



**MAYBANK AGEAS HOLDINGS BERHAD  
(33361-W)  
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements  
31 December 2016**

**33361-W**

**MAYBANK AGEAS HOLDINGS BERHAD  
(Incorporated in Malaysia)**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' Report	1 - 7
Statement by Directors	8
Statutory Declaration	8
Independent Auditors' Report	9 - 12
Statements of Financial Position	13
Income Statements	14 - 15
Statements of Comprehensive Income	16
Statements of Changes in Equity	17 - 18
Statements of Cash Flows	19 - 22
Notes to the Financial Statements	23 - 209

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and the provision of shared services to its subsidiaries on a reimbursement basis. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

**RESULTS**

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Net profit for the financial year attributable to the equity holders of the Company	<u>605,573</u>	<u>299,221</u>

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

In the opinion of the directors, the results of the operations of the Group and 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 dividend paid by the Company since 31 December 2015 was as follows:

	<b>RM'000</b>
In respect of financial year ended 31 December 2015, final dividend of:	
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	<u>250,241</u>

The final dividend was declared on 5 April 2016 and paid on 23 June 2016.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**MAYBANK GROUP EMPLOYEE SHARE SCHEME ("ESS")**

The Maybank Group ESS is governed by the by-laws approved by the shareholders of the ultimate holding company, Malayan Banking Berhad ("MBB"), at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011. It is in force for a maximum period of seven (7) years from the effective date and is administered by the ESS Committee. The ESS consists of two (2) types of performance-based awards in the form of Employee Share Option Scheme ("ESOS") and Restricted Share Unit ("RSU").

The maximum number of ordinary shares of RM1 each in MBB available under the ESS should not exceed 10% of the total number of issued and paid-up capital of MBB at any point of time during the duration of the scheme.

**DIRECTORS**

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor (Chairman)	(Appointed on 1 March 2016)
Bart K. A. De Smet (Vice Chairman)	
Gary Lee Crist	
Datuk Abdul Farid bin Alias	
Datuk R Karunakaran	(Appointed on 1 March 2016)
Dato' Mohd Salleh Hj. Harun	(Resigned on 1 March 2016)
Dato' Johan Ariffin	(Resigned on 1 March 2016)

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the ESOS and the RSU pursuant to the ESS.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' BENEFITS (CONTD.)**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Notes 33 and 42 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, ESOS and RSU of the ultimate holding company, MBB, during the financial year were as follows:

	As at 1.1.2016/ Date of Appointment	Number of Ordinary Shares of RM1.00 each			As at 31.12.2016/ Date of Resignation
		Acquired during the year	Issued pursuant to RSU	DRP*	
<b>Direct interest:</b>					
Datuk Abdul Farid bin Alias	156,521	-	69,411	11,622	237,554
Tan Sri Dato' Megat Zaharuddin Megat					
Mohd Nor	44,119	12,700	-	2,269	59,088
Dato' Mohd Salleh Hj. Harun	373,185	-	-	-	373,185
Dato' Johan Ariffin	277,151	-	-	-	277,151
<b>Indirect interest:</b>					
Tan Sri Dato' Megat Zaharuddin Megat					
Mohd Nor <sup>1</sup>	32,669	-	-	1,679	34,348
Tan Sri Dato' Megat Zaharuddin Megat					
Mohd Nor <sup>2</sup>	38,826	-	-	1,994	40,820

<sup>1</sup> Interest by virtue of shares held by spouse.

<sup>2</sup> Interest by virtue of shares held via children's account.

\* DRP = Dividend Reinvestment Plan

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' INTERESTS (CONTD.)**

	Original Exercise Price RM	Granted	Number of share options from ESOS over ordinary shares of RM1.00 each			
			Vested as at 1.1.2016	Vested	Expired	Vested as at 31.12.2016
Datuk Abdul	8.82 <sup>1</sup>	1,000,000 <sup>3</sup>	991,000 <sup>3</sup>	-	(200,000)	791,000
Farid bin Alias	9.91 <sup>2</sup>	1,410,000	510,000	300,000	-	810,000
		<u>2,410,000</u>	<u>1,501,000</u>	<u>300,000</u>	<u>(200,000)</u>	<u>1,601,000</u>

<sup>1</sup> Revised to RM8.71 on 1 November 2016 based on the revision to ESOS First Grant's exercise price.

<sup>2</sup> Revised to RM9.75 on 1 November 2016 based on the revision to ESOS Fourth Grant's exercise price.

<sup>3</sup> Shares options from ESOS granted and vested prior to the appointment as Group President & CEO are 1,000,000 and 575,000 respectively.

	Grant Date	Number of RSU of ordinary shares of RM1.00 each					
		Granted as at 1.1.2016	Adjustment pursuant to DRP	Granted as at 31.12.2016	Vested during the financial year	Not vested during the financial year	Outstanding as at 31.12.2016
Datuk Abdul	30.4.2013	75,000	<sup>^^</sup> 5,661	80,661	(69,411)	(11,250)	-
Farid bin Alias	30.4.2014	200,000	-	200,000	-	-	200,000
	30.4.2015	200,000	-	200,000	-	-	200,000
		<u>475,000</u>	<u>5,661</u>	<u>480,661</u>	<u>(69,411)</u>	<u>(11,250)</u>	<u>400,000</u>

<sup>^^</sup> RSU granted prior to the appointment as MBB Group President and CEO.

The remaining ESOS and RSU which were granted to the director have not been vested as at 31 December 2016. The remaining ESOS and RSU will be vested and exercisable upon the fulfillment of vesting conditions or predetermined performance metrics including service period, performance targets and performance period.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of financial position and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts;
  - (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; and
  - (iii) to ascertain that there was adequate provision for the insurance and takaful contract liabilities of the insurance and takaful subsidiaries in accordance with the valuation methods specified in the Risk-Based Capital ("RBC") Frameworks for Insurers and Takaful Operators issued by Bank Negara Malaysia ("BNM").
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**OTHER STATUTORY INFORMATION (CONTD.)**

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or 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 Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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

**SIGNIFICANT EVENTS**

There were no significant events during the financial year other than as disclosed in Note 48 to the financial statements.

**SUBSEQUENT EVENT**

There were no material events subsequent to the end of the financial year that require disclosures or adjustments to the financial statements.



**33361-W**

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 February 2017.



**TAN SRI DATO' MEGAT ZAHARUDDIN**  
**MEGAT MOHD NOR**



**DATUK ABDUL FARID BIN ALIAS**

33361-W

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor and Datuk Abdul Farid bin Alias, being two of the directors of Maybank Ageas Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 209 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 February 2017.

TAN SRI DATO' MEGAT ZAHARUDDIN  
MEGAT MOHD NOR

DATUK ABDUL FARID BIN ALIAS

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Kamaludin Ahmad, being the officer primarily responsible for the financial management of Maybank Ageas Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 209 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed KAMALUDIN AHMAD  
at Kuala Lumpur in Wilayah  
Persekutuan on 21 February 2017

KAMALUDIN AHMAD

Before me,

Commissioner for Oaths No. W533



205, Jalan Sri Moke Yew  
4, Jln Mahkamah Persekutuan  
50050 Kuala Lumpur (W.P.)

33361-W

**Independent auditors' report to the members of  
Maybank Ageas Holdings Berhad  
(Incorporated in Malaysia)**

**Report on the financial statements**

**Opinion**

We have audited the financial statements of Maybank Ageas Holdings Berhad ("the Company"), which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2016, and a summary of significant accounting policies, as set out on pages 13 to 209.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

33361-W

**Independent auditors' report to the members of  
Maybank Ageas Holdings Berhad (Contd.)  
(Incorporated in Malaysia)**

***Information Other than the Financial Statements and Auditors' Report Thereon (Contd.)***

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

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

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

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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

33361-W

**Independent auditors' report to the members of  
Maybank Asean Holdings Berhad (Contd.)  
(Incorporated in Malaysia)**

**Auditors' responsibility for the audit of the financial statements (Contd.)**

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 skepticism throughout the audit. We also:

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

33361-W

**Independent auditors' report to the members of  
Maybank Ageas Holdings Berhad (Contd.)  
(Incorporated in Malaysia)**

***Auditors' responsibility for the audit of the financial statements (Contd.)***

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any adverse comment required to be made under Section 174(3) of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF: 0039  
Chartered Accountants



Yeo Beng Yean  
No. 03013/10/2018 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
21 February 2017

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets:</b>					
Property, plant and equipment	3	129,132	131,571	-	-
Investment properties	4	754,870	714,912	-	-
Prepaid land lease payments	5	18,965	19,268	-	-
Intangible assets	6	71,876	54,776	-	-
Investment in subsidiaries	7	-	-	1,636,470	1,636,470
Investment in associates	8	1,238	1,238	-	-
Investments	9	25,719,774	24,790,134	188,941	234,297
Financing receivables	11	266,738	280,274	752	1,332
Reinsurance/retakaful assets	12	3,701,131	3,560,828	-	-
Insurance/takaful receivables	13	437,524	529,670	-	-
Other receivables	14	360,027	417,703	4,413	4,142
Derivative assets	15	56	2,820	-	-
Deferred tax assets	16	8,958	22,000	-	-
Current tax assets		79,843	66,766	1,251	1,099
Cash and bank balances		377,340	289,773	2,805	866
<b>Total Assets</b>		<b>31,927,472</b>	<b>30,881,733</b>	<b>1,834,632</b>	<b>1,878,206</b>
<b>Equity:</b>					
Share capital	17	252,005	252,005	252,005	252,005
Reserves	18	4,831,572	4,469,312	1,579,849	1,530,951
<b>Total Equity</b>		<b>5,083,577</b>	<b>4,721,317</b>	<b>1,831,854</b>	<b>1,782,956</b>
<b>Liabilities:</b>					
Insurance/takaful contract liabilities	19	23,421,288	23,058,200	-	-
Subordinated obligations	20	800,000	800,000	-	-
Expense liabilities	21	526,978	470,531	-	-
Derivative liabilities	15	64,204	59,298	-	-
Deferred tax liabilities	16	618,789	529,420	153	189
Insurance/takaful payables	22	414,741	458,625	-	-
Other payables	23	986,586	773,026	2,625	95,061
Interest/profit payable on subordinated obligations	20	11,309	11,316	-	-
<b>Total Liabilities</b>		<b>26,843,895</b>	<b>26,160,416</b>	<b>2,778</b>	<b>95,250</b>
<b>Total equity and liabilities</b>		<b>31,927,472</b>	<b>30,881,733</b>	<b>1,834,632</b>	<b>1,878,206</b>

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

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	24	<u>6,441,252</u>	<u>6,209,226</u>	<u>210,050</u>	<u>379,196</u>
Gross earned premiums/ contributions	25(a)	5,481,504	5,201,074	-	-
Earned premiums/contributions ceded to reinsurers/retakaful	25(b)	<u>(1,183,464)</u>	<u>(1,138,704)</u>	-	-
<b>Net earned premiums/ contributions</b>		<u>4,298,040</u>	<u>4,062,370</u>	-	-
Fee and commission income	26	91,188	72,355	-	-
Investment income	27	1,114,731	1,070,744	210,050	379,196
Realised gains	28	170,140	195,847	93,227	1,863
Fair value gain/(losses)	29	71,180	(58,926)	-	-
Other operating (expenses)/ income, net	30	<u>(1,902)</u>	<u>(241,480)</u>	25	(7,098)
<b>Other revenue</b>		<u>1,445,337</u>	<u>1,038,540</u>	<u>303,302</u>	<u>373,961</u>
Gross benefits and claims paid	31(a)	(3,973,170)	(4,106,030)	-	-
Claims ceded to reinsurers/ retakaful	31(b)	725,176	614,303	-	-
Gross change in contract/certificate liabilities	31(c)	(651,691)	987,418	-	-
Change in contract/certificate liabilities ceded to reinsurers/retakaful	31(d)	<u>228,380</u>	<u>(813,402)</u>	-	-
<b>Net benefits and claims</b>		<u>(3,671,305)</u>	<u>(3,317,711)</u>	-	-
Management expenses	32	(668,532)	(623,202)	(13,069)	(12,753)
Reimbursement of shared services		10,148	9,887	10,148	9,887
Change in expense liabilities	35	(56,447)	(72,789)	-	-
Fee and commission expenses	36	(468,781)	(456,643)	-	-
Interest on subordinated obligations		(34,240)	(34,210)	-	-
Tax borne by policyholders/ participants	37	<u>(43,953)</u>	<u>(33)</u>	-	-
<b>Other expenses</b>		<u>(1,261,805)</u>	<u>(1,176,990)</u>	<u>(2,921)</u>	<u>(2,866)</u>



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit before tax and share of profit of associates</b>		810,267	606,209	300,381	371,095
Share of results of associates		-	(1,857)	-	-
<b>Profit before taxation after share of profit of associates</b>		810,267	604,352	300,381	371,095
Taxation	37	(201,237)	(196,821)	(1,160)	(1,671)
Zakat		(3,457)	(8,056)	-	-
<b>Net profit for the year</b>		<u>605,573</u>	<u>399,475</u>	<u>299,221</u>	<u>369,424</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		605,573	399,466	299,221	369,424
Non-controlling interest		-	9	-	-
		<u>605,573</u>	<u>399,475</u>	<u>299,221</u>	<u>369,424</u>

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

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Net profit for the year</b>		<u>605,573</u>	<u>399,475</u>	<u>299,221</u>	<u>369,424</u>
<b>Other comprehensive income/(losses):</b>					
<b>Item that may be subsequently reclassified to income statement</b>					
Change in value of Available-for-Sale ("AFS") financial assets, net		13,348	17,663	(82)	(43)
- Fair value changes		59,876	213,909	(73)	1,806
- Transfer to profit or loss upon disposal	28	(71,438)	(112,463)	(45)	(1,863)
- Fair value adjustments on AFS financial assets backing participants' funds		28,532	(74,471)	-	-
Tax effect relating to AFS financial assets	37	(3,622)	(9,312)	36	14
Currency translation differences		(6,420)	56,315	-	-
<b>Other comprehensive income/(losses) for the year, net of tax</b>		<u>6,928</u>	<u>73,978</u>	<u>(82)</u>	<u>(43)</u>
<b>Total comprehensive income for the year</b>		<u>612,501</u>	<u>473,453</u>	<u>299,139</u>	<u>369,381</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		612,501	473,444	299,139	369,381
Non-controlling interest		-	9	-	-
		<u>612,501</u>	<u>473,453</u>	<u>299,139</u>	<u>369,381</u>

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

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Group	Note	Share Capital RM'000	Share Premium RM'000	Non-distributable----->			Retained Earnings			Total Equity Attributable to Shareholders RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
				Share Reserves RM'000	AFS Reserves RM'000	Other Reserves RM'000	Non- Distributable Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Earnings RM'000			
<b>At 1 January 2016</b>		252,005	401,561	(15,309)	86,746		1,547,254	2,449,060	3,996,314		4,721,317	4,721,317
Net profit after tax for the year		-	-	-	-	-	172,559	433,014	605,573	-	605,573	605,573
Other comprehensive income/(losses) for the year		-	-	13,348	(6,420)		-	-	-	-	6,928	6,928
Total comprehensive income		-	-	13,348	(6,420)		172,559	433,014	605,573	-	612,501	612,501
Dividend on ordinary shares	38	-	-	-	-	-	(250,241)	(250,241)	(250,241)	-	(250,241)	(250,241)
<b>At 31 December 2016</b>		252,005	401,561	(1,961)	80,326		1,719,813	2,631,833	4,351,646	-	5,083,577	5,083,577
<b>At 1 January 2015</b>		252,005	401,561	(32,972)	30,431		1,409,843	2,438,154	3,847,997		4,499,022	4,499,826
Net profit after tax for the year		-	-	-	-	-	149,750	249,716	399,466		399,466	399,475
Other comprehensive income for the year		-	-	17,663	56,315		-	-	-		73,978	73,978
Total comprehensive income		-	-	17,663	56,315		149,750	249,716	399,466		473,444	473,453
Disposal of subsidiary		-	-	-	-	-	-	(908)	(908)		(908)	(1,709)
Transfer from non-par surplus upon recommendation by Appointed Actuary		-	-	-	-	-	(12,339)	12,339	-		-	-
Dividend on ordinary shares	38	-	-	-	-	-	(250,241)	(250,241)	(250,241)		(250,241)	(250,253)
<b>At 31 December 2015</b>		252,005	401,561	(15,309)	86,746		1,547,254	2,449,060	3,996,314		4,721,317	4,721,317

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

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Company	Note	Share Capital RM'000	Share Premium RM'000	Non-distributable		Distributable		Total Equity RM'000
				AFS Reserves RM'000	Other Reserve RM'000	Retained Profits RM'000	Other Reserve RM'000	
<b>At 1 January 2016</b>		252,005	401,561	566	7,300	1,121,524		1,782,956
Net profit after tax for the year		-	-	-	-	299,221		299,221
Other comprehensive losses for the year		-	-	(82)	-	-		(82)
<b>Total comprehensive (losses)/ income</b>		-	-	(82)	-	299,221		299,139
Dividend on ordinary shares	38	-	-	-	-	(250,241)		(250,241)
<b>At 31 December 2016</b>		252,005	401,561	484	7,300	1,170,504		1,831,854
<b>At 1 January 2015</b>		252,005	401,561	609	7,300	1,002,341		1,663,816
Net profit after tax for the year		-	-	-	-	369,424		369,424
Other comprehensive losses for the year		-	-	(43)	-	-		(43)
<b>Total comprehensive (losses)/ income</b>		-	-	(43)	-	369,424		369,381
Dividend on ordinary shares	38	-	-	-	-	(250,241)		(250,241)
<b>At 31 December 2015</b>		252,005	401,561	566	7,300	1,121,524		1,782,956

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

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	810,267	604,352	300,381	371,095
<i>Adjustments for:</i>				
Amortisation of:				
- intangible assets	7,405	5,444	-	-
- prepaid land lease payments	303	303	-	-
Depreciation of property, plant and equipment	13,634	14,255	-	-
Fair value (gains)/losses on:				
- investments	(62,256)	160,796	-	-
- investment properties	(8,924)	(101,870)	-	-
(Gains)/losses on disposal of:				
- investments	(142,715)	(196,210)	(45)	(558)
- property, plant and equipment	(27,425)	363	-	-
Gain on liquidation of subsidiaries	-	-	(93,182)	(1,305)
Gross dividend income	(71,280)	(116,763)	(205,269)	(374,416)
Interest/profit and rental income	(1,072,223)	(976,230)	(4,680)	(4,349)
Interest expense	34,240	34,210	-	-
(Reversal of impairment losses)/ impairment losses on:				
- receivables	(18,764)	(5,529)	-	7,161
- investments	48,036	321,000	-	-
- investment in associate	-	7,592	-	-
- others	(5,434)	(101)	-	-
Bad debts written off	1,922	6,099	-	-
Share of profit of associates' results	-	1,857	-	-
Taxation of life and takaful funds	43,953	33	-	-
Unrealised gain on foreign exchange	(18,701)	(38,305)	-	-
<i>Operating loss before changes in assets and liabilities</i>	(467,962)	(278,704)	(2,795)	(2,372)

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)</b>				
Net proceeds from (purchase)/disposal of investments	(1,495,543)	1,432,732	1,029	1,836
Net decrease/(increase) in fixed and call deposits	736,688	(1,792,506)	44,254	(79,316)
	(1,226,817)	(638,478)	42,488	(79,852)
(Increase)/decrease in reinsurance assets	(134,869)	841,261	-	-
Decrease in financing receivables	17,506	12,880	580	380
Decrease in insurance receivables	116,179	30,544	-	-
Decrease/(increase) in other receivables	55,833	165,631	(769)	(1,019)
Decrease in insurance payables	(43,884)	(31,052)	-	-
Increase/(decrease) in payables	213,560	71,372	501	(783)
Increase in expense liabilities	56,447	72,789	-	-
Increase/(decrease) in insurance/ takaful contract liabilities	515,707	(1,101,219)	-	-
Foreign exchange effects	1,278	12,316	-	-
Investment income received	1,117,781	1,100,579	210,692	377,085
Tax paid	(157,821)	(155,423)	(1,312)	(3,671)
Zakat paid	(8,429)	(7,302)	-	-
Mudharabah paid	(84,198)	(108,510)	-	-
<i>Net cash generated from operating activities</i>	<u>438,273</u>	<u>265,388</u>	<u>252,180</u>	<u>292,140</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital repayment from subsidiaries	-	-	-	100,636
Capital injection in subsidiary	-	-	-	(143,524)
Purchase of intangible assets	(24,484)	(23,783)	-	-
Purchase of property, plant and equipment	(11,835)	(13,948)	-	-
Purchase of investment properties	(31,034)	(25,112)	-	-
Proceeds from disposal of property, plant and equipment	28,312	-	-	-
Proceeds from disposal of a subsidiary	-	100,636	-	-
<i>Net cash (used in)/generated from investing activities</i>	<u>(39,041)</u>	<u>37,793</u>	<u>-</u>	<u>(42,888)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of dividends	(250,241)	(250,241)	(250,241)	(250,241)
Interest paid on subordinated obligation	(34,247)	(34,228)	-	-
<i>Net cash used in financing activities</i>	<u>(284,488)</u>	<u>(284,469)</u>	<u>(250,241)</u>	<u>(250,241)</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTD.)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	114,744	18,712	1,939	(989)
<b>Effects of exchange rate changes</b>	(27,177)	23,294	-	-
<b>Cash and cash equivalents at beginning of year</b>	289,773	247,767	866	1,855
<b>Cash and cash equivalents at end of year</b>	<u>377,340</u>	<u>289,773</u>	<u>2,805</u>	<u>866</u>
<b>Cash and cash equivalents comprise:</b>				
<b>Cash and bank balances:</b>				
Shareholders' and general funds	106,447	107,264	2,805	866
Life fund	130,353	70,294	-	-
General takaful fund	69,694	51,037	-	-
Family takaful fund	70,846	61,178	-	-
	<u>377,340</u>	<u>289,773</u>	<u>2,805</u>	<u>866</u>

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



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

**1. CORPORATE INFORMATION**

The principal activities of the Company are investment holding and the provision of shared services to its subsidiaries on a reimbursement basis.

The principal activities of the subsidiaries are disclosed in Note 7.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The holding and ultimate holding companies of the Company are Etiqa International Holdings Sdn. Bhd. ("EIHSB") and Malayan Banking Berhad ("MBB") respectively, both of which are incorporated in Malaysia. MBB is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 February 2017.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

**(a) Statement of compliance**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, there were no new and revised MFRSs which were mandatory for the financial periods beginning on or after 1 January 2016. The Group and the Company, however, have adopted those Amendments to MFRSs effective for the annual periods beginning on or after 1 January 2016 as disclosed in Note 2.3.

The Company's subsidiaries, Etiqa Insurance Berhad ("EIB") and Etiqa Takaful Berhad ("ETB"), have met the minimum capital requirements as prescribed by the RBC Frameworks for Insurers and Takaful Operators issued by BNM as at the reporting date.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.1 Basis of Preparation (Contd.)**

**(b) Basis of measurement**

The financial statements of the Group and the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies.

**(c) Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) unless otherwise stated.

**(d) Use of estimate and judgements**

The preparation of financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- General insurance and takaful liabilities Note 2.2(xvi)
- Life insurance and family takaful liabilities Note 2.2 (xvii) and (xviii)

The notes referred to above present a description of the measurement and recognition of the liabilities including a general explanation on the estimation methods used. Details on the sensitivity of the carrying amounts of the general insurance and takaful and the life insurance and family takaful liabilities to the methods, assumptions and estimates underlying their calculation are disclosed in Note 44.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies**

**(i) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date that such control effectively ceases. Specifically, the Group controls an investee if and only if the Group has:

- (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 involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers relevant facts and circumstances in assessing whether it has power over the investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Company's voting rights and potential voting rights.

The assessment of control is performed continuously by the Company to determine if control exists or continues to exist over an entity.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between entities of the Group are eliminated in full. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(i) Basis of Consolidation (Contd.)**

Subsidiaries are consolidated using the acquisition method.

The acquisition method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss on the date of acquisition.

**(ii) Investment in Subsidiaries**

Subsidiaries are entities controlled by the Company.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(x) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as a gain or loss on disposal in the profit or loss.

**(iii) Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(x). On disposal of such investment, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

Investments in associates are accounted for in the consolidated financial statements using the equity method. The associate is equity accounted for from the date the Group gains significant influence until the date the Group ceases to have significant influence over the associate.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(iii) Associates (Contd.)**

Under the equity method, the interest in associate is initially recognised at cost. The carrying amount of the investment is adjusted for changes in the Group's share of the net assets of the associate since the acquisition date. Where there is a change recognised directly in other comprehensive income of the associate, the Group recognises its share of such changes.

In applying the equity method, profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealised losses should not be eliminated if and to the extent that the cost of the transferred asset can not be recovered.

When the Group's share of losses of an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net interest in the associate. The Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group applies MFRS 139 *Financial Instruments: Recognition and Measurement* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associates' identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(iv) Property, Plant and Equipment and Depreciation**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore, is not depreciated.

Work-in-progress are also not depreciated as these assets are not available for use. When work-in-progress is completed and the asset is available for use, it is reclassified to the relevant category of property, plant and equipment and depreciation of the asset begins.

Buildings on leasehold land are depreciated over the shorter of 50 years or the remaining period of the respective leases, whichever is shorter.

Depreciation on property, plant and equipment is computed on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings on freehold land	2%
Furniture and fittings, equipment and renovations	20% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	10%
Motor vehicles	25%

The residual values, useful lives and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(iv) Property, Plant and Equipment and Depreciation (Contd.)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

**(v) Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflect market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered professional independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and/or periodic intervening valuations by internal professionals, as appropriate.

Gain or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to self-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from self-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(iv) up to the date of change in use. Where the fair value of the property exceeds its carrying amount, the difference or revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(v) Investment Properties (Contd.)**

Investment properties under construction ("IPUC") are measured at fair value (when the fair value is reliably determinable). IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations are performed using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

**(vi) Leases**

**(a) Classification**

A lease is recognised as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased item to the Group. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of the building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(vi) Leases (Contd.)**

**(b) Finance Leases - the Group as Lessee**

The useful lives of all leasehold buildings are shorter than the lease terms of the leasehold land on which the buildings are located. As such, all risks and rewards incidental to the ownership of such assets would be deemed to have been substantially transferred to the Group at the end of their useful lives. Accordingly, all leasehold buildings are classified as finance lease in the financial statements.

Buildings held under finance lease are recognised as assets in the Group's statements of financial position and are measured in accordance with MFRS 116 *Property, Plant and Equipment* and MFRS 140 *Investment Properties*.

**(c) Operating Leases - the Group as Lessor**

Assets leased out under operating leases are presented in the statements of financial position according to the nature of the assets. Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

**(d) Operating Leases - the Group as Lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(vii) Intangible Assets**

Intangible assets include software development costs, computer software and licences. Intangible assets acquired separately are measured on initial recognition at fair value. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are 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 each reporting date.

Amortisation is charged to profit or loss.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

**(a) Software Development Costs**

Software development costs are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. During the period of which the asset is not yet in use, it is tested for impairment annually.

**(b) Computer Software and Licences**

The useful lives of computer software and licences are amortised using the straight line method over their estimated useful lives of 10 years. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(viii) Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of financial assets at initial recognition and this depends on the purpose for which the financial assets were acquired or originated. The categories include financial assets at fair value through profit or loss ("FVTPL"), loans and receivables ("LAR") and available-for-sale ("AFS") financial assets.

**(a) Financial Assets at FVTPL**

Financial assets at FVTPL include held-for-trading ("HFT") financial assets and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as HFT if they are acquired for the purpose of selling or repurchasing in the near term. HFT financial assets also include derivatives and separated embedded derivatives.

Financial assets can only be designated at FVTPL upon initial recognition if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(viii) Financial Assets (Contd.)**

**(a) Financial Assets at FVTPL (Contd.)**

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest/profit and dividend income. Exchange differences, interest/profit and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

**(b) LAR**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as LAR. The accounting policies with respect to reinsurance/retakaful assets and insurance/takaful receivables are disclosed in Note 2.2(xi) and Note 2.2(xii) respectively. Financial assets classified in this category include financing receivables, advances and other receivables.

These financial assets are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest/profit method less accumulated impairment losses.

**(c) AFS Financial Assets**

AFS financial assets are non-derivative financial assets that are designated as available for sale, or are not classified in any of the two preceding categories.

After initial recognition, AFS financial assets are subsequently measured at fair value. Any gains or losses from changes in the fair value of AFS financial assets are recognised in other comprehensive income except for impairment losses, foreign exchange gains and losses on monetary instruments, dividend income and interest/profit calculated using the effective interest/profit method which are recognised in profit or loss.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(viii) Financial Assets (Contd.)**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Group and the Company have transferred substantially all the risks and rewards of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that had been recognised in other comprehensive income is recognised in profit or loss.

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

**(ix) Fair Value of Financial Assets at FVTPL and AFS Financial Assets**

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market prices for assets at the close of business at the reporting date.

For financial assets in both quoted and unquoted unit and real estate investment trusts, fair value is determined by reference to published prices. Investments in unquoted equity instrument that do not have quoted market prices in an active market and whose fair value cannot be reliably measured are stated at cost and assessed for impairment at each reporting date.

For non-exchange traded financial assets such as unquoted fixed income securities, i.e. unquoted bonds, Malaysian Government Securities ("MGS"), Government Investment Issues ("GII"), government guaranteed bonds, Khazanah bonds, fair values are determined by reference to indicative bid prices obtained from Bondweb and Malaysia Retail Bond Portal provided by the Bond Pricing Agency Malaysia ("BPAM"). In the case of any downgraded or defaulted bond, internal valuations will be performed to determine the fair value of the bond. The fair values of structured deposits are based on market prices obtained from the respective issuers. The market value of Negotiable Certificates of Deposit ("NCD")/Negotiable Islamic Certificates of Deposit ("NICD") are determined by reference to BNM's Interest Rate Swap.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(ix) Fair Value of Financial Assets at FVTPL and AFS Financial Assets (Contd.)**

Over-the-counter derivatives comprise foreign exchange forward contracts, currency swap contracts and options. Over-the-counter derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value which is the cost of the deposit/placement.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instruments or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment, except in the case of financial assets at FVTPL where the transaction costs are recognised in profit or loss.

**(x) Impairment**

**(a) Financial Assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset.

Insurance/takaful receivables

To determine whether there is objective evidence that an impairment loss on insurance/takaful receivables has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the issuer or obligor and default or significant delay in payments.

Insurance/takaful receivables are initially assessed individually for those receivables that are deemed to be individually significant. If such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(x) Impairment (Contd.)**

**(a) Financial Assets (Contd.)**

Receivables that are not individually significant or that have been individually assessed with no evidence of impairment are grouped together for collective impairment assessment. These receivables are grouped within similar credit risk characteristics for collective assessment using such data as considered appropriate for purposes of grouping.

Collective loss estimates are based on the historical loss experience of the Group and of the Company which could include the Group's and the Company's past experience in collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables. The product of collective loss estimates and grouped receivables represents the expected impairment losses for that portfolio of receivables. The impairment loss is recognised in profit or loss.

The methodology and assumptions used in determining collective loss estimates are reviewed regularly by the Group and the Company to reduce any differences between loss estimates and actual loss experience.

Impairment losses on insurance/takaful receivables are recognised as a reduction against the carrying amount through the use of an allowance account. When an insurance/takaful receivable becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off in the financial statements are recognised in profit or loss.

Subsequent reversals of impairment loss are recognised when the decrease can be related objectively to an event occurring after the impairment was recognised to the extent that the carrying amount of the asset does not exceed its amortised cost had the impairment loss not been recognised. The reversal is recognised in profit or loss.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(x) Impairment (Contd.)**

**(a) Financial Assets (Contd.)**

AFS financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that AFS financial assets are impaired.

If an AFS financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment losses previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on equity investments classified as AFS financial assets are not reversed through profit or loss in subsequent periods. Increases in fair value, if any, subsequent to impairment are recognised in other comprehensive income. For debt instruments classified as AFS financial assets, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after impairment.

Unquoted equity securities carried at cost

If there is objective evidence that an impairment loss on unquoted equity securities carried at cost has been incurred, the carrying amount is written down to the estimated recoverable amount which is determined as the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The impairment loss is recognised in profit and loss and such impairment losses are not reversed subsequent to its recognition.

Loans and receivables

Loans and receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment loss as a result of the occurrence of loss event(s) after initial recognition. An impairment loss is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(x) Impairment (Contd.)**

**(b) Non-Financial Assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying value of an asset exceeds its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed 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 reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount nor does it exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**(xi) Reinsurance/retakaful Assets**

The insurance and takaful subsidiaries in the Group cede insurance/takaful risk in the normal course of their business. Ceded reinsurance/retakaful arrangements do not relieve the insurance and takaful subsidiaries of the Group from their obligations to policyholders/participants. For both ceded and assumed reinsurance/retakaful, premiums/contributions, claims and benefits paid or payable are presented on a gross basis.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xi) Reinsurance/retakaful Assets (Contd.)**

Reinsurance/retakaful arrangements, entered into by the insurance and takaful subsidiaries of the Group, that meet the classification requirements of insurance/takaful contracts as described in Note 2.2(xv), are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Reinsurance/retakaful assets represent amounts recoverable from reinsurers or retakaful operators for insurance/takaful contract liabilities which have yet to be settled at the reporting date. Amounts recoverable from reinsurers or retakaful operators are measured consistently with the amounts associated with the underlying insurance/takaful contract and the terms of the relevant reinsurance/retakaful arrangement.

At each reporting date, or more frequently, the insurance and takaful subsidiaries of the Group determine whether objective evidence exists that reinsurance/retakaful assets are impaired. Objective evidence of impairment for reinsurance/retakaful assets are similar to those noted for insurance/takaful receivables as described in Note 2.2(x)(a). If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Reinsurance/retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

**(xii) Insurance/takaful Receivables**

Insurance/takaful receivables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that an insurance/takaful receivable is impaired, the Group reduces the carrying amount of the insurance/takaful receivable accordingly and recognises that impairment loss in profit or loss. Objective evidence of impairment for insurance/takaful receivables and the determination of consequential impairment losses are as described in Note 2.2(x)(a).

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xii) Insurance/takaful Receivables (Contd.)**

Insurance/takaful receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.2(viii) have been met.

**(xiii) Cash and Cash Equivalents**

For the purpose of the cash flow statements, cash and cash equivalents comprise cash and bank balances.

**(xiv) Equity Instruments**

Ordinary and preference shares are classified as equity. Dividends on ordinary and preference shares are recognised and accounted for in equity in the year in which they are declared.

**(xv) Product Classification**

The insurance and takaful subsidiaries of the Group issue contracts that contain insurance/takaful risk or both insurance/takaful risk and financial risk.

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

An insurance/takaful contract is a contract under which an entity has accepted significant insurance or takaful risk from another party (the policyholders or the participants) by agreeing to compensate the policyholders or participants if a specified uncertain future event (the insured event) adversely affects the policyholders/participants. As a general guideline, the insurance and takaful subsidiaries of the Group define whether significant insurance/takaful risk has been accepted by comparing benefits paid or payable on the occurrence of an insured event against benefits paid or payable if the insured event does not occur. If the ratio of the former exceeds the latter by 5% or more, the insurance and takaful risk accepted is deemed to be significant.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xv) Product Classification (Contd.)**

Investment contracts are those contracts that transfer financial risk with no significant insurance/takaful risk.

Once a contract has been classified as an insurance/takaful contract, it remains an insurance/takaful contract for the remainder of its life-time, even if the insurance/takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as an insurance/takaful contract after inception if insurance/takaful risk becomes significant.

Insurance/takaful and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF are contractual rights to receive, as a supplement to guaranteed benefits, additional benefits that are:

- (a) likely to be a significant portion of the total contractual benefits;
- (b) whose amount or timing is contractually at the discretion of the issuer;
- (c) contractually based on the:
  - (i) performance of a specified pool of contracts or a specified type of contract;
  - (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - (iii) the profit or loss of the entity or fund that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based and within which the insurance and takaful subsidiaries of the Group may exercise their discretion as to the quantum and timing of their payment to contract holders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, are held within insurance/takaful contract liabilities as at the end of the reporting period.

For financial options and guarantees which are not closely related to the host insurance/takaful contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance/takaful contract and/or investment contract with DPF, or if the host insurance/takaful contract and/or investment contract itself is measured at fair value through profit or loss.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xv) Product Classification (Contd.)**

When an insurance/takaful contract contains both a financial risk (or deposit) component and a significant insurance/takaful risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying components are required to be unbundled unless all obligations and rights arising from the deposit component have already been accounted for. Any premiums/contributions relating to the insurance/takaful risk component are accounted for on the same bases as insurance/takaful contracts and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

**(xvi) General Insurance/takaful Contract Liabilities**

The general insurance/takaful contract liabilities of the Group comprise claim liabilities and premium/contribution liabilities.

**(a) Claim Liabilities**

Claim liabilities represent the Group's obligations, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at reporting date. Claim liabilities comprise the estimated provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") and related claims handling costs. Claim liabilities are measured at best estimate and include a provision of risk margin for adverse deviation ("PRAD") as prescribed by BNM.

Liabilities for outstanding claims are recognised upon notification by policyholders/participants.

Claim liabilities are determined based upon valuations performed by the Appointed Actuary, using a range of actuarial claims projection techniques based on, amongst others, actual claims development patterns. Claim liabilities are not discounted.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xvi) General Insurance/takaful Contract Liabilities (Contd.)**

**(b) Premium/contribution Liabilities**

Premium/contribution liabilities represent the Group's future obligations on insurance/takaful contracts as represented by premiums/contributions received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the term of the insurance/takaful contracts and is recognised as premium/contribution income.

General insurance business

In accordance with the valuation requirements of the RBC Framework, premium liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR") for all lines of business or the best estimate value of the insurer's unexpired risk reserves ("URR") at the end of the financial year and a PRAD as prescribed by BNM.

• UPR

The UPR represents the portion of the premiums of insurance policies written that relate to the unexpired periods of policies at the end of the financial year. In determining the UPR as at the reporting date, the method that most accurately reflects the actual unearned premium is used as follows:

- 25% method for marine and aviation cargo, and transit business; and
- all other classes of business, except treaty, using time-apportionment basis over the period of the risks, after deducting commissions, not exceeding limits specified by BNM; that relate to the unexpired periods of policies at the end of the financial year; and
- all other classes of treaty business with a deduction of commission; at the following bases:
  - i) 1/8th method for quarterly statement
  - ii) 1/24th method for monthly statement

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xvi) General Insurance/takaful Contract Liabilities (Contd.)**

**(b) Premium/contribution Liabilities (Contd.)**

General insurance business (contd.)

- **URR**

Non-annual policies are time-apportioned over the period of the risks, after deducting commissions, that relate to the unexpired periods of policies at the end of the financial year.

The URR is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the reporting date and also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds. URR is estimated via an actuarial valuation performed by the Appointed Actuary.

General takaful business

In accordance with the valuation requirements of the RBC Framework for Takaful Operators, contribution liabilities are reported at the higher of the aggregate of the unearned contribution reserves ("UCR") for all lines of business or the best estimate value of the URR at the end of the financial year and a PRAD as prescribed by BNM.

- **UCR**

UCR represent the portion of the contributions of takaful certificates written that relate to the unexpired periods of the certificates at the reporting date.

In determining short-term UCR at the reporting date, the method that most accurately reflects the actual unearned contribution is used as follows:

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xvi) General Insurance/takaful Contract Liabilities (Contd.)**

**(b) Premium/contribution Liabilities (Contd.)**

General takaful business (Contd.)

• UCR (Contd.)

- 25% method for marine cargo and aviation cargo, and transit business; and
- all other classes of general business, using time-apportionment basis over the period of the risks, reduced by the corresponding percentage of accounted gross direct business commissions to the corresponding contributions, not exceeding limits specified by BNM as follows:

Motor and bond	10%
Fire, engineering, aviation and marine hull	15%
Workmen compensation and employers' liability:	
- Foreign workers	10%
- Others	25%
Other classes	25%

Wakalah

The UCR for wakalah business is calculated on contribution income with a further deduction for wakalah management expense to reflect the wakalah business principle.

• URR

The URR is a prospective estimate of the expected future payments arising from future events insured under certificates in force as at the reporting date and also includes allowance for expenses, including overheads and cost of retakaful, expected to be incurred during the unexpired period in administering these certificates and settling the relevant claims, and expected future contribution refunds. URR is estimated via an actuarial valuation performed by the Appointed Actuary.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xvii) Life Insurance Contract Liabilities**

Life insurance contract liabilities are determined in accordance with the RBC Framework. All life insurance liabilities have been valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the policies discounted at the appropriate discount rate. This method is known as the gross premium valuation method.

For non-participating business, the expected future cash flows of guaranteed benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of policy reserves at the 75% confidence level is secured. For participating business, the higher of the guaranteed benefit liabilities or the total benefit liabilities at fund level is taken. In computing the total benefit liabilities, the expected cash flows of total guaranteed and non-guaranteed benefits are determined using best estimate assumptions together with the assumption that the current bonus rate to policyholders will be maintained.

The liabilities in respect of the non-unit component of a non-participating deferred annuity and investment-linked policy have been valued at the risk-free discount rate by projecting future cash flows to ensure that all future outflows can be met at the product level without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy. The value of the unit component is the net asset value ("NAV") of the fund.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as liabilities if the accumulated amount is higher than the figure calculated using the gross premium valuation method.

For yearly renewable policies covering death or survival contingencies, the liabilities have been valued on an unexpired risk basis.

For yearly renewable policies covering other contingencies such as medical benefits, recognised liabilities comprise the best estimate premium and claim liabilities with an appropriate allowance for PRAD.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xvii) Life Insurance Contract Liabilities (Contd.)**

Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originating from margins of adverse deviation on run-off contract are recognised in profit or loss over the life of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off.

**(xviii) Family Takaful Certificate Liabilities**

Family takaful certificates liabilities are recognised when certificates are in-force and contributions are charged.

The family takaful certificate liabilities are derecognised when the contract expires, is discharged or is cancelled.

Liabilities of the family takaful business are determined in accordance with valuation guidelines for takaful operators as issued by BNM. All family takaful liabilities have been valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the certificates, discounted at the risk-free discount rate. This method is known as the gross contribution valuation method.

For the family takaful risk fund, the expected future cash flows of benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of certificate reserves at a 75% confidence level is secured.

The liabilities in respect of the non-unit component of an investment-linked certificate have been valued at the risk-free discount rate by projecting future cash flows to ensure that all future outflows can be met at the product level without recourse to additional finance or capital support at any future time during the duration of the investment-linked certificate. The value of the unit component is the NAV of the fund.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xviii) Family Takaful Certificate Liabilities (Contd.)**

For a 1-year family certificate covering death or survival contingencies, the liabilities have been valued on an unexpired risk basis. For a 1-year family certificate or a 1-year extension to a family certificate covering contingencies other than life or survival, the liability for such family takaful certificate comprises contribution and claim liabilities with an appropriate allowance for PRAD from the expected experience.

Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originating from margins of adverse deviation on run-off contract are recognised in profit or loss over the period of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off.

**(xix) Financial Liabilities**

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. During the financial year and as at the reporting date, the Group and the Company did not classify any of its financial liabilities at FVTPL.

The Group and the Company's other financial liabilities include other payables and subordinated obligations. Other payables are subsequently measured at amortised cost using the effective interest/profit method.

Subsequent to initial recognition, subordinated obligations are recognised at amortised cost using the effective interest/profit method. Subordinated obligations are classified as current liabilities unless the Group and the Company have a conditional right to defer settlement of the liabilities for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xix) Financial Liabilities (Contd.)**

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 profit or loss.

**(xx) Expense Liabilities**

The expense liabilities of the shareholder's fund of the takaful subsidiary consist of expense liabilities of the general and family takaful funds which are based on estimations performed by a qualified actuary. The expense liabilities are released over the term of the takaful certificates and recognised in profit or loss.

**(a) General Takaful Business**

Expense liabilities in relation to the Group's general takaful business are reported as the higher of the aggregate of the provision for unearned wakalah fees ("UWF") and the unexpired expense reserves ("UER") and a PRAD as prescribed by BNM.

**(1) Provision for unearned wakalah fees**

The UWF represents the portion of wakalah fee income allocated for expenses to be incurred in managing general takaful certificates that relate to the unexpired periods of certificates at the end of the reporting period. The method used in computing UWF is consistent with the calculation of UCR.

**(2) Unexpired expense reserves**

UER consists of the best estimate value of the unexpired expense reserves at the valuation date and a PRAD as prescribed by BNM. The best estimate UER is determined based on the expected claims handling expenses to be incurred as well as the expected expenses in maintaining certificates with unexpired risks. The method used in computing UER is consistent with the calculation of URR.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xx) Expense Liabilities (Contd.)**

**(b) Family Takaful Fund**

The valuation of expense liabilities in relation to certificates of the family takaful fund is conducted separately by the Appointed Actuary. The method used to value expense liabilities is consistent with the method used to value takaful liabilities of the corresponding family takaful certificates. In valuing the expense liabilities, the present value of expected future expenses payable by the shareholder's fund in managing the takaful fund for the full contractual obligation of the takaful certificates less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's fund that can be determined with reasonable certainty, are taken into consideration.

Expense liabilities are recognised when projected future expenses exceed the projected future income of takaful certificates.

**(xxi) Liability Adequacy Test**

At each reporting date, the Group reviews all insurance/takaful contract liabilities to ensure that the carrying amount is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to insurance/takaful contracts issued. In performing this review, the Group discounts all contractual cash flows and compares this against the carrying value of insurance/takaful contract liabilities. Any deficiency is recognised in profit or loss.

**(xxii) Measurement and Impairment of Qard**

In the event where the assets of the takaful funds are insufficient to meet the liabilities, the shareholders' fund is required to rectify the deficit of the takaful funds via a Qard, which is a profit free loan. The Qard shall be repaid from future surpluses of the affected takaful funds. In the shareholders' fund, the Qard is stated at cost less impairment losses, if any, whereas in the takaful funds, the Qard is stated at cost.

At each reporting date, the balance of the Qard and the ability of the affected funds to generate sufficient surpluses to repay the shareholders' fund is assessed. The likelihood that the Qard will be repaid and the duration of time that will be required to repay the Qard is determined and ascertained via projected cash flows which take into account past experience of the affected funds. The projected cash flows are then discounted to determine the recoverable value of the Qard.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxii) Measurement and Impairment of Qard (Contd.)**

If the carrying amount of the Qard exceeds its recoverable amount, the difference is recognised as an impairment loss and the Qard is written down to its recoverable amount. Impairment losses are subsequently reversed in profit or loss if objective evidence exists that the Qard is no longer impaired.

**(xxiii) Insurance/takaful Payables**

Insurance/takaful payables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

**(xxiv) Offsetting of Financial Assets and Financial Liabilities**

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 expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

**(xxv) Premium/contribution Income**

Premiums or contributions represent consideration paid for an insurance or takaful contract, respectively, and is accounted for as follows:

**(a) General insurance/takaful business**

Premium/contribution income is recognised in the financial year in respect of risks assumed during that particular financial year. Premiums/contributions from direct business are recognised during the financial year upon the issuance of debit notes. Premiums/contributions in respect of risks incepted for which debit notes have not been issued as of the reporting date are accrued at that date.

Inward facultative reinsurance premiums/retakaful contributions are recognised in the financial year in respect of the facultative risks accepted during that particular financial year, as in the case of direct policies/certificates, following the individual risks' inception dates.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxv) Premium/contribution Income (Contd.)**

**(a) General insurance/takaful business (Contd.)**

Inward treaty reinsurance premiums/retakaful contributions are recognised on the basis of periodic advices received from ceding insurers/takaful operators.

Outward reinsurance premiums/retakaful contributions are recognised in the same financial year as the original policies/certificates to which the reinsurance/retakaful relates.

**(b) Life insurance/family takaful business**

Premium/contribution income is recognised as soon as the amount of the premium/contribution can be reliably measured. Initial premium/contribution is recognised from inception date and subsequent premiums/contributions are recognised on due dates. At the end of the financial year, all due premiums/contributions are accounted for to the extent that they can be reliably measured.

Outward reinsurance premiums/retakaful contributions are recognised in the same financial period as the original policies/certificates to which the reinsurance/retakaful relates.

Net creation of units, which represents premiums/contributions paid by policyholders/participants as payment for a new contract or subsequent payments to increase the amount of that contract, are reflected in profit or loss. Net creation of units is recognised on a receipt basis.

Creation/cancellation of units is recognised in the financial statements at the next valuation date, after the request to purchase/sell units have been received from policyholders/participants.

**(xxvi) Benefits and Claims Expenses**

**(a) General insurance/takaful business**

Claim expenses represent compensation paid or payable on behalf of the insured in relation a specific loss event that has occurred. They include claims, handling costs and settlement costs and arise from events that have occurred up to the end of the reporting year even if they had not been reported to the Group.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxvi) Benefits and Claims Expenses (Contd.)**

**(b) Life insurance/family takaful business**

Benefits and claims expenses incurred during the financial year are recognised when a claimable event occurs and/or the insurer/takaful operator is notified.

Benefits and claims expenses, including settlement costs less reinsurance/retakaful recoveries, are accounted for using the case basis method and for this purpose, the amounts payable under a policy/certificate are recognised as follows:

- maturity and other policy/certificate benefit payments due on specified dates are treated as claims payable on the due dates; and
- death, surrender and other benefits without due dates are treated as claims payable on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

Recoveries on reinsurance/retakaful claims are accounted for in the same financial year as the original claims are recognised.

**(xxvii) Commission Expenses and Acquisition Costs**

**(a) General Insurance Business**

The gross cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

**(b) General Takaful Business**

Commission expenses net of income derived from retakaful, which are costs directly incurred in securing contributions on takaful certificates net of income derived from ceding retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxvii) Commission Expenses and Acquisition Costs (Contd.)**

**(b) General Takaful Business (Contd.)**

Mudharabah principle

Commission expenses are borne by the general takaful fund with the resulting underwriting surplus/deficit after expenses shared between the participants and the takaful subsidiary as advised by the Shariah Committee.

Wakalah principle

Commission expenses are borne by the shareholders' fund. This is in accordance with the principles of Wakalah as approved by the Shariah Committee and agreed between the participants and the takaful subsidiary.

**(c) Life Insurance Business**

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding premiums to reinsurers, are charged to profit or loss in the year in which they are incurred.

**(d) Family Takaful Business**

Commission expenses, which are costs directly incurred in securing contributions on takaful certificates, net of income derived from ceding retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable that they give rise to income.

Mudharabah principle

Commission expenses are borne by the family takaful fund with the resulting underwriting surplus/deficit after expenses shared between the takaful subsidiary and the participants as advised by the Shariah Committee.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxvii) Commission Expenses and Acquisition Costs (Contd.)**

**(d) Family Takaful Business (Contd.)**

Wakalah principle

Under the wakalah principle, commission expenses are borne by the shareholders' fund. This is in accordance with the principles of wakalah as approved by the Shariah Committee and agreed between the participants and the takaful subsidiary.

**(xxviii) Other Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transactions will flow to the Group and the Company and the amount of the revenue can be measured reliably.

**(a) Interest/Profit Income**

Interest/profit income is recognised using the effective interest/yield method.

**(b) Dividend Income**

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

**(c) Rental Income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(d) Fund Management Fees**

Fund management fees are recognised when services are rendered.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxviii) Other Revenue Recognition (Contd.)**

**(e) Management Fees**

Management fee is recognised on an accrual basis for provision of bureau services and insurance related services to offshore reinsurers in accordance with the terms and conditions of the relevant agreements, when services are rendered.

**(f) Wakalah fees**

Wakalah fees represent fees charged by the shareholders' fund to manage takaful certificates issued by the general and family takaful funds under the principle of Wakalah and are recognised as soon as the contributions to which they relate can be reliably measured in accordance with the principles of Shariah.

**(xxix) Fee and Commission Income**

Policyholders and participants are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services to be provided in future periods, the fees are deferred and recognised over those future periods.

Management fee income earned from investment-linked business is recognised on an accrual basis based on the NAV of the investment-linked funds.

**(xxx) Employee Benefits**

**(a) Short-term Benefits**

Wages, salaries, bonuses and social security contributions ("SOCSSO") 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.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxx) Employee Benefits (Contd.)**

**(b) Defined Contribution Plans**

As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF"). The insurance subsidiary and its foreign branches make contributions to their respective country's statutory pension scheme, being the Singapore Central Provident Fund ("CPF") and the Tabung Amanah Pekerja of Brunei ("TAP") respectively. Such contributions are recognised as an expense in profit or loss when incurred.

**(c) Share-based Compensation**

**(1) ESOS**

The ESOS is an equity-settled, share-based compensation plan that allows the Directors and employees of the Company and its subsidiaries to acquire shares of MBB. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the amount due to MBB over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, MBB revises its estimates of the number of options that are expected to become exercisable over the vesting period.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxx) Employee Benefits (Contd.)**

**(c) Share-based Compensation (Contd.)**

**(2) Restricted share units ("RSU")**

Senior management personnel of the MBB Group, including personnel of the Group and the Company, are entitled to performance-based restricted shares as consideration for services rendered. The RSU may be settled by way of issuance and transfer of new MBB shares or by cash at the absolute discretion of the ESS Committee. The total fair value of RSU granted to senior management employees is recognised as an employee cost with a corresponding increase in the reserve within MBB's equity over the vesting period and taking into account the probability that the RSU will vest.

The Group's and the Company's share of the RSU is recognised as an employee cost with a corresponding increase in the amount due to MBB. The fair value of RSU is measured at grant date, taking into account, the market vesting conditions upon which the RSU were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to be awarded on the vesting date.

At each reporting date, MBB revises its estimates of the number of RSU that are expected to be awarded on vesting date.

**(xxxi) Foreign Currencies**

**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

**(b) Foreign Currency Transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxxi) Foreign Currencies (Contd.)**

**(b) Foreign Currency Transactions (Contd.)**

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in equity.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

**(c) Foreign Operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- assets and liabilities of foreign operations presented are translated at the closing rate prevailing as at the reporting date;
- income and expenses are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxxii) Foreign Currencies (Contd.)**

**(c) Foreign Operations (Contd.)**

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to the income statements (as a reclassification adjustment) when the gain or loss on disposal is recognised.

The principal exchange rate for every unit of foreign exchange currency ruling at the reporting date used for translation of foreign operations is as follows:

	<b>31.12.2016</b>	<b>31.12.2015</b>
Singapore Dollar	3.10	3.04
100 Pakistan Rupee	0.04	0.04
United States Dollar	4.49	4.29
Brunei Dollar	3.10	3.04

**(xxxiii) Income Tax**

Income tax on profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit and surplus for the financial year and is measured using the tax rates that have been enacted as 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 profits 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 goodwill or negative goodwill or 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.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.2 Summary of Significant Accounting Policies (Contd.)**

**(xxxii) Income Tax (Contd.)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as an income or an expense and included in profit or loss, except when it arises from a transaction which is recognised directly in equity or insurance/takaful contract liabilities, in which case the deferred tax is also recognised directly in other comprehensive income or insurance/takaful contract liabilities, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

**(xxxiii) Zakat**

This represents business zakat payable by the takaful subsidiary in compliance with Shariah principles and as approved by the Group's Shariah Committee. Zakat provision is calculated based on the working capital method at 2.5%.

**2.3 Amendments to MFRS**

At the beginning of the current financial year, the Group and the Company adopted the following Amendments to MFRS which are mandatory for financial periods beginning on or after 1 January 2016:

*Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation*

*Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

*Amendments to MFRS 127 Equity Method in Separate Financial Statements*

*Amendments to MFRS 101 Disclosure Initiatives*

*Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception*

*Annual Improvements to MFRSs 2012 - 2014 Cycle*

The adoption of the above Amendments to MFRS did not result in any significant impact to the financial statements of the Group and the Company.



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.4 Revision in the basis of computation of UPR**

The Group has revised the basis used in computing the UPR on its annual policies (excluding treaty, marine cargo, aviation cargo and transit), from 1/24th method to time apportionment. The change improved the accuracy of the UPR and the consistency between annual and non-annual policies.

In line with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the revision in the basis of computation of UPR in relation to the Group's general insurance business has been accounted for as a change in accounting estimate and the resulting impact has been recognised prospectively in the financial statements.

The effects on the financial statements for the year ended 31 December 2016 are described below:

	<b>Group RM'000</b>
<b>Income Statement</b>	
Decrease in gross change in premium liabilities	63,907
Increase in premium liabilities ceded to reinsurers	(48,940)
Increase in profit before taxation	14,967
Increase in tax expense	(3,592)
Increase in net profit for the year	<u>11,375</u>
<b>Statement of financial position</b>	
Decrease in insurance contract liabilities	63,907
Decrease in reinsurance assets	(48,940)
Decrease in current tax assets	(3,592)
Increase in retained earnings	<u>(11,375)</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective**

The following are Standards, Amendments to Standards, Issues Committee ("IC") Interpretations and annual improvements to standards issued by the Malaysian Accounting Standard Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Company's financial statements. The Group and the Company intend to adopt these standards, if applicable, when they become effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to MFRS 12 <i>Disclosure of Interests in Other Entities</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2017
MFRS 107 <i>Statement of Cash Flows - Disclosures Initiatives</i> (Amendments to MFRS 107)	1 January 2017
MFRS 112 <i>Income Taxes - Recognition of Deferred Tax for Unrealised Losses</i> (Amendments to MFRS 112)	1 January 2017
Amendment to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
MFRS 2 <i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions</i> (Amendments to MFRS 2)	1 January 2018
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Applying MFRS 9 <i>Financial Instruments with MFRS 4 Insurance Contracts</i> (Amendments to MFRS 4)	1 January 2018
Amendment to MFRS 128 <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Transfer to Investment Property (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 10 <i>Consolidated Financial Statements</i> (Amendments to MFRS10) and MFRS 128 <i>Investment in Associates and Joint Ventures</i> (Amendments to MFRS 128): <i>Sale or Contribution of Assets between an investor and its Associate or Joint venture</i> (Amendments to MFRS128)	To be announced by MASB

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective (Contd.)**

The Group and the Company do not expect that the adoption of the above pronouncements will have significant financial implications in future financial statements other than the following:

**MFRS 107 *Statement of Cash Flows - Disclosures Initiatives***  
(Amendments to MFRS 107)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (for example foreign exchange movements and fair value changes).

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. Application of the amendment will result in additional disclosures to be provided by the Group and the Company.

**MFRS 112 *Income Taxes - Recognition of Deferred Tax for Unrealised Losses***  
(Amendments to MFRS 112)

The amendments clarify that deductible tax difference will arise from unrealised losses of debt instruments classified at fair value regardless of whether the holder expects to recover the carrying amount by holding the debt instrument until maturity or by selling the debt instrument.

In circumstances where tax law restricts the utilisation of tax losses such that an entity can only deduct the tax losses against income of a specified type, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective (Contd.)**

**MFRS 112 *Income Taxes - Recognition of Deferred Tax for Unrealised Losses* (Amendments to MFRS 112) (Contd.)**

The amendments also clarify that when estimating taxable profit of future periods, an entity can assume that an asset will be recovered for more than its carrying amount if that recovery is probable and the asset is not impaired. All relevant facts and circumstances should be assessed when making this assessment.

In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with the future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. The amendments should be applied retrospectively. However, on initial application of the amendment, adjustment to the opening equity of the earliest comparative period may be recognised in opening retained earnings, without allocating the change between retained earnings and other components of equity. If this relief is applied, the entity must disclose this fact. The Group and the Company do not anticipate significant impact to the financial statements upon adoption of the amendments.

**MFRS 9 *Financial Instruments***

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high level impact assessment of all three aspects of MFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group does not anticipate significant impact to the financial statements except for the effect of potentially higher impairment losses under the expected credit loss model. The Group will perform a detailed assessment in the future to determine the extent of the anticipated impacts.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective (Contd.)**

**MFRS 9 *Financial Instruments* (Contd.)**

The areas with expected impact from application of MFRS 9 are summarised below:

**(i) Classification and measurement**

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at FVTPL to be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

The Group does not expect a significant impact to the financial statements on applying the classification and measurement requirements.

Loans and receivables are held to collect contractual cash flows and are representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under MFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under MFRS 9.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective (Contd.)**

**MFRS 9 *Financial Instruments* (Contd.)**

**(ii) Impairment**

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the current accounting standard. The Group expect to to recognise either a 12-month (Stage 1) or lifetime ECL (Stage 2 and 3), depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group. The ECL model also applies to contract assets under MFRS 15 Revenue from Contracts with Customers and lease receivables under MFRS 117 Leases. Appropriate impairment methodology will be adopted for calculating allowances for impairment losses.

The Group has established a project team with assistance from consultants to plan and manage the implementation of MFRS 9 and is in the process of assessing the financial implications for adopting the new standard. The implementation project is expected to run for 2 years. During the financial year ended 31 December 2016, the Group has completed Phase 1 on the impact assessment and solution development. The Group has also embarked on Phase 2 which is the, "Build, test and deploy" phase of the implementation project.

**MFRS 15 *Revenue from Contracts with Customers***

MFRS 15 was issued in 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group and the Company expect to apply MFRS 15 fully retrospective. Given that insurance and takaful contracts are scoped out of MFRS 15, the Group and the Company expect the main impact of the new standard to be on the accounting for income from administrative and investment management services. The Group and the Company do not expect the impact to be significant.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective (Contd.)**

**MFRS 16 Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under MFRS 117. The standard will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(i) Lessee

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subsequently, lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to assess the potential effect of MFRS 16 on its financial statements in the near future.

**MFRS 10 Consolidated Financial Statements (Amendments to MFRS 10) and MFRS 128 Investment in Associates and Joint Ventures (Amendments to MFRS 128): Sale or Contribution of Assets between an investor and its Associate or Joint venture (Amendments to MFRS 128)**

The amendments address the conflict between MFRS 10 and MFRS 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**2.5 Standards and annual improvements to standards issued but not yet effective (Contd.)**

**MFRS 10 *Consolidated Financial Statements* (Amendments to MFRS 10) and MFRS 128 *Investment in Associates and Joint Ventures* (Amendments to MFRS 128): Sale or Contribution of Assets between an investor and its Associate or Joint venture (Amendments to MFRS 128) (Contd.)**

The amendments require the full gain to be recognised when the assets are transferred to an associate or joint venture in which it meets the definition of a business as defined in MFRS 3 *Business Combinations*. Any gain or loss on assets transferred to an associate or joint venture that do not meet the definition of a business would be recognised only to the extent of the unrelated investors' interest in the associate or joint venture. The amendments are applied prospectively effective for periods beginning on or after 1 January 2016, with early application permitted.

On 31 December 2015, MASB announced to defer the effective date of the amendments, except for the amendments which clarify how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests, where early application still permitted. The deferment is in line with the IASB's recent decision which removed the requirement to apply Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) by 2016. The IASB's reason for making the decision to defer the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The Group and the Company do not anticipate significant impact to the financial statements upon adoption of the amendments.

**Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts* (Amendments to MFRS 4)**

In December 2016, the MASB issued amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard (IFRS 17) to be issued by the International Accounting Standards Board.

The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest whilst the overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied MFRS 139 to these designated financial assets.

The Group and the Company have opted not to utilise the exemptions permitted under this Amendment and will fully adopt MFRS 9 effective on 1 January 2018.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

- 2.6 The Companies Act 2016 ("New Act") was enacted to replace the Companies Act, 1965 in Malaysia with the objectives of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except Section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are:

- the removal of the authorised share capital;
- the ordinary shares of the Company will cease to have par or nominal value; and
- the Company's share premium will become part of the share capital.

The adoption of the New Act is not expected to have any financial impact on the Group and the Company for the current financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and the Company in the next financial year ended 31 December 2017.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**3. PROPERTY, PLANT AND EQUIPMENT**

Group	Properties # RM'000	Furniture & fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Electrical and security equipment RM'000	Motor vehicles RM'000	Work in- progress RM'000	Total RM'000
<b>2016</b>							
<b>Cost</b>							
At 1 January 2016	122,375	61,041	31,295	36,076	1,526	8,129	260,442
Additions	-	2,264	3,296	1,051	-	5,224	11,835
Disposals	(3,749)	(351)	(225)	-	-	-	(4,325)
Reclassification	-	586	-	2,638	-	(3,224)	-
Translation differences	-	159	491	-	(89)	-	561
At 31 December 2016	118,626	63,699	34,857	39,765	1,437	10,129	268,513
<b>Accumulated Depreciation and Impairment Losses</b>							
At 1 January 2016	41,264	49,234	13,849	23,281	1,243	-	128,871
Depreciation charge for the year	2,184	4,969	4,462	1,923	96	-	13,634
Disposals	(2,963)	(338)	(135)	-	-	-	(3,436)
Translation differences	-	119	281	-	(88)	-	312
At 31 December 2016	40,485	53,984	18,457	25,204	1,251	-	139,381
<b>Analysed as:</b>							
- Accumulated depreciation	38,474	53,984	18,457	25,204	1,251	-	137,370
- Accumulated allowance for impairment	2,011	-	-	-	-	-	2,011
	40,485	53,984	18,457	25,204	1,251	-	139,381
<b>Net Book Value at 31 December 2016</b>	<b>78,141</b>	<b>9,715</b>	<b>16,400</b>	<b>14,561</b>	<b>186</b>	<b>10,129</b>	<b>129,132</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

Group	Properties # RM'000	Furniture & fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Electrical and security equipment RM'000	Motor vehicles RM'000	Work in- progress RM'000	Total RM'000
<b>2015</b>							
<b>Cost</b>							
At 1 January 2015	121,892	57,506	26,606	35,064	1,447	1,325	243,840
Additions	-	3,474	2,298	896	357	6,923	13,948
Disposals	-	(378)	(23)	-	-	-	(401)
Write-off	-	-	(13)	-	(322)	-	(335)
Reclassification	-	3	-	116	-	(119)	-
Transfer from intangible assets	-	-	23	-	-	-	23
Translation differences	483	436	2,404	-	44	-	3,367
At 31 December 2015	122,375	61,041	31,295	36,076	1,526	8,129	260,442
<b>Accumulated Depreciation and Impairment Losses</b>							
At 1 January 2015	38,630	43,131	8,843	21,574	1,447	-	113,625
Depreciation charge for the year	2,254	5,730	4,489	1,707	75	-	14,255
Disposals	-	(21)	(17)	-	-	-	(38)
Write-off	-	-	(11)	-	(323)	-	(334)
Transfer from intangible assets	-	-	9	-	-	-	9
Translation differences	380	394	536	-	44	-	1,354
At 31 December 2015	41,264	49,234	13,849	23,281	1,243	-	128,871
<b>Analysed as:</b>							
- Accumulated depreciation	39,253	49,234	13,849	23,281	1,243	-	126,860
- Accumulated allowance for impairment	2,011	-	-	-	-	-	2,011
	41,264	49,234	13,849	23,281	1,243	-	128,871
<b>Net Book Value at 31 December 2015</b>	<b>81,111</b>	<b>11,807</b>	<b>17,446</b>	<b>12,795</b>	<b>283</b>	<b>8,129</b>	<b>131,571</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

# Properties consist of:

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Buildings on freehold land RM'000</b>	<b>Buildings on leasehold land RM'000</b>	<b>Total RM'000</b>
<b><u>2016</u></b>				
<b>Cost</b>				
At 1 January 2016	3,620	8,010	110,745	122,375
Disposal	-	-	(3,749)	(3,749)
At 31 December 2016	3,620	8,010	106,996	118,626
<b>Accumulated Depreciation and Impairment Losses</b>				
At 1 January 2016	746	4,841	35,677	41,264
Depreciation charge for the year	-	45	2,139	2,184
Disposal	-	-	(2,963)	(2,963)
At 31 December 2016	746	4,886	34,853	40,485
<b>Analysed as:</b>				
- Accumulated depreciation	-	3,621	34,853	38,474
- Accumulated allowance for impairment losses	746	1,265	-	2,011
	746	4,886	34,853	40,485
<b>Net Book Value at 31 December 2016</b>	<b>2,874</b>	<b>3,124</b>	<b>72,143</b>	<b>78,141</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

# Properties consist of:

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Buildings on freehold land RM'000</b>	<b>Buildings on leasehold land RM'000</b>	<b>Total RM'000</b>
<b><u>2015</u></b>				
<b>Cost</b>				
At 1 January 2015	3,620	8,010	110,262	121,892
Translation differences	-	-	483	483
At 31 December 2015	3,620	8,010	110,745	122,375
<b>Accumulated Depreciation and Impairment Losses</b>				
At 1 January 2015	746	4,796	33,088	38,630
Depreciation charge for the year	-	45	2,209	2,254
Translation differences	-	-	380	380
At 31 December 2015	746	4,841	35,677	41,264
<b>Analysed as:</b>				
- Accumulated depreciation	-	3,576	35,677	39,253
- Accumulated allowance for impairment losses	746	1,265	-	2,011
	746	4,841	35,677	41,264
<b>Net Book Value at 31 December 2015</b>				
	2,874	3,169	75,068	81,111

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**4. INVESTMENT PROPERTIES**

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Investment property under construction ("IPUC") RM'000	Total RM'000
<b><u>2016</u></b>				
At 1 January 2016	447,665	221,590	45,657	714,912
Additions	-	-	33,582	33,582
Fair value adjustment	7,250	1,674	-	8,924
Reclassification	-	-	(2,548)	(2,548)
At 31 December 2016	454,915	223,264	76,691	754,870
<b><u>2015</u></b>				
At 1 January 2015	412,865	154,520	20,545	587,930
Addition	-	-	25,112	25,112
Fair value adjustment	34,800	67,070	-	101,870
At 31 December 2015	447,665	221,590	45,657	714,912

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repair, maintenance and enhancements other than as disclosed in Note 40.

Investment properties except IPUC, are stated at fair value in accordance with the policies as described in Note 2.2(v) which had been determined based on valuations that reflect market conditions at the end of the reporting period.

The IPUC as at 31 December 2016 is stated at cost less impairment as the fair value is not readily determinable.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**5. PREPAID LAND LEASE PAYMENTS**

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
<b>Cost</b>		
At beginning/end of year	24,018	24,018
<b>Accumulated amortisation and impairment losses</b>		
At beginning of year	4,750	4,447
Amortisation charge for the year	303	303
At end of year	5,053	4,750
<b>Analysed as:</b>		
- Accumulated amortisation	4,876	4,573
- Accumulated allowance for impairment losses	177	177
	5,053	4,750
<b>Net book value at end of the year</b>	<b>18,965</b>	<b>19,268</b>

**6. INTANGIBLE ASSETS**

<b>Group</b>	<b>Computer Software and Licences RM'000</b>	<b>Software Development Cost RM'000</b>	<b>Total RM'000</b>
<b><u>2016</u></b>			
<b>Cost</b>			
At beginning of year	120,016	1,632	121,648
Additions	19,930	4,554	24,484
Write-off	(7)	-	(7)
Reclassification	266	(266)	-
Translation differences	49	-	49
At end of year	140,254	5,920	146,174
<b>Accumulated amortisation and impairment losses</b>			
At beginning of year	66,872	-	66,872
Amortisation charge for the year	7,405	-	7,405
Translation differences	21	-	21
At end of year	74,298	-	74,298
<b>Analysed as:</b>			
- Accumulated amortisation	74,298	-	74,298
<b>Net book value at end of the year</b>	<b>65,956</b>	<b>5,920</b>	<b>71,876</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**6. INTANGIBLE ASSETS (CONTD.)**

Group	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
<b><u>2015</u></b>			
<b>Cost</b>			
At beginning of year	97,793	-	97,793
Additions	22,151	1,632	23,783
Transfer to property, plant and equipment	(23)	-	(23)
Translation differences	95	-	95
At end of year	120,016	1,632	121,648
<b>Accumulated amortisation and impairment losses</b>			
At beginning of year	61,378	-	61,378
Amortisation charge for the year	5,444	-	5,444
Transfer to property, plant and equipment	(9)	-	(9)
Translation differences	59	-	59
At end of year	66,872	-	66,872
<b>Analysed as:</b>			
- Accumulated amortisation	66,872	-	66,872
<b>Net book value at end of the year</b>	<b>53,144</b>	<b>1,632</b>	<b>54,776</b>



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**7. INVESTMENT IN SUBSIDIARIES**

<b>Company</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	<u>1,636,470</u>	<u>1,636,470</u>

Details of the subsidiaries of the Company are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Effective interest (%)</b>		<b>Principal activities</b>
		<b>2016</b>	<b>2015</b>	
Etika Insurance Berhad ("EIB")	Malaysia	100	100	Underwriting of general insurance, life insurance and investment-linked businesses
Etika Takaful Berhad ("ETB")	Malaysia	100	100	Management of general takaful, family takaful and investment-linked businesses
Etika Insurance Pte. Ltd. ("EIPL")	Singapore	100	100	Underwriting of general insurance and life insurance businesses
Etika Life International (L) Ltd. ("ELIL")	Malaysia	100	100	Offshore investment-linked business
Etika Offshore Insurance (L) Ltd. ("EOIL")	Malaysia	100	100	Provision of bureau services in the Federal Territory of Labuan
Etika Overseas Investment Pte. Ltd. ("EOIP")	Malaysia	100	100	Investment holding
Double Care Sdn Bhd ("DCSB")	Malaysia	100	100	Under members' voluntary winding-up

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**7. INVESTMENT IN SUBSIDIARIES (CONTD.)**

Company Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2016	2015	
Sri MGAB Berhad ("SMGAB")	Malaysia	-	100	Dissolved
Sri MLAB Berhad ("SMLAB")	Malaysia	-	100	Dissolved

There are no significant restrictions on the Group's ability to access or use its assets and settle its liabilities other than the following:

- (a) In line with the requirements of the Financial Services Act 2013, the Islamic Financial Services Act 2013 and the Labuan Financial Services and Securities Act 2010, the net assets of the Group's insurance and takaful funds amounting to RM19.74 billion (2015: RM19.54 billion) cannot be transferred or used by other entities / components within the Group;
- (b) The total capital available of the Company's insurance and takaful subsidiaries as prescribed under the RBC Frameworks for Insurers and Takaful Operators issued by BNM are RM5.37 billion (2015: RM5.14 billion) and RM4.95 billion (2015: RM4.39 billion) respectively;
- (c) The total capital available of the Company's insurance subsidiary in Singapore as prescribed under the Risk-Based Capital Framework regulation set by the Monetary Authority of Singapore ("MAS") was RM404.51 million (2015: RM257.38 million) or SGD130.45 million (2015: SGD84.75 million). The Company's insurance subsidiary in Singapore has a CAR in excess of the current requirement as at 31 December 2016; and
- (d) The Company's insurance subsidiary in Labuan is required to maintain at all times a surplus of assets over liabilities, which is:
  - (i) equivalent to, or more than 3% of actuarial liabilities valuation; or
  - (ii) RM7,500,000, whichever is greater.

As at 31 December 2016, the margin of solvency of the Company's insurance subsidiary in Labuan was a surplus of RM10.62 million (2015: RM12.35 million) or USD2.37 million (2015: USD2.88 million) which complies with the requirements of Section 109 of the LFSSA 2010.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**8. INVESTMENT IN ASSOCIATES**

Group	Pak-Kuwait Takaful Company Ltd.		Asian Forum Inc.		Total	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	6,832	6,309	152	152	6,984	6,461
Increase in shares	-	523	-	-	-	523
	<u>6,832</u>	<u>6,832</u>	<u>152</u>	<u>152</u>	<u>6,984</u>	<u>6,984</u>
Post-acquisition reserve	1,262	1,262	1,620	1,620	2,882	2,882
Foreign exchange reserve	(502)	(502)	(534)	(534)	(1,036)	(1,036)
Allowance for impairment losses	(7,592)	(7,592)	-	-	(7,592)	(7,592)
	<u>-</u>	<u>-</u>	<u>1,238</u>	<u>1,238</u>	<u>1,238</u>	<u>1,238</u>
Represented by:						
Share of net assets, after impairment losses	-	-	1,238	1,238	1,238	1,238

The associates are as follows:

Name of company	Country of incorporation	Effective interests (%)		Principal activities
		2016	2015	
Pak-Kuwait Takaful Company Ltd.	Pakistan	32.50	32.50	General takaful business
Asian Forum Inc.	Malaysia	33.33	33.33	Under members' voluntary winding-up

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**8. INVESTMENT IN ASSOCIATES (CONTD.)**

The summarised financial information of the associates are as follows:

	<b>Pak-Kuwait Takaful</b>		<b>Asian Forum Inc.</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and liabilities</b>				
Current assets	5,932	23,113	3,862	3,713
Non-current assets	2,921	3,584	-	-
<b>Total assets</b>	<b>8,853</b>	<b>26,697</b>	<b>3,862</b>	<b>3,713</b>
Current liabilities	5,659	3,217	-	-
Non-current liabilities	-	-	-	-
<b>Total liabilities</b>	<b>5,659</b>	<b>3,217</b>	<b>-</b>	<b>-</b>
<b>Results</b>				
Revenue	3,133	9,816	-	-
Loss for the year	(19,165)	(2,164)	(17)	(49)

The financial year end of both associates is 31 December. For the purposes of the consolidation, the unaudited financial position of the associates as at 30 September 2016 was used when determining the Group's share of the net assets. In respect of the Group's share of the net profit of the associates, the unaudited 12 months period (from 1 October 2015 to 30 September 2016) had been used. Had the financial position as at 31 December 2016 and the results of the associates for the 12 months period from 1 January 2016 to 31 December 2016 been used for the purposes of equity accounting, management is of the opinion that the differences would not be expected to be significant.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**9. INVESTMENTS**

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Malaysian government papers	1,380,214	1,495,715
Singapore government securities	137,624	41,179
Debt securities	17,803,249	14,799,747
Equity securities	2,728,685	3,221,978
Unit and property trust funds *	225,763	236,603
Redeemable loan stocks	-	7
Structured products (Note 10)	384,394	1,114,697
Negotiable certificates of deposit ("NCD")	144,885	213,473
Negotiable Islamic certificates of deposit ("NICD")	123,182	138,269
Deposits with financial institutions	2,791,778	3,528,466
	<u>25,719,774</u>	<u>24,790,134</u>

\* Included in investments in unit trust funds are investments amounting to RM152.4 million (2015: RM152.4 million) relating to unit and property trust funds managed by entities within the MBB Group.

The Group's financial investments are summarised by categories as follows:

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Available-for-sale ("AFS")	9,334,755	9,162,339
Fair value through profit and loss ("FVTPL"):		
- Designated upon initial recognition	12,531,159	10,482,808
- Held for trading ("HFT")	1,062,082	1,616,521
Loan and receivables ("LAR")	2,791,778	3,528,466
	<u>25,719,774</u>	<u>24,790,134</u>

The following investments mature after 12 months:

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
AFS	6,964,347	6,243,292
FVTPL		
- Designated upon initial recognition	11,992,590	10,041,649
- HFT	354,312	283,154
	<u>19,311,249</u>	<u>16,568,095</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**9. INVESTMENTS (CONTD.)**

Group	2016 RM'000	2015 RM'000
<b>(a) AFS</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	896,190	1,030,929
Singapore government securities	34,776	16,814
Debt securities:		
Quoted outside Malaysia	170,029	153,880
Unquoted in Malaysia	5,935,794	5,106,621
Unquoted outside Malaysia	32,334	43,428
Equity securities		
Quoted in Malaysia	1,846,009	2,381,292
Quoted outside Malaysia	142,686	56,531
Unit and property trust funds:		
Quoted in Malaysia	196,712	217,781
Quoted outside Malaysia	9,020	5,177
Structured products (Note 10)	-	69,542
NICD	18,954	28,093
<b><u>At cost</u></b>		
Equity securities:		
Unquoted in Malaysia		
Cost	55,032	55,032
Less: Allowance for impairment losses	(2,781)	(2,781)
	52,251	52,251
<b>Total AFS financial assets</b>	<b>9,334,755</b>	<b>9,162,339</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**9. INVESTMENTS (CONTD.)**

Group	2016 RM'000	2015 RM'000
<b>(b) FVTPL</b>		
<b>(i) Designated upon initial recognition</b>		
<u>At fair value</u>		
Malaysian government papers	417,516	375,031
Singapore government securities	102,848	24,365
Debt securities:		
Quoted outside Malaysia	213,596	53,276
Unquoted in Malaysia	10,943,727	9,061,284
Unquoted outside Malaysia	221,601	183,009
Structured products (Note 10)	382,758	462,194
NCD	144,885	213,473
NICD	104,228	110,176
Total financial assets designated as FVTPL upon initial recognitions	12,531,159	10,482,808
<b>(ii) HFT</b>		
<u>At fair value</u>		
Malaysian government papers	66,508	89,755
Unquoted debt securities in Malaysia	286,168	198,249
Quoted equity securities in Malaysia	687,739	731,904
Unit and property trust funds:		
Quoted in Malaysia	1,674	4,842
Quoted outside Malaysia	18,357	8,803
Redeemable loan stocks	-	7
Structured products (Note 10)	1,636	589,132
Bifurcated derivatives (Note 10)	-	(6,171)
Total HFT financial assets	1,062,082	1,616,521
<b>(c) LAR</b>		
Fixed and call deposits with:		
Licensed financial institutions	2,389,289	2,852,966
Others	402,489	675,500
Total LAR financial assets	2,791,778	3,528,466

The carrying amounts of LAR are reasonable approximations of fair values due to the short term maturity of the financial assets.

Included in LAR financial assets are assets amounting to RM38,000,000 (2015: RM38,000,000) which have been pledged to obtain banking facility and Islamic bank guarantee facilities from MBB and Maybank Islamic Berhad.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**9. INVESTMENTS (CONTD.)**

<b>Company</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Equity securities	-	1,038
Unit and property trust funds **	102,311	102,375
Deposits with financial institutions	86,630	130,884
	<u>188,941</u>	<u>234,297</u>

\*\* Relates to investments in unit and property trust funds managed by entities within the MBB Group.

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

<b>Company</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Available-for-sale ("AFS")	102,311	103,413
Loan and receivables ("LAR")	86,630	130,884
	<u>188,941</u>	<u>234,297</u>

**(a) AFS**

Quoted equity securities in Malaysia	-	1,038
Quoted unit and property trust funds	102,311	102,375
Total AFS financial assets	<u>102,311</u>	<u>103,413</u>

**(b) LAR**

Fixed and call deposits with licensed financial institutions	<u>86,630</u>	<u>130,884</u>
--	---------------	----------------

The carrying amounts of LAR are reasonable approximations of fair values due to the short term maturity of the financial assets.

**Fair Value of Financial Investments**

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 47 to the financial statements.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**10. STRUCTURED PRODUCTS**

Structured products of the Group are classified as either FVTPL or AFS. For structured products classified as AFS, the derivative embedded in the product is bifurcated from the host contract in line with the requirements of MFRS 139 *Financial Instruments: Recognition and Measurement*. Bifurcated derivatives are classified as FVTPL and changes in their fair value are recognised in profit or loss.

The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The carrying amount of structured products is presented as follows:

	<----- 2016 ----->		<----- 2015 ----->	
	Principal/ Notional Amount RM'000	Net Carrying Amount RM'000	Principal/ Notional Amount RM'000	Net Carrying Amount RM'000
<b>Financial assets at FVTPL</b>				
Structured deposits	400,000	382,758	676,515	648,191
Credit-linked notes	-	-	407,956	400,720
Index-linked notes	33,663	1,636	33,663	2,415
Bifurcated derivatives relating to structured deposits *	-	-	-	(6,171)
	<u>433,663</u>	<u>384,394</u>	<u>1,118,134</u>	<u>1,045,155</u>
<b>AFS financial assets</b>				
Structured deposits *: Host contract	-	-	65,000	69,542
Grand total	<u>433,663</u>	<u>384,394</u>	<u>1,183,134</u>	<u>1,114,697</u>

\* The notional amount of structured deposits categorised as AFS represents the notional amount of the product as a whole and, accordingly, segregation between the host contract and the embedded derivative is not appropriate.

The fair value of structured products of the Group is derived based on valuation techniques from market observable inputs. They are revalued at the reporting date using such values as provided by the respective counterparties.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**11. FINANCING RECEIVABLES**

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Policy/automatic premium loans	214,178	220,456
Corporate loans	3,331	9,831
Staff loans:		
Secured	49,117	54,302
Unsecured	70	1
Non-staff loans	5,651	5,263
Allowance for impairment losses (Note 45 (i))	(5,609)	(9,579)
	<u>266,738</u>	<u>280,274</u>
Receivable after 12 months	<u>43,127</u>	<u>48,118</u>
<b>Company</b>		
Staff loans:		
Secured	752	1,332
Unsecured	1	1
Allowance for impairment losses (Note 45 (i))	(1)	(1)
	<u>752</u>	<u>1,332</u>
Receivable after 12 months	<u>654</u>	<u>1,120</u>

The carrying amount approximates fair value as these loans are issued at interest/profit rates that are comparable to instruments in the market with similar characteristics and risk profiles and, accordingly, the impact of discounting thereon is not material.

The weighted average effective interest rates during the financial year were as follows:

	<b>2016</b>	<b>2015</b>
	<b>per annum</b>	<b>per annum</b>
Policy/automatic premium loans	8.00%	8.00%
Non-staff loans	6.64%	6.80%
Staff loans	<u>3.13%</u>	<u>3.04%</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**12. REINSURANCE/RETAKAFUL ASSETS**

<b>Group</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Reinsurers' share of:	3,409,812	3,327,262
Life insurance contract liabilities	28,860	23,081
General insurance contract liabilities	3,380,952	3,304,181
Retakaful operators' share of:	291,848	239,529
Family takaful certificate liabilities	49,675	36,129
General takaful certificate liabilities	242,173	203,400
Allowance for impairment losses (Note 45 (i))	(529)	(5,963)
	<u>3,701,131</u>	<u>3,560,828</u>

**13. INSURANCE/TAKAFUL RECEIVABLES**

<b>Group</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Due premiums including agents/brokers and co-insurers/co-takaful balances	404,349	360,673
Due from reinsurers/retakaful operators and cedants	53,592	213,447
	<u>457,941</u>	<u>574,120</u>
Allowance for impairment losses (Note 45 (i))	(20,417)	(44,450)
	<u>437,524</u>	<u>529,670</u>

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**14. OTHER RECEIVABLES**

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Management fees	148	278
Collective allowance for impairment losses	-	(24)
	<u>148</u>	<u>254</u>
Sundry receivables, deposits and prepayments	27,707	26,096
Individual allowance for impairment losses	(1,899)	(1,996)
	<u>25,808</u>	<u>24,100</u>
Income and profits due and accrued	134,537	126,264
Individual allowance for impairment losses	(209)	(244)
	<u>134,328</u>	<u>126,020</u>
Investment profit receivable	134,864	117,415
Amount due from:*		
- Ultimate holding company	612	427
- Other related companies within the MBB Group	342	369
Amount due from stockbrokers	2,256	76,261
Share of net assets in Malaysian Motor Insurance Pool ("MMIP")	36,310	38,498
MMIP cash call	25,359	34,359
	<u>199,743</u>	<u>267,329</u>
<b>TOTAL RECEIVABLES</b>	<u><b>360,027</b></u>	<u><b>417,703</b></u>
<b>Company</b>		
Sundry receivables, deposits and prepayments	10	10
Income and profits due and accrued	314	1,010
Dividend receivable	920	967
Amount due from subsidiaries/associates within the MAHB Group*	10,330	9,316
Allowance for impairment losses (Note 45 (i))	(7,161)	(7,161)
<b>TOTAL RECEIVABLES</b>	<u><b>4,413</b></u>	<u><b>4,142</b></u>

\* Amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts (other than prepayments) are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**15. DERIVATIVES**

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

	<-----2016----->			<-----2015----->		
	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000
<b>Hedging derivatives:</b>						
Cross currency swap	138,251	-	56,601	138,251	-	50,448
Foreign currency swap	214,450	56	7,603			
Forward foreign exchange contract	-	-	-	98,294	210	8,850
		<u>56</u>	<u>64,204</u>		<u>210</u>	<u>59,298</u>
<b>Non-hedging derivatives:</b>						
<b>Non-current</b>						
Equity option	-	-	-	366,077	2,610	-
		<u>-</u>	<u>-</u>		<u>2,610</u>	<u>-</u>
<b>Total derivatives</b>		<u>56</u>	<u>64,204</u>		<u>2,820</u>	<u>59,298</u>

The fair value of derivatives is derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 47 to the financial statements.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**15. DERIVATIVES (CONTD.)**

Hedging derivatives:

Forwards are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investment. The Group enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio in USD denominated mutual funds.

Swaps are contractual agreements between two parties to exchange streams of payments over time, based on specified notional amounts, in relation to movements in a specified underlying index such as interest rates, foreign currency rates or equity indices. The Group uses swap contracts to hedge the principal amount invested in foreign debt securities denominated in USD which will be settled at a specified contract rate on the maturity date of the contract.

Non-hedging derivatives:

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specified amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. The Group purchases options that provide the Group with the opportunity to purchase (call option) the underlying asset at an agreed-upon value on the expiration of the option. The Group is exposed to credit risk on purchased options only to the extent of their carrying amounts, which is their fair value. The Group uses options in the product structuring for investment linked products as a strategy to enhance the returns of the products.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**16. DEFERRED TAXATION**

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
At beginning of year	(507,420)	(437,102)
Recognised in:		
Profit or loss (Note 37)	(97,393)	(59,255)
- Taxation borne by policyholders/participants	(30,118)	(11,933)
- Tax expense of the Group	(67,275)	(47,322)
Other comprehensive income (Note 37)	(3,622)	(9,312)
Insurance/takaful contract liabilities	(367)	(621)
Exchange differences	(1,029)	(1,130)
At end of year	<u>(609,831)</u>	<u>(507,420)</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. The deferred tax disclosed in the statement of financial position of the Group is presented on a gross basis as it relates to different entities within the Group as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	8,958	22,000
Deferred tax liabilities	(618,789)	(529,420)
	<u>(609,831)</u>	<u>(507,420)</u>
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities at the beginning of the year	(189)	(203)
Recognised in other comprehensive income (Note 37)	36	14
Deferred tax liabilities at the end of the year	<u>(153)</u>	<u>(189)</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**16. DEFERRED TAXATION (CONTD.)**

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

**Deferred Tax Assets**

Group	Amortisation of premiums RM'000	Impairment losses on receivables RM'000	Impairment losses on investments RM'000	General insurance liabilities RM'000	Others RM'000	Total RM'000
<b>2016</b>						
At 1 January 2016	1,129	1,774	18,775	310	12	22,000
Reclassification	-	-	556	-	-	556
Recognised in:						
Profit or loss	1,163	(452)	(14,027)	(272)	(9)	(13,597)
- Taxation borne by policyholders/participants	1,952	3,182	(5,956)	142	-	(680)
- Tax expense of the Group	(789)	(3,634)	(8,071)	(414)	(9)	(12,917)
Exchange differences	-	-	-	-	(1)	(1)
At 31 December 2016	2,292	1,322	5,304	38	2	8,958
<b>2015</b>						
At 1 January 2015	-	2,259	19,401	528	550	22,738
Recognised in:						
Profit or loss	1,129	(473)	(626)	(218)	(607)	(795)
- Taxation borne by policyholders/participants	(646)	(718)	(5,704)	(43)	-	(7,111)
- Tax expense of the Group	1,775	245	5,078	(175)	(607)	6,316
Exchange differences	-	(12)	-	-	69	57
At 31 December 2015	1,129	1,774	18,775	310	12	22,000



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**16. DEFERRED TAXATION (CONTD.)**

Deferred Tax Liabilities

Group	Net accretion of discounts on investments RM'000	Accelerated capital allowances RM'000	Fair value adjustment RM'000	AFS reserves RM'000	Life insurance contract liabilities RM'000	Non-Participating Fund Unallocated Surplus RM'000	Unit-linked RM'000	Others RM'000	Total RM'000
<u>2016</u>									
At 1 January 2016	2,789	(5,522)	(25,847)	5,705	(14,805)	(484,158)	(4,948)	(2,634)	(529,420)
Reclassification	(556)	-	-	-	-	-	-	-	(556)
Recognised in:									
Profit or loss	(360)	(1,364)	(9,911)	(2)	(21,475)	(52,078)	2,984	(1,590)	(83,796)
- Taxation borne by policyholders/participants	(596)	(186)	(8,809)	-	(21,475)	-	2,984	(1,356)	(29,438)
- Tax expense of the Group	236	(1,178)	(1,102)	(2)	-	(52,078)	-	(234)	(54,358)
Other comprehensive income	-	-	-	(3,622)	-	-	-	-	(3,622)
Insurance/takaful contract liabilities	-	-	-	(367)	-	-	-	-	(367)
Exchange differences	-	(1)	-	-	(1,027)	-	-	-	(1,028)
At 31 December 2016	1,873	(6,887)	(35,758)	1,714	(37,307)	(536,236)	(1,964)	(4,224)	(618,789)

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**16. DEFERRED TAXATION (CONTD.)**

**Deferred Tax Liabilities (Contd.)**

<b>Group</b>	<b>Net accretion of discounts on investments</b>	<b>Accelerated capital allowances</b>	<b>Fair value adjustment</b>	<b>AFS reserves</b>	<b>Life insurance contract liabilities</b>	<b>Non-Participating Fund Unallocated Surplus</b>	<b>Unit-linked</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2015</b>									
At 1 January 2015	(31)	(4,991)	(24,525)	15,638	-	(440,815)	(5,116)	-	(459,840)
Reclassification	-	2,830	-	-	(2,830)	-	-	-	-
Recognised in:									
Profit or loss	2,820	(3,349)	(1,322)	-	(10,800)	(43,343)	168	(2,634)	(58,460)
- Taxation borne by policyholders/participants	1,113	(742)	8,291	-	(10,800)	-	168	(2,852)	(4,822)
- Tax expense of the Group	1,707	(2,607)	(9,613)	-	-	(43,343)	-	218	(53,638)
Other comprehensive income	-	-	-	(9,312)	-	-	-	-	(9,312)
Insurance/takaful contract liabilities	-	-	-	(621)	-	-	-	-	(621)
Exchange differences	-	(12)	-	-	(1,175)	-	-	-	(1,187)
At 31 December 2015	2,789	(5,522)	(25,847)	5,705	(14,805)	(484,158)	(4,948)	(2,634)	(529,420)

<b>Company</b>	<b>AFS reserves</b>
<b>2016</b>	
At 1 January 2016	(189)
Recognised in other comprehensive income	36
At 31 December 2016	(153)
<b>2015</b>	
At 1 January 2015	(203)
Recognised in other comprehensive income	14
At 31 December 2015	(189)

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**17. SHARE CAPITAL**

	Number of shares		Amount	
	2016 Units '000	2015 Units '000	2016 RM'000	2015 RM'000
<b>Authorised</b>				
Ordinary shares of RM1.00 each:				
At beginning/end of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Non Redeemable Preference Shares ("NRPS") of RM1.00 each:				
At beginning/end of year	<u>12,575</u>	<u>12,575</u>	<u>12,575</u>	<u>12,575</u>
Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each:				
At beginning/end of year	<u>730,000</u>	<u>730,000</u>	<u>7,300</u>	<u>7,300</u>
Total	<u>1,742,575</u>	<u>1,742,575</u>	<u>1,019,875</u>	<u>1,019,875</u>
<b>Issued and fully paid</b>				
Ordinary shares of RM1.00 each:				
At beginning/end of year	<u>252,005</u>	<u>252,005</u>	<u>252,005</u>	<u>252,005</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**17. SHARE CAPITAL (CONTD.)**

**17.1 Non-Redeemable Preference Shares ("NRPS")**

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

- (a) The NRPS shall rank *pari passu* with the ordinary shares and shall be subordinated to the RCPS in respect of any distribution or repayment of capital by MAHB.
- (b) The registered holders of the NRPS shall not have any vote at the general meeting of MAHB, unless the meeting is convened for the purpose of reducing capital or winding-up or where the proposition to be submitted to the meeting directly affects their rights and privileges.
- (c) The holders of the NRPS are only entitled to dividends after the RCPS have been fully redeemed and the rights to dividend shall rank *pari passu* with the holders of the ordinary shares.
- (d) The holders of the NRPS shall not be entitled to representation to the Board of MAHB.
- (e) The NRPS had been fully converted into ordinary shares on 9 May 2014.

**17.2 Redeemable Convertible Preference Shares ("RCPS")**

- (a) The RCPS shall rank *pari passu* amongst all RCPS and shall rank behind all secured and unsecured obligations of MAHB, but rank in priority to all the ordinary shares and NRPS of MAHB in respect of return of capital upon liquidation or otherwise for the issue price of the RCPS.
- (b) The RCPS had been fully redeemed on 15 December 2010.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**18. RESERVES**

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Share premium</b>	401,561	401,561
<b>AFS reserves</b>	(1,961)	(15,309)
<b>Other reserves:</b>		
Revaluation reserve	11,648	11,648
Currency translation reserve	61,378	67,798
Capital redemption reserve	7,300	7,300
	<u>80,326</u>	<u>86,746</u>
<b>Retained profits:</b>		
Distributable	2,631,833	2,449,060
Non-distributable non-par surplus	1,719,813	1,547,254
	<u>4,351,646</u>	<u>3,996,314</u>
<b>Total reserves</b>	<u>4,831,572</u>	<u>4,469,312</u>
<b>Company</b>		
<b>Share premium:</b>	<u>401,561</u>	<u>401,561</u>
<b>AFS reserves</b>	<u>484</u>	<u>566</u>
<b>Other reserve:</b>		
Capital redemption reserve	<u>7,300</u>	<u>7,300</u>
<b>Distributable:</b>		
Retained profits	<u>1,170,504</u>	<u>1,121,524</u>
<b>Total reserves</b>	<u>1,579,849</u>	<u>1,530,951</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**18. RESERVES (CONTD.)**

The share premium reserve relates to amounts paid by shareholders for shares in excess of their par value.

The AFS reserves of the Group arose from changes in the fair values of the AFS financial assets in the shareholders' and non-DPF funds.

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

The revaluation reserve of the Group represents the difference between the carrying amount of properties previously classified as self-occupied and transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.

The capital redemption reserve of the Group arose from the redemption of the RCPS of which such shares are redeemed out of retained profits in accordance with Section 61(5) of the Companies Act, 1965 in Malaysia.

Non-distributable non-par surplus represents the unallocated surplus from the non-DPF fund. In accordance with the Financial Services Act 2013, the unallocated surplus is only available for distribution to the shareholders' fund upon approval by the Appointed Actuary. Upon such approval, the distribution is presented as a transfer from non-distributable non-par surplus to distributable retained profits.

The entire distributable retained earnings may be distributed to the shareholder under the single-tier system.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**19. INSURANCE/TAKAFUL CONTRACT LIABILITIES**

Group	2016			2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Life insurance/family takaful (Note A)	17,547,047	(78,535)	17,468,512	17,230,760	(59,210)	17,171,550
General insurance/takaful (Note B)	5,874,241	(3,623,125)	2,251,116	5,827,440	(3,507,581)	2,319,859
	<u>23,421,288</u>	<u>(3,701,660)</u>	<u>19,719,628</u>	<u>23,058,200</u>	<u>(3,566,791)</u>	<u>19,491,409</u>

**(A) Life Insurance/Family Takaful**

The life insurance/family takaful contract liabilities and its movements are further analysed as follows:

**(i) Life insurance/family takaful contract liabilities**

	2016			2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Claim liabilities	216,303	(13,801)	202,502	184,793	(12,527)	172,266
Actuarial liabilities	12,546,078	(64,734)	12,481,344	12,063,902	(46,683)	12,017,219
DPF's unallocated surplus	3,552,592	-	3,552,592	3,154,856	-	3,154,856
DPF's AFS reserves	55,985	-	55,985	93,881	-	93,881
Net asset value ("NAV") attributable to unitholders	1,176,089	-	1,176,089	1,733,328	-	1,733,328
	<u>17,547,047</u>	<u>(78,535)</u>	<u>17,468,512</u>	<u>17,230,760</u>	<u>(59,210)</u>	<u>17,171,550</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**19. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTD.)**

**(A) Life Insurance/Family Takaful (Contd.)**

**(ii) Movements of life insurance/family takaful contract liabilities**

	Claim liabilities RM'000	Actuarial liabilities RM'000	DPF's Unallocated Surplus RM'000	DPF's AFS reserve RM'000	NAV attributable to unitholders RM'000	Gross Total liabilities RM'000	Reinsurance assets RM'000	Net Total liabilities RM'000
<b>2016</b>								
At 1 January 2016	184,793	12,063,902	3,154,856	93,881	1,733,328	17,230,760	(59,210)	17,171,550
Net earned premiums	-	327,235	1,962,738	-	259,135	2,549,108	(52,658)	2,496,450
Other revenue	-	-	764,539	-	18,602	783,141	-	783,141
Experience/benefit variation	2,805	-	(475,591)	-	(824,465)	(1,297,251)	28,064	(1,269,187)
Net benefits and claims	31,309	-	(878,534)	-	(8,947)	(856,172)	23,322	(832,850)
Other expenses	-	-	(289,874)	-	(360)	(290,234)	-	(290,234)
Change in reserves :								
- Discounting	-	(3,999)	(5,184)	-	-	(9,183)	238	(8,945)
- Assumptions	-	(6,129)	(5,029)	-	-	(11,158)	(126)	(11,284)
- Policy Movements	-	151,316	(552,236)	-	-	(400,920)	(18,077)	(418,997)
Exchange differences	(2,604)	13,753	34	36	60	11,279	(88)	11,191
Changes in AFS reserves	-	-	-	(40,009)	-	(40,009)	-	(40,009)
Taxation	-	-	(10,432)	2,077	(1,264)	(9,619)	-	(9,619)
Transfer to shareholders' funds	-	-	(92,789)	-	-	(92,789)	-	(92,789)
Hibah paid to participants	-	-	(19,906)	-	-	(19,906)	-	(19,906)
At 31 December 2016	216,303	12,546,078	3,552,592	55,985	1,176,089	17,547,047	(78,535)	17,468,512



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**19. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTD.)**

**(A) Life Insurance/Family Takaful (Contd.)**

**(ii) Movements of life insurance/family takaful contract liabilities**

	<b>Claim liabilities</b>	<b>Actuarial liabilities</b>	<b>DPF's Unallocated Surplus</b>	<b>DPF's AFS reserve</b>	<b>NAV attributable to unitholders</b>	<b>Gross Total liabilities</b>	<b>Reinsurance assets</b>	<b>Net Total liabilities</b>
<b>2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2015	133,734	12,526,898	3,098,576	28,115	1,868,787	17,656,110	(40,848)	17,615,262
Net earned premiums	-	105,993	1,755,949	-	262,075	2,124,017	(34,888)	2,089,129
Other revenue	-	-	468,342	-	59,435	527,777	-	527,777
Experience/benefit variation	130	-	-	-	-	130	1,859	1,989
Net benefits and claims	50,929	-	(1,458,077)	-	(454,228)	(1,861,376)	28,862	(1,832,514)
Other expenses	-	(49)	(450,018)	-	(304)	(450,371)	-	(450,371)
Change in reserves:								
- Discounting	-	(64,077)	33,240	-	-	(30,837)	(41)	(30,878)
- Assumptions	-	239,655	(212,681)	-	-	26,974	(16)	26,958
- Policy Movements	-	(757,038)	44,854	-	-	(712,184)	(14,062)	(726,246)
Exchange differences	-	12,520	(146)	(78)	720	13,016	(76)	12,940
Changes in AFS reserves	-	-	-	66,465	-	66,465	-	66,465
Taxation	-	-	15,297	(621)	(3,157)	11,519	-	11,519
Transfer to shareholders' funds	-	-	(89,265)	-	-	(89,265)	-	(89,265)
Hibah paid to participants	-	-	(51,215)	-	-	(51,215)	-	(51,215)
At 31 December 2015	184,793	12,063,902	3,154,856	93,881	1,733,328	17,230,760	(59,210)	17,171,550

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**19. INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTD.)**

**(B) General insurance/Takaful**

	<u>2016</u>			<u>2015</u>		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Claim liabilities (i)	4,598,159	(3,317,013)	1,281,146	4,437,167	(3,106,477)	1,330,690
Premiums/contribution liabilities (ii)	1,120,761	(306,112)	814,649	1,273,380	(401,104)	872,276
Unallocated surplus of general takaful fund	175,393	-	175,393	146,002	-	146,002
AFS reserves	(20,072)	-	(20,072)	(29,109)	-	(29,109)
	<u>5,874,241</u>	<u>(3,623,125)</u>	<u>2,251,116</u>	<u>5,827,440</u>	<u>(3,507,581)</u>	<u>2,319,859</u>
<b>(i) Claims liabilities</b>						
At 1 January	4,437,167	(3,106,477)	1,330,690	5,048,228	(3,935,229)	1,112,999
Claims incurred in the current accident year	1,371,658	(370,895)	1,000,763	1,192,211	(265,662)	926,549
Movements in claims incurred in prior accident years	594,077	(636,309)	(42,232)	115,478	(100,080)	15,398
Claims paid during the year	(1,582,546)	683,451	(899,095)	(1,341,077)	564,818	(776,259)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	(675)	-	(675)	1,996	-	1,996
Movements in PRAD	(225,495)	114,609	(110,886)	(598,281)	632,611	34,330
Exchange differences	3,973	(1,392)	2,581	18,612	(2,935)	15,677
At 31 December	<u>4,598,159</u>	<u>(3,317,013)</u>	<u>1,281,146</u>	<u>4,437,167</u>	<u>(3,106,477)</u>	<u>1,330,690</u>
<b>(ii) Premium/contribution liabilities</b>						
At 1 January	1,273,380	(401,104)	872,276	1,323,836	(431,975)	891,861
Premiums/contributions written in the year	2,635,397	(1,013,174)	1,622,223	2,658,664	(1,044,989)	1,613,675
Premiums/contributions earned during the year	(2,790,380)	1,109,102	(1,681,278)	(2,721,256)	1,078,763	(1,642,493)
Exchange differences	2,364	(936)	1,428	12,136	(2,903)	9,233
At 31 December	<u>1,120,761</u>	<u>(306,112)</u>	<u>814,649</u>	<u>1,273,380</u>	<u>(401,104)</u>	<u>872,276</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**20. SUBORDINATED OBLIGATIONS**

Group	2016 RM'000	2015 RM'000
Tier 2 Capital Subordinated Bond/Sukuk:		
- RM500 million from EIB (a)	500,000	500,000
- RM300 million from ETB (b)	300,000	300,000
	<u>800,000</u>	<u>800,000</u>
Interest/profit payable on subordinated obligations	<u>11,309</u>	<u>11,316</u>

(a) Tier 2 Capital Subordinated Bond

Issued date	: 5 July 2013
Tenure	: 10 years from issue date on 10 non-callable 5 basis (Due in 2023)
Interest payable	: 4.13% per annum payable semi-annually in arrears in January and July each year.
Optional Redemption	: EIB may, subject to the prior consent of Bank Negara Malaysia ("BNM"), redeem the bond, in whole but not in part, on 5 July 2018 (first call date) and on each semi-annual interest payment date thereafter at the principal amount together with accrued but unpaid coupon.

(b) Tier 2 Capital Subordinated Sukuk

Issued date	: 30 May 2014
Tenure	: 10 years from issue date on 10 non-callable 5 basis (Due in 2024)
Profit payable	: 4.52% per annum payable semi-annually in arrears in May and November each year.
Optional Redemption	: ETB may, subject to the prior consent of BNM, redeem the Sukuk, in whole or in part, on 30 May 2019 (first call date) and each semi-annual profit payment date thereafter at the principal amount together with expected return less periodic distribution made.

The fair value of the subordinated obligations is RM798,558,000 (2015: RM797,439,000), and is determined by reference to indicative ask-prices obtained from Bondweb provided by BPAM. The fair value of subordinated obligations is categorised under Level 2 of the fair value hierarchy as the valuations were mainly based on market observable inputs.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**21. EXPENSE LIABILITIES**

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
UWF of general takaful fund	135,813	116,199
UER of family takaful fund	390,775	354,332
Expense overrun of Life fund	390	-
	<u>526,978</u>	<u>470,531</u>

	<b>General</b> <b>takaful fund</b> <b>RM'000</b>	<b>Family</b> <b>takaful fund</b> <b>RM'000</b>	<b>Life</b> <b>fund</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2016</b>				
At beginning of the year	116,199	354,332	-	470,531
Wakalah fee received during the year	351,836	-	-	351,836
Wakalah fee earned during the year	(332,222)	-	-	(332,222)
Movement in UWF (Note 35)	19,614	-	-	19,614
Movement in UER (Note 35)	-	36,443	-	36,443
Increase in expense overrun of Life fund (Note 35)	-	-	390	390
At end of the year	<u>135,813</u>	<u>390,775</u>	<u>390</u>	<u>526,978</u>

<b>2015</b>				
At beginning of the year	97,820	299,922	-	397,742
Wakalah fee received during the year	290,360	-	-	290,360
Wakalah fee earned during the year	(271,981)	-	-	(271,981)
Movement in UWF (Note 35)	18,379	-	-	18,379
Movement in UER (Note 35)	-	54,410	-	54,410
At end of the year	<u>116,199</u>	<u>354,332</u>	<u>-</u>	<u>470,531</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**22. INSURANCE/TAKAFUL PAYABLES**

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Due to agents and intermediaries	121,597	60,529
Due to reinsurers and cedants	239,902	345,671
Due to retakaful operators	53,242	52,425
	<u>414,741</u>	<u>458,625</u>

The carrying amounts are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

**23. OTHER PAYABLES**

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Premium/contribution deposits	130,287	125,959
Dividend payable to policyholders	79,626	73,316
Amount due to:*		
- Ultimate holding company	11,975	4,187
- Other related companies within the MBB Group	-	6,554
Amount due to stockbrokers	61,408	7,225
Mudharabah payable	202,547	156,959
Unclaimed monies	124,977	104,085
Provisions for expenses	68,514	28,025
Sundry payables and accrued liabilities	307,252	266,716
	<u>986,586</u>	<u>773,026</u>
<b>Company</b>		
Amount due to:*		
- Ultimate holding company	298	2
- Subsidiaries within the MAHB Group	-	93,233
Provisions for expenses	1,782	752
Sundry payables and accrued liabilities	545	1,074
	<u>2,625</u>	<u>95,061</u>

\* Amounts due to related companies are non-trade in nature, unsecured, interest free and is repayable on demand.

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**24. OPERATING REVENUE**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross premiums/contributions	5,326,521	5,138,482	-	-
Investment income (Note 27)	1,114,731	1,070,744	210,050	379,196
	<u>6,441,252</u>	<u>6,209,226</u>	<u>210,050</u>	<u>379,196</u>

**25. NET EARNED PREMIUMS/CONTRIBUTIONS**

	2016 RM'000	2015 RM'000
<b>Group</b>		
<b>(a) Gross earned premiums/contributions</b>		
Life insurance contracts	1,506,899	1,213,133
General insurance contracts	1,453,868	1,550,123
Family takaful contracts	1,184,225	1,266,685
General takaful contracts	1,181,529	1,108,541
Gross premiums/contributions	<u>5,326,521</u>	<u>5,138,482</u>
Change in premium/contribution liabilities	154,983	62,592
Gross earned premiums/contributions	<u>5,481,504</u>	<u>5,201,074</u>
<b>(b) Earned premiums/contributions ceded to reinsurers/retakaful operators</b>		
Life insurance contracts	(21,703)	(25,054)
General insurance contracts	(909,431)	(961,627)
Family takaful contracts	(52,659)	(34,887)
General takaful contracts	(103,743)	(83,362)
Premium/contribution ceded to reinsurers/retakaful operators	<u>(1,087,536)</u>	<u>(1,104,930)</u>
Change in premium/contribution liabilities	(95,928)	(33,774)
Earned premium/contribution ceded to reinsurers/retakaful operators	<u>(1,183,464)</u>	<u>(1,138,704)</u>
<b>Net earned premiums/contributions</b>	<u>4,298,040</u>	<u>4,062,370</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**26. FEE AND COMMISSION INCOME**

Group	2016 RM'000	2015 RM'000
Profit commission	2,337	3,952
Reinsurance/retakaful commission income	88,269	67,779
Others	582	624
Fee and commission income related to insurance/takaful contracts	<u>91,188</u>	<u>72,355</u>

**27. INVESTMENT INCOME**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>AFS financial assets</b>				
Interest/profit income	313,464	289,135	-	-
Dividend/distribution income				
(i) Equity securities:				
- quoted in Malaysia	40,380	83,995	6	34
- quoted outside Malaysia	2,700	2,601	-	-
- unquoted in Malaysia	817	1,862	-	-
- unit and property trusts	9,211	9,148	3,848	4,350
(ii) From subsidiaries	-	-	201,415	370,032
<b>Financial assets at FVTPL</b>				
(i) Designated upon initial recognition				
Interest/profit income	585,748	517,819	-	-
(ii) HFT				
Interest/profit income	16,093	29,879	-	-
Dividend/distribution income				
- equity securities quoted in Malaysia	17,945	19,047	-	-
- unit and property trusts	227	110	-	-
<b>LAR</b>				
Interest/profit income	115,151	94,850	4,647	4,300
Interest/profit income from financing receivables and other loans	19,318	20,048	33	49
Rental income	22,449	24,499	-	-
Net amortisation of premiums	(24,201)	(19,928)	-	-
Other investment income	280	431	101	431
Management fee income	3,358	3,196	-	-
Investment related expenses	(8,209)	(5,948)	-	-
	<u>1,114,731</u>	<u>1,070,744</u>	<u>210,050</u>	<u>379,196</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**28. REALISED GAINS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Realised gain/(loss) on disposal of property, plant and equipment	27,425	(363)	-	-
Realised gain on liquidation of subsidiaries	-	-	93,182	-
<b>Realised gains/(losses) on disposal of:</b>				
<b>AFS financial assets</b>				
Singapore government papers	-	(88)	-	-
Malaysian government papers	11,305	3,570	-	-
Equity securities	23,702	94,556	45	(117)
Debt securities	32,496	22,612	-	-
Unit and property trusts	3,935	(7,287)	-	1,980
Structured products	-	(900)	-	-
	<u>71,438</u>	<u>112,463</u>	<u>45</u>	<u>1,863</u>
<b>Financial assets at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	9,142	(781)	-	-
Debt securities	31,751	79,709	-	-
Structured products	-	(4,275)	-	-
Other investments	-	(1,103)	-	-
Derivative liabilities, net	(271)	-	-	-
	<u>40,622</u>	<u>73,550</u>	<u>-</u>	<u>-</u>
<b>(ii) HFT</b>				
Malaysian government papers	6,375	813	-	-
Equity securities	(1,734)	26,441	-	-
Debt securities	5,974	(4,550)	-	-
Unit and property trusts	919	1,658	-	-
Credit linked notes	22,889	10	-	-
Convertible redeemable loan stock	-	-	-	-
Structured products	10,313	43	-	-
Derivative liabilities, net	(14,081)	(14,218)	-	-
	<u>30,655</u>	<u>10,197</u>	<u>-</u>	<u>-</u>
<b>TOTAL REALISED GAINS</b>	<u>170,140</u>	<u>195,847</u>	<u>93,227</u>	<u>1,863</u>



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

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

<b>Group</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fair value gains/(losses):</b>		
Investment properties	8,924	101,870
Financial assets at FVTPL:		
- designated upon initial recognition	97,582	(154,430)
- HFT	(35,326)	(6,366)
Total fair value losses on financial assets at FVTPL	62,256	(160,796)
<b>TOTAL FAIR VALUE GAINS/(LOSSES)</b>	<b>71,180</b>	<b>(58,926)</b>

**30. OTHER OPERATING INCOME/(EXPENSES), NET**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Other income</u></b>				
Gain on foreign exchange				
- realised	39	40,645	-	-
- unrealised	19,189	41,046	-	-
Processing (expense)/income	(29)	648	-	-
Reversal of impairment losses on:				
- receivables	19,678	5,529	-	-
- others	5,434	101	-	-
Surrender charges	28	70	-	-
Sundry income	29,922	18,370	57	75
	<u>74,261</u>	<u>106,409</u>	<u>57</u>	<u>75</u>
<b><u>Other expenses</u></b>				
Bad debts written off	(1,922)	(6,099)	-	-
Impairment losses on:				
- receivables	(914)	-	-	(7,161)
- investments	(48,036)	(321,000)	-	-
- associate	-	(7,592)	-	-
Losses on foreign exchange				
- realised	(6,132)	(1,546)	(32)	-
- unrealised	(488)	(2,741)	-	-
PPE written off	-	(1)	-	-
Intangible assets written off	(7)	-	-	-
Sundry expenditure	(18,664)	(8,910)	-	(12)
	<u>(76,163)</u>	<u>(347,889)</u>	<u>(32)</u>	<u>(7,173)</u>
<b>TOTAL OTHER OPERATING (EXPENSES)/INCOME, NET</b>	<b>(1,902)</b>	<b>(241,480)</b>	<b>25</b>	<b>(7,098)</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**31. NET BENEFITS AND CLAIMS**

<b>Group</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Gross Benefits and Claims Paid</b>		
Life insurance	1,656,046	2,085,149
General insurance	972,136	753,632
Family takaful	734,578	679,804
General takaful	610,410	587,445
	<u>3,973,170</u>	<u>4,106,030</u>
<b>(b) Claims Ceded to Reinsurers/Retakaful</b>		
Life insurance	(17,130)	(16,457)
General insurance	(653,927)	(470,951)
Family takaful	(24,595)	(33,028)
General takaful	(29,524)	(93,867)
	<u>(725,176)</u>	<u>(614,303)</u>
<b>(c) Gross Change in Contract/Certificate Liabilities</b>		
Life insurance	(179,040)	(944,951)
General insurance	104,742	(743,754)
Family takaful	536,475	491,827
General takaful	189,514	209,460
	<u>651,691</u>	<u>(987,418)</u>
<b>(d) Change in Contract/Certificate Liabilities Ceded to Reinsurers/Retakaful</b>		
Life insurance	(5,690)	3,045
General insurance	(179,209)	791,320
Family takaful	(13,546)	(21,331)
General takaful	(29,935)	40,368
	<u>(228,380)</u>	<u>813,402</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**32. MANAGEMENT EXPENSES**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (a)	365,860	328,979	10,777	10,052
Directors' remuneration (Note 33)	4,263	5,170	727	950
Shariah Committee's remuneration (Note 34)	222	220	-	-
Auditors' remuneration:				
- statutory audits	1,900	1,788	65	65
- regulatory related services	70	91	-	-
- other services	136	359	10	5
Amortisation of intangible assets	7,405	5,444	-	-
Amortisation of prepaid land lease payments	303	303	-	-
Auto assist service	7,357	8,962	-	-
Assured medical fees	3,307	3,490	-	-
Bank charges	24,146	24,633	5	3
Depreciation of property, plant and equipment	13,634	14,255	-	-
Fund management fees/(income)	401	(267)	-	-
Interest expenses	-	11	-	-
Other management fees	2,800	3,352	-	44
Professional fees	5,739	5,751	-	-
Rental of offices/premises	10,155	14,274	106	108
Office facilities expenses	9,275	3,221	-	12
Electronic data processing expenses	19,224	17,039	-	-
Outsourcing services	3,048	2,301	135	-
Maybank Shared Service	23,840	21,243	314	583
Postage and stamp duties	5,433	6,176	-	1
Printing and stationery	7,556	8,816	81	106
Promotional and marketing cost	57,069	46,855	-	-
Training expenses	3,472	5,923	65	84
Utilities, assessment and maintenance	9,921	11,737	318	184
Entertainment	1,432	1,694	6	2
Travelling expenses	4,299	4,673	166	162
Legal fees	1,354	3,185	-	1
Other expenses	74,911	73,524	294	391
<b>TOTAL MANAGEMENT EXPENSES</b>	<b>668,532</b>	<b>623,202</b>	<b>13,069</b>	<b>12,753</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**32. MANAGEMENT EXPENSES (CONTD.)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>(a) Employee Benefits Expense:</b>				
Wages, salaries and bonuses	270,144	237,456	7,788	7,173
EPF, CPF and TAP	40,108	37,896	833	703
SOCSSO	1,416	1,302	18	15
Share based compensation	2,703	5,713	682	620
Other benefits	51,489	46,612	1,456	1,541
	<u>365,860</u>	<u>328,979</u>	<u>10,777</u>	<u>10,052</u>

**(b) The details of remuneration receivable by the CEO during the year are as follows:**

	Company	
	2016 RM'000	2015 RM'000
Salary	840	840
Directors fees	97	-
Bonus	385	480
EPF and Pension Scheme	209	225
Share based compensation	165	-
Other emoluments	130	122
	<u>1,826</u>	<u>1,667</u>

**33. DIRECTORS' REMUNERATION**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Executive directors:</b>				
Fees	320	349	116	158
Other emoluments	27	20	6	3
	<u>347</u>	<u>369</u>	<u>122</u>	<u>161</u>
<b>Non-executive directors:</b>				
Fees	3,521	4,465	556	755
Other emoluments	395	336	49	34
	<u>3,916</u>	<u>4,801</u>	<u>605</u>	<u>789</u>
	<u>4,263</u>	<u>5,170</u>	<u>727</u>	<u>950</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**33. DIRECTORS' FEES AND REMUNERATION (CONTD.)**

The total remuneration of the directors of the Group are as follows:

	Company		Subsidiaries		Group Grand Total
	Fees RM'000	emoluments RM'000	Fees RM'000	emoluments RM'000	
2016					
<b>Executive director(s):</b>					
Datuk Abdul Farid bin Alias	116	6	122	4	155
Encik Kamaludin bin Ahmad	-	-	-	17	192
	116	6	122	21	347
<b>Non-executive directors:</b>					
Mr. Koh Heng Kong	-	-	-	34	291
Mr. Loh Lee Soon	-	-	-	29	286
Datuk R Karunakaran	97	5	102	19	404
Mr. Bart K.A De Smet	116	6	122	-	122
Mr. Gary Lee Crist	166	26	192	8	316
Y Bhg Dato' Mohd Salleh Hj Harun	26	6	32	17	303
Y Bhg Dato' Johan Ariffin	19	1	20	16	200
Mr. Philippe Pol Arthur Latour	-	-	-	10	139
Y Bhg Tan Sri Dato' Megat Zaharuddin	132	5	137	-	137
Encik Zainal Abidin Jamal	-	-	-	21	185
Mr. Frank Van Kempen	-	-	-	70	565
Dr. Ismail Mohd @ Abu Hassan	-	-	-	10	126
Encik Sulaiman Salleh	-	-	-	2	37
Datuk Lim Hong Tat	-	-	-	24	186
Mr Hj Sallim Bin Abdul Kadir	-	-	-	39	264
Y Bhg Dato' Mohamed Rafique Merican	-	-	-	8	91
Wong Pakshong Kat Jeong Colin Steward	-	-	-	39	264
	556	49	605	346	3,916
	672	55	727	367	4,263

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**33. DIRECTORS' FEES AND REMUNERATION (CONTD.)**

The total remuneration of the directors of the Group are as follows:

2015	Company		Subsidiaries		Group Grand Total RM'000
	Fees RM'000	emoluments RM'000	Fees RM'000	emoluments RM'000	
<b>Executive director(s):</b>					
Datuk Abdul Farid bin Alias	158	3	28	2	191
Encik Kamaludin bin Ahmad	-	-	163	15	178
	<u>158</u>	<u>3</u>	<u>191</u>	<u>17</u>	<u>369</u>
<b>Non-executive directors:</b>					
Mr. Koh Heng Kong	-	-	340	25	365
Mr. Loh Lee Soon	-	-	340	28	368
Datuk R Karunakaran	29	6	207	19	261
Mr. Bart K.A De Smet	158	4	-	-	162
Mr. Gary Lee Crist	208	13	315	12	548
Y Bhg Dato' Mohd Salleh Hj Harun	202	7	618	30	857
Y Bhg Dato' Johan Ariffin	158	4	343	23	528
Encik Zainal Abidin Jamal	-	-	344	25	369
Mr. Frank Van Kempen	-	-	585	58	643
Dr. Ismail Mohd @ Abu Hassan	-	-	158	8	166
Encik Sulaiman Salleh	-	-	35	2	37
Datuk Lim Hong Tat	-	-	166	27	193
Mr Hj Sallim Bin Abdul Kadir	-	-	188	31	219
Ms Hong Wai Lan	-	-	71	14	85
	<u>755</u>	<u>34</u>	<u>3,710</u>	<u>302</u>	<u>4,801</u>
	<u>913</u>	<u>37</u>	<u>3,901</u>	<u>319</u>	<u>5,170</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**34. SHARIAH COMMITTEE'S REMUNERATION**

	Group	
	2016	2015
	RM'000	RM'000
Fees	168	168
Other emoluments	54	52
	<u>222</u>	<u>220</u>

The total remuneration of the Shariah Committee of the takaful subsidiary are as follows:

	2016		2015		Total
	Fees	Other	Fees	Other	
	emoluments	emoluments	emoluments	emoluments	emoluments
	RM'000	RM'000	RM'000	RM'000	RM'000
Shariah committee:					
Tan Sri Dato' Seri (Dr) Hj Harussani Bin Hj Zakaria	-	-	-	5	19
Dr. Ahcene Lahsasna	34	11	34	9	43
Dr. Ismail Bin Mohd @ Abu Hassan	33	10	33	11	44
Dr. Mohammad Deen Bin Mohd Napiah	33	11	33	11	44
Dr. Sarip Bin Adul	34	11	34	10	44
Ahmad Jailani Bin Abdul Ghani	34	11	20	6	26
	<u>168</u>	<u>54</u>	<u>168</u>	<u>52</u>	<u>220</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**35. CHANGE IN EXPENSE LIABILITIES**

	2016 RM'000	2015 RM'000
<b>Group</b>		
Increase in UWF of general takaful fund (Note 21)	19,614	18,379
Increase in UER of family takaful fund (Note 21)	36,443	54,410
Increase in expense overrun of Life fund (Note 21)	390	-
	<u>56,447</u>	<u>72,789</u>

**36. FEE AND COMMISSION EXPENSES**

	2016 RM'000	2015 RM'000
<b>Group</b>		
Costs incurred for the acquisition of insurance/takaful contracts expensed in the current financial year	468,781	456,642
Processing fee expense	-	1
	<u>468,781</u>	<u>456,643</u>

**37. INCOME TAX EXPENSE**

Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2016 and 31 December 2015 are:

Income Statement

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Income tax:</u>				
Current financial year				
- Malaysia	166,416	122,633	1,160	1,212
- Foreign	1,297	905	-	-
(Over)/under provision of taxation in prior financial years	(33,751)	25,961	-	459
	<u>133,962</u>	<u>149,499</u>	<u>1,160</u>	<u>1,671</u>



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**37. INCOME TAX EXPENSE**

Major components of income tax expense (Contd.)

The major components of income tax expense for the year ended 31 December 2016 and 31 December 2015 are:

Income Statement (Contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Deferred taxation:</u>				
Relating to origination and reversal of temporary differences (Note 16)	67,275	47,322	-	-
	<u>201,237</u>	<u>196,821</u>	<u>1,160</u>	<u>1,671</u>

Statement of Comprehensive

Income:

Deferred income tax related to other comprehensive income:

- Fair value changes on AFS investments (Note 16)

	<u>(3,622)</u>	<u>(9,312)</u>	<u>36</u>	<u>14</u>
--	----------------	----------------	-----------	-----------

Reconciliation between tax expense and accounting profit

The reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before taxation	<u>810,267</u>	<u>604,352</u>	<u>300,381</u>	<u>371,095</u>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	261,204	251,485	72,091	92,774
Effects of tax in different jurisdiction	2,835	389	-	-

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**37. INCOME TAX EXPENSE (CONTD.)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Business outside Malaysia taxed at 5% (2015: 5%)	(138)	(46)	-	-
Tax exemption	-	(74)	-	-
Income not subject to tax	(151,650)	(185,357)	(71,639)	(94,067)
Expenses not deductible for tax purposes	115,279	110,610	708	2,505
Additional deduction allowed in respect of cash contributions made to MMIP during the year	-	(1,753)	-	-
Utilisation of previously unrecognised tax losses	(50)	(3,679)	-	-
Tax relief on actuarial surplus transferred to shareholder's fund	-	(767)	-	-
Effects of changes in foreign tax rate	-	991	-	-
Onshore tax in interest at 25%	100	95	-	-
Effects of reduction in tax rate	-	(2,266)	-	-
(Over)/under provision of taxation in prior financial years	(33,751)	25,961	-	459
Effect of zakat deduction	(1,641)	(1,289)	-	-
Deferred tax not recognised in prior financial years	-	3,080	-	-
Qardhul Hassan deductible for tax purposes	8,804	-	-	-
Others	245	(559)	-	-
Tax expense for the financial year	<u>201,237</u>	<u>196,821</u>	<u>1,160</u>	<u>1,671</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**37. INCOME TAX EXPENSE (CONTD.)**

Tax borne by policyholders/participants

<b>Group</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Income tax:</u>		
Current financial year		
- Malaysia	29,478	41,404
Over provision of taxation in prior financial years	(15,643)	(53,304)
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences (Note 16)	30,118	11,933
	<u>43,953</u>	<u>33</u>

Taxation of shareholders' and general funds

The income tax for shareholders' fund and general fund in relation to the Malaysia and Singaporean operations are calculated at the statutory tax rate of 24% (2015: 25%) and 17% (2015: 17%) of the estimated assessable profit respectively for the financial year.

Taxation of life insurance and family takaful business

The income tax for the life and family takaful funds are calculated based on the statutory rate of 8% (2015: 8%) of the estimated assessable investment income net of allowable deductions for the financial year for the Malaysian operations.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**38. DIVIDENDS**

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>		
<b>Recognised during the financial year:</b>		
Final dividend for the year ended 31 December 2015:		
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	250,241	-
Interim dividend for the year ended 31 December 2015:		
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	-	250,241
	<u>250,241</u>	<u>250,241</u>
Distribution to non-controlling interest by a subsidiary for the year ended 31 December 2015:		
- 1.50 sen per unit, tax exempt distribution on 796,503 units	-	12
	<u>250,241</u>	<u>250,253</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**39. OPERATING LEASE COMMITMENTS**

- (a) As at the reporting date, the insurance and takaful subsidiaries leases their office premises under lease agreements that are not cancellable within a year. The leases contain renewable options. Lease terms do not contain restrictions on the branch's activities concerning additional debts or further leasing.

Future minimum lease payments for the leases with initial or remaining terms of one year or more are as follows:

<b>Group</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Within 1 year	8,450	9,853
After 1 year but not more than 5 years	9,558	16,962
	<u>18,008</u>	<u>26,815</u>

Rental expenses recognised in income statement during the financial year is disclosed in Note 32.

- (b) The Group has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The leases also include a clause that allows for early termination but requires the tenant to provide a replacement tenant or pay for the remaining unexpired lease period.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

<b>Group</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Not later than 1 year	27,856	28,318
Later than 1 year but not later than 5 years	15,163	21,078
	<u>43,019</u>	<u>49,396</u>

Rental income on investment properties recognised in income statement during the financial year is disclosed in Note 27.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**40. OTHER COMMITMENTS AND CONTINGENCIES**

<b>Group</b>	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Approved and contracted for:		
Property, plant and equipment	4,967	3,926
Investment property - IPUC	207,107	42,043
Intangible assets	11,028	22,306
	<u>223,102</u>	<u>68,275</u>
Approved and not contracted for:		
Investment property - IPUC	12,477	211,194
Intangible assets	3,600	3,613
	<u>16,077</u>	<u>214,807</u>

**41. SHARE BASED COMPENSATION**

The Maybank Group ESS is governed by the by-laws approved by the shareholders of MBB at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011. It is in force for a maximum period of seven (7) years from the effective date and it is administered by the ESS Committee. The ESS consists of two (2) types of performance-based awards in the form of the ESOS and the RSU.

The Maybank Group Cash-settled Performance-based Employees' Share Scheme ("CESS") is governed by the guidelines approved by the members of the ESS Committee on 15 June 2011.

The maximum number of ordinary shares of RM1.00 each in MBB available under the ESS should not exceed 10% of the total number of issued and paid-up capital of MBB at any point of time during the duration of the scheme. Other principal features of the ESS are as follows:

- (i) The employees eligible to participate in the ESS must be employed on a full time basis and on the payroll of the Participating Maybank Group and is confirmed in service.

Participating Maybank Group includes MBB and its overseas branches and subsidiaries of which the Group and the Company are included, but excluding listed subsidiaries, overseas subsidiaries and dormant subsidiaries.

- (ii) The entitlement under the ESS for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of MBB in a general meeting.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**41. SHARE BASED COMPENSATION (CONTD.)**

- (iii) The ESS shall be valid for a period of seven (7) years from the effective date.

Notwithstanding the above, MBB may terminate the ESS at any time during the duration of the scheme subject to:

- consent of MBB's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination; and
- written consent of all participants of ESS who have yet to exercise their ESS option, either in part or in whole, and all participants whose RSU Agreement are still subsisting.

Upon the termination of the ESS, all unexercised ESS and/or unvested RSU shall be deemed to have been cancelled and be null and void.

- (iv) The ESS consists of the ESOS, the RSU and the CESS. Personnel of the Company are eligible only for the ESOS and RSU but are not eligible for the CESS.

- **ESOS**

Under the ESOS award, MBB may from time to time within the offer period, offer to eligible employees a certain number of options at the Offer Date. Subject to acceptance, the participants will be granted the ESOS options which can then be exercised within a period of five (5) years to subscribe for fully paid-up ordinary shares of RM1.00 each in MBB, provided all the conditions including performance-related conditions are duly and fully satisfied.

- **RSU**

Under the RSU award, MBB may from time to time within the offer period, invite selected participants to enter into an agreement with MBB, whereupon MBB shall agree to award the scheme shares to the participants, subject to fulfilling the relevant service and performance objectives and provided all performance-related conditions are duly and fully satisfied. The scheme's shares as specified under the RSU award will only vest based on a three (3) years cliff vesting schedule or a two (2) years cliff vesting schedule in the case of supplemental RSU award, provided all the RSU vesting conditions are fully and duly satisfied.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**41. SHARE BASED COMPENSATION (CONTD.)**

(v) Key features of the ESOS award are as follows:

- On 23 June 2011, MBB granted five (5) tranches of ESOS amounting to 405,308,500 options based on the assumption that the eligible employees met the average performance target ("ESOS First Grant"). The first tranche of ESOS under the ESOS First Grant amounting to 80,871,000 options have been vested and exercisable as at 30 June 2011. The second tranche of ESOS under the ESOS First Grant amounting to 42,136,100 options have been vested and exercisable as at 30 April 2012. The third tranche of ESOS under the ESOS First Grant amounting to 78,885,100 options have been vested and exercisable as at 30 April 2013. The fourth tranche of ESOS under the ESOS First Grant amounting to 74,253,400 options have been vested and exercisable as at 30 April 2014. Subsequently, MBB also granted 600 options for appeal cases for fourth tranche of ESOS First Grant in the previous financial year ended 31 December 2015. The fifth tranche of ESOS under ESOS First Grant amounting to 69,854,500 options have been vested and exercisable as at 30 April 2015.

On 10 August 2015, ESS Committee approved the vesting of an additional sixth tranche of ESOS under ESOS First Grant amounting to 34,951,500 options effective 30 September 2015. The sixth tranche is awarded to the eligible employees after taking into consideration the change in the financial year end from 30 June to 31 December, where the second tranche of ESOS was brought forward and prorated based on six months. The ESOS quantum to be allotted under the sixth tranche was prorated based on a six months period.

During the financial year ended 31 December 2016, the Bank granted 5,600 options and 3,000 options for appeal cases for the fifth and sixth tranches of ESOS First Grant.

- On 30 April 2012, MBB granted five (5) tranches of ESOS amounting to 62,339,000 options to confirmed new recruits in the Group ("ESOS Second Grant"). The first tranche of ESOS under ESOS Second Grant amounting to 6,185,800 options have been vested and exercisable as at 7 May 2012. The second tranche of ESOS under ESOS Second Grant amounting to 12,870,600 options have been vested and exercisable as at 30 April 2013. The third tranche of ESOS under ESOS Second Grant amounting to 12,002,000 options have been vested and exercisable as at 30 April 2014. The fourth tranche of ESOS under ESOS Second Grant amounting to 10,808,600 options have been vested and exercisable as at 30 April 2015. MBB also granted options for appeal cases for the first tranche and second tranche of ESOS Second Grant amounting to 1,300 and 3,100 respectively in the previous financial year ended 31 December 2015. The fifth tranche of ESOS under ESOS Second Grant amounting to 9,424,800 options have been vested and exercisable as at 4 May 2016.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**41. SHARE BASED COMPENSATION (CONTD.)**

(v) Key features of the ESOS award are as follows: (Contd.)

- On 30 September 2016, ESS Committee approved the vesting of an additional sixth tranche of ESOS under ESOS Second Grant amounting to 4,687,000 options effective 30 September 2016. The sixth tranche is awarded to the eligible employees after taking into consideration the change in the financial year end from 30 June to 31 December, where the first tranche of ESOS was brought forward and prorated based on six months. The ESOS quantum to be allotted under the sixth tranche was prorated based on a six months period.
- On 30 April 2013, MBB granted five (5) tranches of ESOS amounting to 53,593,800 options to confirmed new recruits in the Group ("ESOS Third Grant"). The first tranche of ESOS under ESOS Third Grant amounting to 9,199,800 options have been vested and exercisable as at 21 May 2013. The second tranche of ESOS under ESOS Third Grant amounting to 10,523,300 options have been vested and exercisable as at 30 April 2014. The third tranche of ESOS under ESOS Third Grant amounting to 9,197,600 options have been vested and exercisable as at 30 April 2015. The fourth tranche of ESOS under ESOS Third Grant amounting to 7,806,200 options have been vested and granted as at 3 May 2016, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- On 30 April 2014, MBB granted five (5) tranches of ESOS amounting to 54,027,800 options to confirmed new recruits in the Maybank Group ("ESOS Fourth Grant"). The first tranche of ESOS under ESOS Fourth Grant amounting to 9,651,900 options have been vested and exercisable as at 21 May 2014. The second tranche of ESOS under ESOS Fourth Grant amounting to 10,591,900 options have been vested and exercisable as at 30 April 2015. MBB also granted 100,000 options relates to change of staff grade and 100 options for appeal cases for the first tranche of ESOS Fourth Grant in the previous financial year ended 31 December 2015. The third tranche of ESOS under ESOS Fourth Grant amounting to 9,018,700 options have been vested and exercisable as at 3 May 2016, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- On 30 April 2015, MBB granted four (4) tranches of ESOS amounting to 48,170,100 options to confirmed new recruits in the Maybank Group ("ESOS Fifth Grant"). The first tranche of ESOS under ESOS Fifth Grant amounting to 11,439,300 options have been vested and exercisable as at 21 May 2015. The second tranche of ESOS under ESOS Fifth Grant amounting to 11,250,300 options have been vested and exercisable as at 3 May 2016, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**41. SHARE BASED COMPENSATION (CONTD.)**

(v) Key features of the ESOS award are as follows: (Contd.)

- On 30 September 2015, MBB granted three (3) tranches of ESOS amounting to 992,400 options to confirmed new recruits in the Maybank Group ("ESOS Special Grant"). The first tranche of ESOS under ESOS Special Grant amounting to 309,400 options have been vested and exercisable as at 21 October 2015. The second tranche of ESOS under ESOS Special Grant amounting to 215,500 options have been vested and exercisable as at 3 May 2016, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- The new ordinary shares in MBB allotted upon any exercise of options under the scheme will upon allotment, rank *pari passu* in all aspects with the then existing ordinary shares in MBB, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares and will be subject to all the provisions of the Article of Association of MBB relating to transfer, transmission and otherwise.
- The subscription price of the ESOS shall be at the Volume Weighted Average Market Price ("VWAMP") of MBB Shares for the five (5) market days immediately preceding the offer date with no entitlement to any discount.

(vi) Key features of the RSU award are as follows:

- The RSU granted will be vested and awarded upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- The scheme shares on RSU may be settled by way of issuance and transfer of new MBB Shares or by cash at the absolute discretion of the ESS Committee. The new MBB Shares to be issued and transferred to eligible employees pursuant to physical settlement will not require any payment to MBB by the RSU participants.
- In the case of settlement by way of cash, the RSU vesting price will be based on the value of the scheme shares with no entitlement to any discount, taking into account the VWAMP of MBB Shares for the five (5) market days immediately preceding the RSU vesting date.
- The ESS Committee may, from time to time during the ESS period, make further RSU grant designated as Supplemental RSU Grant ("SRSU grant") to a selected group of eligible employees to participate in the RSU award. This selected group may consist of senior management, selected key retentions and selected senior external recruits and such SRSU grant may contain terms and conditions which may vary from earlier RSU grant made to selected senior management. The SRSU will be vested on a two (2) to three (3) years cliff vesting schedule.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**42. SIGNIFICANT RELATED PARTY DISCLOSURES**

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group or 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 Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes the Directors and Chief Executive Officers of the Group and of the Company.

The Group and the Company have related party relationships with its shareholders, subsidiaries, associates, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholders.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Company are as follows:

- (i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Income/(expenses):</u>				
Ultimate holding company:				
Gross premium/contribution income	35,792	32,830	-	-
Commission and fee expenses	(174,181)	(150,817)	-	-
Claims paid	(11,082)	(25,989)	-	-
IT services	732	(216)	-	-
Interest/profit income	18,974	32,120	505	556
Rental income	3,198	3,537	-	-
Other expenses	(8,089)	(5,231)	(59)	(98)
Net hedging income	736	1,042	-	-

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**42. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows (Contd.):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b><u>Income/(expenses):</u></b>				
Fellow subsidiaries/associates within the MAHB Group:				
Gross dividend income	-	-	201,415	370,032
Reimbursement of shared services	-	-	10,148	9,887
Rental expense	-	-	(106)	(108)
Other related companies within the MBB Group:				
Gross premium/contribution income	5,292	4,023	-	-
Commission and fee expenses	(760)	(9,896)	-	-
Dividend income	5,860	6,149	3,854	4,384
Other investment income	125	434	102	434
Management fee	-	(393)	-	-
Maybank shared services - Information Technology	(23,526)	(20,077)	-	583
Interest/profit income	35,238	23,079	1,796	670
Rental income (net)	5,033	4,646	-	-
Other expenses	(823)	(449)	-	-
Claims paid	(303)	-	-	-
Shareholders of MAHB:				
Dividend paid	(250,241)	(250,241)	(250,241)	(250,241)
Reimbursement of expenses	(2,216)	-	-	-
Other expenses	(3,082)	-	-	-

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**42. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows (Contd.):

<u>Income/(expenses) (contd.):</u>	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Companies related to a company with significant influence over MBB Group:				
Claims paid	(7,485)	(3,892)	-	-
Gross premium/contribution income	16,760	13,678	-	-
Interest on subordinated obligations	(14,567)	(14,561)	-	-

- (ii) Included in the statements of financial position of the Group and of the Company are amounts due from/(to) related companies as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ultimate holding company:				
Bank balances	206,828	201,502	2,805	866
Fixed deposits	397,331	189,254	-	-
Islamic investment account	-	19,696	-	-
NCD/NICD	-	68,963	-	-
Structured deposits	50,155	125,365	-	-
Debt securities	35,421	170,548	-	-
Derivative liabilities, net	(56,603)	(56,480)	-	-
Income and profits due and accrued	1,144	6,404	-	-
Insurance/takaful receivables	-	680	-	-
Insurance/takaful payables	(256)	(4,453)	-	-
Claim liabilities	(11,587)	(60,656)	-	-
Outstanding premium/contributions	9,868	9,628	-	-
Other receivables	2,801	524	-	-
Other payables	(19,375)	(6,332)	(298)	(2)

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**42. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

(ii) Included in the statement of financial position of the Group and of the Company are amounts due from/(to) related companies as follows (Contd.):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fellow subsidiaries/associates within the MAHB Group:</b>				
Other receivables	-	-	3,169	2,155
Other payables	-	-	-	(93,233)
<b>Other related companies within the MBB Group:</b>				
Bank balances	1,196	881	-	-
Fixed and call deposits	302,834	487,980	-	-
Islamic investment account	805,155	585,867	21,807	91,705
Structured products	-	72,221	-	-
Debt securities	59,811	60,107	-	-
Income and profits due and accrued	4,284	3,926	45	653
Insurance/takaful receivables	293	196	-	-
Outstanding premiums/ contributions	14	1	-	-
Other receivables	3,944	372	-	3
Other payables	(2,626)	(7,469)	-	-
Insurance/takaful payables	(4)	(5)	-	-
Derivatives liabilities	-	1,139	-	-
<b>Companies related to a company with significant influence over MBB Group:</b>				
Insurance/takaful receivables	72	426	-	-
Outstanding premiums/ contributions	40	75	-	-
Claims liabilities	(22)	(2,739)	-	-
Insurance/takaful payables	(744)	(936)	-	-
Subordinated obligations	(350,681)	(350,684)	-	-

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**42. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

(iii) The remuneration of key management personnel compensation during the year was as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Short-term employee benefits</b>				
- Fees	4,052	4,891	883	989
- Salaries, allowances and bonuses	2,508	2,939	1,315	1,377
- Contribution to EPF and pension scheme	370	451	209	225
- Share option granted under ESOS	165	-	165	-
- Other emoluments	871	940	135	122
	<u>7,966</u>	<u>9,221</u>	<u>2,707</u>	<u>2,713</u>

(iv) The movements in the number of ESOS granted and vested to key management personnel are as follows:

	Group		Company	
	2016 '000	2015 '000	2016 '000	2015 '000
At 1 January	3,349	2,385	1,942	1,142
Vested and exercisable	530	1,389	500	800
Exercised	-	(425)	-	-
Expired	(270)	-	(200)	-
Resignation of key management personnel	(185)	-	-	-
Appointment of key management personnel	831	-	-	-
At 31 December	<u>4,255</u>	<u>3,349</u>	<u>2,242</u>	<u>1,942</u>

(v) The movement in the number of RSU granted to key management personnel are as follows:

	Group		Company	
	'000	'000	'000	'000
Granted during the financial year:				
- RSU Fifth Grant	-	395	-	275

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK**

The Integrated Risk Management Framework defines the governance structure to support the Risk Management process and to ensure strong risk management. It defines the risk related roles and responsibilities of the different Boards, Committees and Departments for the legal entities within Maybank Ageas Holdings Berhad ("MAHB"), being Etiqa Insurance Berhad ("EIB"), Etiqa Takaful Berhad ("ETB") and Etiqa Insurance Pte. Ltd. ("EIPL"), collectively known as "the Group".

Six (6) key building blocks have been set which serve as the foundation for risk management and executed in accordance with the standards and risk appetite set by the Board.



The overall risk management process is viewed in a structured and disciplined approach to align strategies, policies, processes, people and technology with the specific purpose of evaluating all risk types in line with enhancing shareholder value.

**Principles**

The approach to risk management is premised on the following seven (7) broad principles:

- Establish Risk Appetite and Strategy
- Assign Adequate Capital
- Ensure Governance and Oversight Function
- Promote Strong Risk Culture
- Establish Adequate Risk Framework and Policies
- Establish Risk management Practices and Processes
- Ensure Sufficient Resources and System Infrastructures



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK (CONTD.)**

**Risk Appetite and Strategy**

The establishment of the Group's risk appetite is a critical component of a robust risk management framework and should be driven by both top-down Board leadership and bottom-up involvement of management at all levels. The risk appetite should enable the Board of Directors ("the Board") and Senior Management to communicate, understand and assess the types and level of risk that they are willing to accept in pursuit of its business objectives.

Developing and setting the risk appetite must be integrated into the strategic planning process and should be dynamic and responsive to changing business and market conditions. Over and above this, the budgeting process should be aligned to the risk appetite to ensure that the projected revenues arising from business transactions are consistent with the risk profile and risk appetite established.

**Governance and Risk Oversight**

The Group continuously enhances its integrated risk management approach towards effective management of enterprise-wide risks. The management of risk broadly takes place at different hierarchical levels and is emphasised through various levels of Committees, business lines, control and reporting functions.

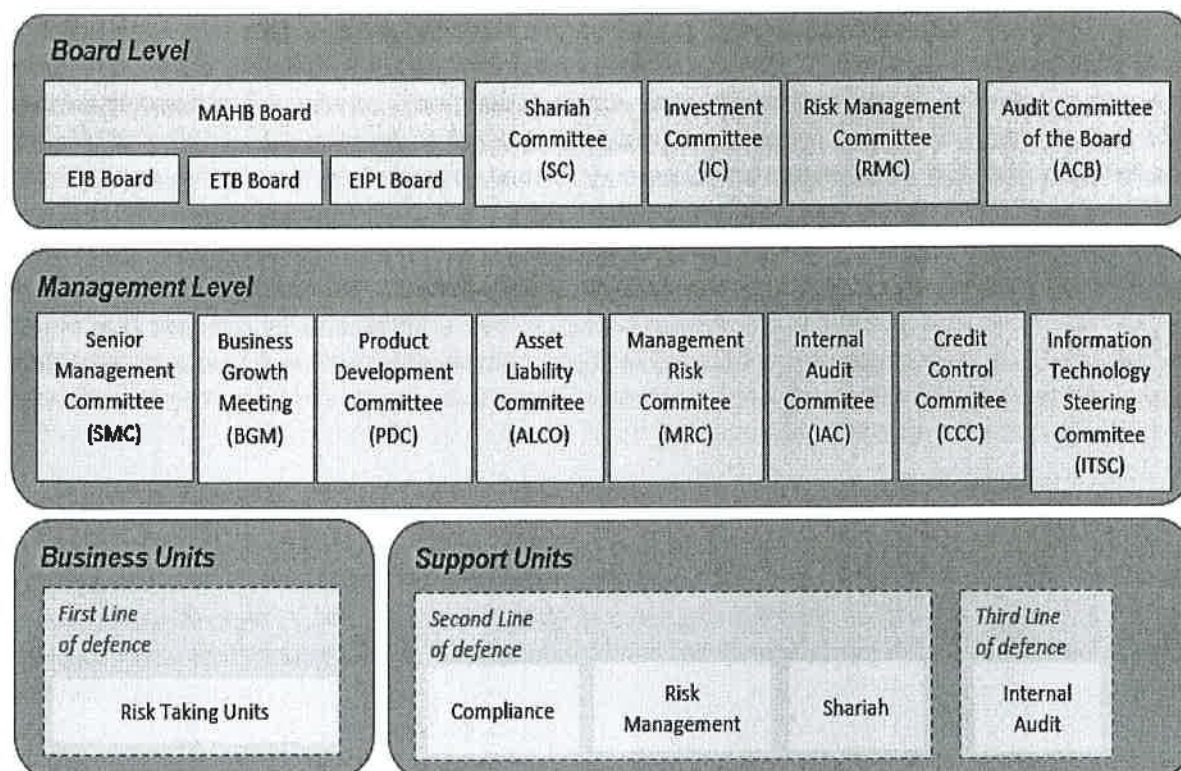
The risk governance model provides a formalised, transparent and effective governance structure which promotes active involvement of the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group.

The risk governance structure outlines the organisation, hierarchy and the scope of responsibilities of all the governance bodies involved in the risk management function. The Risk Management function is built around a number of Boards and Committees that have been set-up, including the Boards, the Risk Management Committee ("RMC") and the Management Risk Committee ("MRC").

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK (CONTD.)**

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



The governance structure in place aims to place accountability and ownership whilst facilitating an appropriate level of independence and segregation of duties between the three (3) lines of defence which include the risk taking units, risk control units and internal audit.

**Board**

The MAHB Board, together with the EIB, ETB and EIPL Boards, have the final responsibility for all business activities, including risk management. The Board is the ultimate decision-making body of the Group. The Boards have delegated specific matters to sub-Board Committee, such as risk matters to the Risk Management Committee, Audit matters to the Audit Committee and investment matters to the Investment Committee.

**SC**

The role of the SC is to oversee Shariah compliance for the takaful subsidiary. The SC assists the Board in fulfilling its supervision and monitoring responsibilities in respect of Shariah principles.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK (CONTD.)**

**RMC**

The roles of the RMC is to assist the Board in fulfilling its supervision and monitoring responsibility in respect of internal control, including monitoring the risk profiles of the legal entities and combined and compared to the targeted level of risk appetite as set by the Board.

**IC**

The role of the IC is to provide an oversight function for investment related activities.

**ACB**

The role of the ACB is to assist the Board in fulfilling its supervision and monitoring responsibilities in respect of internal and external audit activities.

**SMC**

The responsibility of the SMC is to assure the Board that the components of the Group take appropriate decisions regarding risks and return and to make sure adequate controls exist and are fully operational.

**MRC**

The MRC is the advisor to the RMC concerning all risk related topics, including limits, exposures and methodologies.

**ALCO**

The ALCO is responsible for the investment strategy and operations. It will carry out its responsibilities within the limits set by the MRC taking into consideration the Risk Appetite and Asset Liability Management ("ALM") constraints.

**IAC**

The IAC is responsible for the monitoring and follow-up of audit findings.

**BGM**

BGM is a platform for business leaders to discuss business growth development issues.

**PDC**

The PDC's prime objective is to coordinate and manage the whole process of product development and product management for the specific product line that derived from overall marketing plan of the Group.

**CCC**

CCC ensures compliance with all the regulations and guidelines pertaining to collection and outstanding contribution, monitors and controls outstanding collections efficiently, minimises bad and doubtful debts by implementing preventive measures, and initiates legal proceedings for recovery of bad and doubtful debts when all other methods fail.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK (CONTD.)**

**Risk Culture**

Risk culture is a vital component in strengthening the Group's risk governance structure and forms a fundamental tenet of strong risk culture management. It serves as the foundation upon which a strong enterprise wide risk management structure is built.

It stems from the conduct of staff, businesses and the organisation as a whole in ensuring that customers, either internal or external, are treated fairly and their interest upheld at all times.

Risk culture aligns the businesses objectives and attitude towards risk taking and risk management through risk appetite by establishing the way in which risks are identified, measured, controlled, monitored and reported.

The risk culture can be strengthened by a strong tone from the top that establishes the expected risk behaviour, and then operationalised by the tone from the middle. Both levels are responsible to articulate and exemplify the underlying values that support the desired risk culture. This is driven by a clear vision for an effective approach to risk, ingrained at all levels and built into the behaviour of each individual.

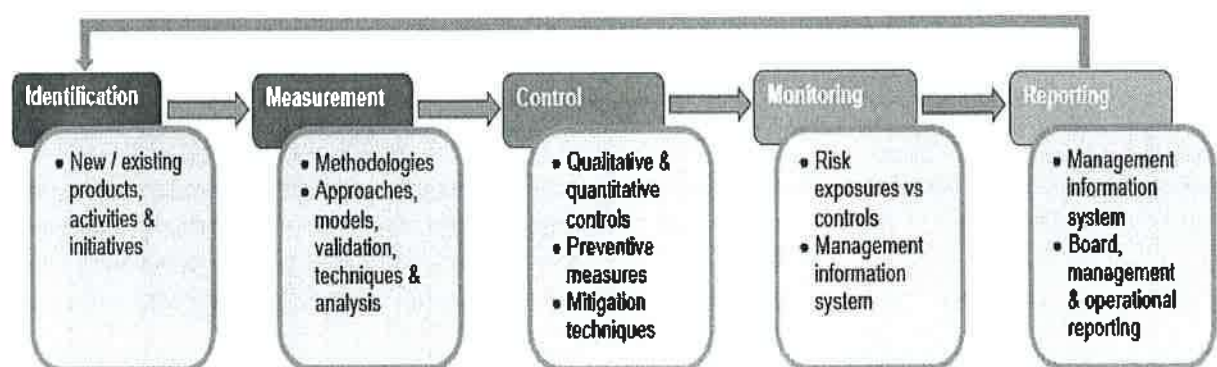
In line with the evolving market environment and dynamics within the Group and across industries, a strong risk culture requires constant attention to ensure that the material risk developments are appropriately identified, properly understood, actively discussed and strategically acted upon.

**Risk Management Practices and Processes**

Risk management practices and processes are a fundamental component of the risk principles. It is essential in enabling systematic identification, measurement, control, monitoring and reporting of risk exposures.

To enable an effective execution of risk management practices and processes, a common risk language is an imperative pre-requisite in facilitating a consistent and uniform approach in reference to risks across the Group.

There are five (5) main stages of the risk management process which form a continuous cycle as follows:



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK (CONTD.)**

**Resource and System Infrastructure**

Appropriate system infrastructure and resources are the foundation and enabler to an effective risk management practices and processes. As a result, the Group should equip itself with necessary resources, infrastructure and support to perform its roles efficiently.

**Resources**

To execute the risk principles, objectives, strategies and processes at the various hierarchical levels within the governance model, all risk functions that are in place must be adequately staffed with the relevant personnel to carry out their responsibilities independently and effectively.

The personnel within risk management department should possess the requisite skills, qualifications, experience and competencies compatible with the nature, scale and complexity of the Group's business activities.

The personnel should be equipped with the required knowledge to understand the various activities and risk profile of businesses and challenge these lines in all facets of risk taking activities.

**System Infrastructure**

With the current complexity of business operations and activities, it is critical to have a comprehensive and integrated system infrastructure to support an enterprise-wide or consolidated view of risks. The system infrastructure should be able to provide adequate and effective data aggregation capabilities at all times, with accurate, complete, timely and adaptable data to facilitate effective risk management practices and processes.

Through the established infrastructure, the roles and responsibilities required for the effective management of risk can be performed appropriately.

In addition, effective measures and systems must be in place to facilitate the generation and exchange of information within the Group. This is important to ensure a swift response to changes in the operating environment and developments in business strategies.

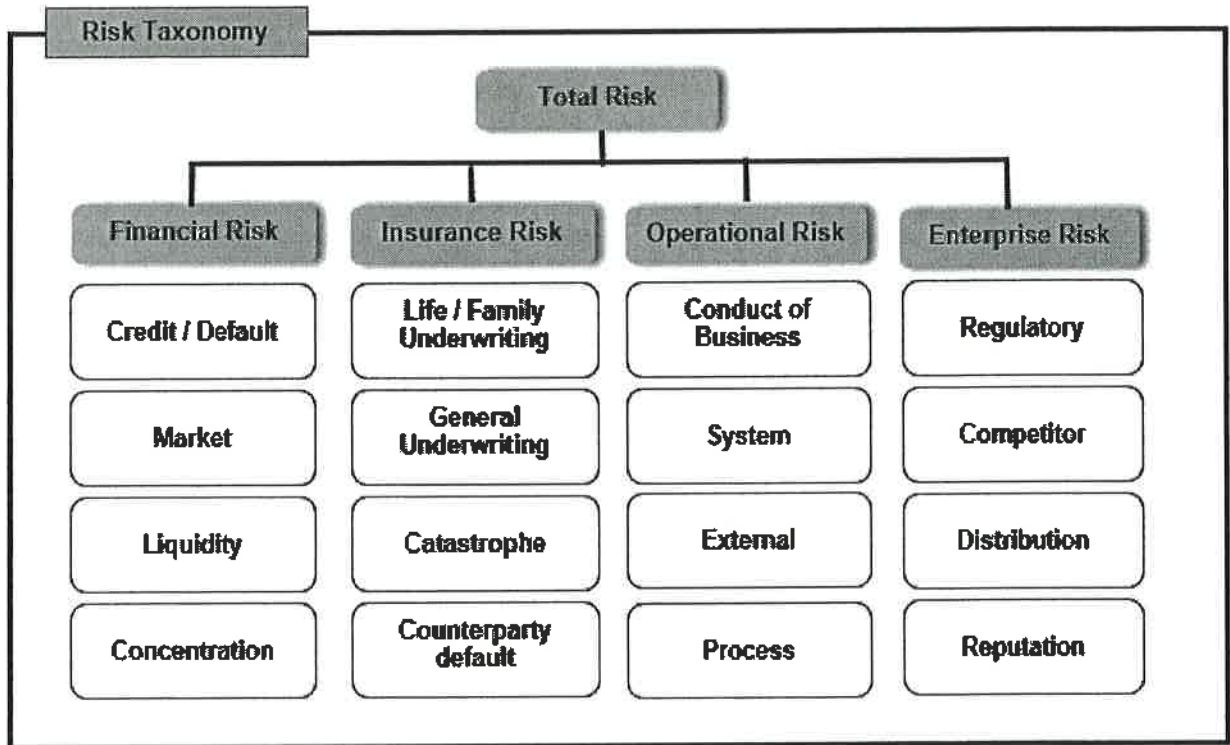
**Risk Taxonomy**

The major risk categories are governed by the Risk Taxonomy which consists of Financial, Insurance, Operational, Enterprise Risk and Shariah Risk. Risk Management Department works hand-in-hand with Compliance Department, Legal Department and Shariah Division on risk related matters.

**MAYBANK AGEAS HOLDINGS BERHAD**  
 (Incorporated in Malaysia)

**43. INTEGRATED RISK MANAGEMENT FRAMEWORK (CONTD.)**

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



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK**

**Group**

Insurance/takaful risk relates to the inherent risk associated in the underwriting activities of Life, Family and General business, both for Takaful and Insurance. Such risk includes pricing, reserving, product, underwriting, catastrophe and reinsurance/retakaful counterparty default. Analyses are performed to ensure that insurance/takaful risks are within the company's risk appetite. Recommendations are provided to relevant stakeholders after identifying and evaluating significant trends.

Reinsurance/retakaful offers financial protection to insurers against large and catastrophic events. It allows efficient use of capital to support future business growth, whilst reducing the volatility of financial results and solvency. Risks associated with reinsurance/retakaful companies are the counterparty risk of reinsurers and retakaful operators failing to honor their obligations. The Group monitors the ability of all current and prospective reinsurers/retakaful operators to meet their obligations under exceptional but plausible adverse events on a monthly basis.

The Group has established appropriate policies and monitoring metrics combined with authority limits as part of risk mitigation activities embedded in the business operations. Annual internal audit reviews are performed to ensure compliance with the Group's guidelines and standards.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(A) Life Insurance**

**Group**

(i) The table below discloses the concentration of actuarial liabilities by type of contract.

	2016			2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
<b>Malaysia</b>						
Whole life	687,925	-	687,925	659,514	-	659,514
Endowment	3,334,396	-	3,334,396	3,389,032	-	3,389,032
Mortgage	839,769	(21,322)	818,447	875,888	(19,500)	856,388
Term assurance	319,062	-	319,062	353,935	-	353,935
Annuity	600,087	-	600,087	213,396	-	213,396
Others	123,962	-	123,962	434,988	-	434,988
	<u>5,905,201</u>	<u>(21,322)</u>	<u>5,883,879</u>	<u>5,926,753</u>	<u>(19,500)</u>	<u>5,907,253</u>
<b>Singapore</b>						
Whole life	24,099	(3,045)	21,054	10,541	(893)	9,648
Endowment	458,057	(6)	458,051	139,173	(6)	139,167
Mortgage	3	-	3	-	-	-
Term assurance	96	(34)	62	85	(39)	46
Others	169	(8)	161	125	(4)	121
	<u>482,424</u>	<u>(3,093)</u>	<u>479,331</u>	<u>149,925</u>	<u>(942)</u>	<u>148,982</u>
<b>Total</b>	<u>6,387,625</u>	<u>(24,415)</u>	<u>6,363,210</u>	<u>6,076,678</u>	<u>(20,442)</u>	<u>6,056,235</u>



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(A) Life Insurance (Contd.)**

**Group (Contd.)**

**(ii) Key Assumptions**

Material judgement is required in determining the insurance liabilities. Assumptions used in determining the insurance liabilities are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a periodic basis in order to ensure realistic and reasonable

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

**(a) Discount rate**

The discount rate used for non-participating policies, guaranteed benefit liabilities of participating policies and the non-unit liability of investment-linked policies is the yield observed on Malaysian Government Securities ("MGS") and Singapore Government Securities of the appropriate duration for the Group's Malaysian and Singaporean operation respectively.

In the case of the total (guaranteed and non-guaranteed) benefits liabilities of participating policies, the discount rate is based on the expected fund yield of the participating fund, net of tax on investment income of the participating fund. The best estimate investment return for participating business is derived from the expected returns of the respective investment classes and long term strategic assets allocation. Participating business includes participating annuity. The discount rate for participating annuity business is the gross rate as these funds are tax exempt.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(A) Life Insurance (Contd.)**

**Group (Contd.)**

**(ii) Key Assumptions (Contd.)**

**(b) Mortality and morbidity rates**

Mortality and morbidity rates represents the expected claims experience of the Group.

The Group bases mortality and morbidity on local established industry tables which reflect historical experiences and reinsurance premium rates, adjusted when appropriate to reflect the insurer's unique risk exposure, product characteristics, target markets and its own claims severity and frequency experiences.

**(c) Lapse and surrender rates**

Lapse and surrender rates are used to determine the expected persistency of the business i.e. the probability of policyholders renew their policies etc. These rates are based on the insurer's historical experience of lapses and surrenders.

**(d) Expenses**

Expense assumptions represent the expected amount that will be incurred in servicing the policies over its expected life. Assumptions on future expenses take into consideration current expense levels and the expected expense inflation.

**(iii) Sensitivity analyses**

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(A) Life Insurance (Contd.)**

**Group (Contd.)**

**(iii) Sensitivity analyses (Contd.)**

The correlation of assumptions will have a significant effect on the sensitivities but to demonstrate the impact due to changes in specific assumptions, these sensitivities are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Change in Assumptions %	Impact on Gross Liabilities RM'000	Impact on Net Liabilities** RM'000	Impact on Profit before tax RM'000	Impact on Equity RM'000
<b><u>Life Insurance - Malaysia</u></b>					
<b>2016</b>					
Discount rate *	-1%	497,132	495,901	(191,972)	(161,508)
Mortality and morbidity rates	+/- 10% (adverse)	130,431	127,875	(102,524)	(77,918)
Lapse and surrender rates	+/- 10% (adverse)	26,242	26,266	(3,415)	(2,595)
Expenses	+10%	32,223	32,223	(22,626)	(17,195)
<b>2015</b>					
Discount rate *	-1%	513,236	512,260	(191,551)	(167,256)
Mortality and morbidity rates	+/- 10% (adverse)	131,960	130,279	(105,080)	(81,971)
Lapse and surrender rates	+/- 10% (adverse)	26,014	25,986	(2,775)	(4,505)
Expenses	+10%	33,377	33,377	(22,935)	(17,971)

\* excludes impact on fixed income assets

\*\* the impact on net liabilities results in a corresponding, but opposite sign impact on profit before tax and equity.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(A) Life Insurance (Contd.)**

**Group (Contd.)**

**(iii) Sensitivity analyses (Contd.)**

	Change in Assumptions %	Impact on Gross Liabilities RM'000	Impact on Net Liabilities** RM'000	Impact on Profit before tax RM'000	Impact on Equity RM'000
<b><u>Life Insurance - Singapore</u></b>					
<b>2016</b>					
Discount rate *	-1%	153,169	152,385	(152,385)	(152,385)
Mortality and morbidity rates	+/- 10% (adverse)	1,786	1,552	(1,552)	(1,552)
Lapse and surrender rates	+/- 10% (adverse)	6,068	5,993	(5,993)	(5,993)
Expenses	+10%	6,830	6,803	(6,803)	(6,803)
<b>2015</b>					
Discount rate *	-1%	92,188	91,984	(91,984)	(91,984)
Mortality and morbidity rates	+/- 10% (adverse)	1,184	1,045	(1,045)	(1,045)
Lapse and surrender rates	+/- 10% (adverse)	3,176	3,139	(3,139)	(3,139)
Expenses	+10%	4,644	4,644	(4,644)	(4,644)

\* excludes impact on fixed income assets

\*\* the impact on net liabilities results in a corresponding, but opposite sign impact on profit before tax and equity.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(B) Family Takaful**

**Group**

(i) The table below shows the concentration of actuarial liabilities by type of contract.

	2016			2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Endowment	1,569,985	-	1,569,985	1,520,535	-	1,520,535
Mortgage	3,282,313	(40,319)	3,241,994	3,223,310	(26,241)	3,197,069
Term assurance	18,763	-	18,763	16,053	-	16,053
Annuity	756,932	-	756,932	785,456	-	785,456
Others	530,460	-	530,460	441,870	-	441,870
<b>Total</b>	<b>6,158,453</b>	<b>(40,319)</b>	<b>6,118,134</b>	<b>5,987,224</b>	<b>(26,241)</b>	<b>5,960,983</b>

All of the Family takaful business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Group.

(ii) **Key Assumptions**

Material judgement is required in determining the Participants' Risk Fund ("PRF") liabilities. The PRF refers to the fund in which the portion of contributions paid by the participants is allocated and pooled for the purpose of meeting claims. Assumptions used in determining the PRF liabilities are set based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(B) Family Takaful (Contd.)**

**Group (Contd.)**

**(ii) Key Assumptions (Contd.)**

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

(a) Discount rate

The discount rates used in the determination of PRF cashflows are based on the yield observed on Government Investment Issues ("GII") of the appropriate duration.

(b) Mortality and morbidity rates

Mortality and morbidity rates represents the expected claims experience of the takaful operator. The takaful operator determines mortality and morbidity rates using local established industry tables which reflect historical experiences, adjusted where appropriate to reflect the takaful operator's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

(c) Lapse and surrender rates

Lapse and surrender rates are used to determine the expected persistency of the business i.e. the expectation that participants will renew their certificates etc. These rates are based on the takaful operator's historical experience of lapses and surrenders.

(d) Expenses

Expense assumptions represent the expected amount that will be incurred in servicing the certificates over their expected lives. Assumptions on future expenses take into consideration current expense levels and the expected expense inflation.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(B) Family Takaful (Contd.)**

**Group (Contd.)**

**(iii) Sensitivity analysis**

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of takaful liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect on the sensitivity analyses but to demonstrate the impact due to changes in specific assumptions, the sensitivity analyses are performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity analyses will also vary according to the current economic assumptions.

	<b>% change in Assumptions</b>	<b>Impact on Gross Liabilities RM'000</b>	<b>Impact on Net Liabilities** RM'000</b>	<b>Impact on Profit before Tax RM'000</b>	<b>Impact on Equity RM'000</b>
<b>2016</b>					
Discount rate *	-100 bps	287,014	283,281	(44,522)	(44,522)
Mortality and morbidity rates	+10%	277,277	255,462	(46,545)	(46,545)
Lapse and surrender rates	-10%	15,113	15,920	(2,807)	(2,807)
Expenses	+10%	15,793	15,793	(3,420)	(3,420)

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(B) Family Takaful (Contd.)**

**Group (Contd.)**

**(iii) Sensitivity analysis (Contd.)**

	<b>% change in Assumptions</b>	<b>Impact on Gross Liabilities RM'000</b>	<b>Impact on Net Liabilities** RM'000</b>	<b>Impact on Profit before Tax RM'000</b>	<b>Impact on Equity RM'000</b>
<b>2015</b>					
Discount rate *	-100 bps	285,851	283,370	(58,669)	(58,669)
Mortality and morbidity rates	+10%	268,473	254,095	(60,162)	(60,162)
Lapse and surrender rates	-10%	16,353	16,877	(4,130)	(4,130)
Expenses	+10%	18,101	18,101	(5,108)	(5,108)

\* excludes impact on profit rate assets

\*\* the impact on net liabilities results in a corresponding, but opposite sign impact on profit before tax and equity.

Changes in morbidity, mortality and lapse rates shown above include both upwards and downwards experience, depending on the specific key assumption being analysed. For the purposes of the sensitivity analysis, management has only examined the impact arising from adverse changes to these key assumptions as the impact of such adverse changes would be more significant to management in their decision-making process and strategic positioning.



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance**

**Group**

(i) The table below discloses the premium written by type of contract.

	2016			2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
<b><u>Malaysia</u></b>						
Motor	200,930	(7,481)	193,449	242,726	(8,124)	234,602
Fire	171,816	(77,690)	94,126	174,369	(86,630)	87,739
Marine, Aviation, Cargo and Transit	691,777	(677,867)	13,910	792,384	(776,359)	16,025
Miscellaneous	241,546	(112,149)	129,397	232,223	(63,460)	168,763
	<b>1,306,069</b>	<b>(875,187)</b>	<b>430,882</b>	<b>1,441,702</b>	<b>(934,573)</b>	<b>507,129</b>
<b><u>Singapore and Brunei</u></b>						
Motor	32,515	(1,366)	31,149	24,359	(652)	23,707
Fire	29,776	(7,219)	22,557	21,081	(4,210)	16,871
Marine, Aviation, Cargo and Transit	2,716	(649)	2,067	3,496	(3,514)	(18)
Miscellaneous	82,792	(25,009)	57,782	59,485	(18,678)	40,807
	<b>147,799</b>	<b>(34,244)</b>	<b>113,555</b>	<b>108,421</b>	<b>(27,054)</b>	<b>81,367</b>
<b>Total</b>	<b>1,453,868</b>	<b>(909,431)</b>	<b>544,437</b>	<b>1,550,123</b>	<b>(961,627)</b>	<b>588,496</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group (Contd.)**

**(ii) Key Assumptions and Methods**

The estimation of claims liabilities based on Bank Negara Malaysia's Risk-Based Capital Framework for Insurers requires all general insurance businesses to calculate booked claim provisions at the best estimate of the cost of future claim payments, plus an explicit allowance for risk and uncertainty. The claim liabilities are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence the ultimate costs of claims. Historical claims development is mainly analysed by accident period. Claims development is separately analysed for each line of business. Certain lines of business are also further analysed by type of coverage.

The assumptions used in the projection methodologies, including future rates of claims inflation, are 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 the future, for example, to reflect any one-off occurrences, changes in external or market factors such as the public perspective towards claiming, legislative changes, judicial decisions and economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. The inherent uncertainties in estimating liabilities can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience. The uncertainties involved in estimating liabilities are allowed for in the reserving process explicitly by adding in a provision of risk margin for adverse deviation ("PRAD") for the best estimate of the cost of future claim payments.

The methodology used in deriving the ULAE is the same as last year. A loading is applied directly to the best estimates for loss and allocated loss adjustment expense to provide for the ULAE.

<b>Unallocated loss adjustment expense</b>	<b>2016</b>	<b>2015</b>
Malaysia - Unallocated loss adjustment expense to paid loss ratio	5%	5%

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group (Contd.)**

**(iii) Sensitivity analysis**

Using the methods described above, the claims development is extrapolated for each accident year based on the observed development in earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historical claims.

Illustrative results of sensitivity testing for the general insurance fund's claims liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and, consequently, the observed net claims ratio for the financial year. Accordingly, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on gross and net claim liabilities, profit before tax and equity.

<b>General Insurance - Malaysian and Bruneian businesses</b>	<b>Change in assumptions</b>	<b>Impact on gross liabilities RM'000</b>	<b>Impact on net liabilities RM'000</b>	<b>Impact on profit before tax RM'000</b>	<b>Impact on equity RM'000</b>
<b>2016</b>					
Net Incurred Claims Ratio	+ 5%	74,463	23,706	(23,706)	(18,017)
	- 5%	(74,463)	(23,706)	23,706	18,017
<b>2015</b>					
Net Incurred Claims Ratio	+ 5%	73,607	26,120	26,120	19,590
	- 5%	(73,607)	(26,120)	(26,120)	(19,590)

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group (Contd.)**

**(iii) Sensitivity analysis (Contd.)**

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
<b><u>General Insurance - Singaporean business</u></b>					
<b>2016</b>					
Net Incurred Claims Ratio	+ 5%	8,496	6,092	(6,092)	(5,057)
	- 5%	(8,496)	(6,092)	6,092	5,057
<b>2015</b>					
Net Incurred Claims Ratio	+ 5%	7,022	5,484	(5,484)	(3,840)
	- 5%	(7,022)	(5,484)	5,484	3,840

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

**(iv) Claims development table**

The following tables show estimated incurred claims for the insurance subsidiary, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date. The management of the insurance subsidiary believes the estimate of total claims outstanding as at the financial year end are adequate. The insurance subsidiary gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group**

**(iv) Claims development table (Contd.)**

**Analysis of claims development - Gross Insurance Contract Liabilities**

	Before	As at 31 December							Total
	2010	2010	2011	2012	2013	2014	2015	2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accident year</b>									
Estimate of gross cumulative claims:									
At the end of accident year		562,758	387,941	640,233	687,574	3,368,421	472,373	500,223	
1 year later		738,192	533,071	670,334	507,493	3,324,465	644,825		
2 years later		733,794	386,610	655,020	600,092	3,870,607			
3 years later		669,579	396,983	681,399	552,955				
4 years later		631,422	398,866	654,031					
5 years later		620,503	371,959						
6 years later		637,108							
<b>Estimate of gross cumulative claims (A)</b>		<b>637,108</b>	<b>371,959</b>	<b>654,031</b>	<b>552,955</b>	<b>3,870,607</b>	<b>644,825</b>	<b>500,223</b>	
Estimate of gross cumulative payments to date:									
At the end of accident year		141,508	121,264	229,494	167,692	1,120,319	117,553	115,349	
1 year later		324,251	247,258	359,755	307,101	1,383,292	382,244		
2 years later		399,692	283,406	472,739	408,804	1,774,084			
3 years later		503,397	306,870	531,619	483,555				
4 years later		511,782	350,548	554,919					
5 years later		594,059	350,223						
6 years later		595,499							
<b>Gross cumulative payments (B)</b>		<b>595,499</b>	<b>350,223</b>	<b>554,919</b>	<b>483,555</b>	<b>1,774,084</b>	<b>382,244</b>	<b>115,349</b>	

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group**

**(iv) Claims development table (Contd.)**

**Analysis of claims development - Gross Insurance Contract Liabilities (Contd.)**

	Before				As at 31 December				Total
	2010	2010	2011	2012	2013	2014	2015	2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross outstanding claim liabilities (A) - (B)	86,444	41,609	21,736	99,112	69,400	2,096,523	262,581	384,874	3,062,279
Gross outstanding claim liabilities for Brunei and Treaty Inward									69,449
Gross outstanding claim liabilities for Singapore									182,178
Unallocated loss adjustment expenses									15,100
Best estimate of gross claim liabilities									3,329,006
PRAD									290,944
Gross insurance claim liabilities as at 31 December 2016									3,619,950

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

(C) General Insurance (Contd.)

Group

(iv) Claims development table (Contd.)

Analysis of claims development - Net of Reinsurance

Accident year	Before	As at 31 December							Total
	2010 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	
Estimate of net cumulative claims:									
At the end of accident year		366,444	237,994	271,700	283,985	263,503	255,864	248,567	
1 year later		257,423	239,453	258,324	265,906	251,303	249,573		
2 years later		257,693	234,554	260,331	274,429	246,969			
3 years later		254,756	238,818	264,442	273,160				
4 years later		256,253	239,469	261,799					
5 years later		258,008	238,372						
6 years later		255,325							
<b>Estimate of net cumulative claims (A)</b>		<b>255,325</b>	<b>238,372</b>	<b>261,799</b>	<b>273,160</b>	<b>246,969</b>	<b>249,573</b>	<b>248,567</b>	
Estimate of net cumulative payments to date:									
At the end of accident year		129,148	104,838	113,841	131,720	113,052	105,240	109,745	
1 year later		215,845	197,855	211,743	224,674	195,128	197,502		
2 years later		239,697	220,615	239,069	244,820	215,245			
3 years later		247,450	229,267	247,803	255,638				
4 years later		249,705	231,826	251,671					
5 years later		250,289	232,884						
6 years later		250,916							
<b>Net cumulative payments (B)</b>		<b>250,916</b>	<b>232,884</b>	<b>251,671</b>	<b>255,638</b>	<b>215,245</b>	<b>197,502</b>	<b>109,745</b>	

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

(C) **General Insurance (Contd.)**

**Group**

(iv) **Claims development table (Contd.)**

**Analysis of claims development - Net of Reinsurance (Contd.)**

	Before	As at 31 December							Total
	2010	2010	2011	2012	2013	2014	2015	2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net outstanding claim liabilities (A) - (B)	4,057	4,409	5,488	10,128	17,521	31,724	52,071	138,822	264,220
Net outstanding claim liabilities for Brunei and Treaty Inward									67,638
Net outstanding claim liabilities for Singapore									129,839
Unallocated loss adjustment expenses									15,100
Best estimate of net claim liabilities									476,798
PRAD									41,654
Net insurance claim liabilities as at 31 December 2016									518,451



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group**

**(iv) Claims development table (Contd.)**

**Analysis of claims development - Gross Insurance Contract Liabilities**

Accident year	Before	As at 31 December							Total
	2009 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	
Estimate of gross cumulative claims:									
At the end of accident year		511,266	562,758	387,941	640,233	687,574	3,368,421	472,373	
1 year later		420,875	738,192	533,071	670,334	507,493	3,324,465		
2 years later		314,554	733,794	386,610	655,020	600,092			
3 years later		303,437	669,579	396,983	681,399				
4 years later		298,374	631,422	398,866					
5 years later		296,156	620,503						
6 years later		295,228							
<b>Estimate of gross cumulative claims (A)</b>		<b>295,228</b>	<b>620,503</b>	<b>398,866</b>	<b>681,399</b>	<b>600,092</b>	<b>3,324,465</b>	<b>472,373</b>	
Estimate of gross cumulative payments to date:									
At the end of accident year		137,944	141,508	121,264	229,494	167,692	1,120,319	117,553	
1 year later		229,309	324,251	247,258	359,755	307,101	1,383,292		
2 years later		273,022	399,692	283,406	472,739	408,804			
3 years later		285,531	503,397	306,870	531,619				
4 years later		287,957	511,782	350,548					
5 years later		288,669	594,059						
6 years later		289,641							
<b>Gross cumulative payments (B)</b>		<b>289,641</b>	<b>594,059</b>	<b>350,548</b>	<b>531,619</b>	<b>408,804</b>	<b>1,383,292</b>	<b>117,553</b>	

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

(C) General Insurance (Contd.)

Group

(iv) Claims development table (Contd.)

**Analysis of claims development - Gross Insurance Contract Liabilities (Contd.)**

	Before	As at 31 December							Total
	2009	2009	2010	2011	2012	2013	2014	2015	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross outstanding claim liabilities (A) - (B)	102,586	5,587	26,443	48,318	149,780	191,288	1,941,172	354,820	2,819,994
Gross outstanding claim liabilities for Brunei and Treaty Inward									79,538
Gross outstanding claim liabilities for Singapore									159,326
Unallocated loss adjustment expenses									15,775
Best estimate of gross claim liabilities									3,074,633
PRAD									436,599
Gross insurance claim liabilities as at 31 December 2015									3,511,232

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group**

**(iv) Claims development table (Contd.)**

**Analysis of claims development - Net of Reinsurance**

	Before	As at 31 December							Total
	2009	2009	2010	2011	2012	2013	2014	2015	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of net cumulative claims:									
At the end of accident year		351,437	366,444	237,994	271,700	283,985	263,503	255,864	
1 year later		226,824	257,423	239,453	258,324	265,906	251,303		
2 years later		216,933	257,693	234,554	260,331	274,429			
3 years later		216,002	254,756	238,818	264,442				
4 years later		213,716	256,253	239,469					
5 years later		212,961	258,008						
6 years later		212,380							
<b>Estimate of net cumulative claims (A)</b>		<b>212,380</b>	<b>258,008</b>	<b>239,469</b>	<b>264,442</b>	<b>274,429</b>	<b>251,303</b>	<b>255,864</b>	
Estimate of net cumulative payments to date:									
At the end of accident year		116,199	129,148	104,838	113,841	131,720	113,052	105,240	
1 year later		180,253	215,845	197,855	211,743	224,674	195,128		
2 years later		199,997	239,697	220,615	239,069	244,820			
3 years later		207,217	247,450	229,267	247,803				
4 years later		208,925	249,705	231,826					
5 years later		209,159	250,289						
6 years later		209,838							
<b>Net cumulative payments (B)</b>		<b>209,838</b>	<b>250,289</b>	<b>231,826</b>	<b>247,803</b>	<b>244,820</b>	<b>195,128</b>	<b>105,240</b>	

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(C) General Insurance (Contd.)**

**Group**

**(iv) Claims development table (Contd.)**

**Analysis of claims development - Net of Reinsurance (Contd.)**

	Before	As at 31 December							Total
	2009	2009	2010	2011	2012	2013	2014	2015	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net outstanding claim liabilities (A) - (B)	6,153	2,542	7,719	7,643	16,639	29,609	56,176	150,624	277,104
Net outstanding claim liabilities for Brunei and Treaty Inward									79,095
Net outstanding claim liabilities for Singapore									134,696
Unallocated loss adjustment expenses									15,775
Best estimate of net claim liabilities									506,670
PRAD									83,664
Net insurance claim liabilities as at 31 December 2015									590,334

Prior to 2009, gross valuation was only performed at the middle of each year. Thus the estimated cumulative claims for year 2008 and prior were based on gross premiums earned in the first half of the year only (i.e. up to 30 June only).

Subsequent to 2009, gross valuation are performed as at the end of the year. Thus, the estimated cumulative claims from year 2009 to 2011 represents the estimate of expected claims to be paid on gross premiums earned up to 31 December.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(D) General Takaful fund**

**Group**

(i) The table below discloses contribution written by type of contract.

	2016			2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Motor	875,242	(8,868)	866,374	874,107	(7,808)	866,299
Fire	148,418	(48,252)	100,166	113,913	(39,693)	74,220
Marine Cargo, Aviation						
Cargo and Transit	18,009	(15,645)	2,364	19,079	(16,702)	2,377
Miscellaneous	139,860	(30,978)	108,882	101,442	(19,159)	82,283
	<u>1,181,529</u>	<u>(103,743)</u>	<u>1,077,786</u>	<u>1,108,541</u>	<u>(83,362)</u>	<u>1,025,179</u>

(ii) **Key Assumptions and methods**

The estimation of the claim liabilities of general takaful fund is based on BNM/RH/GL004-21 *Guidelines on Valuation Basis for Liabilities of General Takaful Business* as issued by BNM. It requires all general takaful operators to calculate booked claim provisions at the best estimate of the cost of future claim payments, plus an explicit allowance for risk and uncertainty. The claim liabilities are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and, hence the ultimate costs of claims. Historical claims development is mainly analysed by accident period. Claims development is separately analysed for each line of business. Certain lines of business are also further analysed by type of coverage.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(D) General Takaful fund (Contd.)**

**(ii) Key Assumptions and methods (Contd.)**

The assumptions used in the projection methodologies, including future rates of claims inflation are 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 the future, for example, to reflect one-off occurrences, changes in external or market factors such as public perspective towards claiming, legislative changes, judicial decisions and economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

The inherent uncertainties in estimating liabilities can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience. The uncertainties involved in estimating liabilities are explicitly allowed for in the reserving process by adding in a PRAD for the best estimate of the cost of future claim payments.

The methodology used in deriving the provision for expenses is consistent with prior year. Loadings are applied directly to the central estimate of claim liabilities and the central estimate of URR and UCR to derive the expense liabilities.

**(iii) Sensitivity analyses**

Using the methods described above, the claims development is extrapolated for each accident year based on the observed development of earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historical claims.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(D) General Takaful fund (Contd.)**

**(iii) Sensitivity analyses (Contd.)**

Illustrative results of sensitivity analyses for the general takaful fund's claims liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and, consequently, the observed net claims ratio for the financial year. Therefore, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on gross and net claim liabilities, profit before tax and the participants' fund.

	<b>% change in Key assumptions</b>	<b>Impact on gross liabilities RM'000</b>	<b>Impact on net liabilities RM'000</b>	<b>Impact on profit before tax RM'000</b>	<b>Impact on equity RM'000</b>
<b>2016</b>					
Incurring Claims Ratio	+ 5%	59,005	54,259	(54,259)	(41,237)
	- 5%	(59,005)	(54,259)	54,259	41,237
<b>2015</b>					
Incurring Claims Ratio	+ 5%	55,628	50,776	(50,776)	(38,082)
	- 5%	(55,628)	(50,776)	50,776	38,082

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

**(D) General Takaful fund (Contd.)**

**Group**

**(iv) Claims development table**

The following tables show the takaful subsidiary's estimated incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date. The management of the takaful subsidiary believes the estimate of total claims outstanding as at the financial year end are adequate. The takaful subsidiary gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

**Analysis of claims development - Gross Takaful Certificate Liabilities**

**Takaful operator**

Accident year	Before	As at 31 December							Total
	2010 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	
Estimate of cumulative claims:									
At the end of accident year		394,600	437,396	479,285	565,862	589,933	660,739	783,911	
1 year later		258,963	436,220	466,666	554,496	617,750	639,081		
2 years later		260,490	422,091	458,241	564,434	608,081			
3 years later		259,613	435,791	463,180	569,810				
4 years later		260,780	435,672	459,482					
5 years later		261,143	435,987						
6 years later		254,522							
<b>Estimate of gross cumulative claims to date (A)</b>		<b>254,522</b>	<b>435,987</b>	<b>459,482</b>	<b>569,810</b>	<b>608,081</b>	<b>639,081</b>	<b>783,911</b>	



MAYBANK AGEAS HOLDINGS BERHAD  
(Incorporated in Malaysia)

## 44. INSURANCE/TAKAFUL RISK (CONTD.)

## (D) General Takaful fund (Contd.)

## Group

## (iv) Claims development table (Contd.)

## Analysis of claims development - Gross Takaful Certificate Liabilities (Contd.)

Takaful operator (Contd.)

Accident year	Before	As at 31 December							Total
	2010	2010	2011	2012	2013	2014	2015	2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative payments to date:									
At the end of accident year		94,507	131,482	187,973	238,771	231,130	264,533	310,865	
1 year later		191,698	269,769	366,008	405,337	470,575	461,390		
2 years later		226,315	376,785	413,088	463,144	532,800			
3 years later		242,215	391,811	432,662	488,313				
4 years later		246,636	396,008	440,634					
5 years later		247,668	400,990						
6 years later		248,736							
<b>Gross cumulative claims paid to date (B)</b>		<b>248,736</b>	<b>400,990</b>	<b>440,634</b>	<b>488,313</b>	<b>532,800</b>	<b>461,390</b>	<b>310,865</b>	
Best estimate of gross claim liabilities (A) - (B)	8,994	5,786	34,997	18,848	81,497	75,281	177,691	473,046	876,140
PRAD									102,069
Gross takaful claim liabilities as at 31 December 2016									<b>978,209</b>

MAYBANK AGEAS HOLDINGS BERHAD  
(Incorporated in Malaysia)

## 44. INSURANCE/TAKAFUL RISK (CONTD.)

## (D) General Takaful fund (Contd.)

## Group

## (iv) Claims development table (Contd.)

## Analysis of claims development - Net of Retakaful

<u>Takaful operator (Contd.)</u>	Before				<u>As at 31 December</u>				Total
	2010	2010	2011	2012	2013	2014	2015	2016	
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative claims:									
At the end of accident year		342,237	325,123	456,465	506,657	532,858	630,670	708,666	
1 year later		227,980	336,639	447,504	477,414	506,414	610,264		
2 years later		227,866	332,456	441,755	486,131	496,700			
3 years later		225,160	338,513	446,237	488,639				
4 years later		225,395	340,270	442,678					
5 years later		226,474	336,354						
6 years later		225,793							
<b>Estimate of net cumulative claims to date (A)</b>		<b>225,793</b>	<b>336,354</b>	<b>442,678</b>	<b>488,639</b>	<b>496,700</b>	<b>610,264</b>	<b>708,666</b>	
Estimate of cumulative payments to date:									
At the end of accident year		91,793	130,642	186,608	235,297	227,238	259,797	307,415	
1 year later		171,337	266,182	356,576	383,436	386,400	449,210		
2 years later		204,893	307,058	399,389	433,014	435,687			
3 years later		216,241	321,595	417,899	456,352				
4 years later		219,629	325,611	425,427					
5 years later		220,626	327,836						
6 years later		221,673							
<b>Net cumulative claims paid to date (B)</b>		<b>221,673</b>	<b>327,836</b>	<b>425,427</b>	<b>456,352</b>	<b>435,687</b>	<b>449,210</b>	<b>307,415</b>	
Best estimate of net claim liabilities (A) - (B)	6,067	4,120	8,518	17,251	32,287	61,013	161,054	401,251	691,561
PRAD									71,134
Net claim liabilities as at 31 December 2016									<b>762,695</b>

MAYBANK AGEAS HOLDINGS BERHAD  
(Incorporated in Malaysia)

## 44. INSURANCE/TAKAFUL RISK (CONTD.)

## (D) General Takaful fund (Contd.)

## Group

## (iv) Claims development table (Contd.)

## Analysis of claims development - Gross of Retakaful

Takaful operator (Contd.) Accident year	Before	As at 31 December							Total
	2009	2009	2010	2011	2012	2013	2014	2015	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative claims:									
At the end of accident year		237,471	394,600	437,396	479,285	565,662	589,933	660,739	
1 year later		196,615	258,963	436,220	466,666	554,496	617,750		
2 years later		239,280	260,490	422,091	458,241	564,434			
3 years later		232,675	259,613	435,791	463,180				
4 years later		227,305	260,780	435,672					
5 years later		212,746	261,143						
6 years later		193,557							
<b>Estimate of gross cumulative claims to date (A)</b>		<b>193,557</b>	<b>261,143</b>	<b>435,672</b>	<b>463,180</b>	<b>564,434</b>	<b>617,750</b>	<b>660,739</b>	
Estimate of cumulative payments to date:									
At the end of accident year		74,439	94,507	131,482	187,973	238,771	231,130	264,533	
1 year later		146,844	191,698	269,769	366,008	405,337	470,575		
2 years later		173,478	226,315	376,785	413,088	463,144			
3 years later		183,492	242,215	391,811	432,662				
4 years later		186,640	246,636	396,008					
5 years later		187,652	247,668						
6 years later		189,012							
<b>Gross cumulative claims paid to date (B)</b>		<b>189,012</b>	<b>247,668</b>	<b>396,008</b>	<b>432,662</b>	<b>463,144</b>	<b>470,575</b>	<b>264,533</b>	
Best estimate of gross claim liabilities (A) - (B)	11,153	4,545	13,475	39,664	30,518	101,290	147,175	396,206	744,026
PRAD									181,909
Gross claim liabilities as at 31 December 2015									<b>925,935</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**44. INSURANCE/TAKAFUL RISK (CONTD.)**

(D) General Takaful fund (Contd.)

Group

(iv) Claims development table (Contd.)

Analysis of claims development - Net of Retakaful

<u>Takaful operator (Contd.)</u>	Before	<u>As at 31 December</u>							Total
	2009	2009	2010	2011	2012	2013	2014	2015	
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative claims:									
At the end of accident year		182,266	342,237	325,123	456,465	506,657	532,858	630,670	
1 year later		157,960	227,980	336,639	447,504	477,414	506,414		
2 years later		192,838	227,866	332,456	441,755	486,131			
3 years later		188,992	225,160	338,513	446,237				
4 years later		182,915	225,395	340,270					
5 years later		179,060	226,474						
6 years later		180,056							
<b>Estimate of net cumulative claims to date (A)</b>		<b>180,056</b>	<b>226,474</b>	<b>340,270</b>	<b>446,237</b>	<b>486,131</b>	<b>506,414</b>	<b>630,670</b>	
Estimate of cumulative payments to date:									
At the end of accident year		72,745	91,793	130,642	186,608	235,297	227,238	259,797	
1 year later		135,607	171,337	266,182	356,576	383,436	386,400		
2 years later		161,900	204,893	307,058	399,389	433,014			
3 years later		171,527	216,241	321,595	417,899				
4 years later		174,547	219,629	325,611					
5 years later		175,535	220,626						
6 years later		176,618							
<b>Net cumulative claims paid to date (B)</b>		<b>176,618</b>	<b>220,626</b>	<b>325,611</b>	<b>417,899</b>	<b>433,014</b>	<b>386,400</b>	<b>259,797</b>	
Best estimate of net claim liabilities (A) - (B)	4,058	3,438	5,848	14,659	28,338	53,117	120,014	370,873	600,345
PRAD									140,011
Net claim liabilities as at 31 December 2015									<b>740,356</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS**

**(i) Credit Risk**

Credit risk refers to the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms. It stems primarily from lending, underwriting, trading and investment activities from both on-balance sheet transactions and off-balance sheet transactions, if any.

Credit or spread risk and ultimately Default risk result from the intrinsic quality of the issuer of debt securities and the impact it has on the value of these instruments. Changes in the level or in the volatility of both spreads as a result of changes in the underlying credit quality define the risk of investment default.

Credit risk arises when a borrower or counterparty is no longer able to pay their debt. The Group's exposure to credit risk arises mainly from fixed income investment activities.

The Group measures and manages credit risk following the philosophy and principles below:

- (a) The Risk Management and Investment Management Department, actively aim to prevent undue concentration by ensuring its credit portfolio is diversified and marketable credit portfolio;
- (b) The asset management research team adopts a prudent position in the selection of fixed income investments;
- (c) The Risk Management Department establishes limits on maximum credit exposures. The credit limit for a counterparty is based on the counterparty's credit quality and aligned to the risk appetite; and
- (d) The Risk Management Department uses Key Risk Indicators ("KRI") to alert the management to impending problems in a timely manner.

**Credit Exposure**

The table below shows the maximum exposure to credit risk for the components of the statements of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreement. In respect of bifurcated derivatives relating to structured products categorised as AFS financial assets, the bifurcated derivatives are considered together with the host contract for the purposes of financial risk exposures and management.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Exposure (cont'd.)**

**Group**

<b><u>2016</u></b>	<b>Total Insurance Funds RM'000</b>	<b>Total Takaful Funds RM'000</b>	<b>Total Shareholders' Funds RM'000</b>	<b>Total RM'000</b>
<b>LAR</b>				
Fixed and call deposits	1,339,246	952,316	500,216	2,791,778
<b>AFS financial investments</b>				
Equity securities	898,109	871,967	270,870	2,040,946
Malaysian government papers	96,534	404,350	395,306	896,190
Singapore government securities	34,776	-	-	34,776
Debt securities, structured products and NICDs	485,823	3,005,354	2,665,934	6,157,111
Unit and property trust funds	59,060	40,396	106,276	205,732

**Financial investments at FVTPL**

**(i) Designated upon initial recognition**

Malaysian government papers	238,233	179,283	-	417,516
Singapore government papers	102,848	-	-	102,848
Debt securities, structured products, NCDs and NICDs	6,513,426	5,497,369	-	12,010,795

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

<b>Group</b>	<b>Total Insurance Funds RM'000</b>	<b>Total Takaful Funds RM'000</b>	<b>Total Shareholders' Funds RM'000</b>	<b>Total RM'000</b>
<b><u>2016 (Contd.)</u></b>				
<b>Financial investments at FVTPL</b>				
<b>(ii) Held-for-trading (HFT)</b>				
Equity securities	677,761	9,978	-	687,739
Malaysian government papers	59,336	7,172	-	66,508
Debt securities and structured products	277,112	10,692	-	287,804
Unit and property trust funds	19,805	226	-	20,031
Financing receivables	213,881	-	52,857	266,738
Reinsurance/retakaful assets	3,409,282	291,849	-	3,701,131
Insurance/takaful receivables	287,427	150,097	-	437,524
Other receivables	211,777	116,183	32,067	360,027
Derivative assets	56	-	-	56
Cash and bank balances	213,924	140,540	22,876	377,340
	<b>15,138,416</b>	<b>11,677,772</b>	<b>4,046,402</b>	<b>30,862,590</b>

**2015**

**LAR**

Fixed and call deposits	1,537,920	1,168,070	822,476	3,528,466
-------------------------	-----------	-----------	---------	-----------

**AFS financial investments**

Equity securities	997,765	1,150,493	341,816	2,490,074
Malaysian government papers	191,203	674,674	165,052	1,030,929
Singapore government securities	-	-	16,814	16,814
Debt securities, structured products and NICDs	-	2,625,342	2,770,051	5,395,393
Unit and property trust funds	52,384	61,609	108,965	222,958

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Group**

**2015 (Contd.)**

	<b>Total Insurance Funds RM'000</b>	<b>Total Takaful Funds RM'000</b>	<b>Total Shareholders' Funds RM'000</b>	<b>Total RM'000</b>
<b>Financial investments at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	130,330	244,701	-	375,031
Singapore government papers	24,365	-	-	24,365
Debt securities, structured products, NCDs and NICDs	53,276	4,365,378	5,664,758	10,083,412
<b>(ii) Held-for-trading (HFT)</b>				
Equity securities	723,530	8,374	-	731,904
Malaysian government papers	85,563	4,192	-	89,755
Redeemable loan stocks	7	-	-	7
Debt securities and structured products	776,964	10,417	-	787,381
Unit and property trust funds	13,571	74	-	13,645
Financing receivables	250,570	3,300	26,404	280,274
Reinsurance/retakaful assets	3,273,106	236,989	50,733	3,560,828
Insurance/takaful receivables	328,338	175,211	26,121	529,670
Other receivables	2,101	108,691	306,911	417,703
Derivative assets	2,610	-	210	2,820
Cash and bank balances	100,469	112,215	77,089	289,773
	<b>8,544,072</b>	<b>10,949,730</b>	<b>10,377,400</b>	<b>29,871,202</b>



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

<b>Company</b>	<b>Total Shareholder's Fund RM'000</b>
<b><u>2016</u></b>	
<b>LAR</b>	
Fixed and call deposits	86,630
<b>AFS financial investments</b>	
Unit and property trust funds	102,311
Financing receivables	752
Other receivables	4,413
Cash and bank balances	2,805
	<u>196,911</u>
<b><u>2015</u></b>	
<b>LAR</b>	
Fixed and call deposits	130,884
<b>AFS financial investments</b>	
Equity securities	1,038
Unit and property trust funds	102,375
Financing receivables	1,332
Other receivables	4,142
Cash and bank balances	866
	<u>240,637</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Exposure by rating**

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group and the Company's credit ratings of counterparties.

Group	Neither past-due nor impaired			Unit-linked RM'000	Past-due or impaired RM'000 BBB to C	Not subject to credit risk RM'000	Total RM'000
	*A to AAA RM'000	*B to BBB RM'000	^^Not Rated RM'000				
<b>2016</b>							
<b>LAR</b>							
Fixed and call deposits	2,651,139	-	-	140,639	-	-	2,791,778
<b>AFS financial investments</b>							
Equity securities	-	-	-	-	-	2,040,946	2,040,946
Malaysian government papers	-	-	896,190	-	-	-	896,190
Singapore government securities	34,776	-	-	-	-	-	34,776
Debt securities, structured products and NICDs	4,432,226	-	1,724,885	-	-	-	6,157,111
Unit and property trust funds	-	-	-	-	-	205,732	205,732
<b>Financial investments at FVTPL</b>							
<b>(i) Designated upon initial recognition</b>							
Malaysian government papers	-	-	417,516	-	-	-	417,516
Singapore government securities	102,848	-	-	-	-	-	102,848
Debt securities, structured deposits, NCDs and NICDs	8,991,886	-	3,018,909	-	-	-	12,010,795
<b>(ii) Held-for-trading (HFT)</b>							
Equity securities	-	-	-	677,761	-	9,978	687,739
Malaysian government papers	-	-	-	66,508	-	-	66,508
Debt securities and structured deposits	-	-	-	287,804	-	-	287,804
Unit and property trust funds	-	-	-	19,805	-	226	20,031

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Exposure by rating (Contd.)**

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group and the Company's credit ratings of counterparties.

Group	Neither past-due nor impaired			Unit-linked RM'000	Past-due or impaired RM'000	Not subject to credit risk RM'000	Total RM'000
	*A to AAA RM'000	*B to BBB RM'000	^^Not Rated RM'000				
						BBB to C	
Financing receivables	360	-	262,508	-	3,870	-	266,738
Reinsurance/retakaful assets	2,174,817	77,973	1,180,935	-	-	267,406	3,701,131
Insurance/takaful receivables^^	5,006	5	331,841	-	100,672	-	437,524
Other receivables	178,558	-	60,443	6,765	148	114,113	360,027
Derivative assets	56	-	-	-	-	-	56
Cash and bank balances	330,882	-	45,103	1,355	-	-	377,340
	18,902,554	77,978	7,938,330	1,200,637	104,690	2,638,401	30,862,590

\* Based on ratings assigned by external rating agencies including RAM and MARC

^^ Insurance/takaful receivables from agents/insurers/reinsurers licensed under the Financial Services Act 2013 and the Islamic Financial Services Act 2013 are classified under the "not rated" category.

Financial investments such as Malaysian Government Papers and certain corporate debt securities are classified under the "Not Rated" category as these investments are issued by the government or guaranteed by the government and are exempted from the requirement to be rated by rating agencies.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Exposure by rating (Contd.)**

Group	Neither past-due nor impaired			Unit-linked RM'000	Past-due or impaired RM'000 BBB to C	Not subject to credit risk RM'000	Total RM'000
	*A to AAA RM'000	*B to BBB RM'000	^^Not Rated RM'000				
<b>2015</b>							
<b>LAR</b>							
Fixed and call deposits	3,389,188	-	-	139,278	-	-	3,528,466
<b>AFS financial investments</b>							
Equity securities	-	-	-	-	-	2,490,074	2,490,074
Malaysian government papers	-	-	1,030,929	-	-	-	1,030,929
Singapore government securities	16,814	-	-	-	-	-	16,814
Debt securities, structured products and NICDs	4,113,913	-	1,281,480	-	-	-	5,395,393
Unit and property trust funds	-	-	-	-	-	222,958	222,958
<b>Financial investments at FVTPL</b>							
<b>(i) Designated upon initial recognition</b>							
Malaysian government papers	130,330	-	244,701	-	-	-	375,031
Singapore government papers	24,365	-	-	-	-	-	24,365
Debt securities, structured products, NCDs and NICDs	7,916,143	-	2,167,269	-	-	-	10,083,412
<b>(ii) Held-for-trading (HFT)</b>							
Equity securities	-	-	-	723,530	-	8,374	731,904
Malaysian government papers	-	-	-	89,755	-	-	89,755
Redeemable loan stock	-	-	-	7	-	-	7
Debt securities and structured products	-	-	-	787,381	-	-	787,381
Unit and property trust funds	-	-	-	13,571	-	74	13,645

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

(i) Credit Risk (Contd.)

Credit Exposure by rating (Contd.)

Group	Neither past-due not impaired			Unit-linked RM'000	Past-due or impaired RM'000 BBB to C	Not subject to credit risk RM'000	Total RM'000
	*A to AAA RM'000	*B to BBB RM'000	**Not Rated RM'000				
<b>2015 (Contd.)</b>							
Financing receivables	-	-	274,010	-	6,264	-	280,274
Reinsurance/retakaful assets	649,943	22,938	2,887,947	-	-	-	3,560,828
Insurance/takaful receivables^^	6,878	65	408,799	-	113,928	-	529,670
Other receivables	225,282	1,969	17,035	22,923	254	150,240	417,703
Derivative assets	210	-	-	2,610	-	-	2,820
Cash and bank balances	272,041	-	15,819	1,905	-	8	289,773
	<b>16,745,107</b>	<b>24,972</b>	<b>8,327,989</b>	<b>1,780,960</b>	<b>120,446</b>	<b>2,871,728</b>	<b>29,871,202</b>

\* Based on ratings assigned by external rating agencies including RAM and MARC

^^ Insurance/takaful receivables from agents/insurers/reinsurers licensed under the Financial Services Act 2013 and the Islamic Financial Services Act 2013 are classified under the "not rated" category.

Financial investments such as Malaysian Government Papers and certain corporate debt securities are classified under the "Not Rated" category as these investments are issued by the government or guaranteed by the government and are exempted from the requirement to be rated by rating agencies.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Exposure by rating (Contd.)**

Company	Neither past-due nor impaired		Not subject to credit risk RM'000	Total RM'000
	A to AAA RM'000	Not Rated RM'000		
<b><u>2016</u></b>				
<b>LAR</b>				
Fixed and call deposits	86,630	-	-	86,630
<b>AFS financial investments</b>				
Unit and property trust funds	-	-	102,311	102,311
Financing receivables	-	752	-	752
Other receivables	1,234	3,170	9	4,413
Cash and bank balances	2,805	-	-	2,805
	<b>90,669</b>	<b>3,922</b>	<b>102,320</b>	<b>196,911</b>
<b><u>2015</u></b>				
<b>LAR</b>				
Fixed and call deposits	130,884	-	-	130,884
<b>AFS financial investments</b>				
Equity securities	-	-	1,038	1,038
Unit and property trust funds	-	-	102,375	102,375
Financing receivables	-	1,332	-	1,332
Other receivables	1,977	2,156	9	4,142
Cash and bank balances	866	-	-	866
	<b>133,727</b>	<b>3,488</b>	<b>103,422</b>	<b>240,637</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Quality of Financial Assets**

**Group**

	Past due but not impaired				Impaired			Total
	< 90 days RM'000	91 to 180 days RM'000	> 180 days RM'000	Total RM'000	Original carrying amount RM'000	Allowance for impairment RM'000	Net carrying amount RM'000	
<b><u>2016</u></b>								
Financing receivables	48	48	3,774	3,870	5,609	(5,609)	-	3,870
Reinsurance/retakaful assets	-	-	-	-	529	(529)	-	-
Insurance/takaful receivables	55,429	23,389	21,854	100,672	20,417	(20,417)	-	100,672
Other receivables	-	-	-	-	2,256	(2,108)	148	148
	<b>55,477</b>	<b>23,437</b>	<b>25,628</b>	<b>104,542</b>	<b>28,811</b>	<b>(28,663)</b>	<b>148</b>	<b>104,690</b>
<b><u>2015</u></b>								
Financing receivables	45	45	6,174	6,264	9,579	(9,579)	-	6,264
Reinsurance/retakaful assets	-	-	-	-	5,963	(5,963)	-	-
Insurance/takaful receivables	69,815	20,636	23,477	113,928	44,450	(44,450)	-	113,928
Other receivables	-	-	-	-	2,518	(2,264)	254	254
	<b>69,860</b>	<b>20,681</b>	<b>29,651</b>	<b>120,192</b>	<b>62,510</b>	<b>(62,256)</b>	<b>254</b>	<b>120,446</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Credit Quality of Financial Assets**

**Company**

**2016**

Financing receivables  
 Other receivables

**2015**

Financing receivables  
 Other receivables

	Impaired		
	Original carrying amount RM'000	Allowance for impairment RM'000	Net carrying amount RM'000
	1	(1)	-
	7,161	(7,161)	-
	7,162	(7,162)	-
	1	(1)	-
	7,161	(7,161)	-
	7,162	(7,162)	-



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Group - Reconciliation of allowance account**

Movements in allowances for impairment losses for financial assets are as follows:

<u>2016</u>	Financing receivables (Note 11) RM'000	Reinsurance/ retakaful assets (Note 12) RM'000	Insurance/ takaful receivables (Note 13) RM'000	Other receivables (Note 14) RM'000	Total RM'000
<b><u>Individual allowance</u></b>					
At 1 January 2016	9,579	5,963	20,428	2,240	38,210
(Reversal of impairment losses)/impairment losses during the year	(771)	(5,434)	914	(132)	(5,423)
Amount written off	(3,199)	-	(6,236)	-	(9,435)
Exchange differences	-	-	16	-	16
At 31 December 2016	<u>5,609</u>	<u>529</u>	<u>15,122</u>	<u>2,108</u>	<u>23,368</u>
<b><u>Collective allowance</u></b>					
At 1 January 2016	-	-	24,022	24	24,046
Reversal of impairment losses during the year	-	-	(18,751)	(24)	(18,775)
Exchange differences	-	-	24	-	24
At 31 December 2016	<u>-</u>	<u>-</u>	<u>5,295</u>	<u>-</u>	<u>5,295</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Group - Reconciliation of allowance account**

Movements in allowances for impairment losses for financial assets are as follows:

<b><u>2015</u></b>	<b>Financing receivables (Note 11) RM'000</b>	<b>Reinsurance/ retakaful assets (Note 12) RM'000</b>	<b>Insurance/ takaful receivables (Note 13) RM'000</b>	<b>Other receivables (Note 14) RM'000</b>	<b>Total RM'000</b>
<b><u>Individual allowance</u></b>					
At 1 January 2015	9,784	6,064	25,153	2,910	43,911
(Reversal of impairment losses)/impairment losses during the year	(205)	(101)	(4,022)	(662)	(4,990)
Amount written off	-	-	(708)	(8)	(716)
Exchange differences	-	-	5	-	5
At 31 December 2015	<u>9,579</u>	<u>5,963</u>	<u>20,428</u>	<u>2,240</u>	<u>38,210</u>
<b><u>Collective allowance</u></b>					
At 1 January 2015	-	-	24,602	24	24,626
Reversal of impairment losses during the year	-	-	(634)	(6)	(640)
Exchange differences	-	-	54	6	60
At 31 December 2015	<u>-</u>	<u>-</u>	<u>24,022</u>	<u>24</u>	<u>24,046</u>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

**Company - Reconciliation of allowance account**

Movements in allowances for impairment losses for financial assets are as follows:

2016	Financing receivables (Note 11) RM'000	Other receivables (Note 14) RM'000	Total RM'000
<b><u>Individual allowance</u></b>			
At 1 January/31 December 2016	1	7,161	7,162
<b><u>2015</u></b>			
	Financing receivables (Note 11) RM'000	Other receivables (Note 14) RM'000	Total RM'000
At 1 January 2015	1	-	1
Impairment losses during the year	-	7,161	7,161
At 31 December 2015	1	7,161	7,162

**Financial Effects of Collateral Held**

**Group**

The main types of collateral held as security by the Group to mitigate credit risk are as follows:

Type of financing receivables	Type of collaterals
Policy/automatic premium loans	Cash value of policies
Corporate loans	Charges over properties, lands being financed
Secured staff/non-staff loans	Charges over residential properties

The financial effect of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables is 98% as at 31 December 2016 (2015: 96%). The financing receivables amounted to RM260.3 million as at 31 December 2016 (2015: RM268.0 million) are collateralised.

The remaining balance of financing receivables are not collateralised.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(i) Credit Risk (Contd.)**

Financial Effects of Collateral Held

Company

The financial effect of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables of the Company is 100% as at 31 December 2016 (2015: 83%). The financing receivables amounting to RM0.75 million as at 31 December 2016 (2015: RM1.33 million) are collateralised.

**(ii) Liquidity Risk**

Liquidity risk is the risk of an adverse impact to the Group's financial condition or overall safety and soundness that could arise from its inability (or perceived inability) or unexpected higher cost to meet its obligations.

The objective of liquidity risk management is to have sufficient cash availability to meet policyholders' liabilities, such as surrenders, withdrawal, claims and the maturity benefits, and other contract holders without endangering the business financials due to constraints on liquidating assets.

The Group measures and manages liquidity risk following the philosophy and principles below:

- (a) The Risk Management and Investment Management Department actively monitor the cashflows associated and derived from assets and liabilities of the Group through the ALCO platform; and
- (b) The Investment Management Department ensures that the established investment limits set takes care of reasonable liquidity requirements at all times.

**Maturity Profiles**

The table below summarises the maturity profile of the financial assets and financial liabilities of the Group and the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable. For insurance contracts/takaful certificates liabilities and reinsurance/retakaful assets, maturity profiles are determined based on the estimated timing of net cash outflows of the recognised insurance liabilities.

Premium/contribution liabilities, the reinsurers' share of premium/contribution liabilities and expense liabilities relating to general takaful have been excluded from the analysis as there are no contractual obligations to make payments on those liabilities.

Unit-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(ii) Liquidity Risk (Contd.)**

**Maturity Profiles (Contd.)**

**Group**

<b><u>2016</u></b>	<b>Carrying value RM'000</b>	<b>Up to a year RM'000</b>	<b>1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
Investments:						
LAR	2,791,778	2,791,778	-	-	-	2,791,778
AFS	9,334,755	411,818	3,497,225	7,126,230	2,246,678	13,281,951
FVTPL	13,593,241	1,131,843	5,246,152	14,287,128	707,770	21,372,893
Financing receivables	266,738	222,770	20,642	27,960	-	271,372
Reinsurance/retakaful assets*	3,395,019	2,332,382	1,001,372	97,697	-	3,431,451
Insurance/takaful receivables	437,524	437,524	-	-	-	437,524
Other receivables	360,027	359,858	-	-	169	360,027
Derivative assets	56	56	-	-	-	56
Cash and bank balances	377,340	377,340	-	-	-	377,340
<b>Total assets</b>	<b>30,556,478</b>	<b>8,065,369</b>	<b>9,765,391</b>	<b>21,539,015</b>	<b>2,954,617</b>	<b>42,324,392</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(ii) Liquidity Risk (Contd.)**

**Maturity Profiles (Contd.)**

**Group (cont'd.)**

<u>2016 (cont'd.)</u>	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
Insurance/takaful contract liabilities**	22,320,599	7,790,696	3,218,498	19,077,000	205,976	30,292,170
Subordinated obligations	800,000	34,422	136,628	876,330	-	1,047,380
Expense liabilities***	391,165	81,376	101,605	529,536	-	712,517
Derivative liabilities	64,204	24,060	40,144	-	-	64,204
Insurance/takaful payables	414,741	414,741	-	-	-	414,741
Other payables	986,586	986,586	-	-	-	986,586
Interest/profit payable on subordinated obligations	11,309	11,309	-	-	-	11,309
<b>Total liabilities</b>	<b>24,988,604</b>	<b>9,343,190</b>	<b>3,496,875</b>	<b>20,482,866</b>	<b>205,976</b>	<b>33,528,907</b>

\* Excluding premium/contribution liabilities.

\*\* Excluding premium/contribution liabilities and AFS reserves for General takaful fund.

\*\*\* Excluding expense liabilities relating to General takaful fund.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(ii) Liquidity Risk (Contd.)**

**Maturity Profiles (Contd.)**

**Group**

<b>2015</b>	<b>Carrying value RM'000</b>	<b>Up to a year RM'000</b>	<b>1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
Investments:						
LAR	3,528,466	3,528,466	-	-	-	3,528,466
AFS	9,156,168	486,425	2,834,052	6,186,949	2,713,032	12,220,459
FVTPL	12,105,500	911,707	4,870,496	10,020,088	745,549	16,547,840
Financing receivables	280,274	232,942	23,308	32,454	18,065	306,769
Reinsurance/retakaful assets*	3,159,724	1,034,786	465,016	1,691,533	-	3,191,335
Insurance/takaful receivables	529,670	529,670	-	-	-	529,670
Other receivables	417,703	415,558	-	-	2,145	417,703
Derivative assets	2,820	2,820	-	-	-	2,820
Cash and bank balances	289,773	282,241	7,532	-	-	289,773
<b>Total assets</b>	<b>29,470,098</b>	<b>7,424,615</b>	<b>8,200,404</b>	<b>17,931,024</b>	<b>3,478,791</b>	<b>37,034,835</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

(ii) Liquidity Risk (Contd.)

**Maturity Profiles (Contd.)**

**Group (cont'd.)**

<b>2015 (cont'd.)</b>	<b>Carrying value RM'000</b>	<b>Up to a year RM'000</b>	<b>1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
Insurance/takaful contract liabilities**	21,813,929	7,180,906	3,196,886	18,873,665	172,353	29,423,810
Subordinated obligations	800,000	33,021	136,840	909,100	-	1,078,961
Expense liabilities***	354,332	56,064	98,900	534,289	-	689,253
Derivative liabilities	59,298	8,850	50,448	-	-	59,298
Insurance/takaful payables	458,625	451,048	7,577	-	-	458,625
Other payables	773,026	773,026	-	-	-	773,026
Interest/profit payable on subordinated obligations	11,316	11,316	-	-	-	11,316
<b>Total liabilities</b>	<b>24,270,526</b>	<b>8,514,231</b>	<b>3,490,651</b>	<b>20,317,054</b>	<b>172,353</b>	<b>32,494,289</b>

\* Excluding premium/contribution liabilities.

\*\* Excluding premium/contribution liabilities and AFS reserve for General takaful fund.

\*\*\* Excluding expense liabilities relating to General takaful fund.



**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(ii) Liquidity Risk (Contd.)**

**Maturity Profiles (Contd.)**

**Company**

<b>2016</b>	<b>Carrying value RM'000</b>	<b>Up to a year RM'000</b>	<b>1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>Investments:</b>						
LAR	86,630	86,630	-	-	-	86,630
AFS	102,311	-	-	-	102,311	102,311
Financing receivables	752	98	313	341	-	752
Other receivables	4,413	4,403	-	-	10	4,413
Cash and bank balances	2,805	2,805	-	-	-	2,805
<b>Total assets</b>	<b>196,911</b>	<b>93,936</b>	<b>313</b>	<b>341</b>	<b>102,321</b>	<b>196,911</b>
<b>Other payables</b>	<b>2,625</b>	<b>2,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,625</b>
<b>Total liabilities</b>	<b>2,625</b>	<b>2,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,625</b>

33361-W

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(ii) Liquidity Risk (Contd.)**

**Maturity Profiles (Contd.)**

**Company (cont'd.)**

<b><u>2015</u></b>	<b>Carrying value RM'000</b>	<b>Up to a year RM'000</b>	<b>1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
Investments:						
LAR	130,884	130,884	-	-	-	130,884
AFS	103,413	-	-	-	103,413	103,413
Financing receivables	1,332	211	636	485	-	1,332
Other receivables	4,142	4,133	-	-	9	4,142
Cash and bank balances	866	866	-	-	-	866
<b>Total assets</b>	<b>240,637</b>	<b>136,094</b>	<b>636</b>	<b>485</b>	<b>103,422</b>	<b>240,637</b>
Other payables	95,061	95,061	-	-	-	95,061
<b>Total liabilities</b>	<b>95,061</b>	<b>95,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,061</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(iii) Market Risk**

Market risk is the risk of loss or of adverse change in the Group's financial situation resulting, directly or indirectly, from fluctuations or volatility of market prices of financial instruments.

Market risk comprises three (3) types of risk:

- (a) foreign exchange rates (currency risk);
- (b) market interest rates/profit yields (interest rate risk); and
- (c) equity price risk.

The Group has three main key features in respect of its market risk management practices and policies:

- (a) A Group-wide risk policy exists which sets out the evaluation and determination of components of market risk for the Group. Compliance with the policy is monitored and reported monthly to the RMC and exposures and breaches are reported as soon as practicable;
- (b) The Group's policies on asset allocation, portfolio limit structure and diversification benchmarks have been set in line with the Group's risk management policy after taking cognisance of regulatory requirements in respect of the maintenance of assets and solvency.
- (c) Strict controls exist over derivative transactions; such transactions are only permitted for hedging purposes and not for speculative purposes.

The Group also issues investment-linked investment policies with a number of products. In the investment-linked business, the policyholders/participants bear the investment risk on the assets held in the investment-linked funds as the benefits are directly linked to the value of the assets in the funds.

The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of the assets in the funds. Accordingly, the sensitivity analyses disclosed for each component of market risk in the following pages do not include analyses on the impact of such risks on the investment-linked funds.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(iii) Market Risk (Contd.)**

**(a) Currency Risk**

Currency 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.

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

As the Group's business is conducted primarily in Malaysia, the Group's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013 and the Islamic Financial Services Act 2013, and hence, primarily denominated in the same currency (the local "RM") as its insurance/takaful and investment contract liabilities.

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

**(b) Interest/Profit Rate Risk**

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

Interest/profit rate risks arise from exposures to interest/profit rate related assets and liabilities. It is also known as asset-liability mismatch ("ALM") risk. It is mainly driven by the volatility of future cash flows. The quantum is also proxied to the duration mismatch between the assets and the liabilities of the Group.

The Group measures and manages interest/profit rate risk mainly based on the following three philosophies and principles.

- (a) Actively aim to match the liability duration with the asset duration, without compromising credit quality;
- (b) Set the benchmark for asset duration in line with risk appetite; and
- (c) Use Key Risk Indicators ("KRI") to alert the organisation to impending problems in a timely manner.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**45. FINANCIAL RISKS (CONTD.)**

**(iii) Market Risk (Contd.)**

**(b) Interest Rate/Profit Yield Risk**

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Changes in variables	2016		2015	
	Impact on profit before tax RM'000	Impact on equity* RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
+100 basis points	(355,583)	(526,049)	(277,346)	(403,218)
-100 basis points	355,583	526,049	277,346	403,218

\* Impact on equity is after tax of 24% (2015: 25%) for Malaysia operations and 17% (2015: 17%) for Singapore operation.

**(c) Equity Price Risk**

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, which principally comprise all investment securities other than those held in the investment-linked funds.

The Group's risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector, and market, having regard also to such limits stipulated by BNM. A cut loss mechanism is also put in place to minimise the loss that may incur over time.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**45. FINANCIAL RISKS (CONTD.)**

**(iii) Market Risk (Contd.)**

**(c) Equity Price Risk (Contd.)**

	2016		2015	
	Impact on profit before tax RM'000	Impact on equity** RM'000	Impact on profit before tax RM'000	Impact on equity** RM'000
Bursa Malaysia/ +10%	-	72,787	-	87,881
Singapore Exchange -10%	-	(72,787)	-	(87,881)

\*\* Impact on equity is after tax of 24% (2015: 25%) for Malaysia operations and 17% (2015: 17%) for Singapore operation.

**(iv) Concentration Risk**

Concentration risk refers to the risk associated with the potential losses arising from a particular single or group of counterparties that are substantial enough to threaten the financial condition of the Group and its core operations causing material adverse impact to the earnings, capital or total assets.

This covers exposure to excessive concentration in any type of Market Risk, Credit Risk or Liquidity Risk. Concentration risk relates to non-diversified portfolios and arises due to excessive exposure to single companies or an aggregate of exposures to a number of positively correlated companies for example within one sector or region.

The Group's risk policy requires it to manage such risks by setting and monitoring diversification plans and limits on investments in each country, sector, ratings, market and issuer, having regard also to such limits stipulated by BNM.

The Group complied with BNM stipulated limits during the financial year and had no significant concentration risk.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**46. OPERATIONAL RISKS**

Operational Risk Management ('ORM') is the discipline of systematically identifying the causes of failures in the organisation's day-to-day operations, assessing the risk of loss and taking the appropriate action to minimise the impact of such loss.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

- Misappropriation of investments, due to fraud, an illegal act, malicious intent, spite, terrorism;
- Disruption or failure of IT systems and infrastructure, which may be used for monitoring, execution, administration;
- Inaccurate calculations due to data quality or errors, methodology flaws, miscalculations; and
- Inaccurate or incomplete controls.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

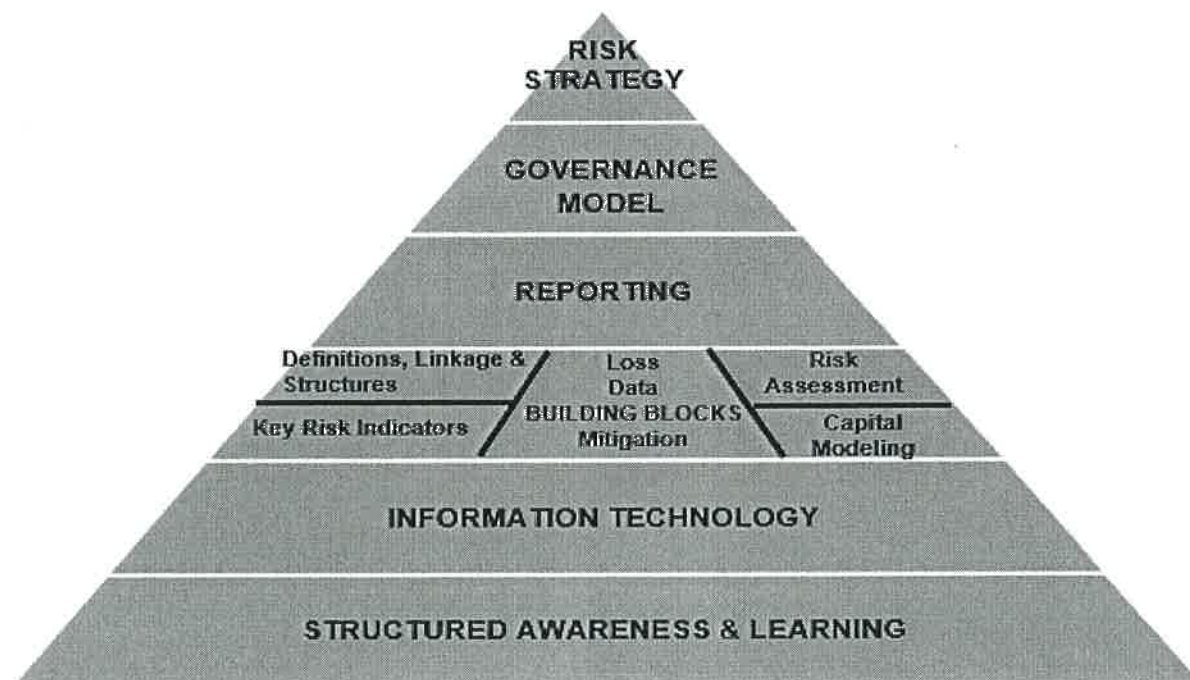
**46. OPERATIONAL RISKS (CONTD.)**

The table below outlines the definitions of the four (4) causal categories of operational risk:

<b>Casual Categories</b>	<b>Definition</b>
People	Risks resulting from staff defaulting in expected behaviour or the organisation being ineffective/inefficient in the management of its human capital.
Processes	Risks resulting from inadequate/failed internal business processes or transactions process flows.
Systems	Risk resulting from inadequate or defaulting IT/communication systems, or the unavailability or integrity of data.
External events	Risks resulting from events and actions from outside the organisation's immediate control having a negative impact on the business.

**46. OPERATIONAL RISKS**

The methodology and components adopted in operational risk are summarised in the diagram below.





**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)****46. OPERATIONAL RISKS (CONTD.)****Enterprise Risk**

Enterprise risk covers the external and internal factors that can impact the Group's ability to meet its current business plan for achieving ongoing growth and value creation. It includes changes in the external environment including regulatory, economic environment, competitive landscape or the way people (customers or staff) behave and can also be due to poor internal decision making and management or due to loss of reputation.

**47. FAIR VALUE MEASUREMENTS**

This disclosure provides information on fair value measurements for both financial instruments and non-financial assets and liabilities and is structured as follows:

- (a) Valuation principles;
- (b) Valuation techniques;
- (c) Fair value measurements and classification within the fair value hierarchy;
- (d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
- (e) Movements of Level 3 instruments; and
- (f) Sensitivity of fair value measurements to changes in unobservable input assumptions.

**(a) Valuation principles**

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Group has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

The levels of the Fair Value hierarchy as defined by the accounting standards, are an indication of the observability of prices or valuation input. It can be classified by the following hierarchies/levels:

- **Level 1 : Active Market – quoted price**

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on an exchange.

- **Level 2 : No Active Market – Valuation techniques using observable inputs**

Refers to inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of level 2 financial instruments include corporate and other government bonds, less liquid equities and OTC derivatives.

- **Level 3 : No Active Market – Valuation techniques using unobservable inputs**

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with level 2. The chosen valuation technique incorporates management's assumptions and data.

Examples of level 3 instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

**(b) Valuation techniques**

- (i) Cash and cash equivalents and other receivables/payables**

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

- (ii) Financing receivables**

Financing receivables are granted at interest/profit rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amount of the financing receivables approximate their fair values as the impact of discounting is not material.

**MAYBANK AGEAS HOLDINGS BERHAD**  
**(Incorporated in Malaysia)**

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

**(b) Valuation techniques (Contd.)**

**(iii) Insurance/takaful receivables and payables**

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in Note 2.2(xii) and 2.2(xxiii). The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

**(iv) Investments**

Investments have been accounted for in accordance with the accounting policies as disclosed in Note 2.2(viii) and 2.2(ix). The carrying amounts and fair values of investments are disclosed in Note 2.2(x) to the financial statements.

**(v) Investment properties**

The fair values of investment properties are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. Income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

(c) Fair value measurements and classification within the fair value hierarchy

Group	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b>2016</b>				
<b>Assets</b>				
<b>Investment properties (excluding IPUC)</b>	-	-	678,179	678,179
<b>AFS financial investments</b>				
Equity securities	1,988,695	-	-	1,988,695
Malaysian government papers	-	896,190	-	896,190
Singapore government securities	-	34,776	-	34,776
Other debt securities, structured products NCDs and NICDs	170,027	5,878,317	108,767	6,157,111
Unit and property trust funds	205,732	-	-	205,732
<b>Financial investments at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	417,516	-	417,516
Singapore government securities	-	102,848	-	102,848
Other debt securities, structured products NCDs and NICDs	213,593	11,716,389	80,813	12,010,795
<b>(ii) Held-for-trading (HFT)</b>				
Equity securities	687,739	-	-	687,739
Malaysian government papers	-	66,508	-	66,508
Other debt securities, structured products and NCDs	-	287,804	-	287,804
Unit and property trust funds	20,031	-	-	20,031
Derivative assets	-	56	-	56
<b>Total assets</b>	<b>3,285,817</b>	<b>19,400,404</b>	<b>867,759</b>	<b>23,553,980</b>
<b>Liabilities</b>				
Derivative liabilities	-	(64,204)	-	(64,204)
<b>Total liabilities</b>	<b>-</b>	<b>(64,204)</b>	<b>-</b>	<b>(64,204)</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

**(c) Fair value measurements and classification within the fair value hierarchy (Contd.)**

Group	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b>2015</b>				
<b>Assets</b>				
<b>Investment properties (excluding IPUC)</b>	-	-	669,255	669,255
<b>AFS financial investments</b>				
Equity securities	2,437,823	-	-	2,437,823
Malaysian government papers	-	1,030,929	-	1,030,929
Singapore government securities	16,814	-	-	16,814
Other debt securities, structured products NCDs and NICDs	-	5,285,765	109,628	5,395,393
Unit and property trust funds	222,958	-	-	222,958
<b>Financial investments at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	375,031	-	375,031
Singapore government securities	24,365	-	-	24,365
Other debt securities, structured products NCDs and NICDs	53,276	9,948,681	81,455	10,083,412
<b>(ii) Held-for-trading (HFT)</b>				
Equity securities	731,904	-	-	731,904
Malaysian government papers	-	89,755	-	89,755
Redeemable loan stoc	7	-	-	7
Other debt securities, structured products and NCDs	-	787,381	-	787,381
Unit and property trust funds	13,645	-	-	13,645
Derivative assets	-	2,820	-	2,820
<b>Total assets</b>	<b>3,500,792</b>	<b>17,520,362</b>	<b>860,338</b>	<b>21,881,492</b>

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

**(c) Fair value measurements and classification within the fair value hierarchy (Contd.)**

Group	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b>2015</b>				
<b><u>Liabilities</u></b>				
Derivative liabilities	-	(59,298)	-	(59,298)
<b>Total liabilities</b>	-	(59,298)	-	(59,298)

**Company**

**2016**

**Assets**

**AFS financial investments**

Unit and property trust funds	102,311	-	-	102,311
<b>Total assets</b>	<b>102,311</b>	<b>-</b>	<b>-</b>	<b>102,311</b>

**2015**

**Assets**

**AFS financial investments**

Equity securities	1,038	-	-	1,038
Unit and property trust funds	102,375	-	-	102,375
<b>Total assets</b>	<b>103,413</b>	<b>-</b>	<b>-</b>	<b>103,413</b>

**(d) Transfer between Level 1 and Level 2 in the fair value hierarchy**

Assets and liabilities of the Group and the Company are recognised in the financial statements on a recurring basis. The Group and the Company determine whether transfers have occurred between fair value hierarchy levels 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. There were no transfer between Level 1 and Level 2 for the Group and the Company during the financial year ended 31 December 2016.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

(e) **Movements of Level 3 instruments**

**Group**

**2016**

	<b>Financial instruments measured at fair value</b>			
	<b>Investment properties</b>	<b>AFS</b>	<b>Designated at FVTPL</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2016	669,255	109,628	81,455	860,338
Recognised in income statement:				
Realised losses	-	502	372	874
Fair value gains	8,924	-	426	9,350
Recognised in other comprehensive income as fair value gains	-	572	-	572
Disposals	-	(1,936)	(1,439)	(3,375)
As at 31 December 2016	678,179	108,766	80,814	867,759
Total gains or losses recognised in income statement for financial instruments measured at fair value at the end of the reporting period	8,924	502	798	10,224
Total gains or losses recognised in other comprehensive income for financial instruments measured at fair value at the end of the reporting period	-	572	-	572

**2015**

	<b>Financial instruments measured at fair value</b>			
	<b>Investment properties</b>	<b>AFS</b>	<b>Designated at FVTPL</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January 2015	567,385	-	-	567,385
Recognised in income statement:				
Realised losses	-	193	200	393
Fair value gains	101,870	-	2,077	103,947
Recognised in other comprehensive income as fair value gains	-	2,872	-	2,872
Disposals	-	(1,643)	(1,221)	(2,864)
Transfer into Level 3	-	108,206	80,399	188,605
As at 31 December 2015	669,255	109,628	81,455	860,338

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**47. FAIR VALUE MEASUREMENTS (CONTD.)**

**(e) Movements of Level 3 instruments (Contd.)**

Group	Financial instruments measured at fair value			
	Investment properties RM'000	AFS RM'000	Designated at FVTPL RM'000	Total RM'000
<b>2015</b>				
Total gains or losses recognised in income statement for financial instruments measured at fair value at the end of the reporting period	101,870	193	2,277	104,340
Total gains or losses recognised in other comprehensive income for financial instruments measured at fair value at the end of the reporting period	-	2,872	-	2,872

**(f) Sensitivity of fair value measurements to changes in unobservable input assumptions**

The Group's exposure to financial instruments measured with valuation techniques using significant unobservable inputs comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.



**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**48. SIGNIFICANT EVENTS**

**(a) Dissolution of SMGAB and SMLAB**

(i) SMGAB

On 26 November 2016, SMGAB was deemed dissolved subsequent to its final meeting which was held on 22 August 2016. The dissolution was later confirmed by Companies Commission of Malaysia ("CCM") via its document dated 4 Jan 2017. SMGAB commenced its Members' Voluntary Winding-Up pursuant to Section 254(1) of the Companies Act, 1965 on 30 April 2010.

(ii) SMLAB

On 26 November 2016, SMLAB was deemed dissolved subsequent to its final meeting which was held on 22 August 2016. The dissolution was later confirmed by Companies Commission of Malaysia ("CCM") via its document dated 4 Jan 2017. SMLAB commenced its Members' Voluntary Winding-Up pursuant to Section 254(1) of the Companies Act, 1965 on 30 December 2011.

**(b) Closure of EIB's Brunei branch**

On 31 October 2016, EIB's Brunei branch office closure was completed and updated in the Financial Institutions Corporate Profile System ("FICPS") of Bank Negara Malaysia ("BNM").

As required by the Autoriti Monetari Brunei Darussalam ("AMBD"), EIB shall continue to be registered under the local Insurance Order and remains bound by the obligation. It shall cease to be registered under the Insurance Order and the Registrar of Companies after the limitation period of 6 years for any potential claims against EIB has expired.

During this run-off period, EIB has appointed a local representative, Messrs. Cheok Advocates & Solicitors to transact on behalf of EIB, including to accept notices, claims, settlement of claims, deal with any queries with regards to the insurance policies issued by the Company and generally to serve as a contact point for the relevant authorities.

**49. CAPITAL MANAGEMENT**

The Company is currently not subject to externally imposed capital requirements. Internally, capital is managed in accordance with the aim to provide adequate returns to its shareholders without resulting in deterioration of its current capital position.

The capital of the Group is also managed in accordance with this aim, subject as well to the external requirements imposed on its subsidiaries by the various regulators as disclosed in Note 7 to the financial statements.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**50. INSURANCE FUNDS**

The Group's statement of financial position and Income Statement have been further analysed by funds.

The Life and Family Takaful insurance businesses offer a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as Unit-linked products.

The General Insurance and General Takaful businesses offer general insurance/takaful products which include Motor, Fire, Marine, Aviation and Transit ("MAT") and Miscellaneous products.

**STATEMENT OF FINANCIAL POSITION BY FUNDS**  
**AS AT 31 DECEMBER 2016**

	Total		* Consolidation elimination		Shareholders' and General Funds		Life Fund		General Takaful Fund		Family Takaful Fund	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets:</b>												
Property, plant and equipment	129,132	131,571			51,593	60,403	77,539	71,168	-	-	-	-
Investment properties	754,870	714,912			96,329	96,305	658,541	618,607	-	-	-	-
Prepaid land lease payments	18,965	19,268			7,360	9,655	11,605	9,613	-	-	-	-
Intangible assets	71,876	54,776			49,195	35,632	22,681	19,144	-	-	-	-
Investment in associates	1,238	1,238			1,238	1,238	-	-	-	-	-	-
Investments	25,719,774	24,790,134	(23,373)	(22,116)	4,948,409	4,656,031	9,915,636	9,842,895	1,760,659	1,596,575	9,218,443	8,716,749
Financing receivables	266,738	280,274			53,107	28,992	213,631	247,982	-	-	-	3,300
Reinsurance assets	3,701,131	3,560,828			3,390,423	3,300,758	28,860	23,081	242,173	200,860	49,675	36,129
Insurance receivables	437,524	529,670			260,669	311,794	26,756	42,666	65,101	85,479	84,996	89,732
Other receivables	360,027	417,703	-	(36,684)	101,389	185,134	142,455	160,563	15,260	17,372	100,923	91,318
Derivative assets	56	2,820			6	-	50	2,820	-	-	-	-
Deferred tax assets	8,958	22,000			4,956	17,314	3,471	6,042	(276)	(3,608)	807	2,252
Current tax assets	79,843	66,766			47,175	75,726	8,503	(33,178)	3,883	3,883	20,282	20,335
Cash and bank balances	377,340	289,773			106,447	107,264	130,353	70,294	69,694	51,037	70,846	61,178
<b>Total Assets</b>	<b>31,927,472</b>	<b>30,881,733</b>			<b>9,106,296</b>	<b>8,886,246</b>	<b>11,140,083</b>	<b>11,081,696</b>	<b>2,156,494</b>	<b>1,951,598</b>	<b>9,545,972</b>	<b>9,020,993</b>
<b>Equity and Liabilities:</b>												
Share capital	252,005	252,005			252,005	252,005	-	-	-	-	-	-
Reserves	4,831,572	4,469,312	(2,373)	(1,116)	4,833,945	4,470,428	-	-	-	-	-	-
	5,083,577	4,721,317			5,085,950	4,722,433	-	-	-	-	-	-
Non-controlling interest	-	-			-	-	-	-	-	-	-	-
	5,083,577	4,721,317			5,085,950	4,722,433	-	-	-	-	-	-
<b>Liabilities:</b>												
Insurance/takaful contract liabilities	23,421,288	23,058,200	(21,000)	(57,684)	4,159,198	4,204,642	8,402,731	8,594,921	1,715,045	1,622,796	9,165,314	8,693,525
Subordinated obligations	800,000	800,000			800,000	800,000	-	-	-	-	-	-
Expense liabilities	526,978	470,531			526,978	470,531	-	-	-	-	-	-
Derivative liabilities	64,204	59,298			213	6,031	63,991	53,267	-	-	-	-
Deferred tax liabilities	618,789	529,420			555,580	496,513	68,950	45,372	(7,062)	(9,443)	1,321	(3,022)
Insurance payables	414,741	458,625			290,767	340,829	23,985	36,703	61,776	41,729	38,213	39,364
Other payables	986,586	773,026	-	-	(2,321,699)	(2,166,049)	2,580,426	2,351,433	386,735	296,516	341,124	291,126
Interest/profit payable on subordinated obligations	11,309	11,316			11,309	11,316	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>26,843,895</b>	<b>26,160,416</b>			<b>4,022,346</b>	<b>4,163,813</b>	<b>11,140,083</b>	<b>11,081,696</b>	<b>2,156,494</b>	<b>1,951,598</b>	<b>9,545,972</b>	<b>9,020,993</b>
<b>Total equity and liabilities</b>	<b>31,927,472</b>	<b>30,881,733</b>			<b>9,108,296</b>	<b>8,886,246</b>	<b>11,140,083</b>	<b>11,081,696</b>	<b>2,156,494</b>	<b>1,951,598</b>	<b>9,545,972</b>	<b>9,020,993</b>

\* The consolidation elimination indicated the group inter-fund elimination.

**MAYBANK AGEAS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

## 50. INSURANCE FUNDS (CONTD.)

**INCOME STATEMENT/REVENUE ACCOUNT BY FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Total		Consolidation elimination		Shareholder Funds		General fund		Life Fund		General Takaful Fund		Family Takaful Fund	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Operating revenue</b>	<b>6,441,252</b>	<b>6,209,226</b>	<b>(823,135)</b>	<b>(952,293)</b>	<b>979,448</b>	<b>1,043,352</b>	<b>1,495,359</b>	<b>1,644,433</b>	<b>1,957,213</b>	<b>1,670,281</b>	<b>1,250,561</b>	<b>1,171,031</b>	<b>1,581,806</b>	<b>1,632,422</b>
Gross earned premiums/contributions	5,481,504	5,201,074	(113)	(112)	-	-	1,610,398	1,606,817	1,506,899	1,213,132	1,180,095	1,112,551	1,184,225	1,266,686
Earned premiums/contributions ceded to reinsurers/retakaful	(1,183,464)	(1,138,704)	-	-	-	-	(1,014,198)	(981,727)	(21,703)	(25,054)	(94,905)	(97,035)	(52,658)	(34,888)
<b>Net earned premiums/contributions</b>	<b>4,298,040</b>	<b>4,062,370</b>					<b>596,200</b>	<b>627,090</b>	<b>1,485,196</b>	<b>1,188,078</b>	<b>1,085,190</b>	<b>1,015,516</b>	<b>1,131,567</b>	<b>1,231,798</b>
Fee and commission income	91,188	72,355	(611,841)	(574,930)	611,842	574,930	70,479	52,102	2,310	3,736	15,900	12,438	2,496	4,079
Investment income	1,114,731	1,070,744	-	-	156,427	148,301	41,490	37,180	450,314	457,149	68,919	62,378	397,581	365,736
Realised gains and losses	170,140	195,847	-	-	19,086	28,065	34,690	7,880	63,824	92,387	13,427	5,796	39,111	61,689
Fair value (losses)/gains	71,180	(56,926)	-	-	(1,756)	45,994	5,788	(5,721)	18,893	(76,949)	(369)	729	48,626	(22,979)
Other operating (expenses) /income, net	(1,902)	(241,480)	2,227	-	(10,021)	(60,890)	4,082	4,303	3,853	(47,263)	13,229	(2,551)	(15,272)	(135,069)
<b>Other revenue</b>	<b>1,445,337</b>	<b>1,038,540</b>			<b>775,578</b>	<b>736,430</b>	<b>156,529</b>	<b>95,744</b>	<b>539,194</b>	<b>429,060</b>	<b>111,106</b>	<b>78,780</b>	<b>472,544</b>	<b>273,456</b>
Gross benefits and claims paid	(3,973,170)	(4,106,030)	(2,227)	-	-	-	(969,911)	(753,632)	(1,656,044)	(2,085,149)	(610,410)	(587,445)	(734,578)	(679,804)
Claims ceded to reinsurers	725,176	614,303	-	-	-	-	653,927	470,951	17,130	16,457	29,524	93,867	24,595	33,028
Gross change in contract/certificate liabilities	(651,691)	987,416	-	-	-	-	(104,742)	743,754	179,040	944,951	(189,514)	(209,461)	(536,475)	(491,826)
Change in contract/certificate liabilities ceded to reinsurers/retakaful	228,390	(813,402)	-	-	-	-	179,209	(791,319)	5,690	(3,045)	29,935	(40,368)	13,546	21,330
<b>Net benefits and claims</b>	<b>(3,671,305)</b>	<b>(3,317,711)</b>					<b>(241,517)</b>	<b>(330,246)</b>	<b>(1,454,184)</b>	<b>(1,126,786)</b>	<b>(740,465)</b>	<b>(743,407)</b>	<b>(1,232,912)</b>	<b>(1,117,272)</b>
Management expenses	(668,532)	(623,202)	113	112	(296,780)	(265,798)	(183,971)	(171,215)	(156,733)	(154,119)	(1,031)	(864)	(30,130)	(31,318)
Reimbursement of Shared Services	10,148	9,887	-	-	10,148	9,887	-	-	-	-	-	-	-	-
Change in expense liabilities	(56,447)	(72,789)	-	-	(56,447)	(72,789)	-	-	-	-	-	-	-	-
Fee and commission expenses	(468,781)	(456,643)	611,841	574,930	(228,510)	(232,692)	(111,957)	(110,519)	(125,893)	(107,696)	(351,836)	(290,360)	(262,426)	(290,306)
Interest on subordinated obligations	(34,240)	(34,210)	-	-	(34,240)	(34,210)	-	-	-	-	-	-	-	-
Tax borne by policyholders/participants	(43,953)	(33)	-	-	-	-	-	-	(57,940)	(35,149)	5,128	10,105	8,859	25,011
<b>Other expenses</b>	<b>(1,281,805)</b>	<b>(1,176,990)</b>			<b>(605,829)</b>	<b>(595,602)</b>	<b>(295,928)</b>	<b>(281,734)</b>	<b>(340,566)</b>	<b>(296,964)</b>	<b>(347,739)</b>	<b>(281,119)</b>	<b>(283,697)</b>	<b>(296,613)</b>
<b>Profit before tax and share of profit of associates</b>	<b>810,267</b>	<b>606,209</b>			<b>169,749</b>	<b>140,828</b>	<b>215,284</b>	<b>110,854</b>	<b>229,640</b>	<b>193,388</b>	<b>108,092</b>	<b>69,770</b>	<b>87,502</b>	<b>91,369</b>
Surplus transfer from:														
- General Fund	-	-			168,373	81,348	(166,373)	(81,348)	-	-	-	-	-	-
- Life Par Fund	-	-			5,287	(2,104)	-	-	(5,287)	2,104	-	-	-	-
- Life Non Par Fund	-	-			224,353	195,492	-	-	(224,353)	(195,492)	-	-	-	-
- General Takaful Fund	-	-			108,092	69,770	-	-	-	-	(108,092)	(69,770)	-	-
- Family Fund	-	-			67,502	91,369	-	-	-	-	-	-	(67,502)	(91,369)
Share of profits of associates	-	(1,857)			-	(1,857)	-	-	-	-	-	-	-	-
<b>Profit before taxation after share of profit of associates</b>	<b>810,267</b>	<b>604,352</b>			<b>761,356</b>	<b>574,846</b>	<b>48,911</b>	<b>29,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxation	(201,237)	(196,821)			(152,326)	(167,315)	(48,911)	(29,506)	-	-	-	-	-	-
Zakal	(3,457)	(8,056)			(3,457)	(8,056)	-	-	-	-	-	-	-	-
<b>Net profit for the year</b>	<b>605,573</b>	<b>399,475</b>			<b>605,573</b>	<b>399,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>