

**LIBERTY GENERAL INSURANCE BERHAD**  
**197801007153 (44191-P)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2025**

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD  
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**DIRECTORS' REPORT**

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

**PRINCIPAL ACTIVITY**

The Company is engaged principally in the underwriting of all classes of general insurance business.

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

**RESULTS**

	<b>RM'000</b>
Net profit for the year	<u>207,135</u>

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

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

**DIVIDENDS**

The amount of dividends paid by the Company since 31 December 2024 were as follows:

	<b>RM'000</b>
In respect of financial year ended 31 December 2024:	
<b>Irredeemable non-cumulative convertible preference shares ("INCPS"):</b>	
Dividend of 5.5% per INCPS on 6,100,000 INCPS based on issue price of RM10.00 each declared on 9 June 2025 and paid on 19 June 2025	3,355
<b>Ordinary shares:</b>	
Final single tier dividend of 18.79 sen per ordinary share on 1,394,196,000 ordinary shares declared on 9 June 2025 and paid on 19 June 2025	<u>262,000</u>
	<u>265,355</u>

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## **SHARE OPTIONS**

There were no options granted during the financial year by the Company to any parties to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

## **DIRECTORS**

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Adil Ahmad (Chairman)

(Appointed on 7 March 2025 and redesignated as Chairman on 22 February 2026)

(Independent, Non-Executive Director)

Elsie Kok Yin Mei

(Independent, Non-Executive Director)

Phoon Soon Keong

(Independent, Non-Executive Director)

Tan Chong Liong

(Independent, Non-Executive Director)

Saime Defne Turkes

(Non-Independent, Executive Director)

Ling Fou-Tsong @ Jamie Ling

(Non-Independent, Non-Executive Director)

Dato' Lim Heen Peek (Resigned on 6 March 2025)

(Independent, Non-Executive Director)

Dato' Haji Kamil Khalid Ariff (Chairman) (Resigned on 21 February 2026)

(Non-Independent, Non-Executive Director)

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## **CORPORATE GOVERNANCE**

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia (“BNM”) Policy Document on Corporate Governance.

### **Directors' Profiles**

The following are the profiles of Directors of the Company:

#### **ADIL AHMAD (Chairman)** **Independent Non-Executive Director**

Mr. Adil Ahmad (“Mr. Adil”), aged 68, is an Australian citizen and is an Independent Non-Executive Director of the Company. He joined the Board on 7 March 2025 and was redesignated as Chairman of the Company on 22 February 2026. Following his redesignation as Chairman of the Board, Mr. Adil ceased to be a Member of the Audit Committee, Risk Management Committee and also ceased to be Chairman and a Member of the Nomination and Remuneration Committee on 22 February 2026.

He holds an MBA in Finance & Accounting and a BA in Economics, both from Cornell University, USA. He has also attended the Insead Senior Executive Management program. He is a retired senior international banker, with more than 35 years of experience in various countries namely, Australia, Kuwait, Malaysia, Pakistan, United Kingdom and Vietnam. He’s last fulltime role was as CEO of Kuwait International Bank, Kuwait (“KIB”) and prior to joining KIB he was with the ANZ Bank for two decades in a range of senior roles in Australia, UK, Pakistan and Vietnam.

Mr. Adil also has experience serving as board member of both listed and unlisted entities of multiple organizations (including financial institutions) both in Malaysia and internationally. He is currently an Independent Director at FIDE Forum, Vingroup Joint Stock Company (Vietnam) and Bank of America Malaysia Berhad.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Directors' Profiles (Cont'd.)**

**ELSIE KOK YIN MEI**  
**Independent Non-Executive Director**

Mdm. Elsie Kok Yin Mei (“Mdm. Elsie”), aged 65, is a Malaysian citizen and is an Independent Non-Executive Director of the Company. She was redesignated as Chairperson of the Risk Management Committee, Nomination Committee and Remuneration Committee, and appointed as a Member of the Audit Committee on 22 February 2026.

She obtained her Bachelor of Jurisprudence and LL.B. from Monash University, Melbourne, Australia. Mdm. Elsie was called to the Malaysian Bar in 1987 and practised as an Advocate & Solicitor until 1992 when she joined the HSBC Group in Malaysia as a legal adviser. She was their Head of Legal, General Counsel from 2003 to 2016.

Mdm. Elsie was a Director in Liberty Insurance Berhad (now known as Liberty Global Holdings Sdn. Bhd.) from 2017 to 2023 and is currently an Independent Non-Executive Director of Maybulk Berhad and was until 23 January 2026, an Independent Non-Executive Director of Kuchai Development Berhad.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Directors' Profiles (Cont'd.)**

**PHOON SOON KEONG**  
**Independent Non-Executive Director**

Mr. Phoon Soon Keong, a Malaysian, aged 70, was appointed Director on 15 August 2017. He is a member of the Audit Committee, Risk Management Committee and Nomination Committee.

He is a qualified Certified Public Accountant, Malaysia ("CPA") and is a member of the Malaysian Institute of Accountants. He started his career with Price Waterhouse (currently known as PricewaterhouseCoopers ("PwC")) in 1975 and obtained his CPA qualification in 1979. He left PwC to start his own practice in 1980 and was a partner in P.C Chan & Partners from 1981 to 1986. He re-joined PwC Audit Practice as a Senior Manager in December 1986 and was Executive Director in the Firm from 1994 to 2010. During his tenure in PwC, he was the Director-in-charge of the Valuation & Strategy Practice of PricewaterhouseCoopers Consulting Sdn Bhd.

He has extensive experience in audit, business recovery, turnaround management, corporate and debt restructuring, corporate finance, mergers and acquisitions and share valuation.

He was the Acting Chief Executive Officer of PanGlobal Insurance Berhad from January 2007 to April 2009. He was appointed as the Appointed Person of Tahan Insurance (Malaysia) Berhad ("Tahan") by Bank Negara Malaysia ("BNM") under Section 59(4)(a) of the Insurance Act 1996 to assume control of the whole of Tahan's property, business and affairs and carry on its business and affairs on behalf of BNM from May 2009 to December 2010.

He was a Director of Assisi Palliative Care Berhad from 2015 to January 2022. He also served on the Board of Assunta Hospital from 2005 to 2012 and was Chairman of the Assunta Board from June 2011 to December 2012. He was a Director of Good Shepherd Services, a charitable organisation from 2015 to May 2021 and Chairman of AmGeneral Insurance Berhad (now known as Liberty General Insurance Berhad) from August 2017 to February 2023. He was also an Independent Non-Executive Director of AmMetLife Insurance Berhad and AmMetLife Takaful Berhad.

Currently, he is a Director of Kiwanis Down Syndrome Foundation, a not-for-profit organisation and member of the Executive Committee of Breast Cancer Women Association.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Directors' Profiles (Cont'd.)**

**TAN CHONG LIONG**  
**Independent Non-Executive Director**

Mr. Tan Chong Liong ("Mr. Tan"), aged 60, is a Malaysian citizen and an Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee and was appointed as a member of the Risk Management Committee, Nomination Committee, and Remuneration Committee on 22 February 2026.

Mr. Tan holds a Bachelor of Accounting degree from the University of Malaya and a Master of Business Administration (International Management) from the Royal Melbourne Institute of Technology, Australia. He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA").

Mr. Tan is a highly experienced financial professional with over 30 years of experience in financial and strategic management across a broad range of sectors, including reinsurance, insurance, investment, fund management, telecommunications, broadcasting, film and television content distribution, property, power and digital technologies.

Throughout his career, Mr. Tan has held various senior leadership roles and board directorships across multiple organisations. He previously served as a Director and Chairman of the Investment Committee of Berjaya Sampo Insurance Berhad. He currently serves as a Director of a venture financing company focused on nurturing start-ups in areas such as fintech, e-commerce, Internet of Things (IoT) and space technology.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Directors' Profiles (Cont'd.)**

**SAIME DEFNE TURKES**  
**Non-Independent Executive Director**

Ms. Saime Defne Turkes (“Ms. Defne Turkes”), aged 50, a Turkish citizen, was appointed as a Director on 28 July 2022. She is the Chairman of the Investment Committee and a member of the Nomination Committee.

Ms. Defne Turkes is the Chief Operating Officer of Liberty International Insurance (“LII”). In this role she shapes and executes LII’s operations strategy across the UK & MENA, APAC, Europe and LATAM regions, with a strong emphasis on accelerating time-to-market, driving change delivery, and ensuring operational excellence and resilience.

Since joining Liberty Mutual Insurance in 2006, Ms. Defne Turkes has held a variety of leadership roles at both market and regional levels, including market CFO, market President and regional President, giving her broad commercial and operational perspective. She has deep experience building sustainable, profitable retail businesses while embedding execution discipline across diverse markets.

Prior to Liberty, Ms. Defne Turkes held management positions at Ernst & Young and Global Securities, where she advised on M&A and privatization transactions - from commercial and financial due diligence to deal structuring and execution - developing deep expertise in commercial analysis, financial structuring and operational integration.

Ms. Defne Turkes is a Certified Public Accountant and financial advisor with more than 28 years of professional experience in financial services. She holds a Bachelor of Arts degree in Management from Bogazici University, Turkey.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Directors' Profiles (Cont'd.)**

**LING FOU-TSONG @ JAMIE LING**  
**Non-Independent Non-Executive Director**

Mr Ling Fou-Tsong @ Jamie Ling, aged 57, is a Malaysian citizen and was appointed to the Board of the Company on 6 February 2024. Mr Jamie Ling is also a member of the Nomination Committee, Remuneration Committee and Investment Committee of the Company.

Mr Jamie Ling is the Group Chief Executive Officer (“Group CEO”) of AMMB Holdings Berhad (“AMMB”) and the Chief Executive Officer (“CEO”) of AmBank (M) Berhad (“AmBank”), effective 23 November 2023. In his role as AMMB’s Group CEO, he leads the management team, oversees all lines of businesses and operations, and orchestrates alignment with AMMB’s strategic direction. As a steward of AMMB, his primary objectives include driving long-term value creation initiatives and ensuring that all endeavours are consistent with AMMB’s purpose and core values.

He joined AMMB in 2017 as the Group Chief Financial Officer and was named ‘Best CFO for Investor Relations’ mid-cap category for 2021 by Malaysian Investor Relations Association Berhad (“MIRA”).

Prior to joining AMMB, Mr Jamie Ling has over two decades of regional and international banking experience across Asia and Europe. His in-depth commercial and financial experience covers roles held in treasury, finance, risk management and sales.

He held senior leadership positions in Malaysia, the United Kingdom, and Northeast Asia. He was the Regional Chief Financial Officer of Standard Chartered Bank for Greater China and Northeast Asia, covering Hong Kong, Taiwan, China, South Korea and Japan. He was also a board member of Standard Chartered (Hong Kong) Limited and Hong Kong Note Printing Limited.

Mr Jamie Ling sits on the Board of several other subsidiaries and joint ventures of AMMB, namely AmMetLife Insurance Berhad, AmMetLife Takaful Berhad, AMAB Holdings Sdn Bhd and Financial Markets Ombudsman Service.

Mr Jamie Ling holds a B.A. (Hons) in Economics and Accounting from the University of Newcastle Upon Tyne in United Kingdom. He is a Fellow, Institute of Chartered Accountants in England and Wales and also a Member, Association of Chartered Certified Accountants. He is an Alumni, Executive Management Programmes of Templeton College, Oxford University and INSEAD.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Directors' Profiles (Cont'd.)**

**DATO' HAJI KAMIL KHALID ARIFF (Chairman) (Resigned on 21 February 2026)**  
**Non-Independent Non-Executive Director**

Dato' Haji Kamil Khalid Ariff ("Dato' Khalid"), aged 71, is a Malaysian citizen and was appointed as a Non-Independent Non-Executive Director and Chairman of the Company on 22 February 2023. He was also a member of the Investment Committee.

Dato' Khalid graduated with a Bachelor of Science in Management from Syracuse University in New York. He also holds a Diploma in Public Administration from ITM and an MBA in International Business from Central Michigan University, United States of America.

Dato' Khalid is currently Chairman of Putrajaya Holdings Sdn Bhd, Public Islamic Bank Berhad, and FWD Insurance Berhad. He also sits on the Board of several private companies.

Throughout his renowned career spanning over 44 years, Dato' Khalid served in numerous Management and Board positions in several large corporate entities which among others include, The New Straits Times, Kumpulan Perangsang Selangor Berhad, Kumpulan Guthrie Berhad, Idris Hydraulic Berhad and Mahkota Technologies Sdn Bhd.

Dato' Khalid was also an Independent Director of Liberty Insurance Berhad (now known as Liberty Global Holdings Sdn. Bhd.), Bank Muamalat Malaysia Berhad, Indah Water Konsortium Sdn Bhd and FWD Insurance Berhad.

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## **CORPORATE GOVERNANCE (CONT'D.)**

### **Directors' Training**

The Board of Directors (the "Board") recognises the importance of ensuring that Directors are continuously being developed to acquire or enhance their knowledge and skills in discharging their duties effectively.

All new Directors appointed to the Board attended a formal induction programme to familiarise themselves with the Company's strategy and operating structure, financial highlights, product and marketing strategies, risk management strategy, legal and regulatory compliance requirements and talent initiatives presented by the Chief Executive Officer with various Head of Departments and organised by the Company Secretarial Department.

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by Asia School of Business, all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism associated with their duties to the Company. The Directors also attend a Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the Company's strategic direction and information relating to the Company's development, or industry development through discussion at Board meetings with the Senior Management team.

### **Board Responsibilities**

The Board remains fully committed in ensuring that the principles and best practices in corporate governance are observed by the Company. The Board supervises the management of the Company in business policies and affairs with the goal of enhancing shareholder's value and promotes sustainability through appropriate environmental, social and governance considerations in the Company's business strategies.

Board meetings are scheduled at least six (6) times per year where the Board addresses key matters concerning strategy, finance, organisation structure, business development, human resource, and establishes guidelines for overall business, risk and control policies, capital allocation as well as approves all key business developments.

### **Board Activities**

As at reporting date, the Board comprises six (6) members with wide-ranging skills and experience. The Board is represented by one (1) Non-Independent, Non-Executive Director, one (1) Non-Independent, Executive Director and four (4) Independent, Non-Executive Directors of calibre, and with necessary skills and diverse corporate experience to ensure that strategies proposed by the Management are fully discussed and examined, as well as to take into account the long term interests of various stakeholders. During the financial year, the Board has met seven (7) times.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Board Activities (Cont'd.)**

All Directors review the Board reports prior to the Board meetings. The reports are issued with sufficient time to enable the Directors to obtain further explanations, where necessary, before the meetings.

In addition, the Board decides on matters reserved specifically for its decision, including the approval of corporate and business plans and budgets, acquisitions and disposals of assets that are material to the Company, major investments, changes to the management and control structure of the Company, including key policies, procedures and authority limits.

The Board has also adopted a policy for induction and education of Directors. The program is to provide essential and comprehensive information to a new director in order for him to be familiar with relevant insurance industry regulatory requirements and the Company's nature of business. The Directors may also request independent professional advice, at the Company's expense. The Company Secretary, to whom the Directors have independent access, assists the Board and keeps it abreast of relevant laws and regulations.

**Membership and Board meetings for the financial year ended 31 December 2025**

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Dato' Haji Kamil Khalid Ariff (Chairman) (Resigned on 21 February 2026)	7/7
Phoon Soon Keong	7/7
Saime Defne Turkes	6/7
Elsie Kok Yin Mei	7/7
Ling Fou-Tsong @ Jamie Ling	7/7
Tan Chong Liong	7/7
Adil Ahmad (Appointed on 7 March 2025)	6/6
Dato' Lim Heen Peek (Resigned on 6 March 2025)	1/1

**Board Committees**

The Board delegates certain responsibilities to the Board Committees which were set up to assist the Board in certain areas of deliberation are as follows:

- (1) Nomination Committee
- (2) Remuneration Committee
- (3) Risk Management Committee
- (4) Audit Committee
- (5) Investment Committee

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**CORPORATE GOVERNANCE (CONT'D.)**

**Nomination Committee**

As at reporting date, the Committee comprises three (3) Independent, Non-Executive Directors, one (1) Non-Independent, Non-Executive Director and one (1) Non-Independent, Executive Director. The Chairman of the Committee is an Independent, Non-Executive Director.

The Nomination Committee ("NC") is mandated by the Board of Directors ("the Board") primarily to:

- (a) oversee the appointment of Directors, Chief Executive Officer ('CEO'), direct reports of the CEO ('Senior Management Team members') and Company Secretary;
- (b) review and assess the effectiveness of each Director, the CEO, Senior Management Team members and Company Secretary; and
- (c) review and assess the balance and effectiveness of the Board as a whole.

The NC also assists the Board in ensuring that the Company practices good corporate governance in a fair and thorough manner as required by the relevant Bank Negara Malaysia guidelines/policy.

**Membership and meetings of the Nomination Committee  
for the financial year ended 31 December 2025**

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Adil Ahmad (Chairman) (Appointed on 7 March 2025)	4/4
Dato' Lim Heen Peok (Chairman) (Resigned on 6 March 2025)	1/1
Saime Defne Turkes	4/5
Elsie Kok Yin Mei	5/5
Phoon Soon Keong	5/5
Ling Fou-Tsong @ Jamie Ling	4/5

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**CORPORATE GOVERNANCE (CONT'D.)**

**Remuneration Committee**

As at reporting date, the Committee comprises two (2) Independent, Non-Executive Directors and one (1) Non-Independent, Non-Executive Director. The Chairman of the Committee is an Independent, Non-Executive Director.

The Remuneration Committee (“RC”) is mandated by the Board primarily to support the Board in actively overseeing the design and operation of the Company’s remuneration system and policy. The RC shall periodically review the remuneration of:

- (a) the Chief Executive Officer, Company Secretary and direct reports of the Chief Executive Officer (collectively ‘Senior Management Team members’); and
- (b) Directors on the Board.

to ensure that remuneration remains appropriate to each of their contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

The RC also assists the Board in ensuring that the Company practices good corporate governance in a fair and thorough manner as required by the relevant Bank Negara Malaysia guidelines or policy documents.

**Membership and meetings of the Remuneration Committee  
for the financial year ended 31 December 2025**

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Adil Ahmad (Chairman) (Appointed on 7 March 2025)	5/5
Dato' Lim Heen Peok (Chairman) (Resigned on 6 March 2025)	1/1
Elsie Kok Yin Mei	6/6
Ling Fou-Tsong @ Jamie Ling	5/6

**Risk Management Committee**

As at reporting date, the Committee comprises three (3) Independent, Non-Executive Directors. The Chairman of the Committee is an Independent, Non-Executive Director. The primary objective of the Risk Management Committee is to oversee Senior Management’s activities in managing the key risk areas of the Company and to determine that the risk management process is in place and functioning effectively.

The Risk Management Committee (“RMC”) is mandated by the Board primarily to establish a documented, formal and transparent procedure to ensure that the Company’s corporate objectives are supported by a sound risk management strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Risk Management Committee (Cont'd.)**

The RMC also assists the Board in overseeing and reviewing the Company's Enterprise Risk Management ("ERM") Framework, including its policies and procedures for identifying, assessing, managing and monitoring risks, to ensure that they are aligned with the Company's corporate objectives and risk appetite.

The Company shall be seen to practice good corporate governance in a fair and thorough manner as required by:

- (a) BNM/RH/GL 013-5 *Risk Governance*
- (b) BNM/RH/PD 029-9 *Corporate Governance*

**Membership and meetings of the Risk Management Committee  
for the financial year ended 31 December 2025**

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Elsie Kok Yin Mei (Chairman)	6/6
Phoon Soon Keong	6/6
Adil Ahmad (Appointed on 7 March 2025)	5/5
Dato' Lim Heen Peek (Resigned on 6 March 2025)	1/1

**Internal Control Framework**

The Internal Control Framework is guided by the principles documented within the Board approved Enterprise Risk Management ("ERM") Framework in managing all relevant sources of risk faced by the Company by defining the standards and expectations consistent with the views of the Board of Directors, regulatory requirements, industry guidelines and risk management best practices.

The ERM Framework enables the Board of Directors and the Management to maintain and manage a comprehensive view of the risk profiles of all facets of the Company through transparency, reporting and escalation of risk matters.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Internal Control Framework (Cont'd.)**

- a) The Company adopts the three lines of defense model in implementing an effective ERM model across the Company as illustrated below:

<b>Line of Defense</b>	<b>Functions</b>	<b>Roles and Responsibilities</b>
First Line of Defense	Business Units	<ul style="list-style-type: none"><li>● Own and manage all risk identified in their business unit</li><li>● Ensure risk management policies are implemented in their respective areas</li><li>● Be fully aware of the risk factors that should be considered in every decision and action</li><li>● Take into account Environmental, Social and Governance ("ESG") impact and risks to their respective strategy and business objectives</li><li>● Responsible to establish a risk and control environment as part of day-to-day operations</li></ul>
Second Line of Defense	Risk Management	<ul style="list-style-type: none"><li>● Drives the implementation of an effective risk management framework</li><li>● Monitor and support the implementation of effective risk management practices through the development of risk governance guidance and tools</li><li>● Assist the risk owners in the reporting and escalation of risk</li><li>● Provide guidance and direction on implementing policies and procedures that support effective risk management</li><li>● Provide the framework to identify and assess ESG related risk and its potential impacts</li><li>● Provides assurance oversight to the Board</li></ul>

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**CORPORATE GOVERNANCE (CONT'D.)**

**Internal Control Framework (Cont'd.)**

- a) The Company adopts the three lines of defense model in implementing an effective ERM model across the Company as illustrated below (Cont'd.):

<b>Line of Defense</b>	<b>Functions</b>	<b>Roles and Responsibilities</b>
Second Line of Defense (Cont'd.)	Compliance	<ul style="list-style-type: none"> <li>● Oversees the implementation of Compliance Policy</li> <li>● Develops and implements the Compliance Annual Plan that sets the compliance objectives and focus areas across the Company</li> <li>● Develops and implements compliance frameworks, policies and guidelines, including but not limited to the relevant policies pertaining to prevention of money laundering, terrorism financing, bribery and corruption</li> <li>● Reviews, facilitates and reports compliance issues to the Board in a timely manner</li> <li>● Reviews, assesses and deliberates corrective measures to address compliance risk concerns as highlighted by the Compliance function, internal audit and regulatory authorities, where relevant</li> <li>● Evaluates the effectiveness of the Company's overall management of compliance risk annually</li> </ul>
Third Line of Defense	Internal Audit	<ul style="list-style-type: none"> <li>● Provide independent assurance on the effectiveness of the organization's risk management</li> <li>● Provide assurance on the effectiveness of the first and second lines of defense</li> <li>● Report regularly to the Board and Senior Management on the effectiveness and adequacy of the risk management and compliance functions, and whether the internal controls in the organisation are working effectively</li> </ul>

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## **CORPORATE GOVERNANCE (CONT'D.)**

### **Internal Control Framework (Cont'd.)**

- b) Key Policies and Frameworks of the internal control framework are reviewed periodically, to reflect the latest changes from the political, economic, social, technological, legal/regulatory, and environmental landscape:
- The Enterprise Risk Management ("ERM") Framework sets out a formal documented framework of how risks in the Company should be managed, using the International Standard for Risk Management ISO 31000 standards as the foundation.
  - The Internal Capital Adequacy Assessment Process (ICAAP) Policy is to ensure that the Company maintains an appropriate and effective ICAAP which is aligned to its Risk Appetite Statement, Capital Management Plan and Stress Testing Policy.
  - The Operational Risk Management Framework determines the extent of the Company's operational risk exposure, to understand what drives it, to allocate capital against it, to identify internal and external risks that would help in developing effective controls to mitigate the risks.
  - The Technology Risk Management Framework determines the extent of the Company's technology risk exposure, to understand what drives it, to allocate capital against it, and to identify internal and external risks that would help in developing effective controls to mitigate the risks.
  - The Cyber Resilience Framework is to ensure effective Identification, Protection, Detection, Respond and Recovery ("IPDRR") of systems and data hosted on premise or by third-party service providers (including cloud services) from internal as well as external cyberattacks and threats.
  - The Business Continuity Management Framework outlines the principles and specific requirements regarding the formulation of Crisis Management Plan, Business Continuity Plan (BCP) and Disaster Recovery Plan, implementation, testing and maintenance of these plans.
  - The Outsourcing Risk Management Framework outlines the basis and approach for identifying outsourcing risk, and the essential components in managing outsourcing risk.
  - The Credit Risk Management Policy articulates the Company's governance for managing credit risks and to ensure that credit risk management practices of the Company remain effective moving forward.
  - The Anti-Fraud Policy documents the Company's standards with regards to principles for the effective management of fraud risk, roles and responsibilities of all stakeholders involved in the management of fraud risks, and fraud risk management process.

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**CORPORATE GOVERNANCE (CONT'D.)**

**Internal Control Framework (Cont'd.)**

c) For the Compliance function, the Key Frameworks, Policies and Guidelines include:

- Liberty Mutual Code of Business Ethics and Conduct lays the foundation for ethical behavior across the Company. It comprises 5 areas, namely, Our Code of Conduct, Speak Up, Avoid Conflicts of Interest, Protect Information and Comply with the Law.
- The Compliance Policy aims to protect the Company from regulatory, financial or reputational risks that could arise from non-compliant or unethical conduct, assist to prevent, detect and remediate compliance failures or risks, and seek to ensure that the Company and its employees are in compliance with all applicable laws and regulations.
- The Regulatory Relationship Guideline provides the basis to which relationships between the Company and the Regulators are managed. It sets out clear guidance on the roles and responsibilities of stakeholders to ensure that the Company manages the relationships with Regulators holistically across the Company.
- The Financial Crime Compliance Policy provides the framework and guidance to employees in proactively prevent, detect and respond to financial crime risks (money laundering, terrorism financing, sanction evasion, bribery and corruption) across the Company's operations, products, services and relationships to comply with applicable anti-financial crime laws.
- The Management on Conflict of Interest Policy provides the framework and guidance to employees to identify, disclose, and manage actual or potential conflicts of interest, in order to prevent unethical conduct, mitigate integrity and compliance risks, and safeguard the Company's reputation.
- The Whistleblowing Policy provides the framework, guidance and channel for all employees and external parties to disclose any improper conduct committed or about to be committed by those in authority.

**LIBERTY GENERAL INSURANCE BERHAD  
(Incorporated in Malaysia)**

**CORPORATE GOVERNANCE (CONT'D.)**

**Sustainability Framework**

At Liberty General Insurance Berhad (“LGIB”), sustainability remains a core consideration in how LGIB governs the organisation, manages risks and grows the business. Guided by Liberty Mutual’s strategic pillars and sustainability principles, LGIB continues to embed sustainability into its strategy, operations, and decision making. LGIB’s efforts are anchored around Liberty Mutual’s strategic pillars – Increase Customer Resilience, Enable Sustainable Growth, Improve Lives and Communities, and Advance an Equitable and Inclusive Culture.

In year 2025, LGIB continued to strengthen its climate-related capabilities, building on the foundations LGIB has established in prior years. Working closely with Liberty Mutual and leveraging group-wide expertise, LGIB deepened its understanding of climate-related physical and transition risks and their potential impacts to the business, customers and investments. This alignment ensures consistency with global best practices while allowing LGIB to tailor its approach to the local operating and regulatory context in Malaysia.

As LGIB progresses towards a more structured and integrated approach to climate risk management and disclosure, LGIB’s focus for the year 2025 was on enhancing governance, improving risk integration, and increasing transparency. These efforts reflect LGIB’s commitment to supporting a resilient transition to a lower-carbon economy, meeting evolving regulatory expectations, and providing clear, decision-useful information to stakeholders. Collectively, these initiatives position LGIB to better anticipate climate-related risks and opportunities while supporting long-term, sustainable value creation.

Given the role LGIB plays in supporting its policyholders as Malaysia plans to transition to a low-carbon economy, LGIB implemented further actions in 2025 to strengthen its climate-related initiatives:

- LGIB disclosed its inaugural Task Force on Climate-related Financial Disclosures (“TCFD”) Report, which outlines LGIB’s approach in identifying, managing, and disclosing its climate-related risks and opportunities.
- In preparation for the National Sustainability Reporting Framework (“NSRF”), LGIB has commenced internal efforts in alignment with Liberty Mutual, by identifying potential reporting gaps as well as mobilising dedicated cross-function taskforces to oversee implementation.
- LGIB continued to oversee the implementation of the Climate Risk Management and Scenario Analysis (“CRMSA”) and embedding climate-related considerations into LGIB’s annual stress testing exercise.
- LGIB updated its Risk Taxonomy to align risk categories and risk descriptions with Liberty Mutual’s Risk Taxonomy, including updates to the Sustainability Risk category, which includes relevant climate-related risks that LGIB continues to monitor.

Building on these achievements, LGIB remains focused on addressing climate change and creating a positive impact for its customers, employees and communities. Together, LGIB aims to support a more sustainable and resilient future for everyone.

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD  
(Incorporated in Malaysia)**

**CORPORATE GOVERNANCE (CONT'D.)**

**Audit Committee**

As at reporting date, the Audit Committee ("AC") comprises three (3) Independent, Non-Executive Directors. The Chairman of the Committee is an Independent, Non-Executive Director. The Board has appointed the AC to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Company's assets and shareholder's investments.

The AC is mandated by the Board primarily to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the corporate governance process and the Company's process for monitoring compliance with relevant laws and regulations.

The Company shall be seen to practice good corporate governance in a fair and thorough manner as required by:

- (a) BNM/RH/GL 013-4 *Guidelines on Internal Audit Function of Licensed Institutions*
- (b) BNM/RH/GL 013-5 *Risk Governance*
- (c) BNM/RH/PD 029-9 *Corporate Governance*
- (d) Financial Services Act (FSA) 2013
  - i) Section 62 - Notice of Cessation from Office
  - ii) Section 143 - Submission of Document or Information to Bank

**Membership and meetings of the Audit Committee  
for the financial year ended 31 December 2025**

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Tan Chong Liong (Chairman)	6/6
Phoon Soon Keong	6/6
Adil Ahmad (Appointed on 7 March 2025)	5/5
Dato' Lim Heen Peok (Resigned on 6 March 2025)	1/1

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD  
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**CORPORATE GOVERNANCE (CONT'D.)**

**Investment Committee (Established on 30 July 2025)**

As at reporting date, the Investment Committee comprises one (1) non-independent, non-executive director, one (1) independent non-executive director and one (1) executive director. The Chairperson of the Investment Committee is an executive director. The primary objective of the Investment Committee is to assist the Board in the effective discharge of the Board's strategic responsibilities and accountabilities in overseeing the investments of the Company.

The functions of the Investment Committee are:

- (a) to report/present to the Board of Directors every quarter the results, observations and recommendation investment performances of the investment portfolio by internal investment and the external fund managers, market outlook, economic conditions and strategies with regards to asset classes in the investment portfolio, and portfolio exposures to ensure investments comply with the approved guidelines and mandates;
- (b) to assist and advise the Board in the setting investment objectives and targets, strategies, criteria and overall asset allocation, including ensuring these are within the approved risk levels;
- (c) to ensure investments are carried out in accordance with the Company's Investment Policy;
- (d) to review if deemed fit, recommend Board approval for the Investment Policy, exemptions for deviation from the Investment Policy, Strategic Asset Allocation and Tactical Asset Allocation, and list of prohibited investments and any updates/changes to them;
- (e) to ensure all investments risks are recognized, systematically identified, prioritized according to their significance and implications, and managed as best as possible; and
- (f) to set authorization limits and review and approve dealers, fund managers and custodian accounts as and when required.

**Membership and meetings of the Investment Committee  
for the financial year ended 31 December 2025**

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Saime Defne Turkes (Chairperson)	2/2
Mr. Ling Fou-Tsong @ Jamie Ling	2/2
YBhg. Dato' Haji Kamil Khalid Ariff (Resigned on 21 February 2026)	2/2
Mr. Adil Ahmad (Appointed on 22 February 2026)	0/0

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD  
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## **CORPORATE GOVERNANCE (CONT'D.)**

### **Remuneration Framework**

#### **Qualitative Disclosures**

##### **The Company Remuneration Objectives**

The Company's remuneration practice, which is applicable to all divisions within the Company, seeks to ensure that the Company is able to attract, develop and retain employees and motivate these employees to succeed and to demonstrate good corporate governance, compliance with all relevant local legislation and minimize risky behavior.

The Company seeks to ensure that performance goals are clearly designed and communicated to employees of the organisation through a robust and transparent performance management process. Performance goals are aligned with the long term strategy of the business and the requirements of each individual employee.

The Company's remuneration policy is based on the Liberty Mutual Insurance Group's ("LMIG") compensation philosophy outlined below:

- (a) Be competitive to market
- (b) Pay for performance
  - Pay above market for people who perform well
  - Pay significantly above market for exceptional performance
- (c) Provide pay growth through promotional opportunities

Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
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**CORPORATE GOVERNANCE (CONT'D.)**

**Remuneration Framework (Cont'd.)**

**Qualitative Disclosures (Cont'd.)**

**The Company's Approach to Remuneration**

The Company's remuneration is made up of three (3) components: Fixed Remuneration, Variable Pay and Benefits & Perquisites.

<b>Components</b>	<b>Form</b>	<b>Purpose</b>	<b>Application</b>
Fixed Remuneration	a) Base Salary b) Allowances	Predominantly base salary, although it may also include fixed allowances which are typical market practice	<ul style="list-style-type: none"> <li>• Aligned to the local market</li> <li>• Reviewed on an annual basis during the Salary Review process</li> <li>• Assessed due to a promotion, transfer or other change of role throughout the year</li> </ul>
Variable Pay	a) Short-Term Incentive (Performance Bonus) b) Liberty Mutual Group's long-term incentive scheme	Pay for Performance <ul style="list-style-type: none"> <li>• Focus on achievement of individual and business objectives which are aligned to growth of the organisation over the short and long term</li> </ul>	<ul style="list-style-type: none"> <li>• Employees are eligible for a Short-Term Incentive scheme with a performance period of one year</li> <li>• Senior employees, may also be eligible to participate in Liberty Mutual Group's long-term incentive scheme</li> </ul>
Benefits & Perquisites		<ul style="list-style-type: none"> <li>• Offer a competitive package to employees</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed regularly to ensure they are market relevant and legally compliant</li> </ul>

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD**  
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**CORPORATE GOVERNANCE (CONT'D.)**

**Remuneration Framework (Cont'd.)**

**Qualitative Disclosures (Cont'd.)**

**The Company's Approach to Remuneration (Cont'd.)**

**Determination of Variable Pay plans**

Variable pay plans are designed to reward both short and long term performance. Rewards are calculated by reference to individual targets which may differ depending on individual roles and market practice. However, awards from variable pay schemes are discretionary. Based on the plan rules, payments can be restricted or not paid at all.

Short-term performance is measured by achievement of individual (personal) objectives and business objectives measured over an annual timeframe.

Individual and Business Unit/Company performance is measured against targets that are established annually. Typical business measures of performance include, but are not limited to, Return on Equity ("ROE"), Pre-Tax Operating Income ("PTOI"), Gross Written Premium ("GWP"), Combined Operating Ratio ("COR") and Net Written Premium ("NWP").

**Determination of Deferred Compensation**

For members of the Senior Management team who are material risk takers and/or other material risk takers as identified by the Company, a portion of their variable remuneration will be deferred over a period of time as determined by the Company.

**Quantitative Disclosure**

The breakdown of the total amount of remuneration awards for sixteen (16) Material Risk Takers including CEO for financial year ended 31 December 2025 are disclosed in the table below:

<b>Total value of remuneration award for the financial year</b>	<b>Unrestricted (RM)</b>	<b>Deferred (RM)</b>
<b>Fixed remuneration</b>		
• Cash-based	11,025,465	-
• Shares and share-linked instruments	-	-
• Other	-	-
<b>Variable remuneration</b>		
• Cash-based	6,269,362	2,055,927
• Shares and share-linked instruments	415,560	-
• Other	2,972,372	-

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**LIBERTY GENERAL INSURANCE BERHAD  
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**CORPORATE GOVERNANCE (CONT'D.)**

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm in which he is a member, or with a company in which he has a substantial financial interest, except for the related party transactions as shown in Note 26 to the financial statements.

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

	<b>RM'000</b>
Fees	1,185
Other remunerations	354
	<u>1,539</u>

**INDEMNIFICATION OF DIRECTORS**

The Company has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of USD25 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office in the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

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**LIBERTY GENERAL INSURANCE BERHAD  
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**CORPORATE GOVERNANCE (CONT'D.)**

**MANAGEMENT INFORMATION**

The Directors review Board papers and reports prior to the Board meetings. Information and materials relating to the operations of the Company that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Company, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued timely to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Company policies.

**OTHER STATUTORY INFORMATION**

- (a) Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of allowances for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**CORPORATE GOVERNANCE (CONT'D.)**

**OTHER STATUTORY INFORMATION (CONT'D.)**

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

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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

(g) Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with the requirements of MFRS 17 *Insurance Contracts* issued by the Malaysian Accounting Standards Board.

**SIGNIFICANT EVENTS**

The significant events during the financial year are disclosed in Note 34 to the financial statements.

**IMMEDIATE AND ULTIMATE HOLDING COMPANIES**

The immediate holding company is LGHSB and the ultimate holding company is Liberty Mutual Holding Company Inc. ("LMHC"), a company incorporated in Massachusetts, United States of America.

Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia) -

**AUDITORS**

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

The auditors' remuneration of the Company during the financial year ended 31 December 2025 is RM1,262,000.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2026.



Adil Ahmad

Kuala Lumpur, Malaysia



Tan Chong Liong

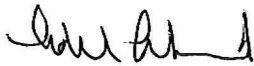
Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

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

We, Adil Ahmad and Tan Chong Liong, being two of the directors of Liberty General Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 34 to 146 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2026.



Adil Ahmad



Tan Chong Liong

Kuala Lumpur, Malaysia

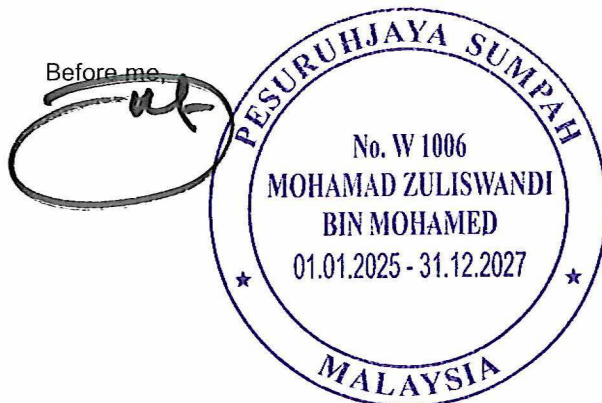
**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016**

I, Puneet Pravinder Pasricha, being the officer primarily responsible for the financial management of Liberty General Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 146 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
above named Puneet Pravinder Pasricha at  
Kuala Lumpur in Wilayah Persekutuan  
on 27 March 2026.



Puneet Pravinder Pasricha



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Level 25, Menara Hong Leong,  
No. 6, Jalan Damanlela Bukit Damansara  
50490 Kuala Lumpur.

Company No: 197801007153

Independent auditors' report to the member of  
Liberty General Insurance Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Liberty General Insurance Berhad ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 34 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

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

### *Independence and other ethical responsibilities*

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

### *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 (including the Corporate Governance disclosures), but does not include the financial statements of the Company and our auditors' report thereon.

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



**Shape the future  
with confidence**

Company No: 197801007153

**Independent auditors' report to the member of  
Liberty General Insurance Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Information other than the financial statements and auditors' report thereon (cont'd.)*

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

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

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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



**Shape the future  
with confidence**

Company No: 197801007153

Independent auditors' report to the member of  
Liberty General Insurance Berhad (cont'd.)  
(Incorporated in Malaysia)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.



Shape the future  
with confidence

Company No: 197801007153

Independent auditors' report to the member of  
Liberty General Insurance Berhad (cont'd.)  
(Incorporated in Malaysia)

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

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

#### Other matters

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

*Ernst & Young PLT*

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

Kuala Lumpur, Malaysia  
27 March 2026

*Woo Jan Ning*

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

Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

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

	Note	2025 RM'000	2024 RM'000
<b>Assets</b>			
Property and equipment	3	74,561	79,342
Investment properties	11	30,516	30,636
Right-of-use assets	4	20,251	25,032
Intangible assets	5	13,867	18,214
Non-current assets held for sale	10	-	4,325
Investments	6	4,939,433	4,914,707
Reinsurance contract assets	14	483,811	373,222
Other receivables	7	78,391	93,240
Deferred tax assets	8	16,200	18,885
Current tax assets		29,266	-
Cash and cash equivalents	9	103,929	341,139
<b>Total assets</b>		<b>5,790,225</b>	<b>5,898,742</b>
<b>Equity</b>			
Share capital	12	2,967,070	2,967,070
Merger reserves	13	(1,027,042)	(1,027,042)
Asset revaluation reserve		850	747
Fair value through other comprehensive income ("FVOCI") reserve		6,585	1,241
Retained earnings		368,049	426,942
<b>Total equity</b>		<b>2,315,512</b>	<b>2,368,958</b>
<b>Liabilities</b>			
Insurance contract liabilities	14	3,213,794	3,183,029
Lease liabilities	4	22,147	27,388
Provision for taxation		-	25,907
Other payables	15	223,889	278,929
Provision for retirement benefits	16	14,883	14,531
<b>Total liabilities</b>		<b>3,474,713</b>	<b>3,529,784</b>
<b>Total equity and liabilities</b>		<b>5,790,225</b>	<b>5,898,742</b>

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

Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
Insurance revenue	14,20	2,323,348	2,316,986
Insurance service expense	14,21	(2,139,388)	(1,917,789)
Net expense from reinsurance contracts held	14	(85,158)	(198,494)
<b>Insurance service result</b>		<u>98,802</u>	<u>200,703</u>
Investment income	17	229,607	203,559
Realised gains	18	1,153	3,864
Fair value (losses)/gains	19	(6,410)	2,720
<b>Net investment return</b>		<u>224,350</u>	<u>210,143</u>
Insurance finance expenses for insurance contract issued	14	(89,554)	(101,522)
Reinsurance finance income for reinsurance contract held	14	8,103	13,468
<b>Net insurance financial result</b>		<u>(81,451)</u>	<u>(88,054)</u>
Other income		5,875	4,470
Other expenses	21	(38,155)	(33,808)
Finance costs	4	(879)	(1,139)
<b>Profit before taxation</b>		<u>208,542</u>	<u>292,315</u>
Taxation	22	(1,407)	(58,638)
<b>Net profit for the year</b>		<u>207,135</u>	<u>233,677</u>

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

Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
<b>Net profit for the year</b>		<u>207,135</u>	<u>233,677</u>
<b>Other comprehensive income:</b>			
<b><u>Other comprehensive income to be reclassified to the income statement in subsequent periods:</u></b>			
FVOCI:			
Gains on fair value changes of FVOCI financial assets	6.5	7,023	392
Allowance for expected credit loss		9	(1)
Tax effects thereon		(1,688)	(94)
<b>Net other comprehensive income to be reclassified to the income statement in subsequent periods</b>		<u>5,344</u>	<u>297</u>
<b><u>Other comprehensive (loss)/income not to be reclassified to the income statement in subsequent periods:</u></b>			
Re-measurement (losses)/gains on defined benefit plans	16.3	(885)	282
Tax effects thereon	16.3	212	(68)
Revaluation surplus on self-occupied properties	3	331	281
Reversal of revaluation surplus on non-current assets held for sale	10	(196)	(64)
Tax effects thereon		(32)	(52)
<b>Net other comprehensive (losses)/gains not to be reclassified to the income statement in subsequent periods</b>		<u>(570)</u>	<u>379</u>
<b>Total other comprehensive income for the year, net of taxation</b>		<u>4,774</u>	<u>676</u>
<b>Total comprehensive income for the year</b>		<u>211,909</u>	<u>234,353</u>
<b>Earnings per share (sen)</b>			
Basic	23.1	<u>15</u>	<u>17</u>
Diluted	23.2	<u>15</u>	<u>17</u>

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

Company No: 197801007153 (44191-P)

LIBERTY GENERAL INSURANCE BERHAD  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025

	←----- Non-distributable -----→			Distributable		
	Share capital RM'000 (Note 12)	Merger reserves RM'000 (Note 13)	Asset revaluation reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000	Total equity RM'000
Note						
<b>At 1 January 2024</b>	2,967,070	(1,027,042)	582	944	434,406	2,375,960
Net profit for the year	-	-	-	-	233,677	233,677
Other comprehensive income	-	-	165	297	214	676
Total comprehensive income for the year	-	-	165	297	233,891	234,353
Dividends on INCPS	24	-	-	-	(3,355)	(3,355)
Dividends on ordinary shares	24	-	-	-	(238,000)	(238,000)
<b>At 31 December 2024</b>	2,967,070	(1,027,042)	747	1,241	426,942	2,368,958
<b>At 1 January 2025</b>	2,967,070	(1,027,042)	747	1,241	426,942	2,368,958
Net profit for the year	-	-	-	-	207,135	207,135
Other comprehensive income/(losses)	-	-	103	5,344	(673)	4,774
Total comprehensive income for the year	-	-	103	5,344	206,462	211,909
Dividends on INCPS	24	-	-	-	(3,355)	(3,355)
Dividends on ordinary shares	24	-	-	-	(262,000)	(262,000)
<b>At 31 December 2025</b>	2,967,070	(1,027,042)	850	6,585	368,049	2,315,512

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

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
<b>Operating activities</b>			
Profit before taxation		208,542	292,315
<b>Adjustments for:</b>			
Investment income	17	(229,607)	(203,559)
Realised gains	18	(1,153)	(3,864)
Fair value losses/(gains)	19	6,410	(2,720)
Depreciation of property and equipment	3,21	12,154	11,303
Depreciation of right-of-use assets	4,21	7,378	9,413
Amortisation of intangible assets	5,21	6,338	12,309
Intangible assets written-off	21	2,751	5,251
Property and equipment written-off	21	35	901
Property and equipment expensed to income statement	3	168	2
Intangible assets expensed to income statement	5	729	174
Reversal of allowance on property and equipment	3	(753)	(1,371)
Impairment loss on non-current assets held for sale	10	-	161
Impairment losses/(reversal of allowance) on FVOCI financial assets	21	9	(1)
(Reversal of allowance)/impairment losses on reinsurance assets		(209)	93
Reversal of impairment losses on insurance receivables		(2,161)	(1,882)
Recovery of bad debts written-off	21	(4)	(39)
Retirement benefits expense	16.2, 21.1	581	700
Finance costs on lease liabilities	4	879	1,139
Total adjustments		<u>(196,455)</u>	<u>(171,990)</u>
<b>Changes in working capital:</b>			
Purchase of AC financial assets	6.5	(2,225)	(167,499)
Purchase of FVTPL financial assets	6.5	(18,601)	(13,011)
Purchase of FVOCI financial assets	6.5	(368,688)	(87,128)
Proceeds from sale of FVTPL financial assets	6.5	82,504	248,625
Proceeds from maturities of AC financial assets	6.5	185,622	85,964
Proceeds from maturities of FVOCI financial assets	6.5	95,000	80,000
(Increase)/decrease in reinsurance contract assets		(110,380)	86,475
Decrease in other receivables		11,148	13,992
Increase/(decrease) in insurance contract liabilities		32,930	(38,841)
Decrease in other payables		(54,405)	(54,272)
Net (decrease)/increase in working capital		<u>(147,095)</u>	<u>154,305</u>

Company No: 197801007153 (44191-P)

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025 (CONT'D.)**

	Note	2025 RM'000	2024 RM'000
<b>Operating activities (Cont'd.)</b>			
Dividend income received		176,294	151,078
Interest income received		59,927	49,295
Retirement benefits paid	16.1	(1,114)	(4,812)
Tax instalment paid, net of tax refund		(56,038)	(57,278)
Payment of interest portion of lease liabilities	4	(879)	(1,139)
<b>Net cash generated from operating activities</b>		<u>43,182</u>	<u>411,774</u>
<b>Investing activities</b>			
Proceeds from disposal of properties and equipment		1,166	1,179
Proceeds from disposal of non-current assets held for sale	10	4,800	-
Purchase of property and equipment	3	(7,727)	(14,468)
Purchase of intangible assets	5	(5,195)	(5,850)
<b>Net cash used in investing activities</b>		<u>(6,956)</u>	<u>(19,139)</u>
<b>Financing activities</b>			
Payment of principal portion of lease liabilities		(8,081)	(8,638)
Dividend paid on INCPS	24	(3,355)	(3,355)
Dividend paid on ordinary shares	24	(262,000)	(238,000)
<b>Net cash used in financing activities</b>		<u>(273,436)</u>	<u>(249,993)</u>
Net (decrease)/increase in cash and cash equivalents		(237,210)	142,642
Cash and cash equivalents at beginning of year		341,139	198,497
<b>Cash and cash equivalents at end of year</b>		<u>103,929</u>	<u>341,139</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at banks and on hand	9	35,091	212,826
Short-term deposits (with original maturity of less than three months) with licensed banks	9	68,838	128,313
<b>Cash and cash equivalents</b>		<u>103,929</u>	<u>341,139</u>

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

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD**  
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## **NOTES TO THE FINANCIAL STATEMENTS - 31 December 2025**

### **1. CORPORATE INFORMATION**

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at Level 13A, Liberty Insurance Tower, CT9, Pavilion Damansara Heights, 3, Jalan Damanlela, Pusat Bandar Damansara, Kuala Lumpur, Wilayah Persekutuan.

The immediate holding company is Liberty Global Holdings Sdn. Bhd. ("LGHSB"), a company incorporated in Malaysia, and ultimate holding company is Liberty Mutual Holding Company Inc., a company incorporated in Massachusetts, United States of America.

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

The financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27 March 2026.

### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

#### **2.1 Basis of preparation**

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

At the beginning of the current financial year, the Company had fully adopted the Revised Conceptual Framework and amendments to MFRSs as described fully in Note 2.3.

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

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

**Company No: 197801007153 (44191-P)**

**LIBERTY GENERAL INSURANCE BERHAD**  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.1 Basis of preparation (Cont'd.)**

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

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

**2.2 Accounting policy information**

**(a) Investments in subsidiaries and basis of non-consolidation**

In the Company's separate financial statements, investments in subsidiaries, which relate to investments in collective investment schemes, are carried at fair value. Subsidiaries are those entities over which the Company has all the following:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statement.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 *Consolidated Financial Statements* ("MFRS 10").

The immediate holding company, LGHSB prepares consolidated financial statements in accordance with MFRS Accounting Standards in Malaysia, which are available for inspection at the registered office of the immediate holding company.

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(b) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings, which are substantially occupied by the Company for their operations, are classified under property and equipment.

Land and buildings are initially stated at cost and are subsequently revalued by independent registered valuers based on the highest and best use of the properties to reflect the fair value of the properties. Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

When the land and buildings are revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated as the revalued amount of the asset.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, the increase is recognised in income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Freehold land is not depreciated as it has infinite life. No depreciation is provided for work-in-progress as it is not ready for active use. Other property and equipment are depreciated on the straight line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarised in the following:

Freehold buildings	39.5 years
Leasehold buildings	39.5 years
Leasehold land	99 to 999 years
Motor vehicles	5 years
Furniture and fittings	5 to 10 years
Office equipment (include air conditioner, handphone)	3 to 10 years
Office improvements	5 to 10 years
Computer equipment	5 years

The residual values and useful lives of property and equipment are reviewed, and adjusted as appropriate, at each date of the statement of financial position.

**LIBERTY GENERAL INSURANCE BERHAD  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(b) Property and equipment (Cont'd.)**

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.2 (d) for the accounting policy on impairment of non-financial assets).

Upon disposal of property and equipment, gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in the income statement. On disposal of revalued assets, the amounts in the asset revaluation reserve relating to the assets are transferred to retained earnings.

**(c) Intangible assets**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

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

Computer application software work-in-progress is not amortised until the asset is fully completed and brought in use.

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

Intangible assets which comprise computer application software are amortised over their estimated finite useful lives of 5 years.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(d).

**LIBERTY GENERAL INSURANCE BERHAD  
(Incorporated in Malaysia)**

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

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

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. To determine the value in use, the entity evaluates the expected future cash flows and converts them into their present value by applying a pre-tax discount rate. This rate takes into account current market evaluations of the time value of money as well as the specific risks associated with the asset.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(e) Investments and other financial assets**

**Financial instruments – initial recognition and subsequent measurement**

**(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at :

- (i) Amortised cost ("AC")
  - Fixed and call deposits with licensed banks
  - Mortgage loans
- (ii) Fair value through profit or loss ("FVTPL")
  - Collective investment schemes
  - Quoted equity securities
  - Unit and property trust funds quoted in Malaysia
- (iii) Fair value through other comprehensive income ("FVOCI")
  - Malaysian government securities
  - Corporate bonds
  - Cagamas bonds
  - Unquoted equity securities in Malaysia

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- AC
- FVTPL
- FVOCI

The Company has made an irrevocable election under MFRS 9 to classify the unquoted equity securities as FVOCI, with no recycling allowed.

**LIBERTY GENERAL INSURANCE BERHAD**  
(Incorporated in Malaysia)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(f) Derecognition of financial assets**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset; or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**(g) Fair value measurement**

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which all input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**LIBERTY GENERAL INSURANCE BERHAD**  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(g) Fair value measurement (Cont'd.)**

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

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 reporting date.

Fair value of unquoted equity instruments are based on expected recoverable value. These equity instruments represent ordinary shares in companies that are not quoted on any market. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

For investments in unit and property trust funds and collective investment schemes, fair value is determined by reference to published net asset values.

**(h) Impairment of financial assets**

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss.

For insurance/reinsurance receivables and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account. The gross carrying amount of the financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of the write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

**LIBERTY GENERAL INSURANCE BERHAD**  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(i) Equity instruments**

***Share capital and share issuance expenses***

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

***Dividend on ordinary share capital***

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

***Irredeemable Non-cumulative Convertible Preference Shares ("INCPS")***

INCPS is classified as equity as they are non-redeemable and are redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. The terms of the INCPS are disclosed in Note 12.

**(j) Insurance and reinsurance contracts classification**

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

The Company issues all classes of general insurance to individuals and businesses. General insurance products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

**LIBERTY GENERAL INSURANCE BERHAD  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment**

**(i) Separating components from insurance and reinsurance contracts**

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another MFRS instead of under MFRS 17. After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Some insurance contracts issued contain cash back or experience refund arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the insurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of the income statement.

The investment components of reinsurance contracts held are represented by profit commission and sliding scale commission. These components have been assessed to be closely related to the reinsurance contracts held and is not separated, therefore, non-distinct investment components which are not accounted for separately.

**LIBERTY GENERAL INSURANCE BERHAD  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(ii) Level of aggregation**

The Company has defined portfolios of insurance and reinsurance contracts issued based on its product lines due to the fact that the products are subject to similar risks and managed together. A working assumption has been applied where each product line is managed as a single pool and is exposed to similar risk events.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolio of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition, if any;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- A group of the remaining contracts in the portfolio, if any.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business.

The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company generally avoids entering into agreements that are potentially onerous from the outset. This is due to the belief that the competitive nature of the insurance industry prevents the setting of premiums at a level high enough to yield a substantial profit margin, thereby eliminating any risk of contracts becoming onerous. Consequently, no contracts will be classified under the category of having no significant possibility of becoming onerous.

This leads to the establishment of only two categories for contract grouping, as follows:

- A group of contracts that are onerous at initial recognition; and
- A group of the remaining contracts in the portfolio.

The reinsurance contracts held portfolios are further divided into:

- A group of contracts on which there is a net gain on initial recognition, if any; and
- A group of the remaining contracts in the portfolio, if any.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(iii) Recognition**

The Company recognises groups of insurance contracts it issues from the earliest of the following:

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

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(iv) Contract boundary**

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

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

Or

- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

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

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

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(iv) Contract boundary (Cont'd.)**

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

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

**(v) Measurement - Premium Allocation Approach ("PAA")**

**(a) PAA Eligibility**

The coverage period for most insurance contracts is one year or less, which automatically qualifies them for the PAA. Some insurance contracts have coverage periods greater than one year. However, as there is no material difference in measuring the Liability for Remaining Coverage ("LFRC") between the PAA and the general model, these contracts also qualify for the PAA. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

**(b) Insurance acquisition cash flows for insurance contracts issued**

Insurance acquisition cash flows are allocated to related groups of insurance contracts by straight line method.

**(c) LFRC, adjusted for financial risk and time value of money**

The LFRC for loss component is adjusted to reflect the effect of the time value of money and changes in the time value of money. No allowance is made for the accretion of interest on the LFRC, as the premiums are received within one year of the coverage period.

**(d) Liability for Incurred Claims ("LFIC") adjusted for time value of money**

The LFIC is adjusted to reflect the time value of money and the effect of financial risk regardless of whether the cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(v) Measurement - Premium Allocation Approach (“PAA”) (Cont'd.)**

**(e) Insurance finance income and expense**

The change in LFIC as a result of the effect of time value of money and changes in discount rates.

**(vi) Insurance contracts - initial measurement**

The Company applies PAA to all the insurance contracts that it issues and reinsurance contracts that it holds as explained in Note 2(k)(v):

For a group of contracts that is not onerous at initial recognition, the Company measures the LFRC as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in the income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the LFRC for such onerous group depicting the losses recognised.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(vii) Insurance contracts - subsequent measurement**

The Company measures the carrying amount of the LFRC at the end of each reporting period as the LFRC at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the LFIC

The Company estimates the LFIC as the fulfilment cash flows related to incurred claims.

**(viii) Insurance contracts - derecognition and modification**

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired).

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant LFRC.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(ix) Reinsurance contracts held - initial measurement**

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

On initial recognition of a group of reinsurance contracts held, the Company measures the asset for the remaining coverage ("AFRC") at the amount of ceding premiums paid on initial recognition minus commission income received.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the AFRC for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the ratio of expected reinsurance receivable to expected outgo arising from the underlying insurance contracts. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the AFRC.

**(x) Reinsurance contracts held - subsequent measurement**

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(x) Reinsurance contracts held - subsequent measurement (Cont'd.)**

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

The Company measures the carrying value of the amounts recoverable on incurred claims ("ARIC") at the end of each reporting period. The Company recognises the ARIC for a group of reinsurance contracts held at the amount of the fulfilment cash flows relating to the claims recoverable.

**(xi) Insurance acquisition cash flows**

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
  - (i) to that group; and
  - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows that are not directly attributable to a group of contracts, to groups in the portfolio.

For insurance contract issued, the Company chooses to defer and recognize any insurance acquisition cash flows by straight line method of contracts in a group.

The Company does not generally pay or incur insurance acquisition cash flows before a related group of insurance contracts is recognised in the statement of financial position. No asset for insurance acquisition cash flows has therefore been recognised.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(xii) Risk adjustment for non-financial risk**

An explicit risk adjustment for non-financial risk is estimated separately from the discounted FCF. For contracts measured under the PAA, unless contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LFIC and ARIC. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows.

**(xiii) Presentation**

The carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities are presented separately in the statement of financial position.

The Company disaggregates the total amount recognised in the income statement into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

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

Income or expenses from reinsurance contracts held are presented separately from the expenses or income on insurance contracts issued.

Insurance revenue and insurance service expenses exclude any non-distinct investment components.

**(i) Insurance revenue**

The insurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each year of insurance contract services on the basis of the passage of time.

The amount of insurance revenue recognised in the period reflects the provision of services and the consideration the Company expects to be entitled to in exchange for those services.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(xiii) Presentation (Cont'd.)**

**(ii) Insurance service expense**

Insurance service expenses arising from insurance contracts are recognised as they are incurred. They exclude the repayment of investment components and comprise the following items:

- incurred claims;
- adjustments to the LFIC (including the risk adjustment) that do not arise from the effects of the time value of money, financial risk and changes therein;
- amortisation of insurance acquisition cash flows;
- other directly attributable insurance service expenses, including an allocation of fixed and variable overhead costs; and
- losses on onerous contracts and the reversal of such losses.

Expenses not meeting the above criteria are included in other expenses in the income statement.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(xiii) Presentation (Cont'd.)**

**(iii) Net income or expenses from reinsurance contracts held**

Net income or expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts expected to be recovered from reinsurers.

The allocation of reinsurance premiums under each group of reinsurance contracts held is the amount of expected premium payments net of commission income receivable. Expected premium payments exclude any investment components.

The Company recognises the allocation of reinsurance premium based on the passage of time over the relevant coverage period.

Amounts expected to be recovered from reinsurers are recognised as they are incurred. The Company uses consistent assumptions to measure the estimates of the future cash flows for a group of reinsurance contracts held with the underlying group of insurance contracts issued. Reinsurance cash flows that are contingent on claims incurred by the underlying insurance contracts issued are therefore included as part of the cash flows that are expected to be reimbursed under the reinsurance contract held.

The amounts expected to be recovered from reinsurers include the effect of any risk of non-performance by the issuer of the reinsurance contract.

For a group of reinsurance contracts held covering onerous underlying insurance contracts issued, the loss-recovery component and the reversal of such loss-recovery components are included as amounts recoverable from the reinsurers.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(xiii) Presentation (Cont'd.)**

**(iv) Loss component**

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LFRC of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

**(v) Loss-recovery component**

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the AFRC for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(k) Insurance and reinsurance contracts accounting treatment (Cont'd.)**

**(xiii) Presentation (Cont'd.)**

**(vi) Insurance finance income or expense from insurance contracts issued and reinsurance contracts held**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued or reinsurance contracts held arising from the effect of the time value of money, financial risk and changes therein. These include:

- unwind of the initial discount i.e., interest accreted on the LFIC or ARIC and loss component and loss-recovery component; and
- the effect of changes in interest rate assumptions.

The Company has elected to include insurance finance income and expenses in income statement and does not disaggregate these between income statement and other comprehensive income.

**(vii) Non-distinct investment components**

The Company identifies the non-distinct investment components of a contract by determining the amount that it would be required to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The receipt of this deposit component and the subsequent repayment do not relate to insurance services. Non-distinct investment components are therefore excluded from insurance revenue and insurance service expenses and are considered as part of an insurance contract liability.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(l) Other revenue recognition**

***Interest income***

Interest income is recognised in the financial statements on an accrual basis using the effective interest rate method except for interest on loans which are considered non-performing, i.e., where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest income is recognised on the receipt basis until all arrears have been paid.

***Dividend income***

Dividend income represents gross dividends from quoted investments and is recognised when the right to receive payment is established.

***Realised gains and losses on investments***

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying value and are recorded on occurrence of the sale transaction.

**(m) Taxation**

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

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

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

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(m) Taxation (Cont'd.)**

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

**(n) Provisions**

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

**(o) Employee benefits**

***Short-term benefits***

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(p) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

All financial liabilities of the Company, comprising payables to intermediaries and other payables, except for those covered under MFRS 17 and MFRS 119, are classified as other financial liabilities.

Payables to intermediaries and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

For other financial liabilities, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

**(q) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and at banks, and deposits held at call with financial institutions with original maturities of three months or less.

The statement of cash flows is prepared using the indirect method.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(r) Leases**

The determination of whether an arrangement is, or contains, a lease is based on whether the arrangement conveys a right to control the use the asset, even if that right is not explicitly specified in an arrangement.

For the Company as a lessee, leases are recognised as a right-of-use ("ROU") asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The Company is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the ROU asset is depreciated over the underlying asset's useful life. ROU assets are assessed for impairment whenever there is an indication that the ROU assets may be impaired.

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

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.2 Accounting policy information (Cont'd.)**

**(s) Non-current assets held for sale**

Non-current assets are classified as asset held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amounts are recovered principally through a sale transaction rather than through continuing use.

**(t) Investment properties**

Investment properties, comprising principally of land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by 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 accredited valuer. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are revalued at regular intervals of at least once in every three years and with additional valuation in the intervening years to ensure that the carrying amount does not differ materially from the fair value of the properties at the financial year end reporting date. Changes in fair values are recorded in the income statement in the year in which they arise.

**2.3 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial period except for the adoption of the following amendments to MFRS:

On 1 January 2025, the Company adopted the following:

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

The adoption of the above pronouncements did not have a significant impact on the financial statements of the Company.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.4 Standards issued but not yet effective**

The new Standards and Amendments to Standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new Standards and Amendments to Standards, if applicable, when they become effective.

**Effective for financial periods beginning on or after 1 January 2026**

- Annual Improvements to *MFRS Accounting Standards—Volume 11* (MFRS 1, MFRS 7, MFRS 9, MFRS 10, MFRS 107)
  - (i) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
  - (ii) Amendments to MFRS 7 *Financial Instruments: Disclosures*
  - (iii) Amendments to MFRS 9 *Financial Instruments*
  - (iv) Amendments to MFRS 10 *Consolidated Financial Statements*
  - (v) Amendments to MFRS 107 *Statement of Cash Flows*
- *Contracts Referencing Nature-dependent Electricity* (Amendments to MFRS 9 and MFRS 7)
- Amendments to the *Classification and Measurement of Financial Instruments* (Amendments to MFRS 9 and MFRS 7)

**Effective for financial periods beginning on or after 1 January 2027**

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

**Deferred**

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management expects that the adoption of the above new Standards and Amendments to Standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except for MFRS 18. The Company is currently evaluating the potential impact of presentation and disclosure changes, if any, arising from the adoption of MFRS 18.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions**

**(a) Key sources of estimation uncertainty and assumptions**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may cause material adjustments to the carrying amounts of assets and liabilities within the next financial year such as those discussed below:

**(i) *Deferred tax assets (Note 8)***

Deferred tax assets are recognised for various allowances and provisions to the extent that it is probable that taxable profit will be available against which these allowances and provisions can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

**(ii) *Income taxes (Note 22)***

The Company is subject to income taxes in Malaysia. Significant judgement is required in determining the allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculation for which the ultimate tax determination is uncertain during the ordinary course of business.

**(iii) *Property and equipment (Note 3)***

The Company is required to review the residual value and remaining useful life of an item of property and equipment at least at each financial year end.

Management estimates that the residual values and remaining useful lives of the Company's assets continue to be applicable for the current financial year.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)**

**(a) Key sources of estimation uncertainty and assumptions (Cont'd.)**

**(iv) Impairment of insurance/reinsurance receivable and other receivables (Note 2.2(h) and Note 7)**

The Company uses a provision matrix to calculate ECLs for insurance/reinsurance receivable and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

For financial assets including insurance/reinsurance receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track significant changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company established a provision matrix that is based on its historical credit loss experience, adjusted with forward-looking information. The Company has assessed that there is minimal correlation between the forward-looking info with their receivables, hence adjustment for forward-looking information was not incorporated into the ECLs computation.

**(v) Leases – renewal option (Note 2.2(r) and Note 4)**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases, to lease the assets for additional terms of one to three years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Company included the renewal period as part of the lease term for leases of premises due to the significance of these assets to its operations.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)**

**(a) Key sources of estimation uncertainty and assumptions (Cont'd.)**

**(vi) Insurance and reinsurance contracts (Note 2.2(k) and Note 14)**

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring LFRC, the PAA is broadly similar to the Company's previous accounting treatment under RBC framework. However, when measuring LFIC, the Company discounts cash flows that are expected to occur on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

**(i) LFRC**

Onerous groups

For groups of contracts that are onerous, the LFRC is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

**(ii) LFIC**

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Link Ratios, Chain Ladder and Bornhuetter-Ferguson methods.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)**

**(a) Key sources of estimation uncertainty and assumptions (Cont'd.)**

**(vi) Insurance and reinsurance contracts (Note 2.2(k) and Note 14) (Cont'd.)**

**(ii) LFIC (Cont'd.)**

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier periods and expected loss ratios. Historical claims development is mainly analyzed by accident periods, but can also be further analyzed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. The Company uses discounting and in most cases, explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The sensitivity of key assumptions applied in deriving the insurance contract liabilities and the consequential impact to the income statement and equity is disclosed in Note 29.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)**

**(a) Key sources of estimation uncertainty and assumptions (Cont'd.)**

**(vi) Insurance and reinsurance contracts (Note 2.2(k) and Note 14) (Cont'd.)**

**(iii) Discount rates**

Insurance contract liabilities and reinsurance contract assets are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the zero-coupon spot yield curve of Malaysian Government Securities ("MGS"). Linear interpolation is used to derive the unavailable rates between two rates. The illiquidity premium is determined by referencing the yield spread between infrequently traded bonds and frequently traded bonds held by the Company.

Discount rates applied for discounting of future cash flows are disclosed in Note 29.3.3.

**(iv) Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment at 75% confidence level, which is based on the requirement by Bank Negara Malaysia under the Risk-Based Capital Framework. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75<sup>th</sup> percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)**

**(a) Key sources of estimation uncertainty and assumptions (Cont'd.)**

***(vii) Fair value of assets determined using valuation techniques (Note 2.2(g) and Note 31)***

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, valuation by third party experts and/or option pricing models. For reference to similar instruments, instruments must have similar credit ratings.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counter-parties. Discount rates are influenced by risk-free interest rates and credit risk.

The valuation techniques described above are calibrated annually.

***(viii) Pipeline premium***

The Company has recognised gross pipeline premium for the current financial year. Estimation made by management is based on the actual pipeline trend during the past 2 years. As estimations are inherently uncertain, actual premiums may differ from the estimated premiums.

***(ix) Amortisation of intangible assets (Note 5)***

The Company recognises the costs of significant development of knowledge based software and computer applications as intangible assets with finite useful lives. Such software and applications are unique to the requirements of the insurance business and the Company establishes that these development costs will generate economic benefits beyond one period.

The Company estimates the useful lives of these software costs to be 5 years.

The Company expects that amortisation on software under development will only commence after the software and computer applications are available to be used and generate future economic benefits.

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**

**2.5 Significant accounting judgements, estimates and assumptions (Cont'd.)**

**(a) Key sources of estimation uncertainty and assumptions (Cont'd.)**

**(x) *Defined benefits plans (Note 16)***

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rate of returns on investments, future salary increases, mortality rates, resignation rates and future increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds in their respective currencies and extrapolated maturity corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about the assumptions used, including a sensitivity analysis, are given in Note 16.

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## 3. PROPERTY AND EQUIPMENT

	Freehold land RM'000	Freehold building RM'000	Long term leasehold land RM'000	Long term leasehold buildings RM'000	Office improvements RM'000	Furniture and fittings RM'000	Office equipment and computers RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2024	1,280	3,122	19,120	23,279	7,350	17,332	68,339	3,008	1,041	143,871
Additions	-	-	-	-	1,697	179	12,423	-	169	14,468
Disposals	(530)	(430)	-	-	-	-	(20)	(208)	-	(1,188)
Written-off	-	-	-	-	(701)	(247)	(571)	-	-	(1,519)
Transferred to non-current assets held for sale (Note 10)	(750)	(2,490)	(963)	(640)	-	-	-	-	-	(4,843)
Expense to income statement (Note 21)	-	-	-	-	-	(2)	-	-	-	(2)
Revaluation surplus recorded in OCI	-	-	323	37	-	-	-	-	-	360
Reversal of revaluation surplus on properties	-	-	-	(2,341)	-	-	-	-	-	(2,341)
At 31 December 2024	-	202	18,480	20,335	8,346	17,262	80,171	2,800	1,210	148,806
Additions	-	-	-	-	426	147	6,446	-	708	7,727
Disposals	-	-	-	-	-	-	(10)	(2,222)	-	(2,232)
Written-off	-	-	-	-	-	(10)	(259)	-	-	(269)
Expense to income statement (Note 21)	-	-	-	-	-	-	-	-	(168)	(168)
Reclassification	-	-	-	-	637	128	-	-	(765)	-
Reclassified to intangible assets (Note 5)	-	-	-	-	-	-	-	-	(276)	(276)
Revaluation surplus recorded in OCI	-	-	302	29	-	-	-	-	-	331
Reversal of revaluation surplus on properties	-	(54)	(329)	(1,084)	-	-	-	-	-	(1,467)
At 31 December 2025	-	148	18,453	19,280	9,409	17,527	86,348	578	709	152,452
<b>Accumulated depreciation</b>										
At 1 January 2024	-	11	(79)	601	359	6,392	47,754	1,304	-	56,342
Charge for the year (Note 21)	-	264	324	1,554	961	1,508	6,266	426	-	11,303
Disposals	-	(15)	-	-	-	-	(9)	(208)	-	(232)
Written-off	-	-	-	-	(126)	(101)	(391)	-	-	(618)
Transferred to non-current assets held for sale (Note 10)	-	(247)	(1)	(45)	-	-	-	-	-	(293)
Reversal of revaluation surplus on properties	-	-	-	(2,341)	-	-	-	-	-	(2,341)
At 31 December 2024	-	13	244	(231)	1,194	7,799	53,620	1,522	-	64,161
Charge for the year (Note 21)	-	3	329	1,080	937	1,460	8,034	311	-	12,154
Disposals	-	-	-	-	-	-	(7)	(1,266)	-	(1,273)
Written-off	-	-	-	-	-	(9)	(225)	-	-	(234)
Reversal of revaluation surplus on properties	-	(54)	(329)	(1,084)	-	-	-	-	-	(1,467)
At 31 December 2025	-	(38)	244	(235)	2,131	9,250	61,422	567	-	73,341
<b>Accumulated impairment</b>										
At 1 January 2024	-	127	-	6,547	-	-	-	-	-	6,674
Reversal of impairment loss for the year (Note 21)	-	-	-	(1,371)	-	-	-	-	-	(1,371)
At 31 December 2024	-	127	-	5,176	-	-	-	-	-	5,303
(Reversal of)/provision for impairment loss for the year (Note 21)	-	(61)	160	(852)	-	-	-	-	-	(753)
At 31 December 2025	-	66	160	4,324	-	-	-	-	-	4,550
<b>Net carrying amount</b>										
At 31 December 2024	-	62	18,236	15,390	7,152	9,463	26,551	1,278	1,210	79,342
At 31 December 2025	-	120	18,049	15,191	7,278	8,277	24,926	11	709	74,561

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**4. LEASES**

**The Company as lessee**

The Company has entered into lease agreements for rental of office premises. Leases of office premises generally have lease terms between one to four years included renewal option. The lease agreements include extension and termination options. There is a potential future cash flow arising from extension option under existing leases arrangement.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

**Right-of-use assets**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At 1 January 2025/2024	41,219	65,370
Additions	3,316	2,904
Remeasurement	(694)	(2,758)
Derecognition of expired leases	(3,157)	(24,297)
Termination	(25)	-
At 31 December 2025/2024	<u>40,659</u>	<u>41,219</u>
<b>Accumulated depreciation</b>		
At 1 January 2025/2024	16,187	31,019
Charge for the year (Note 21)	7,378	9,413
Derecognition of expired leases	(3,157)	(24,245)
At 31 December 2025/2024	<u>20,408</u>	<u>16,187</u>
<b>Carrying amount</b>		
At 31 December 2025/2024	<u>20,251</u>	<u>25,032</u>

This note provides information for leases where the Company is a lessee.

Other assets recognised as ROU assets but not disclosed in this note are as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Leasehold land (Note 3)	<u>18,049</u>	<u>18,236</u>

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**4. LEASES (CONT'D.)**

**The Company as lessee (Cont'd.)**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

**Lease liabilities**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2025/2024	27,388	37,059
Additions	3,316	2,904
Remeasurement	(451)	(3,879)
Lease finance costs	879	1,139
Payment	(8,960)	(9,777)
Modification to lease term	-	(34)
Termination	(25)	(24)
At 31 December 2025/2024	<u>22,147</u>	<u>27,388</u>

The following are expenses recognised in income statement:

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>
Depreciation of right-of-use assets	21	(7,378)	(9,413)
Lease finance costs		(879)	(1,139)
Lease expense of low-value assets		280	303

During the financial year, the Company had total cash outflows for payment of lease liabilities of RM8,960,000 (2024: RM9,777,000). The Company also had non-cash additions and remeasurements to right-of-use assets of RM2,622,000 (2024: RM146,000).

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**5. INTANGIBLE ASSETS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computer application software:</b>		
<b>Cost</b>		
At 1 January 2025/2024	29,874	85,428
Additions	5,195	5,850
Written-off	(6,427)	(61,230)
Reclassified from property and equipment (Note 3)	276	-
Expense to income statement	(729)	(174)
At 31 December 2025/2024	<u>28,189</u>	<u>29,874</u>
<b>Accumulated amortisation</b>		
At 1 January 2025/2024	11,660	55,330
Amortisation for the year (Note 21)	6,338	12,309
Written-off	(3,676)	(55,979)
At 31 December 2025/2024	<u>14,322</u>	<u>11,660</u>
<b>Net carrying amount</b>		
At 31 December 2025/2024	<u>13,867</u>	<u>18,214</u>

Intangible assets comprise computer application software which were developed or acquired to meet the specific requirements of the Company only. As at 31 December 2025, there is no computer application software under development which are not yet available for use.

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**6. INVESTMENTS**

	Note	2025 RM'000	2024 RM'000
Malaysian government securities		345,127	393,055
Corporate bonds		567,295	303,058
Cagamas bonds		112,554	50,822
Quoted equity securities		67,025	62,265
Unit and property trust funds		10,497	7,211
Loans		123	136
Fixed and call deposits		296,406	479,790
Collective investment schemes:			
Investments in subsidiaries	6.4	3,016,057	3,099,648
Investments in others		524,349	518,722
		3,540,406	3,618,370
		<u>4,939,433</u>	<u>4,914,707</u>

	Note	2025 RM'000	2024 RM'000
Amortised cost ("AC")	6.1	296,529	479,926
Fair value through profit or loss ("FVTPL")	6.2	3,617,928	3,687,846
Fair value through other comprehensive income ("FVOCI")	6.3	1,024,976	746,935
		<u>4,939,433</u>	<u>4,914,707</u>

**6.1 AC**

	2025 RM'000	2024 RM'000
<b>At amortised cost:</b>		
Fixed and call deposits with licensed banks	296,406	479,790
Mortgage loans	193	206
Less: Provision for expected credit loss	(70)	(70)
	123	136
	<u>296,529</u>	<u>479,926</u>

Movement in the provision for expected credit loss:

At 1 January 2025/2024	70	70
Provision for the year	-	-
At 31 December 2025/2024	<u>70</u>	<u>70</u>

The carrying values of the fixed and call deposits with licensed banks approximate fair value due to the relatively short term maturities. Included in these balances are cash collateral of RM20.6 million (2024: RM 19.0 million) restricted for use in daily operations which was received from bond insurance policies, and which will be refunded upon expiration of the contract.

The carrying values of the mortgage loans and other loans are reasonable approximates of fair values due to the insignificant impact of discounting.

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**6. INVESTMENTS (CONT'D.)**

**6.2 FVTPL**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
<b>Mandatory measured:</b>		
Collective investment schemes quoted in Malaysia:		
Investment in subsidiaries (Note 6.4)	3,016,057	3,099,648
Investment in others	524,349	518,722
Quoted equity securities	67,025	62,265
Unit and property trust funds quoted in Malaysia	10,497	7,211
	<u>3,617,928</u>	<u>3,687,846</u>

**6.3 FVOCI**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Malaysian government securities	345,127	393,055
Corporate bonds	567,295	303,058
Cagamas bonds	112,554	50,822
Unquoted equity securities in Malaysia*	-	-
	<u>1,024,976</u>	<u>746,935</u>

The fair value hierarchy of Malaysian government securities, Corporate bonds and Cagamas bonds are level 2. The three-level hierarchy is defined in Note 31.

\* This denotes that the fair value of unquoted equity securities as at 31 December 2025 is RM1 (31 December 2024: RM1), as a functional indicator of the continued existence of these unquoted equity securities on the balance sheet rather than a reflection of their actual market value. The fair value hierarchy of unquoted equity are level 3.

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**6. INVESTMENTS (CONT'D.)**

**6.4 Collective investment schemes - investments in subsidiaries**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
FVTPL (Note 6.2)	<u>3,016,057</u>	<u>3,099,648</u>

Details of the Company's investments in subsidiaries - collective investment schemes, which are based in and operate in Malaysia, are as follows:

<b>Name of wholesale unit trust fund</b>	<b>Principal activities</b>	<b>% of ownership interest held by the Company</b>	
		<b>2025</b>	<b>2024</b>
AmIncome Institutional SRI 1	Investment in debt securities and money market	87.93%	100.00%
AmIncome Institutional SRI 3	Investment in debt securities and money market	100.00%	100.00%
AmCash Plus	Investment in government related securities and money market	77.67%	78.37%

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**6. INVESTMENTS (CONT'D.)**

**6.5 Carrying values of investments**

	<b>AC</b> <b>RM'000</b>	<b>FVTPL</b> <b>RM'000</b>	<b>FVOCI</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>At 1 January 2025</b>	479,926	3,687,846	746,935	4,914,707
Purchases	2,225	18,601	368,688	389,514
Maturities	(185,622)	-	(95,000)	(280,622)
Disposals	-	(82,504)	-	(82,504)
Recorded in income statement:				
Realised gains (Note 18)	-	275	-	275
Fair value gains (Note 19)	-	(6,290)	-	(6,290)
Fair value gains recorded in other comprehensive income	-	-	7,023	7,023
Net amortisation of premiums (Note 17)	-	-	(2,670)	(2,670)
<b>At 31 December 2025</b>	<b>296,529</b>	<b>3,617,928</b>	<b>1,024,976</b>	<b>4,939,433</b>
<b>At 1 January 2024</b>	398,391	3,916,618	741,035	5,056,044
Purchases	167,499	13,011	87,128	267,638
Maturities	(85,964)	-	(80,000)	(165,964)
Disposals	-	(248,625)	-	(248,625)
Recorded in income statement:				
Realised gains (Note 18)	-	3,562	-	3,562
Fair value gains (Note 19)	-	3,280	-	3,280
Fair value gains recorded in other comprehensive income	-	-	392	392
Net amortisation of premiums (Note 17)	-	-	(1,620)	(1,620)
<b>At 31 December 2024</b>	<b>479,926</b>	<b>3,687,846</b>	<b>746,935</b>	<b>4,914,707</b>

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**7. OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Income due and accrued	23,208	28,234
Share of net assets held under Malaysian Motor Insurance Pool ("MMIP")*	35,332	36,344
Amounts owing by ultimate holding, holding and other related companies**	3	4,689
Sundry receivables	10,898	14,034
Current account with Custodian	9,157	10,146
	<u>78,598</u>	<u>93,447</u>
Allowance for impairment losses	(207)	(207)
	<u>78,391</u>	<u>93,240</u>

Movement in the provision for impairment losses (individually impaired) of other receivables:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2025/2024	207	266
Reversal for the year (Note 21)	-	(59)
At 31 December 2025/2024	<u>207</u>	<u>207</u>

The carrying amounts (other than share of net assets held under MMIP) disclosed in the previous page approximate fair value at the reporting date due to the relatively short-term maturity of these balances.

\* As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Company's share of the Pool's net assets, before insurance contract liabilities and reinsurance contract assets. The Company's share of the Pool's insurance contract liabilities and reinsurance contract assets are disclosed in Note 14.

\*\* The amounts owing by ultimate holding, holding and other related companies are unsecured, interest free and repayable on demand.

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**8. DEFERRED TAXATION**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2025/2024	18,885	29,829
Recognised in:		
Income statement (Note 22)	(1,177)	(10,730)
Other comprehensive income	(1,508)	(214)
At 31 December 2025/2024	<u>16,200</u>	<u>18,885</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 income taxes relate to the same fiscal authority. Net deferred tax assets shown on the statement of financial position have been determined after considering appropriate offsetting as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	51,992	55,457
Deferred tax liabilities	(35,792)	(36,572)
	<u>16,200</u>	<u>18,885</u>

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

**Deferred tax assets:**

	<b>Others</b>	<b>Provisions</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2024	2,457	68,824	71,281
Recognised in Income statement	(376)	(15,448)	(15,824)
At 31 December 2024	<u>2,081</u>	<u>53,376</u>	<u>55,457</u>
At 1 January 2025	2,081	53,376	55,457
Recognised in Income statement	113	(3,578)	(3,465)
At 31 December 2025	<u>2,194</u>	<u>49,798</u>	<u>51,992</u>

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**8. DEFERRED TAXATION (CONT'D.)**

**Deferred tax liabilities:**

	<b>Insurance and reinsurance contracts RM'000</b>	<b>Others RM'000</b>	<b>PPE and intangible assets RM'000</b>	<b>Total RM'000</b>
At 1 January 2024	(23,349)	(12,425)	(5,678)	(41,452)
Recognised in:				
Income statement	3,444	(908)	2,558	5,094
Other comprehensive income	-	(162)	(52)	(214)
At 31 December 2024	<u>(19,905)</u>	<u>(13,495)</u>	<u>(3,172)</u>	<u>(36,572)</u>
At 1 January 2025	(19,905)	(13,495)	(3,172)	(36,572)
Recognised in:				
Income statement	15,878	1,482	(15,072)	2,288
Other comprehensive income	-	(1,476)	(32)	(1,508)
At 31 December 2025	<u>(4,027)</u>	<u>(13,489)</u>	<u>(18,276)</u>	<u>(35,792)</u>

**9. CASH AND CASH EQUIVALENTS**

	<b>2025 RM'000</b>	<b>2024 RM'000</b>
Cash at banks and on hand	35,091	212,826
Short-term deposits (with original maturity of less than three months) with licensed banks	<u>68,838</u>	<u>128,313</u>
	<u>103,929</u>	<u>341,139</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

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**10. NON-CURRENT ASSETS HELD FOR SALE**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2025/2024	4,325	-
Disposals	(4,129)	-
Transferred from property and equipment (Note 3)	-	4,550
Reversal of revaluation surplus recorded in OCI	(196)	(64)
Provision for impairment loss for the year (Note 21)	-	(161)
At 31 December 2025/2024	<u>-</u>	<u>4,325</u>

During the financial year, the Company completed the disposal of certain leasehold and freehold land and buildings to third parties for a total cash consideration of RM4,800,000, recognising a gain thereon of RM671,000 as disclosed in Note 18.

**11. INVESTMENT PROPERTIES**

	<b>Freehold land and building RM'000</b>	<b>Leasehold land and building RM'000</b>	<b>Total RM'000</b>
<b>Net carrying amount</b>			
At 1 January 2024	16,000	15,196	31,196
Fair value loss for the year (Note 19)	-	(560)	(560)
At 31 December 2024	<u>16,000</u>	<u>14,636</u>	<u>30,636</u>
Fair value loss for the year (Note 19)	-	(120)	(120)
At 31 December 2025	<u>16,000</u>	<u>14,516</u>	<u>30,516</u>

Recurring fair value measurements

Investment properties of the Company are classified within Level 3 of the fair value hierarchy. The fair values for all the properties have been derived using either the sales comparison approach or the income approach as allowed under MFRS 13 *Fair Value Measurement*. Sales prices of comparable land and buildings, rentals and yields of similar properties in close proximity are adjusted for differences in key attributes such as property size, location and quality of the building. The most significant input used in the sales comparison approach is price per square foot of comparable properties while the most significant inputs used in the income approach are yields and rental rates per square foot of comparable properties.

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**11. INVESTMENT PROPERTIES (CONT'D.)**

Fair value hierarchy of Investment Properties

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3 of the fair value hierarchy):

Description	Fair Value RM'000	Valuation technique	Unobservable input	Range of values
<u>2025</u>				
Leasehold land and building	14,516	Income approach	Rental p.s.f. per month	RM3.30 - RM7.00
			Discount rate	5.75% - 6.5%
Freehold land and building	16,000	Comparison approach	Estimated Value p.s.f.	RM108 - RM351
<u>2024</u>				
Leasehold land and building	14,636	Income approach	Rental p.s.f. per month	RM3.30 - RM7.00
			Discount rate	5.75% - 6.5%
Freehold land and building	16,000	Comparison approach	Estimated Value p.s.f.	RM108 - RM351

An increase or decrease in the unobservable inputs used in the valuation might result in a correspondingly higher or lower fair value measurement.

**12. SHARE CAPITAL**

	<----- No. of shares ----->		<----- Amount ----->	
	2025 ( '000)	2024 ( '000)	2025 RM'000	2024 RM'000
Ordinary shares (a)	1,394,196	1,394,196	2,906,070	2,906,070
INCPS (b)	6,100	6,100	61,000	61,000
	<u>1,400,296</u>	<u>1,400,296</u>	<u>2,967,070</u>	<u>2,967,070</u>

**(a) Ordinary shares (Note 32)**

	<----- No. of shares ----->		<----- Amount ----->	
	2025 ( '000)	2024 ( '000)	2025 RM'000	2024 RM'000
Issued and paid up, at no par value: At 1 January 2025/2024 and at 31 December 2025/2024	<u>1,394,196</u>	<u>1,394,196</u>	<u>2,906,070</u>	<u>2,906,070</u>

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**12. SHARE CAPITAL (CONT'D.)**

**(b) INCPS (Note 32)**

	<----- No. of shares ----->		<----- Amount ----->	
	2025 ( '000)	2024 ( '000)	2025 RM'000	2024 RM'000
Issued and paid up: at no par value: At 1 January 2025/2024 and at 31 December 2025/2024	6,100	6,100	61,000	61,000

The salient features of the INCPS issued by the Company are as follows:

- (i) Subject always to the prior approval of BNM and the discretion of the Board, the INCPS confer on the holders the right to a non-cumulative preferential dividend calculated at 5.5% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the INCPS, in priority to any other classes of shares to the extent that there are profits available for the distribution and compliance with the capital adequacy requirements as stipulated by BNM.
- (ii) The INCPS holders are entitled at any time to convert all or any of the INCPS held to ordinary shares in the Company, pari passu as between themselves, on the basis of one (1) INCPS for one (1) new ordinary share.
- (iii) The INCPS shall not be transferable (in whole or in part) and shall not be redeemed by the Company.

**13. MERGER RESERVES**

	<b>RM'000</b>
At 31 December 2025/2024	<u>(1,027,042)</u>

Merger reserves represent the difference between the fair value of ordinary shares issued and the acquired net assets, in relation to the transfer of the general business from the Company's immediate holding company, LGHSB.

14. INSURANCE AND REINSURANCE CONTRACTS

(a) Insurance contracts issued

The roll-forward of net asset or liability for insurance contracts issued showing the LFRC and the LFIC, is disclosed in the table below:

Note	2025				Total RM'000
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	
	891,881	75,160	2,056,184	159,804	3,183,029
	-	-	-	-	-
	891,881	75,160	2,056,184	159,804	3,183,029
	(2,323,348)	-	-	-	(2,323,348)
20	570,921	(6,418)	1,573,538	1,347	2,139,388
21	-	-	1,702,170	72,367	1,774,537
	570,921	-	-	-	570,921
	-	(6,418)	-	-	(6,418)
	-	-	(128,632)	(71,020)	(199,652)
	(6,336)	-	6,336	-	-
	(1,758,763)	(6,418)	1,579,874	1,347	(183,960)
	-	32,069	57,485	-	89,554
	(1,758,763)	25,651	1,637,359	1,347	(94,406)
	2,261,958	-	-	-	2,261,958
	-	-	(1,425,844)	-	(1,425,844)
	(251,851)	-	-	-	(251,851)
	2,010,107	-	(1,425,844)	-	584,263
	(291,956)	-	(167,136)	-	(459,092)
	851,269	100,811	2,100,563	161,151	3,213,794
	851,269	100,811	2,100,563	161,151	3,213,794
	-	-	-	-	-
	851,269	100,811	2,100,563	161,151	3,213,794

Included in the LFRC and LFIC above are the Company's proportionate shares of LFRC and LFIC in MMIP, amounting to RM1.4 million and RM8.4 million, respectively (2024: LFRC of RM0.8 million and LFIC of RM10.1 million).

14. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(a) Insurance contracts issued (Cont'd.)

The roll-forward of net asset or liability for insurance contracts issued showing the LFRC and the LFIC, is disclosed in the table below (Cont'd.):

	Note	2024				Total
		Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
		RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract liabilities as at 1 January 2024		835,714	44,350	2,178,846	164,881	3,223,791
Insurance contract assets as at 1 January 2024		-	-	-	-	-
<b>Net insurance contract liabilities as at 1 January 2024</b>		<b>835,714</b>	<b>44,350</b>	<b>2,178,846</b>	<b>164,881</b>	<b>3,223,791</b>
<b>Insurance revenue</b>	20	(2,316,986)	-	-	-	(2,316,986)
<b>Insurance service expense</b>	21	515,753	5,695	1,401,418	(5,077)	1,917,789
Incurred claims and other expenses		-	-	1,595,600	80,706	1,676,306
Amortisation of insurance acquisition cash flows		515,753	-	-	-	515,753
Losses on onerous contracts and reversal of those losses		-	5,695	-	-	5,695
Changes to liabilities for incurred claims		-	-	(194,182)	(85,783)	(279,965)
Investment components		(12,869)	-	12,869	-	-
<b>Insurance service result</b>		<b>(1,814,102)</b>	<b>5,695</b>	<b>1,414,287</b>	<b>(5,077)</b>	<b>(399,197)</b>
<b>Insurance finance expenses</b>		<b>180</b>	<b>25,115</b>	<b>76,227</b>	<b>-</b>	<b>101,522</b>
<b>Total changes in the income statement</b>		<b>(1,813,922)</b>	<b>30,810</b>	<b>1,490,514</b>	<b>(5,077)</b>	<b>(297,675)</b>
Premiums received		2,537,359	-	-	-	2,537,359
Claims and other expenses paid		-	-	(1,450,893)	-	(1,450,893)
Insurance acquisition cash flows		(236,363)	-	-	-	(236,363)
<b>Total cash flows</b>		<b>2,300,996</b>	<b>-</b>	<b>(1,450,893)</b>	<b>-</b>	<b>850,103</b>
<b>Transfer to other items in the statement of financial position</b>		<b>(430,907)</b>	<b>-</b>	<b>(162,283)</b>	<b>-</b>	<b>(593,190)</b>
<b>Net insurance contract liabilities as at 31 December 2024</b>		<b>891,881</b>	<b>75,160</b>	<b>2,056,184</b>	<b>159,804</b>	<b>3,183,029</b>
Insurance contract liabilities as at 31 December 2024		891,881	75,160	2,056,184	159,804	3,183,029
Insurance contract assets as at 31 December 2024		-	-	-	-	-
<b>Net insurance contract liabilities as at 31 December 2024</b>		<b>891,881</b>	<b>75,160</b>	<b>2,056,184</b>	<b>159,804</b>	<b>3,183,029</b>

14. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

(b) Reinsurance contracts held

The roll-forward of net asset or liability for reinsurance contracts held showing AFRC and ARIC, is disclosed in the table below:

	2025				Total RM'000
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss-recovery component RM'000	Loss-recovery component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	
Reinsurance contract assets as at 1 January 2025	(35,228)	1,491	382,414	24,545	373,222
Reinsurance contract liabilities as at 1 January 2025	-	-	-	-	-
<b>Net reinsurance contract assets as at 1 January 2025</b>	<b>(35,228)</b>	<b>1,491</b>	<b>382,414</b>	<b>24,545</b>	<b>373,222</b>
Allocation of reinsurance premiums	(214,235)	-	-	-	(214,235)
Amounts recoverable from reinsurers for incurred claims	-	127	126,154	2,796	129,077
Amounts recoverable for incurred claims and other expenses	-	-	182,688	13,399	196,087
Loss-recovery on onerous underlying contracts and adjustments	-	127	-	-	127
Changes to amounts recoverable for incurred claims	-	-	(56,534)	(10,603)	(67,137)
Reinsurance investment components	(47,877)	-	47,877	-	-
<b>Net expenses from reinsurance contracts held</b>	<b>(262,112)</b>	<b>127</b>	<b>174,031</b>	<b>2,796</b>	<b>(85,158)</b>
Interest accreted to reinsurance contracts using current financial assumptions	-	722	9,923	-	10,645
Effect of changes in non-performance risk of reinsurers	-	-	(2,542)	-	(2,542)
<b>Reinsurance finance income</b>	<b>-</b>	<b>722</b>	<b>7,381</b>	<b>-</b>	<b>8,103</b>
<b>Total changes in the income statement</b>	<b>(262,112)</b>	<b>849</b>	<b>181,412</b>	<b>2,796</b>	<b>(77,055)</b>
Premiums paid	332,015	-	-	-	332,015
Amounts received	-	-	(144,222)	-	(144,222)
<b>Total cash flows</b>	<b>332,015</b>	<b>-</b>	<b>(144,222)</b>	<b>-</b>	<b>187,793</b>
<b>Transfer to other items in the statement of financial position</b>	<b>75</b>	<b>-</b>	<b>(224)</b>	<b>-</b>	<b>(149)</b>
<b>Net reinsurance contract assets as at 31 December 2025</b>	<b>34,750</b>	<b>2,340</b>	<b>419,380</b>	<b>27,341</b>	<b>483,811</b>
Reinsurance contract assets as at 31 December 2025	34,750	2,340	419,380	27,341	483,811
Reinsurance contract liabilities as at 31 December 2025	-	-	-	-	-
<b>Net reinsurance contract assets as at 31 December 2025</b>	<b>34,750</b>	<b>2,340</b>	<b>419,380</b>	<b>27,341</b>	<b>483,811</b>

Included in the AFRC and ARIC above are the Company's proportionate shares of AFRC and ARIC in MMIP, amounting to RM19,401 and RM124,713 respectively (31 December 2024: AFRC of RM10,300 and ARIC of RM118,300).

## 14. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

## (b) Reinsurance contracts held (Cont'd.)

The roll-forward of net asset or liability for reinsurance contracts held showing AFRC and ARIC, is disclosed in the table below (Cont'd.):

	2024				Total
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
RM'000	RM'000	RM'000	RM'000	RM'000	
Reinsurance contract assets as at 1 January 2024	(19,009)	907	448,103	29,789	459,790
Reinsurance contract liabilities as at 1 January 2024	-	-	-	-	-
<b>Net reinsurance contract assets as at 1 January 2024</b>	<b>(19,009)</b>	<b>907</b>	<b>448,103</b>	<b>29,789</b>	<b>459,790</b>
Allocation of reinsurance premiums	(209,969)	-	-	-	(209,969)
Amounts recoverable from reinsurers for incurred claims	-	312	16,407	(5,244)	11,475
Amounts recoverable for incurred claims and other expenses	-	-	90,725	5,859	96,584
Loss-recovery on onerous underlying contracts and adjustments	-	312	-	-	312
Changes to amounts recoverable for incurred claims	-	-	(74,318)	(11,103)	(85,421)
Reinsurance investment components	(37,697)	-	37,697	-	-
<b>Net expense from reinsurance contracts held</b>	<b>(247,666)</b>	<b>312</b>	<b>54,104</b>	<b>(5,244)</b>	<b>(198,494)</b>
Interest accreted to reinsurance contracts using current financial assumptions	(43)	272	13,414	-	13,643
Effect of changes in non-performance risk of reinsurers	-	-	(175)	-	(175)
<b>Reinsurance finance income</b>	<b>(43)</b>	<b>272</b>	<b>13,239</b>	<b>-</b>	<b>13,468</b>
<b>Total changes in the income statement</b>	<b>(247,709)</b>	<b>584</b>	<b>67,343</b>	<b>(5,244)</b>	<b>(185,026)</b>
Premiums paid	229,443	-	-	-	229,443
Amounts received	-	-	(132,996)	-	(132,996)
<b>Total cash flows</b>	<b>229,443</b>	<b>-</b>	<b>(132,996)</b>	<b>-</b>	<b>96,447</b>
<b>Transfer to other items in the statement of financial position</b>	<b>2,047</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>2,011</b>
<b>Net reinsurance contract assets as at 31 December 2024</b>	<b>(35,228)</b>	<b>1,491</b>	<b>382,414</b>	<b>24,545</b>	<b>373,222</b>
Reinsurance contract assets as at 31 December 2024	(35,228)	1,491	382,414	24,545	373,222
Reinsurance contract liabilities as at 31 December 2024	-	-	-	-	-
<b>Net reinsurance contract assets as at 31 December 2024</b>	<b>(35,228)</b>	<b>1,491</b>	<b>382,414</b>	<b>24,545</b>	<b>373,222</b>

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**15. OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial liabilities:</b>		
Amount owing to other related companies *	7,644	2,603
Amount due to MMIP	667	790
Sales and Service Tax ("SST") and stamp duty payable	29,002	32,496
Sundry payables	14,823	15,523
	<u>52,136</u>	<u>51,412</u>
<b>Non-financial liabilities:</b>		
Accrued expenses and deposits	122,402	161,598
Other accruals	46,130	62,716
Provision for restoration costs for leased properties	3,221	3,203
	<u>171,753</u>	<u>227,517</u>
	<u>223,889</u>	<u>278,929</u>

The carrying amounts disclosed above approximate fair values at the reporting date.

\* The amounts owing to other related companies are unsecured, interest free and repayable on demand.

**16. PROVISION FOR RETIREMENT BENEFITS**

The Company operates a final salary defined retirement benefit scheme which is wholly unfunded. There is no minimum funding requirement under the current law. The employees are not required to contribute to the scheme.

Under the scheme, eligible employees who have completed a minimum of 10 years of service are entitled to retire at 56 years of age or optional retirement age of 50 years. Employees who leave before the attainment of the normal retirement age or optional retirement age, are not entitled to the benefit.

All new employees who are hired after 18 March 2011 are not entitled to the retirement benefit.

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**16. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)**

**16.1 The movements in the present value of the defined benefit obligation recognised in the statement of financial position are as follows:**

	Note	2025 RM'000	2024 RM'000
Defined benefit obligation at 1 January 2025/2024		14,531	18,925
Actuarial losses/(gains)	16.3	885	(282)
Benefits paid		(1,114)	(4,812)
Interest cost	16.2	581	700
Defined benefit obligation at 31 December 2025/2024		<u>14,883</u>	<u>14,531</u>
Present value of unfunded obligation		<u>14,883</u>	<u>14,531</u>
Recognised liability for defined benefit obligation		<u>14,883</u>	<u>14,531</u>

**16.2 Expenses recognised in the income statement as retirement benefits cost:**

	2025 RM'000	2024 RM'000
Interest cost (Note 21.1)	<u>581</u>	<u>700</u>

**16.3 Actuarial gains and losses recognised directly in other comprehensive income:**

	2025 RM'000	2024 RM'000
Amount accumulated in retained earnings at 1 January 2025/2024	1,292	1,078
Actuarial gains/(losses) arising from:		
i) changes in financial and demographic assumptions	52	163
ii) experience adjustments	(937)	119
	(885)	282
Tax effects thereon	212	(68)
Amount accumulated in retained earnings at 31 December 2025/2024	<u>619</u>	<u>1,292</u>

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**16. PROVISION FOR RETIREMENT BENEFITS (CONT'D.)**

**16.4 Actuarial assumptions**

Principal actuarial assumptions used at the end of the reporting year:

	<b>2025</b>	<b>2024</b>
Discount rate at 31 December 2025/2024 (per annum)	3.78%	4.16%
Fixed deposit rate (per annum)	2.15%	2.60%
Withdrawal rates (per annum)*	<u>0.80%</u>	<u>18.30%</u>

\* Excluding members receiving the Mutual Separation Scheme ("MSS") offer, the withdrawal rate is 0.00% during the financial year (2024: 5.6%). The withdrawal rates of 18.30% in prior financial year was predominantly due to members receiving the MSS offer.

The discount rate used is based on market yields at the end of the reporting year on high quality corporate bonds. The amount and terms of the corporate bonds are consistent with the current and estimated future post employment benefit obligation.

The assumption regarding future mortality is based on the experience of Malaysian insured lives between 2011 to 2015 with no allowance for improvement in mortality rate. The average expected future working lives has been estimated at 5.79 years (2024: 6.25 years).

Calculation of the unfunded defined retirement benefits involves the projection of the present value for unfunded obligations using certain principal actuarial assumptions such as the rate of interest at which to discount the future retirement benefits payments at the valuation date and the assumed rate of growth of liabilities, namely the rate of salary escalation. There are elements of significant uncertainty on the assumptions used and thus the projected future retirement benefits payable may be different from the actual retirement benefit paid.

The following table demonstrates the sensitivity of provision for retirement benefits to a reasonable change in the defined benefit obligation:

	<b>2025</b> <b>RM'000</b>	<b>2024</b> <b>RM'000</b>
<b>Discount rate:</b>		
Increase 100 basis points	(625)	(686)
Decrease 100 basis points	<u>672</u>	<u>742</u>
<b>Fixed deposit rate:</b>		
Increase 100 basis points	677	746
Decrease 100 basis points	<u>(641)</u>	<u>(703)</u>
<b>Withdrawal rate:</b>		
10% increase in the withdrawal rate	(232)	(263)
10% decrease in the withdrawal rate	<u>238</u>	<u>270</u>

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**17. INVESTMENT INCOME**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial assets at FVTPL:		
Dividend/distribution income:		
- Equity securities quoted in Malaysia	2,555	2,390
- Unit and property trust funds quoted in Malaysia	440	405
- Collective investment schemes quoted in Malaysia	171,834	149,011
Financial assets at AC:		
Interest income:		
- Mortgage and other loans	4	5
- Cash and short-term deposits	21,019	23,974
Financial assets at FVOCI:		
Interest income:		
- Malaysian government securities	14,400	16,131
- Corporate bonds and Cagamas bonds	21,114	13,084
Net amortisation of premiums (Note 6.5)	(2,670)	(1,620)
Rental income	911	179
	<u>229,607</u>	<u>203,559</u>

**18. REALISED GAINS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Realised gains on disposal of property and equipment	<u>207</u>	<u>302</u>
Realised gains on disposal of non-current assets held for sale	<u>671</u>	<u>-</u>
FVTPL financial assets (Note 6.5):		
Mandatorily measured:		
Realised gains/(losses):		
- Collective investment schemes quoted in Malaysia	335	3,423
- Equity securities quoted in Malaysia	(60)	139
	<u>275</u>	<u>3,562</u>
Total realised gains	<u>1,153</u>	<u>3,864</u>

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**19. FAIR VALUE (LOSSES)/GAINS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FVTPL financial assets:</b>		
<b>Mandatorily measured (Note 6.5):</b>		
<b>Unrealised (losses)/gains:</b>		
- Collective investment schemes quoted in Malaysia	(10,095)	(8,139)
- Equity securities quoted in Malaysia	2,485	10,825
- Unit and property trust funds quoted in Malaysia	1,320	594
	<u>(6,290)</u>	<u>3,280</u>
<b>Investment properties:</b>		
Fair value losses on investment properties 11	<u>(120)</u>	<u>(560)</u>
	<u>(6,410)</u>	<u>2,720</u>

**20. INSURANCE REVENUE**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Amounts recognised for insurance services provided	2,320,275	2,317,795
Reversal of/(provision for) impairment loss	850	(483)
Bad debts written back/(written-off)	2,223	(816)
Others	-	490
	<u>2,323,348</u>	<u>2,316,986</u>

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**21. EXPENSES**

	<b>Note</b>	<b>2025</b> <b>RM'000</b>	<b>2024</b> <b>RM'000</b>
Claims and benefits		1,407,750	1,212,897
Fees and commissions		270,623	274,918
(Reversal of losses)/losses on onerous insurance contracts	14	(6,418)	5,695
Employee benefits	21.1	248,002	251,600
Chief Executive Officer's remuneration	26(b)(i)	4,590	4,056
Executive and Non-Executive directors' fees and remuneration	26(b)(ii)	1,539	1,556
Auditors' remuneration:			
- Statutory audits		1,143	1,020
- Regulatory-related services		70	80
- Other services		49	72
Depreciation of property and equipment	3	12,154	11,303
Depreciation of right-of-use assets	4	7,378	9,413
Amortisation of intangible assets	5	6,338	12,309
Intangible assets written-off	5	2,751	5,251
Property and equipment written-off	3	35	901
Lease expense of low-value assets	4	280	303
Reversal of impairment losses on other receivables	7	-	(59)
Reversal of allowance for impairment losses on reinsurance assets		(209)	-
Recovery of bad debts written-off		(4)	(39)
Advertisement expenses		22,680	23,633
Bank charges		8,306	10,370
Electronic Data Processing expenses		32,058	19,738
Printing expenses		15,565	8,384
Office expenses		10,091	18,976
Expense/(reversal of expenses) for professional fees		2,882	(1,369)
Share of group charges		17,597	13,411
Reversal of impairment losses on property and equipment	3	(753)	(1,371)
Provision for impairment loss on non-current assets held for sale	10	-	161
Provision for/(reversal of) impairment losses on FVOCI financial assets		9	(1)
Other expenses		85,923	98,170
		<u>2,150,429</u>	<u>1,981,378</u>

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**21. EXPENSES (CONT'D.)**

	<b>Note</b>	<b>2025 RM'000</b>	<b>2024 RM'000</b>
Amounts attributed to insurance acquisition cash flows incurred during the year		(543,807)	(545,534)
Amortisation of insurance acquisition cash flows	14	<u>570,921</u>	<u>515,753</u>
		<u>2,177,543</u>	<u>1,951,597</u>
<b>Represented by:</b>			
Insurance service expenses	14	2,139,388	1,917,789
Other expenses		<u>38,155</u>	<u>33,808</u>
		<u>2,177,543</u>	<u>1,951,597</u>

**21.1 Employee benefits**

Wages and salaries		188,680	200,641
Social security contributions		1,668	1,547
Contribution to Employees' Provident Fund		30,666	32,433
Contribution to defined benefit plans	16.2	581	700
Other benefits		<u>26,407</u>	<u>16,279</u>
		<u>248,002</u>	<u>251,600</u>

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**22. TAXATION**

	Note	2025 RM'000	2024 RM'000
Current tax:			
Malaysia - current		23,385	54,301
Malaysia - over provision in prior year		(23,155)	(6,393)
		<u>230</u>	<u>47,908</u>
Deferred tax:	8		
Origination and reversal of temporary differences		(2,505)	7,422
Under provision in prior year		3,682	3,308
		<u>1,177</u>	<u>10,730</u>
Total tax expense		<u>1,407</u>	<u>58,638</u>

Domestic income tax is calculated at the Malaysian statutory rate of 24% on the estimated assessable profit for the year.

	2025 RM'000	2024 RM'000
Profit before taxation	<u>208,542</u>	<u>292,315</u>
Taxation at Malaysian statutory tax rate of 24%	50,050	70,156
Real Property Gains Tax	241	-
Expenses not deductible for tax purposes	14,446	31,547
Tax exempt income	(43,857)	(39,980)
Over provision of income tax in prior year	(23,155)	(6,393)
Under provision of deferred tax in prior year	3,682	3,308
	<u>1,407</u>	<u>58,638</u>

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**23. EARNINGS PER ORDINARY SHARE**

**23.1 Basic earnings per ordinary share**

Basic earnings per ordinary share is calculated based on the net profit for the year ended 31 December 2025 of RM207,135,000 (2024: RM233,677,000) divided by number of ordinary shares in issue during the year, calculated as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to equity holder of the Company	207,135	233,677
Number of ordinary shares:		
	<b>2025</b>	<b>2024</b>
	<b>'000</b>	<b>'000</b>
Issued ordinary shares	1,394,196	1,394,196
	<b>2025</b>	<b>2024</b>
	<b>Sen</b>	<b>Sen</b>
Basic earnings per ordinary share	15	17

**23.2 Diluted earnings per ordinary share**

The calculation of diluted earnings per ordinary share for the year ended 31 December 2025/2024 were based on profit attributable to ordinary shareholder and the number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Number of ordinary shares:

	<b>2025</b>	<b>2024</b>
	<b>'000</b>	<b>'000</b>
Number of ordinary shares	1,394,196	1,394,196
Effect of assumed conversion of outstanding INCPS	6,100	6,100
Number of ordinary shares at 31 December 2025/2024	1,400,296	1,400,296

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**23. EARNINGS PER ORDINARY SHARE (CONT'D.)**

**23.2 Diluted earnings per ordinary share (Cont'd.)**

	<b>2025</b>	<b>2024</b>
	<b>Sen</b>	<b>Sen</b>
Diluted earnings per ordinary share	<u>15</u>	<u>17</u>

**24. DIVIDENDS**

The amount of dividends paid by the Company since 31 December 2024 were as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>

In respect of financial year/period ended 31 December 2024/2023:

**INCPS:**

Dividend of 5.5% per INCPS on 6,100,000 INCPS based  
on issue price of RM10.00 each declared on  
9 June 2025/21 March 2024 and paid on  
19 June 2025/24 June 2024

3,355	3,355
-------	-------

**Ordinary share:**

Final dividend of 18.79/17.07 sen per ordinary  
share on 1,394,196,000 ordinary shares  
declared on 9 June 2025/21 March 2024 and  
paid on 19 June 2025/24 June 2024

262,000	238,000
<u>265,355</u>	<u>241,355</u>

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**25. CAPITAL COMMITMENTS**

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure:</b>		
Approved and contracted for:		
Renovation, furniture and fitting and office equipment	147	196
Computer hardware and software	356	883
	<u>503</u>	<u>1,079</u>
Approved but not contracted for:		
Renovation, furniture and fitting and office equipment	152	-
Computer hardware and software	1,257	3,532
	<u>1,409</u>	<u>3,532</u>

**26. SIGNIFICANT RELATED PARTIES DISCLOSURES**

**(a) Related parties**

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

<b>Name</b>	<b>Relationship</b>
LGHSB	Immediate holding company
LMHC	Ultimate holding company
Liberty Mutual Insurance Company, Boston ("LMIC")	Penultimate holding company
Liberty Insurance Pte Ltd, Singapore	Other related company
Liberty Specialty Markets Singapore Pte Limited, Labuan Branch	Other related company
Liberty Syndicate (4472) (Foreign-Others)	Other related company
Liberty Mutual Insurance Europe Limited (Foreign-Others)	Other related company
Liberty Mutual Insurance Europe Limited-Labuan Branch (Offshore)	Other related company

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(a) Related parties (Cont'd.)**

AmGeneral Holdings Berhad	Other related company
AmBank (M) Berhad	Other related company
AmBank Islamic Berhad	Other related company
AmCard Services Berhad	Other related company
AmCorp Borneo Sdn Bhd	Other related company
AmCorp Energy Services Sdn Bhd	Other related company
AmCorp Perting Hydro Sdn Bhd	Other related company
AmCorp Group Berhad	Other related company
AmCorp Prima Realty Sdn Bhd	Other related company
AmCorp Services Sdn Bhd	Other related company
AmCorp Properties Berhad	Other related company
AmCorp Realty Sdn Bhd	Other related company
AmCorp Sibujaya Sdn Bhd	Other related company
AmFunds Management Berhad	Other related company
AmInvestment Bank Berhad	Other related company
AmIslamic Funds Management Sdn Bhd	Other related company
AMMB Holdings Berhad	Other related company
AmMetLife Insurance Berhad	Other related company
AmMetLife Takaful Berhad	Other related company
AON Insurance Brokers (Malaysia) Sdn Bhd	Other related company
Harpers Travel (M) Sdn. Bhd.	Other related company

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(a) Related parties (Cont'd.)**

<b>Name</b>	<b>Relationship</b>
AmMortgage One Berhad	Other related company
AmProperty Holdings Sdn Bhd	Other related company
AmCash Plus <sup>1</sup>	Subsidiary company (MFRS 10)
AmIncome Institutional SRI 1 <sup>1</sup>	Subsidiary company (MFRS 10)
AmIncome Institutional SRI 3 <sup>1</sup>	Subsidiary company (MFRS 10)

1 In accordance with MFRS 10, the investments are considered as subsidiaries of the Company.

In the normal course of business, the Company undertakes various transactions with subsidiaries and associated companies of its ultimate holding company, related companies of its corporate shareholder and other companies deemed related parties by virtue of common director's shareholdings. The Directors are of the opinion that the Company sold insurance policies to the related companies and related parties on terms and conditions no more favorable than those available in similar transactions with other customers or employees. Other related party transactions (other than dividends/distributions received from subsidiaries) were also carried out on terms and conditions no more favorable than those available on similar transactions with unrelated parties, unless otherwise stated.

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(a) Related parties (Cont'd.)**

The Company's balances with related parties are as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Immediate holding company:</b>		
Intercompany balance	3	-
<b>Penultimate holding company:</b>		
Claims recovery	1,040	3,530
Reinsurance premium	(24)	(17)
Administration and operating charges	(3,975)	2,962
	<u>(2,959)</u>	<u>6,475</u>
<b>Companies related to corporate shareholder of LGHSB:</b>		
Premium receivables	21,109	20,979
Commission payables	(2,842)	(4,819)
Administration and operating charges	(3,425)	(926)
Fund management fee	(400)	(402)
Cash and short-term deposits	17,338	97,938
Fixed and call deposits with licensed banks	-	75,000
Income due and accrued	-	1,663
Accrued expenses and deposits	4	-
	<u>31,784</u>	<u>189,433</u>
<b>Fellow subsidiaries within the LMIC group:</b>		
Claims recovery	3,475	6,682
Reinsurance premium	(6,660)	(15,253)
Administration and operating charges	(244)	50
	<u>(3,429)</u>	<u>(8,521)</u>
<b>Subsidiary companies (MFRS 10):</b>		
Income due and accrued	<u>10,594</u>	<u>12,015</u>

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(a) Related parties (Cont'd.)**

The Company's significant transactions with related parties during the financial year are as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(Expenses)/Income:</b>		
<b>Immediate holding company:</b>		
Dividends paid	<u>(265,355)</u>	<u>(241,355)</u>
<b>Penultimate holding company:</b>		
Reinsurance premiums ceded	(1,131)	(9,772)
Commission income	911	2,235
Claims recovery	9,097	17,022
Other operating income	515	515
Administration and operating expenses	<u>(4,264)</u>	<u>(5,794)</u>
	<u>5,128</u>	<u>4,206</u>
<b>Fellow subsidiaries within the LMIC group:</b>		
Reinsurance premiums ceded	(32,723)	(45,272)
Commission income	7,555	9,235
Claims recovery	13,421	12,958
Other operating income	153	1,997
Administration and operating expenses	<u>(488)</u>	<u>-</u>
	<u>(12,082)</u>	<u>(21,082)</u>
<b>Companies related to corporate shareholder of LGHSB:</b>		
Gross premium income	12,464	11,860
Commission expenses	(13,274)	(14,914)
Administration and operating expenses	(24,616)	(24,269)
Interest and dividend income	2,777	9,750
Manager's fee expense	<u>(4,220)</u>	<u>(4,462)</u>
	<u>(26,869)</u>	<u>(22,035)</u>
<b>Subsidiary companies (MFRS 10):</b>		
Interest and dividend income	<u>155,141</u>	<u>133,142</u>

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(b) Compensation of Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

The key management personnel of the Company are the directors and the Chief Executive Officer.

**(i) Chief Executive Officer's remuneration including benefits-in-kind**

The details of remuneration received by the Chief Executive Officer during the year are as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Non-deferred:</u></b>		
<b>Fixed remuneration:</b>		
Salaries	1,900	1,767
Contribution to Employees' Provident Fund	325	303
	<u>2,225</u>	<u>2,070</u>
<b>Variable remuneration:</b>		
Bonus and other benefit	1,702	1,372
Contribution to Employees' Provident Fund	221	174
Other benefits-in-kind	442	440
	<u>2,365</u>	<u>1,986</u>
Total monetary benefits (Note 21)	<u>4,590</u>	<u>4,056</u>
Non-monetary benefits	-	-
Total remuneration	<u>4,590</u>	<u>4,056</u>

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(b) Compensation of Key Management Personnel (Cont'd.)**

The remuneration of directors and other member of key management during the year are as follows (Cont'd.):

**(ii) Directors' fees and remuneration**

The details of remuneration received by the executive and non-executive directors during the year are as follows:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Fees	1,185	1,182
Allowances and other emoluments	354	374
	<u>1,539</u>	<u>1,556</u>

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

	←----- Non-deferred -----→		
	<b>Fixed</b>	<b>Variable</b>	
	<b>remuneration</b>	<b>remuneration</b>	
	<b>fees</b>	<b>others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2025</b>			
<b><u>Executive director:</u></b>			
Saime Defne Turkes	-	-	-
<b><u>Non-executive directors:</u></b>			
Dato' Haji Kamil Khalid Ariff (Resigned on 21 February 2026)	170	147	317
Phoon Soon Keong	205	46	251
Elsie Kok Yin Mei	205	42	247
Ling Fou-Tsong @ Jamie Ling	200	33	233
Tan Chong Liong	175	35	210
Adil Ahmad (Appointed on 7 March 2025)	188	44	232
Dato' Lim Heen Peok (Resigned on 6 March 2025)	42	7	49
	<u>1,185</u>	<u>354</u>	<u>1,539</u>
	<u>1,185</u>	<u>354</u>	<u>1,539</u>

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**26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D.)**

**(b) Compensation of Key Management Personnel (Cont'd.)**

**(ii) Directors' fees and remuneration (Cont'd.)**

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows (Cont'd.):

	<----- Non-deferred ----->		
	Fixed remuneration fees RM'000	Variable remuneration others RM'000	Total RM'000
<b>2024</b>			
<b><u>Executive director:</u></b>			
Saime Defne Turkes	-	-	-
<b><u>Non-executive directors:</u></b>			
Dato' Haji Kamil Khalid Ariff	170	152	322
Phoon Soon Keong	205	53	258
Elsie Kok Yin Mei	205	45	250
Ling Fou-Tsong @ Jamie Ling (Appointed on 6 February 2024)	180	29	209
Tan Chong Liong (Appointed on 9 February 2024)	156	36	192
Dato' Sulaiman Bin Mohd Tahir (Resigned on 2 February 2024)	17	-	17
Keong Choon Keat (Resigned on 9 February 2024)	19	3	22
Dato' Lim Heen Peok	230	56	286
	<u>1,182</u>	<u>374</u>	<u>1,556</u>
	<u>1,182</u>	<u>374</u>	<u>1,556</u>

The directors' fees are subject to the recommendation of the Remuneration Committee of the Board of Directors for endorsement and approval by the shareholders at the Annual General Meeting.

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**27. FINANCIAL INSTRUMENTS BY CATEGORY**

2025	Note	AC RM'000	FVTPL RM'000	FVOCI RM'000	Sub-total RM'000	Assets not in scope of	Total RM'000
						MFRS 9 RM'000	
<b>Assets</b>							
Property and equipment	3	-	-	-	-	74,561	74,561
Investment properties	11	-	-	-	-	30,516	30,516
Right-of-use assets	4	-	-	-	-	20,251	20,251
Intangible assets	5	-	-	-	-	13,867	13,867
Investments	6	296,529	3,617,928	1,024,976	4,939,433	-	4,939,433
Reinsurance contract assets	14	-	-	-	-	483,811	483,811
Other receivables	7	43,059	-	-	43,059	35,332	78,391
Deferred tax assets	8	-	-	-	-	16,200	16,200
Current tax assets		-	-	-	-	29,266	29,266
Cash and short-term deposits	9	103,929	-	-	103,929	-	103,929
<b>Total assets</b>		<b>443,517</b>	<b>3,617,928</b>	<b>1,024,976</b>	<b>5,086,421</b>	<b>703,804</b>	<b>5,790,225</b>
<b>Liabilities</b>							
	Note				Other financial liabilities RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
Insurance contract liabilities	14				-	3,213,794	3,213,794
Lease liabilities	4				-	22,147	22,147
Other payables	15				52,136	171,753	223,889
Provision for retirement benefits	16				-	14,883	14,883
<b>Total liabilities</b>					<b>52,136</b>	<b>3,422,577</b>	<b>3,474,713</b>

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**27. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)**

2024	Note	AC RM'000	FVTPL RM'000	FVOCI RM'000	Sub-total RM'000	Assets not in scope of	Total RM'000
						MFRS 9 RM'000	
<b>Assets</b>							
	3	-	-	-	-	79,342	79,342
	11	-	-	-	-	30,636	30,636
	4	-	-	-	-	25,032	25,032
	5	-	-	-	-	18,214	18,214
	10	-	-	-	-	4,325	4,325
	6	479,926	3,687,846	746,935	4,914,707	-	4,914,707
	14	-	-	-	-	373,222	373,222
	7	56,896	-	-	56,896	36,344	93,240
	8	-	-	-	-	18,885	18,885
	9	341,139	-	-	341,139	-	341,139
		<b>877,961</b>	<b>3,687,846</b>	<b>746,935</b>	<b>5,312,742</b>	<b>586,000</b>	<b>5,898,742</b>
<b>Liabilities</b>							
	14					3,183,029	3,183,029
	4					27,388	27,388
						25,907	25,907
	15			51,412	51,412	227,517	278,929
	16					14,531	14,531
				<b>51,412</b>	<b>51,412</b>	<b>3,478,372</b>	<b>3,529,784</b>

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**28. RISK MANAGEMENT FRAMEWORK**

***28.1 Risk Governance framework***

The Company's Enterprise Risk Management ("ERM") Framework is focused on embedding effective risk mitigation mechanisms and risk disciplines within the Company to manage risks within the Board-approved tolerances and risk appetites while protecting it from uncertainties and threats, thus enabling the achievement of its business objectives.

The objectives of managing the risks are to:

- Create and protect values for the Company's shareholders
- Fulfil its obligations to the Company's customers and other stakeholders
- Prepare the Company's resilience to face expected and unexpected events
- Meeting the Company's objectives and the achievement of its long term strategic intent
- Instil confidence in customers, shareholders and other stakeholders on the Company's financial strength, capability and reliability
- Integrate ERM practices in managing Environmental, Social and Governance ("ESG") requirements and understanding ESG related risks.

The ERM is implemented through a Risk Governance structure which includes:

- Board of Directors & Board Committees: Responsible for ensuring the continued appropriateness and effectiveness of the ERM Framework, setting the risk appetite and risk tolerance thresholds, endorsing risk profiles and approving risk management policies;
- Risk and Compliance Management Committee: Includes the Chief Executive Officer and Senior Management; accountable for the implementation of the requirements of the ERM Framework and risk management strategies across the Company, including reporting and escalation of significant risk matters to the Board and Board Committees and the corresponding rectification or mitigation of those matters;

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**28. RISK MANAGEMENT FRAMEWORK (CONT'D.)**

***28.1 Risk Governance framework (Cont'd.)***

The ERM is implemented through a Risk Governance structure which includes (Cont'd.):

- Risk Management Department: Assists the Board, Risk Management Committee and the Senior Management in developing and maintaining an effective ERM Framework in consultation with stakeholders, regulators and industry regulating bodies while remaining accountable for the reporting and escalation of significant risk matters to the Management and the Board and their subsequent resolution or rectification; and
- Business Units: Incorporates the requirements of the ERM Framework into the departmental guidelines and procedures and ensures the continued effectiveness of risk management practices across each department while continually escalating and reporting significant risks to the Management and Risk Management Department.

***28.2 Capital management objectives, policies and approach***

The Company's Capital Management Policy ("CMP") has been noted by the regulators and establishes a detailed capital management and response action plan to be taken by the Board and Management of the Company in the event of extreme events that may lead to the Capital Adequacy Ratio ("CAR") falling below the Management Target Capital Level ("MTCL"), Individual Target Capital Level ("ITCL") and the Supervisory Target Capital Level ("STCL"). MTCL is set at the first and highest CAR threshold which is above ITCL and STCL. The Company has always been operating with CAR above MTCL.

The CMP defines general and probable risk scenarios that could threaten the capital position of the Company and establishes appropriate remedial action plans to respond, taking into consideration the Company's financial and business position. The CMP allows the Company to utilize capital more efficiently in a controlled and predictable manner to drive its strategic intent while ensuring that the Company operates above the MTCL, ITCL and STCL at all times.

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**28. RISK MANAGEMENT FRAMEWORK (CONT'D.)**

***28.2 Capital management objectives, policies and approach (Cont'd.)***

The Company has established the following capital management objectives, policies and approach to the risks that affect its capital position.

The capital management objectives are:

- For the Company to remain resilient when faced with extreme or unexpected situations or scenarios, maintaining adequate capital to continue to support the business.
- For the Company to maintain adequate capital to support all risks in the business as well as to develop and use better risk management techniques including scenario modelling and stress testing methods in monitoring and managing risks.
- For the Company's Management and Board to develop and establish an internal capital adequacy assessment process through the use of stress testing and scenario modelling to establish capital targets that commensurate with its risk profiles and control environments.
- Maintenance of the available capital, expressed as a multiple of the statutory CAR within a range that supports the shareholder's objectives whilst suitably protecting the interests of the policyholders.
- For the setting of MTCL and ITCL which accurately reflects the risk profiles of the Company, taking into consideration the quality and effectiveness of the Company's ERM Framework and risk management strategies.
- For treatment of risks not fully captured under the Risk-Based Capital Framework ("RBC") and external risks to be taken up and considered within the Company's internal capital target management.
- For the Company to utilize an effective capital management strategy to create shareholder value whilst maintaining an appropriate level of capital to protect the policyholders' interests and satisfy regulatory requirements.
- For the continued payment of dividends on ordinary shares through the effective management of the Company's CAR positions at the point of payment and the avoidance of significant deterioration to the CAR after payments.
- Dynamic management of the Company's statement of financial position and capital mix.

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**28. RISK MANAGEMENT FRAMEWORK (CONT'D.)**

***28.2 Capital management objectives, policies and approach (Cont'd.)***

***Approach to capital management***

With reference to the Bank Negara Malaysia's (BNM) Policy Document on Stress Testing for Insurers, the impact of adverse scenarios on the capital position of the Company is considered and incorporated into the CMP and the management of the Company's CAR positions. This is also consistent with the Company's Individual Capital Adequacy Assessment Process.

The CMP has been implemented for the Company to monitor and manage the CAR should there be adverse conditions developing that may threaten to lower the CAR below the MTCL, ITCL and STCL. The CMP also defines conditions and scenarios which may act as indicators of potential or impending adverse situations, allowing the Management to prepare and respond quickly before those adverse situations become a reality.

***28.3 Regulatory framework***

Under the RBC framework, BNM's primary concern is the protection of policyholders' interests; it monitors insurers to ensure those interests are managed to an acceptable standard. Concurrently, BNM expects insurers to maintain an appropriate level of capital position to meet unforeseen liabilities arising from economic shocks or natural disasters.

***28.4 Asset-Liability Management ("ALM") framework***

The Company manages asset and liability positions within the ALM framework that has been developed with the objectives of achieving sustainable and predictable medium to long-term investment returns while prudently preserving capital to meet the financial and contractual obligations of the Company. The ALM framework considers multiple drivers which include interest rate movements, changes in financial obligations, asset and liability classes, etc. to provide the Management and the Board with a transparent, accurate and dynamic ALM monitoring structure for effective oversight and decision making. Scenario modelling and stress testing methodologies are also extensively used to determine possible outcomes and impacts on the Company's ALM management in the event of unpredictable or extreme market and environmental situations. These methods allow for a comprehensive Sensitivity Assessment of the Company's ALM portfolio and removes uncertainties around impacts and outcomes. The Asset and Liability Committee (ALCO) maintains regular oversight, continually assessing the performance and condition of the Company's ALM portfolio while striving to achieve optimized returns on investments within the risk appetites and tolerances stipulated by the Risk Appetite Statements.

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**29. INSURANCE RISK**

**29.1 Nature of risk**

The Company principally issues the following types of general insurance contracts: Motor, Household and Commercial Fire, Business Interruption, Personal Accident, Marine Cargo, Extended Warranty and other Miscellaneous commercial contracts. Risks under these contracts usually cover a twelve-month duration other than Contractors' All Risk & Engineering and Extended Warranty which may be extended for more than a year. For general insurance contracts, the most significant risk arises from the frequency and severity of the claims experience. These risks vary significantly in relation to the location of risk, type of risk insured and industry.

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

The above risks are mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The volatility of risks is mitigated by implementation of underwriting strategies and claims management policies which attempt to minimize risks while at the same time encouraging reduction in the time taken to settle claims.

The Company operates under established underwriting guidelines and prescribed authority limits. It mitigates its risk exposure through reinsurance programs and by continuously monitoring reinsurers' aggregate exposures against internal thresholds. In addition, claims exposure is controlled both at the individual-contract level and on a single-loss-event basis—for example, floods, fires, or accidents affecting multiple insureds.

**29.2 Concentration of insurance risk by type of contract**

The table below sets out the concentration of insurance contract liabilities and reinsurance contract assets by types of contracts issued:

	<b>Insurance contract liabilities RM'000</b>	<b>Reinsurance contract assets RM'000</b>	<b>Net RM'000</b>
<b>2025</b>			
Motor	2,520,411	(99,040)	2,421,371
Fire	277,852	(145,220)	132,632
Personal accident	17,484	(3,767)	13,717
Miscellaneous	398,047	(235,784)	162,263
	<u>3,213,794</u>	<u>(483,811)</u>	<u>2,729,983</u>

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**29. INSURANCE RISK (CONT'D.)**

**29.2 Concentration of insurance risk by type of contract (Cont'd.)**

The table below sets out the concentration of insurance contract liabilities and reinsurance contract assets by types of contracts issued (Cont'd.):

	<b>Insurance contract liabilities RM'000</b>	<b>Reinsurance contract assets RM'000</b>	<b>Net RM'000</b>
<b>2024</b>			
Motor	2,527,280	(42,137)	2,485,143
Fire	272,077	(81,757)	190,320
Personal accident	23,273	(2,703)	20,570
Miscellaneous	360,399	(246,625)	113,774
	<u>3,183,029</u>	<u>(373,222)</u>	<u>2,809,807</u>

Included in motor insurance contract liabilities is the Company's proportionate share of LFRC and LFIC in MMIP of RM1.4 million and RM8.4 million, respectively (2024: LFRC of RM0.8 million and LFIC of RM10.1 million).

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance**

The insurance contract liabilities comprised of LFRC and LFIC and are computed in accordance with sound actuarial principles and MFRS 17 standards. Similarly, the reinsurance contract assets comprised of AFRC and ARIC and are also computed in accordance with sound actuarial principles and MFRS 17 standards.

**LFIC**

The estimate of LFIC are made up of the following components:

- The best estimate value of the outstanding claim payments associated with all claims that have been incurred as at the valuation date;
- An estimate for future claims handling expenses ("CHE") associated with the outstanding claim payments;
- Other attributable non-acquisition related expenses that have not yet been paid; and
- The risk adjustment for non-financial risk.

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**29. INSURANCE RISK (CONT'D.)**

***29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)***

***LFRC***

The estimate of LFRC is made up of the following components:

- Premium received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period;
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the LFIC; and
- plus loss component established for an onerous group.

***AFRC***

The estimates of AFRC are made up of the following components:

- Premium paid to reinsurers in the period;
- minus the amount recognised for services provided in that period;
- minus any investment component paid or transferred to the ARIC; and
- plus loss-recovery component established for a direct onerous group reinsured.

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**29. INSURANCE RISK (CONT'D.)**

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

**ARIC**

The estimates of ARIC are made up of the following components:

- The best estimate value of the reinsurance recoverables associated with all claims that have been incurred as at the valuation date;
- An estimate for the non-performance risk ("NPR") of reinsurers associated with the reinsurance recoverables; and
- The risk adjustment for non-financial risk.

**29.3.1 Valuation methodology**

The valuation methods employed are generally accepted actuarial methods. The following methods have been employed to analyse the experience and to derive the Best Estimate of LFIC:

- Paid Chain Ladder ("PCL") or Incurred Chain Ladder ("ICL");
- Bornhuetter-Ferguson ("BF"); and
- Expected Loss Ratio ("ELR").

The method(s) employed for each valuation group take into account factors such as characteristics of the claims, recent trends in claims experience, size and stability of each valuation group.

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**29. INSURANCE RISK (CONT'D.)**

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

**29.3.2 Key assumptions**

The principal assumption underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience.

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

**29.3.3 Discounting**

The Company applies the bottom-up approach when deriving its discount rates for discounting the LFIC and ARIC as disclosed in Note 2.5(a)(vi)(iii).

The table below sets out the six-month, one, two and three year yield curves (risk-free rate plus illiquidity premium) used to discount the cash flows of insurance contracts issued and reinsurance contracts held by the Company :

	<b>6 months</b>	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>
2025	2.77%	2.84%	2.97%	3.09%
2024	3.14%	3.29%	3.45%	3.55%

The illiquidity premium was floored to zero in the current financial year as it was deemed immaterial after assessing the duration of liabilities and the assets backing it.

**29.3.4 Sensitivities**

The LFIC are sensitive to the key assumptions shown on the next page. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis on the next page is performed for reasonably possible movements in the key assumption with all other assumptions held constant, showing the impact on LFIC, ARIC, profit before taxation and equity. The correlation of assumptions will have a significant effect in determining the ultimate claim liabilities, but to demonstrate the impact due to changes in assumption, the assumption had to be changed on an individual basis.

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**29. INSURANCE RISK (CONT'D.)**

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

**29.3.4 Sensitivities (Cont'd.)**

	Change in assumption of attrition ultimate claims ratio	Impact on liabilities for incurred claims RM'000	Increase/(decrease)		
			Impact on amounts recoverable on incurred claims RM'000	Impact on profit before taxation RM'000	Impact on equity*
<b>2025</b>					
Expected Loss	+3.8%	64,304	(13,478)	(50,826)	(38,628)
Change in percentile for Motor Act Risk Adjustment	+15th percentile	66,194	(2,187)	(64,007)	(48,645)
Interest Rate	-1.1%	28,054	(1,414)	(26,640)	(20,246)
Expected Loss	-3.8%	(64,304)	13,478	50,826	38,628
Change in percentile for Motor Act Risk Adjustment	-15th percentile	(43,288)	1,430	41,858	31,812
Interest Rate	+1.1%	(32,175)	2,322	29,853	22,688

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29. INSURANCE RISK (CONT'D.)

29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)

29.3.4 Sensitivities (Cont'd.)

	Change in assumption of attrition ultimate claims ratio	<----- Increase/(decrease) ----->			
		Impact on liabilities for incurred claims RM'000	Impact on amounts recoverable on incurred claims RM'000	Impact on profit before taxation RM'000	Impact on equity*
<b>2024</b>					
Expected Loss	+4.6%	117,337	(14,949)	(102,388)	(77,815)
Change in percentile for Motor Act Risk Adjustment	+15th percentile	72,862	(2,247)	(70,615)	(53,667)
Interest Rate	-1.6%	43,287	(5,506)	(37,781)	(28,714)
Expected Loss	-4.6%	(117,337)	14,949	102,388	77,815
Change in percentile for Motor Act Risk Adjustment	-15th percentile	(47,424)	1,463	45,961	34,930
Interest Rate	+1.6%	(40,805)	5,225	35,580	27,041

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

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## **29. INSURANCE RISK (CONT'D.)**

### **29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

#### **29.3.5 Claims development table**

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

As required by MFRS 17, in setting provisions for claims, the Company gives consideration to the probability and magnitude of future claim experience being more adverse than assumed and exercises a degree of caution in setting the reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin to provide necessary confidence in adequacy is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

While the information in the tables provide a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the Company believes that the estimates of total claims outstanding as of the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

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## 29. INSURANCE RISK (CONT'D.)

## 29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)

## 29.3.5 Claims development table (Cont'd.)

## Gross liabilities for incurred claims for 2025:

Accident year	Before 2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	1,517,112	1,495,579	1,490,646	1,420,967	1,518,754	1,286,213	1,254,353	1,669,525			
One year later	1,511,540	1,492,734	1,480,037	1,423,179	1,345,480	1,325,967	1,555,019				
Two years later	1,463,493	1,460,622	1,426,476	1,303,611	1,278,356	1,387,535					
Three years later	1,417,423	1,410,291	1,385,370	1,244,145	1,279,830						
Four years later	1,391,497	1,400,646	1,234,765	1,276,202							
Five years later	1,393,703	1,457,060	1,165,931								
Six years later	1,386,623	1,497,883									
Seven years later	1,407,384										
<b>Current estimate of cumulative claims incurred</b>	<b>1,407,384</b>	<b>1,497,883</b>	<b>1,165,931</b>	<b>1,276,202</b>	<b>1,279,830</b>	<b>1,387,535</b>	<b>1,555,019</b>	<b>1,669,525</b>			
At end of accident year	(583,198)	(566,385)	(573,631)	(481,212)	(434,418)	(409,541)	(595,315)	(615,951)			
One year later	(1,015,594)	(970,863)	(915,593)	(819,068)	(880,344)	(945,444)	(1,032,470)				
Two years later	(1,182,253)	(1,133,112)	(1,063,750)	(1,050,731)	(1,036,771)	(1,101,371)					
Three years later	(1,264,169)	(1,221,914)	(1,209,428)	(1,097,312)	(1,135,758)						
Four years later	(1,312,936)	(1,311,090)	(1,079,316)	(1,129,525)							
Five years later	(1,349,164)	(1,398,108)	(1,107,864)								
Six years later	(1,363,467)	(1,414,103)									
Seven years later	(1,380,038)										
<b>Cumulative payments to-date</b>	<b>(1,380,038)</b>	<b>(1,414,103)</b>	<b>(1,107,864)</b>	<b>(1,129,525)</b>	<b>(1,135,758)</b>	<b>(1,101,371)</b>	<b>(1,032,470)</b>	<b>(615,951)</b>			
<b>Gross general insurance claim liabilities (direct and facultative)</b>	<b>27,346</b>	<b>83,780</b>	<b>58,067</b>	<b>146,677</b>	<b>144,072</b>	<b>286,164</b>	<b>522,549</b>	<b>1,053,574</b>	<b>2,322,229</b>	<b>9,138</b>	<b>2,331,367</b>
Effect of Discounting											(90,043)
Liability for incurred claims payable											20,390
<b>Gross liability for incurred claims</b>											<b>2,261,714</b>

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**29. INSURANCE RISK (CONT'D.)**

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

**29.3.5 Claims development table (Cont'd.)**

Net liabilities for incurred claims for 2025:

Accident year	Before 2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	1,335,538	1,317,823	1,286,789	1,157,862	1,232,022	1,183,489	1,167,396	1,488,955			
One year later	1,373,395	1,337,377	1,299,850	1,131,237	1,088,473	1,229,510	1,405,726				
Two years later	1,340,386	1,317,351	1,259,916	1,024,762	1,145,421	1,296,791					
Three years later	1,289,122	1,280,069	1,226,660	912,591	1,198,549						
Four years later	1,272,649	1,273,050	1,063,549	911,577							
Five years later	1,276,873	1,331,303	1,049,383								
Six years later	1,267,413	1,322,298									
Seven years later	1,285,334										
<b>Current estimate of cumulative claims incurred</b>	<b>1,285,334</b>	<b>1,322,298</b>	<b>1,049,383</b>	<b>911,577</b>	<b>1,198,549</b>	<b>1,296,791</b>	<b>1,405,726</b>	<b>1,488,955</b>			
At end of accident year	(544,095)	(540,886)	(553,712)	(446,712)	(409,245)	(386,891)	(564,572)	(577,493)			
One year later	(939,185)	(894,557)	(850,199)	(696,006)	(752,208)	(888,991)	(954,901)				
Two years later	(1,090,673)	(1,036,378)	(989,154)	(847,868)	(971,363)	(1,034,842)					
Three years later	(1,164,699)	(1,119,225)	(1,124,538)	(814,719)	(1,064,610)						
Four years later	(1,203,532)	(1,198,169)	(983,738)	(845,025)							
Five years later	(1,236,153)	(1,282,104)	(1,007,353)								
Six years later	(1,250,179)	(1,296,137)									
Seven years later	(1,264,303)										
<b>Cumulative payments to-date</b>	<b>(1,264,303)</b>	<b>(1,296,137)</b>	<b>(1,007,353)</b>	<b>(845,025)</b>	<b>(1,064,610)</b>	<b>(1,034,842)</b>	<b>(954,901)</b>	<b>(577,493)</b>			
<b>Net general insurance claim liabilities (direct and facultative), gross of impairment loss on reinsurance contract assets</b>	<b>21,031</b>	<b>26,161</b>	<b>42,030</b>	<b>66,552</b>	<b>133,939</b>	<b>261,949</b>	<b>450,825</b>	<b>911,462</b>	<b>1,913,949</b>	<b>9,011</b>	<b>1,922,960</b>
Effect of Discounting											(85,759)
Asset for incurred claims receivable											(22,208)
<b>Net liability for incurred claims</b>											<b>1,814,993</b>

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**29. INSURANCE RISK (CONT'D.)**

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

**29.3.5 Claims development table (Cont'd.)**

**Gross liabilities for incurred claims for 2024:**

Accident year	Before 2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024* RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	1,643,540	1,517,112	1,495,579	1,490,646	1,420,967	1,518,754	1,286,213	1,254,353			
One year later	1,638,506	1,511,540	1,492,734	1,480,037	1,423,179	1,345,480	1,325,967				
Two years later	1,598,041	1,463,493	1,460,622	1,426,476	1,303,611	1,278,356					
Three years later	1,532,075	1,417,423	1,410,291	1,385,370	1,244,145						
Four years later	1,462,334	1,391,497	1,400,646	1,234,765							
Five years later	1,449,328	1,393,703	1,457,060								
Six years later	1,436,468	1,386,623									
Seven years later	2,032,347										
<b>Current estimate of cumulative claims incurred</b>	<b>2,032,347</b>	<b>1,386,623</b>	<b>1,457,060</b>	<b>1,234,765</b>	<b>1,244,145</b>	<b>1,278,356</b>	<b>1,325,967</b>	<b>1,254,353</b>			
At end of accident year	(561,980)	(583,198)	(566,385)	(573,631)	(481,212)	(434,418)	(409,541)	(595,315)			
One year later	(1,105,207)	(1,015,594)	(970,863)	(915,593)	(819,068)	(880,344)	(945,444)				
Two years later	(1,294,339)	(1,182,253)	(1,133,112)	(1,063,750)	(1,050,731)	(1,036,771)					
Three years later	(1,360,223)	(1,264,169)	(1,221,914)	(1,209,428)	(1,097,312)						
Four years later	(1,389,833)	(1,312,936)	(1,311,090)	(1,079,316)							
Five years later	(1,403,551)	(1,349,164)	(1,398,108)								
Six years later	(1,423,448)	(1,363,467)									
Seven years later	(1,417,001)										
<b>Cumulative payments to-date</b>	<b>(1,417,001)</b>	<b>(1,363,467)</b>	<b>(1,398,108)</b>	<b>(1,079,316)</b>	<b>(1,097,312)</b>	<b>(1,036,771)</b>	<b>(945,444)</b>	<b>(595,315)</b>			
<b>Gross general insurance claim liabilities (direct and facultative)</b>	<b>615,346</b>	<b>23,156</b>	<b>58,952</b>	<b>155,449</b>	<b>146,833</b>	<b>241,585</b>	<b>380,523</b>	<b>659,038</b>	<b>2,280,882</b>	<b>13,178</b>	<b>2,294,060</b>
Effect of Discounting											(97,821)
Liability for incurred claims payable											19,749
<b>Gross liability for incurred claims</b>											<b>2,215,988</b>

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**29. INSURANCE RISK (CONT'D.)**

**29.3 Insurance contract liabilities and reinsurance contract assets for general insurance (Cont'd.)**

**29.3.5 Claims development table (Cont'd.)**

**Net liabilities for incurred claims for 2024:**

Accident year	Before 2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024* RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At end of accident year	1,358,664	1,335,538	1,317,823	1,286,789	1,157,862	1,232,022	1,183,489	1,167,396			
One year later	1,401,176	1,373,395	1,337,377	1,299,850	1,131,237	1,088,473	1,229,510				
Two years later	1,362,750	1,340,386	1,317,351	1,259,916	1,024,762	1,145,421					
Three years later	1,302,614	1,289,122	1,280,069	1,226,660	912,591						
Four years later	1,238,315	1,272,649	1,273,050	1,063,549							
Five years later	1,226,779	1,276,873	1,331,303								
Six years later	1,218,333	1,267,413									
Seven years later	1,719,109										
<b>Current estimate of cumulative claims incurred</b>	<b>1,719,109</b>	<b>1,267,413</b>	<b>1,331,303</b>	<b>1,063,549</b>	<b>912,591</b>	<b>1,145,421</b>	<b>1,229,510</b>	<b>1,167,396</b>			
At end of accident year	(516,276)	(544,095)	(540,886)	(553,712)	(446,712)	(409,245)	(386,891)	(564,572)			
One year later	(927,110)	(939,185)	(894,557)	(850,199)	(696,006)	(752,208)	(888,991)				
Two years later	(1,089,815)	(1,090,673)	(1,036,378)	(989,154)	(847,868)	(971,363)					
Three years later	(1,151,504)	(1,164,699)	(1,119,225)	(1,124,538)	(814,719)						
Four years later	(1,176,978)	(1,203,532)	(1,198,169)	(983,738)							
Five years later	(1,189,286)	(1,236,153)	(1,282,104)								
Six years later	(1,206,925)	(1,250,179)									
Seven years later	(1,187,559)										
<b>Cumulative payments to-date</b>	<b>(1,187,559)</b>	<b>(1,250,179)</b>	<b>(1,282,104)</b>	<b>(983,738)</b>	<b>(814,719)</b>	<b>(971,363)</b>	<b>(888,991)</b>	<b>(564,572)</b>			
<b>Net general insurance claim liabilities (direct and facultative), gross of impairment loss on reinsurance contract assets</b>	<b>531,550</b>	<b>17,234</b>	<b>49,199</b>	<b>79,811</b>	<b>97,872</b>	<b>174,058</b>	<b>340,519</b>	<b>602,824</b>	<b>1,893,067</b>	<b>13,060</b>	<b>1,906,127</b>
Effect of Discounting											(65,921)
Asset for incurred claims receivable											(31,177)
<b>Net liability for incurred claims</b>											<b>1,809,029</b>

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**30. FINANCIAL RISK**

**30.1 Credit risk**

Credit risk is defined as the risk of possible losses resulting from asset defaults; and related losses due to the inability or unwillingness of a counterparty to fully meet its contractual financial obligations.

The Company's significant credit exposures include:

- Investment credit risk – financial loss arising from default of the fixed income securities / debt securities issuer. The investment credit risk is according to the Rating Agency of Malaysia's ("RAM") (Note 30.1.1).
- Reinsurance counterparty risk – financial loss arising from a reinsurer's default, or the deterioration of the reinsurer's financial position.
- Insurance and other receivables credit risk - financial loss arising from default by insured, agents or other counterparties in the normal course of business; and staff loans and other receivables.

***Reinsurance counterparty risk***

The Company is exposed to the following reinsurance counterparty risk:

- as a result of debts arising from claims made by the Company but not yet paid by the reinsurer;
- from reinsurance premium payments made to the reinsurer in advance; and

The Company monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company typically cedes businesses to regulated reinsurers that have a strong credit rating and concentration risks are avoided by adhering to internal policies and guidelines in respect of counterparties' limit that have been set.

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**30. FINANCIAL RISK (CONT'D.)**

**30.1 Credit risk (Cont'd.)**

***Insurance and other receivables credit risk***

The Company is exposed to insurance receivables credit risk arising from default by insured, agents or other counterparties. One of the credit events would be non-remittance of premium collected on behalf of insureds by the agents. In order to mitigate the insurance receivables credit risk, the Company will give due consideration to the credit quality of an agent before accepting him as an agent and constantly monitor receivable ageing.

The Company has policies to monitor credit risk from these receivables through meetings of the Credit Control Committee, Credit Control Department and Business Units to facilitate monitoring of the outstanding position. The Company also has guidelines to evaluate intermediaries before their appointment as well as setting credit limits to these appointees.

***Loan credit risk***

The Company is exposed to loan credit risk in several different areas, the most material of which is mortgage loans to employees of the Company.

At the reporting date, the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial assets/insurance contracts exposed to credit risk and recognised in the statement of financial position as shown in the table below:

	<b>Note</b>	<b>2025 RM'000</b>	<b>2024 RM'000</b>
AC financial assets:			
Fixed and call deposits	6.1	296,406	479,790
Loans	6.1	123	136
FVOCI financial assets:			
Malaysian government securities	6.3	345,127	393,055
Corporate bonds	6.3	567,295	303,058
Cagamas bonds	6.3	112,554	50,822
Reinsurance contract assets	14	483,811	373,222
Other receivables, excluding MMIP assets	7	43,059	56,896
Cash and short-term deposits	9	103,929	341,139
Total credit risk exposure		<u>1,952,304</u>	<u>1,998,118</u>

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**30. FINANCIAL RISK (CONT'D.)**

**30.1 Credit risk (Cont'd.)**

**30.1.1 Credit exposure by credit rating**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties:

	<b>Investment grade RM'000</b>	<b>Non- investment grade/ unrated RM'000</b>	<b>Total RM'000</b>
<b>2025</b>			
AC financial assets:			
Fixed and call deposits	296,406	-	296,406
Loans	-	123	123
FVOCI financial assets:			
Malaysian government securities	345,127	-	345,127
Corporate bonds	567,295	-	567,295
Cagamas bonds	112,554	-	112,554
Reinsurance contract assets	347,760	136,051	483,811
Other receivables, excluding MMIP assets	12,560	30,499	43,059
Cash and short-term deposits	103,908	21	103,929
Total credit risk exposure	<u>1,785,610</u>	<u>166,694</u>	<u>1,952,304</u>
<b>2024</b>			
AC financial assets:			
Fixed and call deposits	479,790	-	479,790
Loans	-	136	136
FVOCI financial assets:			
Malaysian government securities	393,055	-	393,055
Corporate bonds	303,058	-	303,058
Cagamas bonds	50,822	-	50,822
Reinsurance contract assets	257,414	115,808	373,222
Other receivables, excluding MMIP assets	16,121	40,775	56,896
Cash and short-term deposits	341,096	43	341,139
Total credit risk exposure	<u>1,841,356</u>	<u>156,762</u>	<u>1,998,118</u>

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**30. FINANCIAL RISK (CONT'D.)**

**30.1 Credit risk (Cont'd.)**

**30.1.1 Credit exposure by credit rating (Cont'd.)**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM"). AAA is the highest possible rating.

	<b>Government Guaranteed RM'000</b>	<b>AAA RM'000</b>	<b>AA RM'000</b>	<b>A RM'000</b>	<b>Non-rated RM'000</b>	<b>Total RM'000</b>
<b>2025</b>						
AC financial assets:						
Fixed and call deposits	-	296,406	-	-	-	296,406
Loans	-	-	-	-	123	123
FVOCI financial assets:						
Malaysian government securities	345,127	-	-	-	-	345,127
Corporate bonds	175,257	340,591	51,447	-	-	567,295
Cagamas bonds	-	112,554	-	-	-	112,554
Reinsurance contract assets	-	125	77,736	269,899	136,051	483,811
Other receivables, excluding MMIP assets	4,155	7,758	647	-	30,499	43,059
Cash and short-term deposits	-	86,571	17,337	-	21	103,929
<b>Total credit risk exposure</b>	<b>524,539</b>	<b>844,005</b>	<b>147,167</b>	<b>269,899</b>	<b>166,694</b>	<b>1,952,304</b>

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**30. FINANCIAL RISK (CONT'D.)**

**30.1 Credit risk (Cont'd.)**

**30.1.1 Credit exposure by credit rating (Cont'd.)**

	<b>Government Guaranteed RM'000</b>	<b>AAA RM'000</b>	<b>AA RM'000</b>	<b>A RM'000</b>	<b>Non-rated RM'000</b>	<b>Total RM'000</b>
<b>2024</b>						
AC financial assets:						
Fixed and call deposits	-	404,790	75,000	-	-	479,790
Loans	-	-	-	-	136	136
FVOCI financial assets:						
Malaysian government securities	393,055	-	-	-	-	393,055
Corporate bonds	122,101	159,975	20,982	-	-	303,058
Cagamas bonds	-	50,822	-	-	-	50,822
Reinsurance contract assets	-	312	40,733	216,369	115,808	373,222
Other receivables, excluding MMIP assets	4,272	9,821	2,028	-	40,775	56,896
Cash and short-term deposits	-	190,654	150,442	-	43	341,139
<b>Total credit risk exposure</b>	<b>519,428</b>	<b>816,374</b>	<b>289,185</b>	<b>216,369</b>	<b>156,762</b>	<b>1,998,118</b>

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### **30. FINANCIAL RISK (CONT'D.)**

#### **30.2 *Liquidity risk***

Liquidity risk is the risk that an entity will not have available sufficient cash resources to meet its payment obligations without incurring material additional costs.

The Company will meet its liquidity needs arising in a number of key areas:

- the ability to meet the Company's payment obligations under normal and stressed operating environments without suffering any material loss
- efficient management of additions or withdrawals from the Company's investment funds

Part of the Company's liquidity management strategy is to put in place the necessary framework capable of measuring and reporting on:

- daily cash flows
- minimum liquidity holdings
- cash flow forecasting, for a minimum of 2 months up to a maximum of 1 year
- the composition and market values of the Company's investment portfolios, including liquid holdings
- insurance contract liabilities

For managing the liquidity of the insurance funds, it is appropriate to maintain a certain proportion of the General Insurance Fund in liquid assets which is derived from the investment mandate of the Company.

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**30. FINANCIAL RISK (CONT'D.)**

**30.2 Liquidity risk (Cont'd.)**

**30.2.1 Maturity profiles**

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

For insurance contract liabilities and reinsurance contract assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

	Carrying value RM'000	Up to a year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	No maturity date RM'000	Total RM'000
<b>2025</b>									
Financial investments:									
AC	296,529	296,504	11	10	7	7	88	-	296,627
FVTPL	3,617,928	-	-	-	-	-	-	3,617,928	3,617,928
FVOCI	1,024,976	180,783	276,200	166,996	197,630	53,030	285,649	-	1,160,288
	4,939,433	477,287	276,211	167,006	197,637	53,037	285,737	3,617,928	5,074,843
Reinsurance contract assets - ARIC	446,721	358,235	104,083	19,707	(2,595)	(19,371)	(9,053)	-	451,006
Other receivables, excluding MMIP assets	43,059	43,059	-	-	-	-	-	-	43,059
Cash and short-term deposits	103,929	103,929	-	-	-	-	-	-	103,929
<b>Total financial assets</b>	<b>5,533,142</b>	<b>982,510</b>	<b>380,294</b>	<b>186,713</b>	<b>195,042</b>	<b>33,666</b>	<b>276,684</b>	<b>3,617,928</b>	<b>5,672,837</b>
Insurance contract liabilities - LFIC	2,261,714	1,270,827	551,558	263,586	123,759	64,681	77,348	-	2,351,759
Lease liabilities	22,147	7,905	6,891	6,526	897	52	-	-	22,271
Other payables - financial liabilities	52,136	52,136	-	-	-	-	-	-	52,136
<b>Total financial liabilities</b>	<b>2,335,997</b>	<b>1,330,868</b>	<b>558,449</b>	<b>270,112</b>	<b>124,656</b>	<b>64,733</b>	<b>77,348</b>	<b>-</b>	<b>2,426,166</b>
<b>Total liquidity surplus/(gap)</b>	<b>3,197,145</b>	<b>(348,358)</b>	<b>(178,155)</b>	<b>(83,399)</b>	<b>70,386</b>	<b>(31,067)</b>	<b>199,336</b>	<b>3,617,928</b>	<b>3,246,671</b>

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**30. FINANCIAL RISK (CONT'D.)**

**30.2 Liquidity risk (Cont'd.)**

**30.2.1 Maturity profiles (Cont'd.)**

	Carrying value RM'000	Up to a year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	No maturity date RM'000	Total RM'000
<b>2024</b>									
Financial investments:									
AC	479,926	479,903	12	11	10	7	95	-	480,038
FVTPL	3,687,846	-	-	-	-	-	-	3,687,846	3,687,846
FVOCI	746,935	118,057	175,593	249,321	97,395	77,781	123,161	-	841,308
	4,914,707	597,960	175,605	249,332	97,405	77,788	123,256	3,687,846	5,009,192
Reinsurance contract assets - ARIC	406,959	338,805	28,099	19,985	13,778	8,478	29,537	-	438,682
Other receivables, excluding MMIP assets	56,896	56,896	-	-	-	-	-	-	56,896
Cash and short-term deposits	341,139	341,139	-	-	-	-	-	-	341,139
<b>Total financial assets</b>	<b>5,719,701</b>	<b>1,334,800</b>	<b>203,704</b>	<b>269,317</b>	<b>111,183</b>	<b>86,266</b>	<b>152,793</b>	<b>3,687,846</b>	<b>5,845,909</b>
Insurance contract liabilities - LFIC	2,215,988	1,371,158	456,759	225,016	122,699	66,926	88,595	-	2,331,153
Lease liabilities	27,388	8,230	6,441	5,975	5,891	880	51	-	27,468
Other payables - financial liabilities	54,684	54,684	-	-	-	-	-	-	54,684
<b>Total financial liabilities</b>	<b>2,298,060</b>	<b>1,434,072</b>	<b>463,200</b>	<b>230,991</b>	<b>128,590</b>	<b>67,806</b>	<b>88,646</b>	<b>-</b>	<b>2,413,305</b>
<b>Total liquidity surplus/(gap)</b>	<b>3,421,641</b>	<b>(99,272)</b>	<b>(259,496)</b>	<b>38,326</b>	<b>(17,407)</b>	<b>18,460</b>	<b>64,147</b>	<b>3,687,846</b>	<b>3,432,604</b>

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**30. FINANCIAL RISK (CONT'D.)**

**30.2 Liquidity risk (Cont'd.)**

**30.2.1 Maturity profiles (Cont'd.)**

The table below summarizes the expected utilization or settlement of assets and liabilities by classifying them into Current and Non-current categories:

	<b>Current*</b> <b>RM'000</b>	<b>Non- current</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2025</b>			
<b>Assets</b>			
Property and equipment	-	74,561	74,561
Investments properties	-	30,516	30,516
Right-of-use assets	6,801	13,450	20,251
Intangible assets	-	13,867	13,867
Investments	4,095,215	844,218	4,939,433
Reinsurance contract assets	375,741	108,070	483,811
Other receivables	43,059	35,332	78,391
Deferred tax assets	-	16,200	16,200
Current tax assets	29,266	-	29,266
Cash and short-term deposits	103,929	-	103,929
<b>Total assets</b>	<b>4,654,011</b>	<b>1,136,214</b>	<b>5,790,225</b>
<b>Liabilities</b>			
Insurance contract liabilities	2,158,782	1,055,012	3,213,794
Lease liabilities	7,905	14,242	22,147
Other payables	221,445	2,444	223,889
Provision for retirement benefits	1,436	13,447	14,883
<b>Total liabilities</b>	<b>2,389,568</b>	<b>1,085,145</b>	<b>3,474,713</b>

\* Expected maturities within 12 months from the reporting date.

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**30. FINANCIAL RISK (CONT'D.)**

**30.2 Liquidity risk (Cont'd.)**

**30.2.1 Maturity profiles (Cont'd.)**

The table below summarizes the expected utilization or settlement of assets and liabilities by classifying them into Current and Non-current categories (Cont'd.):

	<b>Current*</b> <b>RM'000</b>	<b>Non- current</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2024</b>			
<b>Assets</b>			
Property and equipment	-	79,342	79,342
Investments properties	-	30,636	30,636
Right-of-use assets	1,420	23,612	25,032
Intangible assets	-	18,214	18,214
Investments	4,285,806	628,901	4,914,707
Reinsurance contract assets	-	373,222	373,222
Other receivables	56,896	36,344	93,240
Deferred tax assets	-	18,885	18,885
Cash and short-term deposits	341,139	-	341,139
Non-current assets held for sale	4,325	-	4,325
<b>Total assets</b>	<b>4,689,586</b>	<b>1,209,156</b>	<b>5,898,742</b>
<b>Liabilities</b>			
Insurance contract liabilities	2,066,934	1,116,095	3,183,029
Lease liabilities	8,230	19,158	27,388
Provision for taxation	25,907	-	25,907
Other payables	276,683	2,246	278,929
Provision for retirement benefits	1,173	13,358	14,531
<b>Total liabilities</b>	<b>2,378,927</b>	<b>1,150,857</b>	<b>3,529,784</b>

\* Expected maturities within 12 months from the reporting date.

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**30. FINANCIAL RISK (CONT'D.)**

**30.3 Market risk**

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets of the Company. A risk of loss also arises from volatility in asset prices, interest rates, or exchange rates.

The Company has policies and limits to manage market risk. The market risk is managed through portfolio diversification and changes in assets allocation. The Company's policies on assets allocation, portfolio limit structure and diversification benchmark is aligned with the Company's risk appetite after taking cognizance of the regulatory requirements in respect of maintenance of assets and solvency.

**30.3.1 Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the reporting date, the Company has no significant exposure to foreign exchange risk.

The Company does not engage in derivative transactions for speculative purposes.

**30.3.2 Interest rate risk**

Interest rate risk is the risk of fluctuations in fair value or future cash flows of a financial instrument arising from volatility in interest rates.

The Company is exposed to interest rate risk through direct investments in fixed income securities. Day-to-day investment decisions around the management of interest rate risk and its impact on the value of the Company's investments are largely undertaken on behalf of the Company by approved fund managers, in accordance with the fund information memorandum/prospectus disclosed by the fund management houses. The fund managers will assess the extent of interest rate risk allowed by the fund as set out in the fund objectives and relative to the defined performance benchmarks. The methodology to manage interest rate risk within each specific fund is an integral part of the fund manager's approach adopted.

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**30. FINANCIAL RISK (CONT'D.)**

**30.3 Market risk (Cont'd.)**

**30.3.2 Interest rate risk (Cont'd.)**

The following table demonstrates the sensitivity to a reasonable change in interest rates on the fair value or future cash flows of debt securities:

		<b>(Decrease)/Increase</b>	
		<b>2025</b>	<b>2024</b>
	<b>Change in variables</b>	<b>Impact on equity* RM'000</b>	<b>Impact on equity* RM'000</b>
Parallel shift in yield curve	+50 bps	(11,482)	(8,175)
Parallel shift in yield curve	-50 bps	11,482	8,175

\* impact on equity reflects adjustment for tax, where applicable.

The method used to derive sensitivity information and the significant assumptions have been changed to the modified-duration method compared with the prior year.

**30.3.3 Other market risk**

The fair value of future cash flows of a financial instrument will also fluctuate because of the changes in market prices (other than those arising from interest rate risk or currency risk), regardless of whether those changes are caused by factors specific to the individual financial statements or its issuer or factors affecting similar financial instruments traded in the market. Currently the Company has no significant exposure to these risks, except for the investment in Collective Investment Schemes measured at FVTPL.

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**30. FINANCIAL RISK (CONT'D.)**

**30.3 Market risk (Cont'd.)**

**30.3.3 Other market risk (Cont'd.)**

The following table demonstrates the sensitivity to a reasonable change in market indices on the equity securities, as well as collective investment schemes and quoted unit and property trust funds:

	Change in variables	<----- 2025 ----->		<----- 2024 ----->	
		Impact on profit before taxation RM'000	Impact on equity* RM'000	Impact on profit before taxation RM'000	Impact on equity* RM'000
<b>Equity securities:</b>					
Market price	+5%	3,351	2,547	3,113	2,366
Market price	-5%	(3,351)	(2,547)	(3,113)	(2,366)
<b>Unit and property trust funds:</b>					
Market price	+5%	525	399	361	274
Market price	-5%	(525)	(399)	(361)	(274)
<b>Collective investment schemes:</b>					
Net asset value	+5%	177,020	134,535	180,919	137,498
Net asset value	-5%	(177,020)	(134,535)	(180,919)	(137,498)

\* impact on equity reflects adjustment for tax, where applicable.

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

**30.4 Operational risk**

Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is inherent in all activities, products and services of financial institutions and can transverse multiple activities and business lines within the financial institutions. It includes a wide spectrum of heterogeneous risks such as fraud, physical damage, business disruption, cyber-attack, technology failures, transaction failures, legal and regulatory breaches, as well as employee health and safety hazards. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

However, by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage these risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, as well as the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

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**31. FAIR VALUE HIERARCHY**

The table below analyses those financial instruments carried at fair value and assets for which fair value is disclosed by their valuation methods.

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which all inputs that are significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2025</b>					
<b>Assets measured at fair value on a recurring basis:</b>					
FVTPL financial assets:					
Quoted equity securities	6.2	67,025	-	-	67,025
Unit and property trust funds	6.2	10,497	-	-	10,497
Collective investment schemes:					
Investment in subsidiaries	6.4	3,016,057	-	-	3,016,057
Investment in others	6.2	524,349	-	-	524,349
FVOCI financial assets:					
Malaysian government securities	6.3	-	345,127	-	345,127
Corporate bonds	6.3	-	567,295	-	567,295
Cagamas bonds	6.3	-	112,554	-	112,554
Unquoted equity securities in Malaysia*	6.3	-	-	-	-
Investment properties	11	-	-	30,516	30,516
		<u>3,617,928</u>	<u>1,024,976</u>	<u>30,516</u>	<u>4,673,420</u>

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**31. FAIR VALUE HIERARCHY (CONT'D.)**

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2024</b>					
<b>Assets measured at fair value on a recurring basis:</b>					
FVTPL financial assets:					
Quoted equity securities	6.2	62,265	-	-	62,265
Unit and property trust funds	6.2	7,211	-	-	7,211
Collective investment schemes:					
Investment in subsidiaries	6.4	3,099,648	-	-	3,099,648
Investment in others	6.2	518,722	-	-	518,722
FVOCI financial assets:					
Malaysian government securities	6.3	-	393,055	-	393,055
Corporate bonds	6.3	-	303,058	-	303,058
Cagamas bonds	6.3	-	50,822	-	50,822
Unquoted equity securities in Malaysia*	6.3	-	-	-	-
Investment properties	11	-	-	30,636	30,636
		<u>3,687,846</u>	<u>746,935</u>	<u>30,636</u>	<u>4,465,417</u>

\* This denotes that the fair value of unquoted equity securities as at 31 December 2025/2024 is RM1.

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**32. REGULATORY CAPITAL REQUIREMENTS**

The total capital available of the Company as at reporting date, as prescribed under the RBC Framework by BNM is provided below:

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 capital</b>		
Fully paid-up ordinary shares (Note 12)	2,906,070	2,906,070
Paid-up non-cumulative irredeemable preference shares (Note 12)	61,000	61,000
Retained earnings	427,282	435,892
Merger reserves	<u>(1,099,025)</u>	<u>(1,099,025)</u>
	<u>2,295,327</u>	<u>2,303,937</u>
<b>Tier 2 capital</b>		
FVOCI reserves	6,585	1,241
Revaluation reserves	850	747
	<u>7,435</u>	<u>1,988</u>
Amounts deducted from capital	<u>(65,859)</u>	<u>(73,670)</u>
Total capital available	<u>2,236,903</u>	<u>2,232,255</u>

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

**33. INSURANCE FUND**

The Company's activities are organized by funds and segregated into Insurance and Shareholder's Funds in accordance with the Financial Services Act, 2013.

The Insurance and Shareholder's Funds have been presented together as one fund in the Company's statement of financial position, income statement and statement of comprehensive income.

The general insurance business offers general insurance products which include Motor, Fire, Personal Accident, Medical & Health, Marine, Aviation and Transit and Miscellaneous products.

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**34. SIGNIFICANT EVENTS**

**The Malaysian Competition Commission ("MyCC")'s decision against Persatuan Insuran Am Malaysia ("PIAM") and its 22 members**

On 22 February 2017, the Malaysian Competition Commission ("MyCC") issued a proposed decision against Persatuan Insuran Am Malaysia ("PIAM") and 22 of its member general insurers, including Liberty General Insurance Berhad ("LGIB" or "the Company") and its predecessor entities (AmGeneral Insurance Berhad and the former Liberty Insurance Berhad), alleging an infringement of Section 4(2)(a) of the Competition Act 2010 ("the Act") in relation to the fixing of parts trade discounts and labour rates under the PIAM Approved Repairers Scheme. On 14 September 2020, MyCC delivered its final decision in which MyCC concluded that PIAM and the 22 insurers have infringed the Section 4 prohibition of the Act. MyCC imposed financial penalties on the 22 insurers, with the amount attributable to the Company totalling RM21.8 million.

PIAM and the affected insurers denied the alleged infringement, maintaining that the engagement with the Federation of Automobile Workshop Owners was undertaken pursuant to a directive from Bank Negara Malaysia. Appeals were filed with the Competition Appeal Tribunal ("COMPAT"), and on 2 September 2022, COMPAT ruled in favour of the insurers and set aside MyCC's decision.

MyCC subsequently sought judicial review of COMPAT's decision. The High Court dismissed MyCC's application for leave on 16 January 2024, following which MyCC filed an appeal to the Court of Appeal. The Court of Appeal has fixed the hearing of the appeal on 30 April 2026.

As at the date of the financial statements, there have been no further developments in this matter. Based on legal advice and the current status of the proceedings, no provision has been made in the financial statements.