2024</u>	
	<u>Amount payable on demand</u> RM'000	<u>Carrying amount</u> RM'000	<u>Amount payable on demand</u> RM'000	<u>Carrying amount</u> RM'000
Life Risk and Savings	2,584,110	4,891,506	2,308,242	4,938,915
Participating	3,592,128	4,958,539	3,666,402	5,105,160

The amounts payable on demand represent the policyholders' account values less applicable surrender fees as at the reporting date stated in the tables above. All of these amounts relate to contracts issued that are liabilities (no groups of contracts were in the asset position as at 31 December 2025 and 31 December 2024).

30e Market Risk - Currency

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company's primary transactions are carried out in Ringgit Malaysia ("RM"). The Group and the Company are exposed to foreign exchange risk primarily from transactions denominated in foreign currencies such as United States Dollar ("USD") and others pertaining to investment activities. The management manages foreign currency risk by setting limits and monitoring the exposure to foreign currency on a regular basis.

As the Group and the Company's business is conducted primarily in Malaysia, the Group and 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. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled. Currency risk arising from investments in foreign currency instruments is generally not hedged as the Group and the Company's exposure is minimal.

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30 FINANCIAL RISKS (CONTINUED)

30e Market Risk - Currency (continued)

The analysis below summarises the currency exposure of the Group and the Company.

31 December 2025

<u>Group</u>	<u>USD</u>	<u>RM</u>	<u>Others</u>	<u>RM'000</u> <u>Total</u>
Financial assets:				
FVOCI financial assets	-	7,498,028	-	7,498,028
FVTPL financial assets	1,032,588	3,336,886	5,837	4,375,311
AC financial assets	-	529	-	529
Reinsurance contract assets	-	94,797	-	94,797
Other receivables*	-	10,765	6	10,771
Cash and cash equivalents	1,494	567,724	16	569,234
	1,034,082	11,508,729	5,859	12,548,670
Financial liabilities:				
Insurance contract liabilities	-	9,850,608	-	9,850,608
Reinsurance contract liabilities	-	4,304	-	4,304
Lease liabilities	-	820	-	820
Other payables	-	250,216	-	250,216
Other financial liabilities	-	486	-	486
Provision for agency long association benefits	-	47,856	-	47,856
	-	10,154,290	-	10,154,290

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30 FINANCIAL RISKS (CONTINUED)

30e Market Risk - Currency (continued)

The analysis below summarises the currency exposure of the Group and the Company. (continued)

31 December 2024

<u>Group</u>				RM'000
	<u>USD</u>	<u>RM</u>	<u>Others</u>	<u>Total</u>
Financial assets:				
FVOCI financial assets	-	7,074,230	-	7,074,230
FVTPL financial assets	847,363	3,163,739	6,200	4,017,302
AC financial assets	-	537	-	537
Reinsurance contract assets	-	110,462	-	110,462
Other receivables*	-	8,808	-	8,808
Cash and cash equivalents	-	500,559	16	500,575
	<u>847,363</u>	<u>10,858,335</u>	<u>6,216</u>	<u>11,711,914</u>
Financial liabilities:				
Insurance contract liabilities	-	10,043,605	-	10,043,605
Reinsurance contract liabilities	-	3,988	-	3,988
Lease liabilities	-	500	-	500
Other payables	-	142,739	-	142,739
Other financial liabilities	-	576	-	576
Provision for agency long association benefits	-	44,787	-	44,787
	<u>-</u>	<u>10,236,195</u>	<u>-</u>	<u>10,236,195</u>

* Exclude prepayments of RM511,000 as at 31 December 2025 (2024: RM940,000).

The potential impacts arising from currency risk are deemed insignificant. Accordingly, no sensitivity analysis is being disclosed.

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30 FINANCIAL RISKS (CONTINUED)

30e Market Risk - Currency (continued)

The analysis below summarises the currency exposure of the Group and the Company. (continued)

31 December 2025

	<u>USD</u>	<u>RM</u>	<u>Others</u>	<u>RM'000</u> <u>Total</u>
<u>Company</u>				
Financial assets				
FVOCI financial assets	-	7,498,028	-	7,498,028
FVTPL financial assets	1,014,248	3,362,484	-	4,376,732
AC financial assets	-	529	-	529
Reinsurance contract assets	-	94,797	-	94,797
Other receivables*	-	10,765	-	10,765
Cash and cash equivalents	-	566,539	16	566,555
	<u>1,014,248</u>	<u>11,533,142</u>	<u>16</u>	<u>12,547,406</u>
Financial liabilities:				
Insurance contract liabilities	-	9,850,045	-	9,850,045
Reinsurance contract liabilities	-	4,304	-	4,304
Lease liabilities	-	820	-	820
Other payables	-	250,001	-	250,001
Provision for agency long association benefits	-	47,856	-	47,856
	<u>-</u>	<u>10,153,026</u>	<u>-</u>	<u>10,153,026</u>

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30 FINANCIAL RISKS (CONTINUED)

30e Market Risk - Currency (continued)

The analysis below summarises the currency exposure of the Group and the Company. (continued)

31 December 2024

				RM'000
<u>Company</u>	<u>USD</u>	<u>RM</u>	<u>Others</u>	<u>Total</u>
Financial assets				
FVOCI financial assets	-	7,074,230	-	7,074,230
FVTPL financial assets	830,836	3,189,181	-	4,020,017
AC financial assets	-	537	-	537
Reinsurance contract assets	-	110,462	-	110,462
Other receivables*	-	8,720	-	8,720
Cash and cash equivalents	-	497,773	16	497,789
	<u>830,836</u>	<u>10,880,903</u>	<u>16</u>	<u>11,711,755</u>
Financial liabilities				
Insurance contract liabilities	-	10,044,075	-	10,044,075
Reinsurance contract liabilities	-	3,988	-	3,988
Lease liabilities	-	500	-	500
Other payables	-	142,686	-	142,686
Provision for agency long association benefits	-	44,787	-	44,787
	<u>-</u>	<u>10,236,036</u>	<u>-</u>	<u>10,236,036</u>

* Exclude prepayments of RM511,000 as at 31 December 2025 (2024: RM940,000).

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30 FINANCIAL RISKS (CONTINUED)

30e Market Risk - Currency (continued)

The following table demonstrates the sensitivity to a reasonably possible change in currency rates for all currencies other than the functional currency stated above, with all other variables held constant showing the impact on the profit after tax/equity.

		<u>Group</u> Impact on profit after <u>tax/equity</u> RM'000		<u>Company</u> Impact on profit after <u>tax/equity</u> RM'000
As at 31 December 2025				
Change in currency rates:				
US Dollar	+ 5 %	51,629	+ 5 %	50,712
US Dollar	- 5 %	(51,629)	- 5 %	(50,712)
Others	+ 5 %	292	-	-
Others	- 5 %	(292)	-	-
As at 31 December 2024				
Change in currency rates:				
US Dollar	+ 5 %	42,368	+ 5 %	41,542
US Dollar	- 5 %	(42,368)	- 5 %	(41,542)
Others	+ 5 %	310	-	-
Others	- 5 %	(310)	-	-

30f Market Risk - Interest Rate/Profit Yield Risk

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

A study of movement in risk-free rate is undertaken for the market. A 100 (2024: 100) basis point movement in the interest rate market is considered to be reasonable basis for interest rate sensitivity analysis.

For investment-linked funds, the risk exposure to the Group and the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

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30 FINANCIAL RISKS (CONTINUED)

30f Market Risk - Interest Rate/Profit Yield Risk (continued)

Interest rate risk sensitivity

The analysis below summarises the Group and the Company's sensitivity analysis.

<u>Group</u>	Net insurance/ reinsurance contracts <u>balance</u> ⁽¹⁾ RM'000	Investment assets subject to interest rate risks RM'000	<u>100bps increase in interest rate impact on</u>			<u>100bps decrease in interest rate impact on</u>				
			Net insurance/ reinsurance contracts <u>balance</u> RM'000	Investment assets RM'000	Profit or loss RM'000	Net insurance/ reinsurance contracts <u>balance</u> RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000	
<u>31 December 2025</u>										
Life Risk and Savings	(5,480,695)	4,787,508	366,052	(317,277)	9,015	(191,302)	(381,804)	364,058	(46,301)	182,394
Participating	(4,958,539)	3,198,551	138,634	(199,876)	(33)	(33)	(179,611)	227,186	(702)	(702)
Other	-	71,913	-	(3,191)	(2,425)	(2,425)	-	3,460	2,630	2,630
<u>31 December 2024</u>										
Life Risk and Savings	(4,831,971)	4,236,376	321,814	(281,067)	3,381	(169,680)	(363,191)	321,678	(12,366)	184,333
Participating	(5,105,160)	3,300,617	153,509	(210,006)	143	143	(189,654)	238,277	(662)	(662)
Other	-	46,623	-	(1,707)	(1,297)	(1,297)	-	1,807	1,374	1,374

(1) The net insurance/reinsurance contracts balance excludes IACF assets and other pre-recognition cash flows.

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30 FINANCIAL RISKS (CONTINUED)

30f Market Risk - Interest Rate/Profit Yield Risk (continued)

Interest rate risk sensitivity (continued)

The analysis below summarises the Group and the Company's sensitivity analysis. (continued)

<u>Company</u>	Net insurance/ reinsurance contracts <u>balance</u> ⁽¹⁾ RM'000	Investment assets subject to interest rate risks RM'000	<u>100bps increase in interest rate impact on</u>			<u>100bps decrease in interest rate impact on</u>				
			Net insurance/ reinsurance contracts <u>balance</u> RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000	Net insurance/ reinsurance contracts <u>balance</u> RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000
<u>31 December 2025</u>										
Life Risk and Savings	(5,480,132)	4,787,508	366,052	(317,277)	9,015	(191,302)	(381,804)	364,058	(46,301)	182,394
Participating	(4,958,539)	3,198,551	138,634	(199,876)	(33)	(33)	(179,611)	227,186	(702)	(702)
Other	-	2,272	-	-	-	-	-	-	-	-
<hr/>										
<u>31 December 2024</u>										
Life Risk and Savings	(4,832,441)	4,236,376	321,814	(281,067)	3,381	(169,680)	(363,191)	321,678	(12,366)	184,333
Participating	(5,105,160)	3,300,617	153,509	(210,006)	143	143	(189,654)	238,277	(662)	(662)
Other	-	2,229	-	-	-	-	-	-	-	-

(1) The net insurance/reinsurance contracts balance excludes IACF assets and other pre-recognition cash flows.

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30 FINANCIAL RISKS (CONTINUED)

30g Market Risk - Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group and the Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment in securities not held for the account of investment-linked business.

The Group and the Company's price risk policy requires them to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector, market and issuer, having regard also to such limits stipulated by BNM. The Group and the Company comply with BNM stipulated limits during the financial year, and has no significant concentration of price risk.

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30 FINANCIAL RISKS (CONTINUED)

30g Market Risk - Price Risk (continued)

Equity price risk sensitivity

The analysis below summarises the Group and the Company's price risk analysis.

<u>Group</u>	Net insurance/ reinsurance contracts balance ⁽¹⁾ RM'000	Investment assets subject to price risks RM'000	<u>10% increase in equity prices</u>				<u>10% decrease in equity prices</u>			
			Net insurance/ investment contracts balance RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000	Net insurance/ investment contracts balance RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000
<u>31 December 2025</u>										
Life Risk and Savings	(5,480,695)	488,412	(106,983)	41,414	31,537	31,537	107,122	(41,414)	(31,417)	(31,417)
Participating	(4,958,539)	1,762,374	(127,771)	171,989	606	606	126,430	(171,989)	(671)	(671)
Others	-	159,520	-	42	32	32	-	(42)	(32)	(32)
<u>31 December 2024</u>										
Life Risk and Savings	(4,831,971)	384,865	(108,950)	31,131	23,676	23,676	110,661	(31,131)	(23,702)	(23,702)
Participating	(5,105,160)	1,642,963	(125,717)	170,806	741	741	126,228	(170,806)	(739)	(739)
Others	-	190,966	-	(120)	(91)	(91)	-	120	91	91

(1) The net insurance/reinsurance contracts balance excludes assets for IACF and other pre-recognition cash flows.

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30 FINANCIAL RISKS (CONTINUED)

30g Market Risk - Price Risk (continued)

Equity price risk sensitivity

The analysis below summarises the Group and the Company's price risk analysis. (continued)

<u>Company</u>	Net insurance/ reinsurance contracts balance ⁽¹⁾ RM'000	Investment assets subject to price risks RM'000	<u>10% increase in equity prices</u>				<u>10% decrease in equity prices</u>			
			Net insurance/ investment contracts balance RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000	Net insurance/ investment contracts balance RM'000	Investment assets RM'000	Profit or loss RM'000	Equity RM'000
<u>31 December 2025</u>										
Life Risk and Savings	(5,480,132)	488,412	(106,983)	41,414	31,537	31,537	107,122	(41,414)	(31,417)	(31,417)
Participating	(4,958,539)	1,762,374	(127,771)	171,989	606	606	126,430	(171,989)	(671)	(671)
Others	-	229,171	-	42	32	32	-	(42)	(32)	(32)
<u>31 December 2024</u>										
Life Risk and Savings	(4,832,441)	384,865	(108,950)	31,131	23,676	23,676	110,661	(31,131)	(23,702)	(23,702)
Participating	(5,105,160)	1,642,963	(125,717)	170,806	741	741	126,228	(170,806)	(739)	(739)
Others	-	190,966	-	(120)	(91)	(91)	-	120	91	91

⁽¹⁾ The net insurance/reinsurance contracts balance excludes assets for IACF and other pre-recognition cash flows.

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31 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (Chief Operating decision maker). The Group and the Company have three operating segments which comprises Life Risk and Savings, Participating and Others. Life Risk and Savings consists of non-participating whole-life and investment-linked contracts, including all reinsurance contracts whilst Participating refers to contracts with discretionary participation features. Others refer to non-insurance segment.

Statement of Financial Position by Segments

<u>Group</u>	<u>Life Risk and Savings</u>		<u>Participating</u>		<u>Others</u>		<u>Eliminations</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Property, plant and equipment	11,086	11,163	148,800	149,327	-	-	-	-	159,886	160,490
Right-of-use assets	1,623	1,270	8,772	8,772	-	-	-	-	10,395	10,042
Investment properties	21,484	21,591	162,450	163,513	-	-	-	-	183,934	185,104
Intangible assets	-	772	5,989	5,815	-	-	-	-	5,989	6,587
Financial investments										
Financial assets										
FVOCI	4,432,154	3,908,345	3,065,874	3,165,885	-	-	-	-	7,498,028	7,074,230
FVTPL	2,345,825	2,146,271	1,800,886	1,682,191	228,717	188,840	(117)	-	4,375,311	4,017,302
AC	-	-	529	537	-	-	-	-	529	537
Reinsurance contract assets	94,797	110,462	-	-	-	-	-	-	94,797	110,462
Tax recoverable	274	-	15,696	-	(1,734)	-	-	-	14,236	-
Other receivables	3,398	2,103	6,769	5,949	68,943	69,177	(67,828)	(67,481)	11,282	9,748
Cash and cash equivalents	472,666	362,430	93,657	133,753	2,911	4,392	-	-	569,234	500,575
TOTAL ASSETS	7,383,307	6,564,407	5,309,422	5,315,742	298,837	262,409	(67,945)	(67,481)	12,923,621	12,075,077

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Financial Position by Segments (continued)

Group	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
LIABILITIES AND EQUITY										
Share capital	-	-	-	-	796,000	226,000	-	-	796,000	226,000
Retained earnings	1,252,365	1,115,783	14,029	21,631	254,253	100,728	-	-	1,520,647	1,238,142
Reserves										
Asset revaluation	4,142	3,996	-	-	-	-	-	-	4,142	3,996
FVOCI	116,886	73,134	-	-	-	-	-	-	116,886	73,134
Insurance finance	(86,274)	(62,341)	-	-	-	-	-	-	(86,274)	(62,341)
Reinsurance finance	5,084	3,026	-	-	-	-	-	-	5,084	3,026
TOTAL EQUITY	1,292,203	1,133,598	14,029	21,631	1,050,253	326,728	-	-	2,356,485	1,481,957
Insurance contract liabilities	4,892,069	4,938,445	4,958,539	5,105,160	-	-	-	-	9,850,608	10,043,605
Reinsurance contract liabilities	4,304	3,988	-	-	-	-	-	-	4,304	3,988
Lease liabilities	820	500	-	-	-	-	-	-	820	500
Other payables	847,128	169,416	222,808	105,657	(751,775)	(64,853)	(67,945)	(67,481)	250,216	142,739
Other financial liabilities	486	576	-	-	-	-	-	-	486	576
Provision for agency long association benefits	-	15,726	47,856	29,061	-	-	-	-	47,856	44,787
Current tax liabilities/ (tax recoverable)	-	6,755	-	(6,657)	-	499	-	-	-	597
Deferred tax liabilities	346,297	295,403	66,190	60,890	359	35	-	-	412,846	356,328
TOTAL LIABILITIES	6,091,104	5,430,809	5,295,393	5,294,111	(751,416)	(64,319)	(67,945)	(67,481)	10,567,136	10,593,120
TOTAL LIABILITIES AND EQUITY	7,383,307	6,564,407	5,309,422	5,315,742	298,837	262,409	(67,945)	(67,481)	12,923,621	12,075,077

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Profit or Loss by Segments

Group	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	666,525	639,385	103,102	106,128	-	-	-	-	769,627	745,513
Insurance service expenses	(569,641)	(534,304)	(88,752)	(98,889)	-	-	-	-	(658,393)	(633,193)
Net (expenses)/income from reinsurance contracts held	(19,049)	4,804	-	-	-	-	-	-	(19,049)	4,804
Insurance service result	77,835	109,885	14,350	7,239	-	-	-	-	92,185	117,124
Finance expenses From insurance contracts issued	(163,565)	(366,626)	(163,934)	(459,197)	-	-	-	-	(327,499)	(825,823)
Finance income from reinsurance contracts held	2,274	3,058	-	-	-	-	-	-	2,274	3,058
Net insurance finance expenses	(161,291)	(363,568)	(163,934)	(459,197)	-	-	-	-	(325,225)	(822,765)
Interest revenue from financial assets not measured at FVTPL	185,425	162,441	141,802	144,695	260	100	-	-	327,487	307,236
Net gains on FVTPL investments	139,852	343,359	119,325	323,936	10,921	7,300	-	-	270,098	674,595
(Allowance for)/write-back of net credit impairment losses	(38)	(25)	(4)	52	-	-	-	-	(42)	27

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Profit or Loss by Segments (continued)

Group	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net (losses)/gains on investments in debt securities measured at FVOCI	(2,169)	(869)	9,397	10,366	-	-	-	-	7,228	9,497
Net (losses)/gains from fair value adjustments to- investment properties	(107)	1,807	(1,063)	12,965	-	-	-	-	(1,170)	14,772
Rental income from investment properties	652	661	6,692	6,795	-	-	-	-	7,344	7,456
Net investment income	323,615	507,374	276,149	498,809	11,181	7,400	-	-	610,945	1,013,583
Net insurance and investment-result	240,159	253,691	126,565	46,851	11,181	7,400	-	-	377,905	307,942
Other operating expenses	(1,127)	(1,154)	(76)	(89)	(2,999)	(17,093)	-	-	(4,202)	(18,336)
Finance costs	-	-	-	-	(6,184)	-	-	-	(6,184)	-
Profit/(loss) before taxation	239,032	252,537	126,489	46,762	1,998	(9,693)	-	-	367,519	289,606
Taxation	(54,397)	(70,958)	(12,143)	(37,038)	(8,474)	(10,969)	-	-	(75,014)	(118,965)
Net profit/(loss) for the year	184,635	181,579	114,346	9,724	(6,476)	(20,662)	-	-	292,505	170,641

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31 SEGMENT INFORMATION (CONTINUED)

Statement of Total Comprehensive Income by Segments

Group	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the year	184,635	181,579	114,346	9,724	(6,476)	(20,662)	-	-	292,505	170,641
Other comprehensive income/(loss):										
<u>Items that will be reclassified subsequently to profit or loss</u>										
Fair value through FVOCI financial assets:										
Net fair value gain arising during the year	59,965	10,345	40,843	6,196	-	-	-	-	100,808	16,541
Realised gains transferred to statement of profit or loss	(555)	(1,709)	(9,527)	(10,250)	-	-	-	-	(10,082)	(11,959)
Allowance for/(write-back of) net credit impairment losses transferred to statement of profit or loss	38	25	4	(52)	-	-	-	-	42	(27)
Income tax relating to these items	(15,695)	(2,287)	(2,505)	328	-	-	-	-	(18,200)	(1,959)
Finance (expenses)/income from insurance contracts issued	(29,916)	(5,686)	(28,816)	3,778	-	-	-	-	(58,732)	(1,908)
Tax effects thereon	5,983	1,138	-	-	-	-	-	-	5,983	1,138

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31 SEGMENT INFORMATION (CONTINUED)

Statement of Total Comprehensive Income by Segments (continued)

Group	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss): (continued)										
Finance income from reinsurance contracts held	2,573	2,266	-	-	-	-	-	-	2,573	2,266
Tax effects thereon	(515)	(453)	-	-	-	-	-	-	(515)	(453)
<u>Items that will be reclassified subsequently to profit or loss</u>										
Asset revaluation reserve:										
Gross asset revaluation surplus	197	298	2,593	3,915	-	-	-	-	2,790	4,213
Income tax relating to these items	(52)	(79)	(207)	(313)	-	-	-	-	(259)	(392)
Finance expenses from insurance contracts issued	-	-	(2,385)	(3,602)	-	-	-	-	(2,385)	(3,602)
Total OCI for the year, net of tax	22,023	3,858	-	-	-	-	-	-	22,023	3,858
Total comprehensive income/(loss) for the financial year	206,658	185,437	114,346	9,724	(6,476)	(20,662)	-	-	314,528	174,499

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Financial Position by Segments

Company	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Property, plant and equipment	11,086	11,163	148,800	149,327	-	-	-	-	159,886	160,490
Right-of-use assets	1,623	1,270	8,772	8,772	-	-	-	-	10,395	10,042
Investment properties	21,484	21,591	162,450	163,513	-	-	-	-	183,934	185,104
Intangible assets	-	772	5,989	5,815	-	-	-	-	5,989	6,587
Financial investments										
Financial assets										
FVOCI	4,432,154	3,908,345	3,065,874	3,165,885	-	-	-	-	7,498,028	7,074,230
FVTPL	2,346,675	2,146,860	1,800,886	1,682,191	229,288	190,966	(117)	-	4,376,732	4,020,017
AC	-	-	529	537	-	-	-	-	529	537
Reinsurance contract assets	94,797	110,462	-	-	-	-	-	-	94,797	110,462
Tax recoverable	274	-	15,696	-	(1,734)	-	-	-	14,236	-
Other receivables	3,392	2,015	6,769	5,949	68,943	69,177	(67,828)	(67,481)	11,276	9,660
Cash and cash equivalents	470,598	361,802	93,657	133,753	2,300	2,234	-	-	566,555	497,789
TOTAL ASSETS	7,382,083	6,564,280	5,309,422	5,315,742	298,797	262,377	(67,945)	(67,481)	12,922,357	12,074,918

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Financial Position by Segments (continued)

Company	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY										
Share capital	-	-	-	-	796,000	226,000	-	-	796,000	226,000
Retained earnings	1,252,365	1,115,783	14,029	21,631	254,253	100,728	-	-	1,520,647	1,238,142
Reserves										
Asset revaluation	4,142	3,996	-	-	-	-	-	-	4,142	3,996
FVOCI	116,886	73,134	-	-	-	-	-	-	116,886	73,134
Insurance finance	(86,274)	(62,341)	-	-	-	-	-	-	(86,274)	(62,341)
Reinsurance finance	5,084	3,026	-	-	-	-	-	-	5,084	3,026
TOTAL EQUITY	1,292,203	1,133,598	14,029	21,631	1,050,253	326,728	-	-	2,356,485	1,481,957
Insurance contract liabilities	4,891,506	4,938,915	4,958,539	5,105,160	-	-	-	-	9,850,045	10,044,075
Reinsurance contract liabilities	4,304	3,988	-	-	-	-	-	-	4,304	3,988
Lease liabilities	820	500	-	-	-	-	-	-	820	500
Other payables	846,953	169,395	222,808	105,657	(751,815)	(64,885)	(67,945)	(67,481)	250,001	142,686
Provision for agency long association benefits	-	15,726	47,856	29,061	-	-	-	-	47,856	44,787
Current tax liabilities/ (tax recoverable)	-	6,755	-	(6,657)	-	499	-	-	-	597
Deferred tax liabilities	346,297	295,403	66,190	60,890	359	35	-	-	412,846	356,328
TOTAL LIABILITIES	6,089,880	5,430,682	5,295,393	5,294,111	(751,456)	(64,351)	(67,945)	(67,481)	10,565,872	10,592,961
TOTAL LIABILITIES AND EQUITY	7,382,083	6,564,280	5,309,422	5,315,742	298,797	262,377	(67,945)	(67,481)	12,922,357	12,074,918

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Profit or Loss by Segments

Company	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Insurance revenue	666,525	639,385	103,102	106,128	-	-	-	-	769,627	745,513
Insurance service expenses	(569,641)	(534,304)	(88,752)	(98,889)	-	-	-	-	(658,393)	(633,193)
Net income/(expenses) from reinsurance contracts held	(19,049)	4,804	-	-	-	-	-	-	(19,049)	4,804
Insurance service result	77,835	109,885	14,350	7,239	-	-	-	-	92,185	117,124
Finance expenses from insurance contracts issued	(162,532)	(366,706)	(163,934)	(459,197)	-	-	-	-	(326,466)	(825,903)
Finance income from reinsurance contracts held	2,274	3,058	-	-	-	-	-	-	2,274	3,058
Net insurance finance expenses	(160,258)	(363,648)	(163,934)	(459,197)	-	-	-	-	(324,192)	(822,845)
Interest revenue from financial assets not measured at FVTPL	185,425	162,441	141,802	144,695	260	100	-	-	327,487	307,236
Net gains on FVTPL investments	138,538	342,838	119,325	323,936	10,721	7,147	-	-	268,584	673,921
(Allowance for)/write-back of net credit impairment losses	(38)	(25)	(4)	52	-	-	-	-	(42)	27

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31 **SEGMENT INFORMATION (CONTINUED)**

Statement of Profit or Loss by Segments (continued)

Company	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net (losses)/gains on investments in debt securities measured at FVOCI	(2,169)	(869)	9,397	10,366	-	-	-	-	7,228	9,497
Net (losses)/gains from fair value adjustments to investment properties	(107)	1,807	(1,063)	12,965	-	-	-	-	(1,170)	14,772
Rental income from investment properties	652	661	6,692	6,795	-	-	-	-	7,344	7,456
Net investment income	322,301	506,853	276,149	498,809	10,981	7,247	-	-	609,431	1,012,909
Net insurance and investment result	239,878	253,090	126,565	46,851	10,981	7,247	-	-	377,424	307,188
Other operating expenses	(846)	(557)	(76)	(89)	(2,799)	(16,979)	-	-	(3,721)	(17,625)
Finance costs	-	-	-	-	(6,184)	-	-	-	(6,184)	-
Profit/(loss) before taxation	239,032	252,533	126,489	46,762	1,998	(9,732)	-	-	367,519	289,563
Taxation	(54,397)	(70,954)	(12,143)	(37,038)	(8,474)	(10,969)	-	-	(75,014)	(118,961)
Net profit/(loss) for the year	184,635	181,579	114,346	9,724	(6,476)	(20,701)	-	-	292,505	170,602

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31 SEGMENT INFORMATION (CONTINUED)

Statement of Total Comprehensive Income by Segments

Company	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the year	184,635	181,579	114,346	9,724	(6,476)	(20,701)	-	-	292,505	170,602
Other comprehensive income/(loss):										
<u>Items that will be reclassified subsequently to profit or loss</u>										
Fair value through FVOCI financial assets:										
Net fair value gain arising during the year	59,964	10,345	40,844	6,196	-	-	-	-	100,808	16,541
Realised gains transferred to statement of profit or loss	(555)	(1,709)	(9,527)	(10,250)	-	-	-	-	(10,082)	(11,959)
Allowance for/(write-back of) net credit impairment losses transferred to statement of profit or loss	38	25	4	(52)	-	-	-	-	42	(27)
Income tax relating to these items	(15,695)	(2,287)	(2,505)	328	-	-	-	-	(18,200)	(1,959)
Finance (expenses)/income from insurance contracts issued	(29,916)	(5,686)	(28,816)	3,778	-	-	-	-	(58,732)	(1,908)
Tax effects thereon	5,983	1,138	-	-	-	-	-	-	5,983	1,138

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31 SEGMENT INFORMATION (CONTINUED)

Statement of Total Comprehensive Income by Segments (continued)

Company	Life Risk and Savings		Participating		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss): (continued)										
Finance income from reinsurance contracts held	2,573	2,266	-	-	-	-	-	-	2,573	2,266
Tax effects thereon	(515)	(453)	-	-	-	-	-	-	(515)	(453)
<u>Items that will be reclassified subsequently to profit or loss</u>										
Asset revaluation reserve:										
Gross asset revaluation surplus	198	298	2,592	3,915	-	-	-	-	2,790	4,213
Income tax relating to these items	(52)	(79)	(207)	(313)	-	-	-	-	(259)	(392)
Finance expenses from insurance contracts issued	-	-	(2,385)	(3,602)	-	-	-	-	(2,385)	(3,602)
Total OCI for the year, net of tax	22,023	3,858	-	-	-	-	-	-	22,023	3,858
Total comprehensive income/(loss) for the financial year	206,658	185,437	114,346	9,724	(6,476)	(20,701)	-	-	314,528	174,460

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

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

32 EVENTS DURING THE YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR-END

i) Bancassurance with RHB Banking Group ("RHB")

On 1 August 2025, RHB entered into bancassurance and bancatakal partnerships with the Company and its takaful partners - Syarikat Takaful Malaysia Keluarga Berhad ("STMKB"), and its wholly owned subsidiary, Syarikat Takaful Malaysia Am Berhad ("STMAB") (collectively referred to as "Takaful Malaysia"). These partnerships are formalised through separate Distribution Agreements - between RHB Bank and the Company, and between RHB Islamic and Takaful Malaysia, as well as the Framework Agreement entered into by all parties. Under the Distribution Agreements, RHB will exclusively sell, distribute, market and promote the conventional life insurance products and takaful products developed by the Company and Takaful Malaysia, in Malaysia. The exclusive Distribution Agreements will be for a period of 20 years commencing 1 August 2025. Following the execution of the Distribution Agreement between the parties, RHB's appeal at the Court of Appeal has been formally withdrawn on 15 August 2025.

ii) Issuance of subordinated loan and converted into share capital

On the 12 August 2025, the Company has also entered into an intra-group subordinated loan agreement with TMNF. The loan has been drawn down on 22 August 2025. The loan was unsecured, bears interest at 4.5% per annum, and was subordinated to all senior obligations of the Company.

On 18 November 2025, the Company increased its share capital from RM226,000,000 to RM796,000,000 by way of the allotment and issuance of 570,000,000 new ordinary shares of RM1.00 each in the Company to TMNF, the sole member of the Company.

The total consideration for the subscription of the new ordinary shares was satisfied entirely by way of set-off against the total principal amount of RM570,000,000 under the subordinated loan from the Company to TMNF.

iii) Special Participating (Estate) Surplus Transfer

In 2025, the Company obtained the approval from relevant authorities to utilise the excess estate from the Participating fund, amounting to RM105,000,000, in line with paragraph 14.27(b) of the BNM Policy Document on Management of Participating Life Business and tax framework, respectively. This initiative is intended to serve the public interest by promoting a sound, progressive and inclusive financial sector. Upon confirmation with the relevant authority, the Company has performed the special surplus transfer from the Participating Fund (estate) to the Shareholder's Fund for the said amount.