

TAKAFUL BRUNEI KELUARGA SDN BHD
(Incorporated in Brunei Darussalam)
Registration Number: RC00005153

Annual Report
Year ended 31 December 2024

TAKAFUL BRUNEI KELUARGA SDN BHD

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and audited financial statements for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of Takaful Brunei Keluarga Sdn Bhd (the "Company") is to underwrite family Takaful business as allowed under the Takaful Order, 2008 and Hukum Syara'.

There were no significant changes in the nature of its activities during the financial year.

RESULTS

	BND'000
Loss for the year	<u>(1,170)</u>

STATEMENT BY DIRECTORS

We certify that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended 31 December 2024.

The financial statements were approved by the Board of Directors and signed for and on its behalf by the Board.

DIVIDEND

No dividends has been paid or proposed by the directors during the year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in the financial statements. There were no transfers to reserves subsequent to the financial year end and to the date of this report.

DIRECTORS

The directors in office during the financial year and at the date of this report are:

Yang Berhormat Dato Seri Setia Awang Haji Ahmaddin bin Haji Abdul Rahman (Chairman)	Appointed on 6 th June 2024
Yang Berhormat Dato Seri Setia Dr Awang Haji Mohd Amin Liew bin Abdullah (Former Chairman)	Resigned on 6 th June 2024
Yang Mulia Dayang Dr. Nor Imtihan binti Haji Abdul Razak	Appointed on 26 th March 2025
Yang Mulia Awang Ir. Haji Mohammad Nazri bin Haji Mohammad Yusof	Appointed on 26 th March 2025
Yang Mulia Dr. Haji Noralizam bin Haji Aliakbar	Appointed on 26 th March 2025
Yang Mulia Awang Haji Maswadi bin Haji Mohsin	Resigned on 6 th June 2024
Yang Mulia Professor Madya Dr. Awang Abdul Nasir bin Haji Abdul Rani	Resigned on 6 th June 2024
Yang Mulia Awang Junaidi bin Haji Masri	
Yang Mulia Awang Haji Sofian bin Haji Mohamad Jani	
Yang Mulia Awang Haji Shahrildin bin Pehin Orang Kaya Lela Utama Dato Paduka Haji Jaya	

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due receivable by directors, or the fixed salary of a full time employee of the Company as disclosed in Note 19 of the financial statements) by reason of a contract made by the Company or a related corporation with any 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

None of the directors who held office at the end of the financial year had, according to the register required to be kept under Section 145 (A), of the Companies Act, Chapter 39, any interest in shares and in options in the Company or its related corporations during the financial year.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

ON BEHALF OF THE BOARD


Yang Berhormat Dato Seri Setia
Awang Haji Ahmaddin bin Haji Abdul Rahman
(Chairman)
Yang Mulia Awang Haji Shahrildin bin
Pehin Orang Kaya Lela Utama Dato Paduka
Haji Jaya
(Managing Director)

Brunei Darussalam

Date: 30 SEP 2025

REPORT OF THE SYARIAH ADVISORY BODY

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين والصلاة والسلام على سيدنا محمد خاتم النبيين وعلى اله وصحبه أجمعين

To The Shareholders of Takaful Brunei Keluarga Sdn Bhd

السلام عليكم ورحمة الله وبركاته

To fulfill the terms of our appointment and in our capacity as members of Takaful Brunei Keluarga Sdn Bhd's Syariah Advisory Body, we are pleased to report as follows:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Takaful Brunei Keluarga Sdn Bhd during the year ended 31 December 2024. We have also conducted our review to form an opinion as to whether Takaful Brunei Keluarga Sdn Bhd has complied with Hukum Syara' and also with the specific fatwas, rulings and guidelines issued by us.

Takaful Brunei Keluarga Sdn Bhd management is responsible for ensuring that the financial institution conducts its business in accordance with Hukum Syara'. It is our responsibility to form an independent opinion, based on our review of the operations of Takaful Brunei Keluarga Sdn Bhd, and to report to you.

We conducted our review which included examining, on a test basis of each type of transaction, the relevant documentation and procedures adopted by Takaful Brunei Keluarga Sdn Bhd.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Takaful Brunei Keluarga Sdn Bhd has not violated Hukum Syara'.

In our opinion:

- a) The contracts, transactions and dealings entered into by Takaful Brunei Keluarga Sdn Bhd during the financial period ending 31 December 2024 that we have reviewed are in compliance with the Hukum Syara';
- b) The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Hukum Syara';
- c) All earnings that have been realised from sources or by means prohibited by Hukum Syara' have been separated and considered for disposal to charitable causes; and
- d) The calculation of Zakat is in compliance with Hukum Syara'.

We pray to Allah *Subhanahu Wa Ta'ala* to assist everyone to act in accordance with the rulings of Islamic finance and to keep away from carrying out any transactions that are prohibited by Allah *Subhanahu Wa Ta'ala*. May Allah *Subhanahu Wa Ta'ala* bless us with the best *taufiq* and *hidayah* to accomplish these cherished tasks, make us successful and forgive us in this world and in the hereafter. Aamin.

والله ولي التوفيق والهداية

Signed on behalf of the Shariah Advisory Body in accordance with a resolution of the members,



Yang Mulia Dato Seri Setia Haji Abdul Aziz
bin Orang Kaya Maharaja Lela Haji Yussof
(Chairman)

Shariah Advisory Body Members in office during the financial year end and at the date of this report are:

Yang Mulia Dato Seri Setia Haji Abdul Aziz bin Orang Kaya Maharaja Lela Haji Yussof
(Chairman)

Yang Mulia Dr Dayang Noryati binti Haji Ibrahim

Yang Mulia Dr Amnisuhailah binti Abarahan

Yang Mulia Dr Ahmad Lutfi bin Haji Abdul Razak

Brunei Darussalam

Date: 30 SEP 2025



کي . في . عيم . جي .

KPMG
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Independent Auditors' Report

To the Shareholders of Takaful Brunei Keluarga Sdn Bhd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Takaful Brunei Keluarga Sdn Bhd ("the Company"), which comprise the statement of financial position of the Company as at 31 December 2024, the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes, comprising material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 ('the Act') and IFRS Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards') so as to give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises all information in the annual report other than the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We communicate with those charged with governance 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.

**KPMG***Certified Public Accountants***Sufian bin Zainul Abidin***Public Accountant***Brunei Darussalam****30 September 2025**

Financial statements

Contents

Statement of financial position	FS1
Statement of profit or loss	FS2
Statement of comprehensive income	FS4
Statement of changes in equity	FS5
Statement of cash flows	FS6
Notes to the financial statements	FS7 – FS93

Statement of financial position
For the year ended 31 December 2024

	Note	<-----31.12.2024----->		<-----31.12.2023----->	
		Family Takaful BND'000	Company BND'000	Family Takaful BND'000	Company BND'000
Assets					
Balances with Brunei Darussalam Central Bank	4	-	1,000	-	1,000
Financial investments	5	70,393	81,263	59,503	70,164
Takaful contract assets	6	-	8	-	10
Retakaful contract assets	6	41	219	12	226
Other receivables	7	1,109	1,621	1,296	1,818
Cash and cash equivalents	8	46,555	68,266	48,580	71,025
Total assets		118,098	152,377	109,391	144,243
Liabilities					
Takaful contract liabilities	6	111,998	127,693	105,697	118,749
Retakaful contract liabilities	6	-	47	115	110
Other payables	9	6,100	4,949	3,579	4,904
Current zakat and tax liabilities		-	126	-	64
Total liabilities		118,098	132,815	109,391	123,827
Equity					
Share capital	10	-	8,000	-	8,000
Reserves	10	-	4,519	-	4,203
Retained earnings		-	7,043	-	8,213
Total shareholders' equity		-	19,562	-	20,416
Total equity and liabilities		118,098	152,377	109,391	144,243

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

Statement of profit or loss
For the year ended 31 December 2024

	Note	<-----2024----->		<-----2023----->	
		Family Takaful BND'000	Company BND'000	Family Takaful BND'000	Company BND'000
Takaful revenue	11	16,027	13,906	16,413	11,960
Takaful service expenses	12	(11,246)	(10,186)	(13,210)	(10,100)
Net (expenses)/ income from Retakaful contracts	13	(7)	(237)	226	190
Takaful service result		4,774	3,483	3,429	2,050
Other investment revenue		2,629	3,538	2,721	3,637
Net impairment gain on financial assets		137	242	1,720	2,244
Investment return	14	2,766	3,780	4,441	5,881
Net finance (expenses)/income from Takaful contracts issued	14	(68)	(363)	21	(116)
Net finance income/(expenses) from Retakaful contracts held	14	-	-	(1)	6
Net Takaful financial result		(68)	(363)	20	(110)
Other operating income	15	-	10	-	-
Other operating expenses	16	(763)	(1,309)	(1,265)	(1,669)
Takaful profit before zakat and tax		6,709	5,601	6,625	6,152
Profit attributable to participants		(6,709)	(6,709)	(6,625)	(6,625)
Loss before zakat and tax attributable to shareholders		-	(1,108)	-	(473)
Zakat	17	-	(64)	-	(64)
Tax expense attributable to shareholders	17	-	2	-	130
Loss for the year		-	(1,170)	-	(407)

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

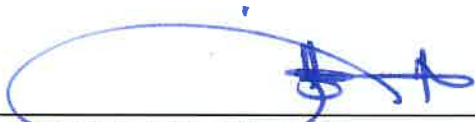
Certification

I certify that the above financial statements give a true and fair view of the financial position as at 31 December 2024 and the financial performance for the year ended 31 December 2024.



Yang Mulia Awang Haji Shahrildin bin Pehin
Orang Kaya Lela Utama Dato Paduka Haji Jaya
(Managing Director)

The financial statements were approved by the Board of Directors and signed for and on its behalf of the Board.



Yang Berhormat Dato Seri Setia Awang Haji
Ahmaddin bin Haji Abdul Rahman
(Chairman)



Yang Mulia Awang Haji Shahrildin bin Pehin
Orang Kaya Lela Utama Dato Paduka Haji Jaya
(Managing Director)

Brunei Darussalam

Date: 30 SEP 2025

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

Statement of comprehensive income
Year ended 31 December 2024

	2024		2023	
	Family Takaful BND'000	Company BND'000	Family Takaful BND'000	Company BND'000
Loss for the year	—	(1,170)	—	(407)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Equity investments at FVOCI – net change in fair value	—	316	—	643
Total comprehensive income for the year	—	(854)	—	236

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

Statement of changes in equity
Year ended 31 December 2024

	Note	Attributable to the owners of the Company			
		Share capital BND'000	Fair value reserve BND'000	Retained earnings BND'000	Total BND'000
Balance at 1 January 2023		8,000	3,560	8,931	20,491
Loss for the year		—	—	(407)	(407)
Other comprehensive income for the year		—	643	—	643
Total comprehensive income for the year		—	643	(407)	236
<i>Contributions by and distributions to owners</i>					
Dividends to owners of the Company	10	—	—	(311)	(311)
Total transactions with owners of the Company		—	—	(311)	(311)
Balance as at 31 December 2023/ At 1 January 2024		8,000	4,203	8,213	20,416
Loss for the year		—	—	(1,170)	(1,170)
Other comprehensive income for the year		—	316	—	316
Total comprehensive income for the year		—	316	(1,170)	(854)
<i>Contributions by and distributions to owners</i>					
Dividends to owners of the Company	10	—	—	—	—
Total transactions with owners of the Company		—	—	—	—
At 31 December 2024		8,000	4,519	7,043	19,562

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

Statement of cash flows
Year ended 31 December 2024

	Note	2024 BND'000	2023 BND'000
Cash flows from operating activities			
Loss for the year		(1,170)	(407)
Adjustments for:			
Dividend income		(866)	(866)
Tax and Zakat expense		62	(66)
Increase in fair value of other investments		(783)	(3,728)
		<u>(2,757)</u>	<u>(5,067)</u>
Changes in:			
Other receivables		197	(934)
Other payables		45	360
Takaful contract assets/liabilities		8,946	13,437
Retakaful contract assets/liabilities		(56)	(30)
Cash generated from operations		<u>6,375</u>	<u>7,766</u>
Income tax paid		—	(190)
Net cash from operating activities		<u>6,375</u>	<u>7,576</u>
Cash flows from investing activities			
Dividend received		866	866
Acquisition of other investments	5	(10,000)	—
Net cash (used in)/from investing activities		<u>(9,134)</u>	<u>866</u>
Cash flows from financing activities			
Dividends paid	10	—	(311)
Net cash used in financing activities		<u>—</u>	<u>(311)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2,759)</u>	<u>8,131</u>
Cash and cash equivalents at 1 January		71,025	62,894
Cash and cash equivalents at 31 December	8	<u>68,266</u>	<u>71,025</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 September 2025.

1 Domicile and activities

Takaful Brunei Keluarga Sdn Bhd (the “Company”) is a private limited company, incorporated and domiciled in Brunei Darussalam. The address of the Company’s principal place of business and registered office is as follows:

8th Floor, Dar Takaful IBB Utama
Jalan Pemancha, Bandar Seri Begawan BS8711
Negara Brunei Darussalam

The financial statements of the Company as at and for the year ended 31 December 2024 do not include other entities.

The principal activities of the Company are to manage and underwrite family Takaful businesses as allowed under the Takaful Order, 2008 and Hukum Syara’. There were no significant changes in the nature of these activities during the financial year.

The Company's immediate and ultimate holding company is Syarikat Takaful Brunei Darussalam Sdn Bhd, which is incorporated in Brunei Darussalam.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (‘IFRS Accounting Standards’). The changes to material accounting policies are described in note 2.5.

The Company is required to present financial statements for itself and the Takaful funds it manages and controls in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*. The statements of financial position and the statements of profit or loss and comprehensive income of the Takaful Operator and Family Takaful Fund are supplementary financial information presented in accordance with the requirements of Takaful Order, 2008 (“TO”) in Brunei to present assets, liabilities, income and expenses of Takaful funds from its own. The statements of financial position and profit or loss and comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, and excludes the Takaful funds that it manages. The statements of financial position and profit or loss and comprehensive income of the Family Takaful Fund include only the assets, liabilities, income and expenses of the Family Takaful Fund that is set up, managed and controlled by the Takaful Operator.

In preparing the Company-level financial statements as a whole, the assets, liabilities, income and expenses of the Takaful funds are combined with those of the Takaful Operator whereby the related inter-fund balances, including Qard, and transactions are eliminated in full. The accounting policies adopted for the Takaful Operator and Family Takaful Fund are uniform for like transactions and events in similar circumstances.

The Takaful fund is consolidated and combined from the date of control and continue to be consolidated until the date such control ceases which occur when the Company's license to manage Takaful business is withdrawn or surrendered.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Brunei Darussalam dollars ("BND"), which is the Company's functional currency. All financial information presented in Brunei Darussalam dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 20 – Takaful risk management

Note 21(c)(iv) – Determination of fair value of financial instruments with significant unobservable inputs

Takaful and Retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The methods used to measure Takaful certificates

The Company primarily uses deterministic projections to estimate the present value of future cash flows ("PVFCF").

For sensitivities with regards to assumptions made that have the most significant impact on measurement under IFRS 17, refer to Note 20.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the Takaful contracts. The central regulatory authority for financial institutions in Brunei Darussalam, Brunei Darussalam Central Bank (“BDCB”) has determined the risk-free rates to be adopted for the Company would be the Singapore yield curve. As Brunei does not produce yield curves of its own, neither does it issue long-term government bonds, the Singapore yield curve is deemed an adequate proxy for estimating the PVFCF. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real profit rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable with no significant changes to long-term expectations.

The tables below set out the yield curves used to discount the cash flows of Takaful contracts for major currencies.

	2024					2023				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Immediate non-life contracts (%)										
SGD	2.722	2.829	2.996	2.779	2.611	3.555	2.218	2.755	2.770	2.716
All other Takaful contracts (%)										
SGD	2.722	2.829	2.996	2.779	2.611	3.555	2.218	2.755	2.770	2.716

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the discount rates discussed above determined by BDCB.

Risk adjustments for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of Takaful contracts and covers Takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that a Takaful Operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected PVFCF required to meet the target percentiles.

Contractual Service Margin

The Contractual Service Margin (“CSM”) is a component of the asset or liability in respect of the group of Takaful contracts. The CSM represents the unearned profit on those contracts which the Company will recognise as it provides services in the future. An amount of the CSM for a group of Takaful contracts is recognised in profit or loss as Takaful revenue in each period to reflect the services provided under the group of Takaful certificates in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration. For groups of Family Takaful contracts, the quantity of benefit is the contractually agreed sum covered over the duration of the contracts. The total coverage units of each group of Takaful certificates are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. If third party information, such as broker quotes or pricing services, is used to measure fair values, management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about assumptions made in measuring fair value is included in note 20 – Takaful risk management and note 21 – Financial risk management.

2.5 New accounting standards and amendments

The Company has applied the following IFRSs, amendments to and interpretations of IFRSs for the first time for the annual period beginning on 1 January 2024:

- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS17: Supplier Finance Arrangements

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in material accounting policies.

3.1 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss and presented within other operating expenses. However, foreign currency differences arising from the translation of an equity investment designated as at fair value through other comprehensive income (“FVOCI”) is recognised in other comprehensive income (“OCI”).

3.2 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised on trade date, when the Company commits to purchase or sell the assets. The assets are classified into the following categories, amortised cost, FVOCI and fair value through profit or loss ("FVTPL"). The classification designated at initial recognition based on both instrument's cash flow characteristics and business model. Classification is irrevocable once adopted.

Classification

i. Amortised cost

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

- Financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

ii. FVOCI

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

- Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Contractual terms of the financial asset give rise on specific dates to cash flows that are SPPI on the principal amount outstanding.

iii. FVTPL

Financial asset that meets the requirements to be measured at amortised cost or at FVOCI may be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

All other financial assets are classified as FVTPL.

Business model assessment

The Company manages the financial assets under two main categories; Family Takaful Fund and Takaful Operator Fund. Both categories have their own investment objective based on target long term rates of return subject to an acceptable level of risk which is appropriate to the financial strength of the Funds, nature of liabilities and the Company's approved risk appetite.

The investment team aims to deliver these returns on investments through a multi-asset and multi-manager strategy, using active and passive strategies and a strategic and tactical asset allocation model which aims to optimise portfolio returns and/ or deliver operational efficiency.

Therefore, the Company determine the principal business model (“BM”) for managing the financial assets is most appropriately determined at the 2 main categories, Family Takaful Fund and Takaful Operator Fund. This is based on:

- Investments within both main categories are managed collectively to an overall return target, duration and participant liability cashflow requirements.
- BM determination is not dependent on managements’ intention on an individual investment.
- Investment performance for both main categories are measured and reported separately

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

For SPPI assessment, ‘principal’ is defined as the fair value of the financial asset upon initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

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

- Contingent events that would change the amount and timing of cash flows
- Prepayment and extension terms,
- Terms that the Company’s claim to cash flows from specified assets
- Features that modify consideration of time value of money, credit risk, other basic lending risks and cost associated with the principal amount outstanding.

Subsequent measurement

i. Amortised cost

Financial asset measured at amortised cost using effective yield method. Profit income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Gain or loss is recognised in profit or loss when the asset is derecognised.

ii. FVOCI

Financial asset measured at fair value through other comprehensive income shall recognise the gain or loss in other comprehensive income, except for foreign exchange gains and losses until the asset is derecognised. Impairment loss is also recognised under other comprehensive income. When the asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Profit calculated using effective yield method is recognised in profit or loss.

iii. FVTPL

Financial asset measured at fair value through profit or loss shall recognise the gain or loss in profit or loss.

Financial liabilities

The Company derecognises a financial liability when the contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment***(i) Non-derivative financial assets and contract assets***

The Company recognises loss allowances for expected credit loss ("ECL") on:

- debt investments measured at FVOCI ; and
- financial assets measured at amortised cost;

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

The Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to action such as realising security (if any is held). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which Company are exposed to credit risk.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective yield rate of the financial asset.

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.3**Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.4 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) *Short term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.5 Takaful and Retakaful Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of Takaful contracts, Retakaful contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, Takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of Takaful contributions that relate to recovering Takaful acquisition cash flows. In addition, investment components are no longer included in Takaful revenue and Takaful service expenses ("TSE").

Definition and classification

Contracts under which the Company accepts significant Takaful risk are classified as Takaful contracts. Contracts held by the Company under which it transfers significant Takaful risk related to underlying Takaful contracts are classified as Retakaful contracts. Takaful and Retakaful contracts also expose the Company to financial risk.

The Company does not accept Takaful risk from other Takaful operators.

Takaful contracts may be issued and Retakaful contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'Takaful contracts' and 'Retakaful contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Some contracts entered into by the Company have the legal form of Takaful contracts but do not transfer significant Takaful risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts'.

Takaful contracts with direct participation features are viewed as creating an obligation to pay participant an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from participant account values based on the fair value of underlying assets and specified in the contracts with participants) less the Fulfilment Cash Flow ("FCF") that do not vary based on the returns on underlying items.

All other Takaful contracts and all Retakaful contracts are classified as contracts without direct participation features. Some of these contracts are measured under the Premium Allocation Approach (PAA).

The Company does not issue Retakaful certificates.

(i) *Separating components from Takaful and Retakaful contracts*

At inception, the Company separates the following components from a Takaful or Retakaful contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of a Takaful or Retakaful contract as a stand-alone instrument; and
- distinct investment components - i.e. investment components that are not highly inter-related with the Takaful components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or non-Takaful services to participants and accounts for them as separate contracts with customers (i.e. not as Takaful contracts). A good or service is distinct if the participant can benefit from it either on its own or with other resources that are readily available to the participant. A good or service is not distinct and is accounted for together with the Takaful component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the Takaful component, and the Company provides a significant service of integrating the good or service with the Takaful component.

(ii) *Aggregation and recognition of Takaful and Retakaful contracts*

Takaful contracts

Takaful contracts are aggregated into groups for measurement purposes. Groups of Takaful contracts are determined by identifying portfolios of Takaful contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for participants with different characteristics are included in the same group. A Takaful contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any contributions within the boundary of the contract);
- when the first payment from the participant becomes due or, if there is no contractual due date, when it is received from the participant; and
- when facts and circumstances indicate that the group of Takaful contracts to which a Takaful contract will belong is onerous.

A Takaful contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition. When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

The Company applies surplus mutualisation in determining the level of aggregation, which is guided by the terms of the Takaful contracts to ensure that it reflects the nature and terms of the Takaful contracts. This is in-line with Takaful concept of mutual guarantee whereby the participants mutually agree to contribute to a pool of Risk Fund and with the aim to provide mutual financial aid and assistance to the participants in case of need. Any deficit arises in a single contract is mutualised among the product grouping.

(iii) Takaful acquisition cash flows

Takaful acquisition cash flows are allocated to groups of Takaful contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If Takaful acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Company expects to recover part of the related Takaful acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.

If Takaful acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Takaful acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Takaful acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the Takaful acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the Takaful acquisition cash flows are included in the measurement of the group of contracts.

When the Company acquires Takaful contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for Takaful acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again Takaful acquisition cash flows that the acquiree has already paid.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

(iv) **Contract boundaries**

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Takaful contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay contributions or has a substantive obligation to provide services (including Takaful coverage and any investment services).

A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular participant and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the contributions up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from participants to the Company, which may include both Takaful and financial risks, but exclude lapse and expense risks.

Retakaful contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the Retakaful Operator or has a substantive right to receive services from the Retakaful Operator.

A substantive right to receive services from the Retakaful Operator ends when the Retakaful Operator:

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

The contract boundary of each group of Takaful contracts issued and Retakaful contracts held are reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change overtime.

(v) **Measurement - Contracts not measured under the PAA**

Takaful contracts - Initial measurement

On initial recognition, the Company measures a group of Takaful Contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the CSM. The fulfilment cash flows of a group of contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of Takaful contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of Takaful contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of Takaful contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for Takaful acquisition cash flows under (iii)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the contributions received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

A negative CSM at the date of inception means the group of Takaful contracts issued is onerous. A loss from onerous Takaful contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition. A loss component is created to depict any losses recognised in profit or loss, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups.

For groups of Takaful contracts acquired, the consideration received for the Takaful contracts is included in the FCF as a proxy for the contributions received at the date of acquisition.

Takaful contracts - Subsequent measurement

The carrying amount of a group of Takaful contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of Takaful contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the Takaful service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the Takaful service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as Takaful finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

Takaful contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component ; or
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as Takaful revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from contributions received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any Takaful finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any financing to a certificate holder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

Direct participating contracts

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

- the obligation to pay the certificate holder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items.

The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to Takaful coverage. When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay certificate holders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
 - the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
 - a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in Takaful service expenses) and creating a loss component; or
 - an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in Takaful service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as Takaful revenue because of the services provided in the year. Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

Retakaful contracts

To measure a group of Retakaful contracts, the Company applies the same accounting policies as are applied to Takaful contracts without direct participation features, with the following modifications.

The carrying amount of a group of Retakaful contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying Takaful contracts, with an adjustment for any risk of non-performance by the Retakaful Operator. The effect of the non-performance risk of the Retakaful Operator is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the Retakaful Operator.

On initial recognition, the CSM of a group of Retakaful contracts represents a net cost or net gain on purchasing Retakaful. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing Retakaful coverage relates to covered events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year of initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of Retakaful contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;

- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year,

Takaful contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the contributions received on initial recognition minus any Takaful acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for Takaful acquisition cash flows under (iii)). The Company has chosen not to expense Takaful acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any contributions received and the amortisation of Takaful acquisition cash flows recognised as expenses, and decreased by the amount recognised as Takaful revenue for services provided and any additional Takaful acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related contribution due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The Company recognises the liability for incurred claims of a group of Takaful contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Retakaful contracts

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

If a loss-recovery component (see 'Net expenses from Retakaful contracts') is created for a group of Retakaful contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

(vi) Presentation

Portfolios of Takaful contracts that are assets and those that are liabilities, and portfolios of Retakaful contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for Takaful acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into (a) Takaful service result, comprising Takaful revenue and Takaful service expenses; and (b) Takaful finance income or expenses.

Income and expenses from Retakaful contracts are presented separately from income and expenses from Takaful contracts. Income and expenses from Retakaful contracts, other than Takaful finance income or expenses, are presented on a net basis as 'net expenses from Retakaful contracts' in the Takaful service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the Takaful service result and Takaful finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the Takaful service result.

Takaful revenue and Takaful service expenses exclude any investment components and are recognised as follows.

Takaful revenue - Contracts not measured under the PAA

The Company recognises Takaful revenue as it satisfies its performance obligations - i.e. as it provides services under groups of Takaful contracts. For contracts not measured under the PAA, the Takaful revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other Takaful service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than Takaful acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognised as Takaful revenue and Takaful service expenses at that date.
- Other amounts, including experience adjustments for contributions receipts for current or past services for the life risk segment and amounts related to incurred participant tax expenses for the participating segment.

In addition, the Company allocates a portion of contributions that relate to recovering Takaful acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as Takaful revenue and an equal amount as Takaful service expenses.

Release of the CSM

The amount of the CSM of a group of Takaful contracts that is recognised as Takaful revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by Takaful contracts include Takaful coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of participants. In addition, life savings contracts may also provide investment services for generating an investment return for the participant, but only if:

- an investment component exists or the participant has a right to withdraw an amount (e.g. the participant's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Company expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of covered events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current participants relating to those services have been paid.

Takaful revenue - Contracts measured under the PAA

For contracts measured under the PAA, the Takaful revenue for each period is the amount of expected contribution receipts for providing services in the period. The Company allocates the expected contribution receipts to each period on the following bases:

- *certain property contracts*: the expected timing of incurred Takaful service expenses; and
- *other contracts*: the passage of time.

Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of Takaful contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from Takaful revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Takaful service expenses

Takaful service expenses arising from Takaful contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- *Incurred claims and other Takaful service expenses:* For some life risk contracts, incurred claims also include contributions waived on detection of critical illness.
- *Amortisation of Takaful acquisition cash flows:* For contracts not measured under the PAA, this is equal to the amount of Takaful revenue recognised in the year that relates to recovering Takaful acquisition cash flows. For contracts measured under the Primary Method ("PM"), the Company amortises Takaful acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for Takaful acquisition cash flows and reversals of such impairment losses.

Net expenses from Retakaful contracts

Net expenses from Retakaful contracts comprise an allocation of Retakaful contributions paid less amounts recovered from Retakaful operators.

The Company recognises an allocation of Retakaful contributions paid in profit or loss as it receives services under groups of Retakaful contracts. For contracts not measured under the PM, the allocation of Retakaful contributions paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For contracts measured under the PM, the allocation of Retakaful contributions paid for each period is the amount of expected contribution payments for receiving services in the period.

For a group of Retakaful contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the Retakaful contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of Retakaful contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the Retakaful contracts and are excluded from the allocation of Retakaful contributions paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the Retakaful contracts.

Takaful finance income and expenses

Takaful finance income and expenses comprise changes in the carrying amounts of groups of Takaful and Retakaful contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in Takaful service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For life risk and life savings contracts, the Company has chosen to disaggregate Takaful finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total Takaful finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

- *life risk contracts*: the discount rates determined on initial recognition of the group of contracts; and
- *life savings contracts*: for Takaful finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for Takaful finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

Takaful acquisition cash flows

Qard

Any deficit in the participants' risk fund within the Takaful fund is made good via a Qard, which is a profit free financing, granted by the Takaful Operator fund to the participants' risk fund. In the participants' risk fund, the Qard is included in FCF used to measure the Takaful liabilities under IFRS 17.

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

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

3.6 Other revenue recognition

(i) *Financing income*

Income from financing is recognised on an accrual basis and on a time proportion basis that takes into account the effective yield of the asset.

(ii) *Wakalah fees*

Wakalah fees are recognised as income or expenses by the respective funds based on a predetermined percentage of gross contributions upon inception of certificates. Wakalah surplus/(deficit) is arrived at after deducting commission and management expenses against the Wakalah fees charged.

(iii) *Performance Fee*

The performance fee model and contract allow for the distribution of profit (surplus) attributable to participants funds arisen from the year to the Takaful Operator as an incentive for continuously ensuring the Takaful funds are managed in a responsible and sustainable manner. The performance fee is only applicable in the scenario where the funds are achieving profits (surplus) in a particular year. The surpluses are actuarially appraised annually. It is declared subsequent to every year end as part of the annual surplus distribution policy approved by the Syariah Advisory Body, which includes the surplus distribution to participants in the form of hibah. In accordance with the terms of the contract, the maximum surplus wakalah fee that can be declared to the Takaful Operator cannot exceed 50% of the annual profits (surplus) in any year. The performance fee is paid out to the Takaful Operator subsequent to its appraisal year and the accounting recognition is therefore to recognise it as an income to the Takaful Operator in the year it is declared and paid. No accrual of performance fee is recognised since it is only recognised in the period that declaration of the surplus distribution is made. The performance fee model is only applicable for Takaful contracts entered with the participants from 1 January 2022 onwards.

(iv) *Dividend income*

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.7 Zakat

This represents an obligatory amount payable by the Company on behalf of shareholders to comply with the Hukum Syara' and as approved by the Syariah Advisory Body. Zakat is computed at 2.5775% of zakat base amount of the Company, which is computed using the "Net Invested Funds" method in accordance with AAOIFI Accounting, Auditing and Governance under Financial Accounting Standard No. (9): Zakah. The zakat computation is reviewed and approved by the Syariah Advisory Body. The Board has the discretion to pay additional amount above the obligatory zakat amount payable.

3.8 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that charges related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also included any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary difference. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.9 New accounting standards and interpretations not adopted

Amendments to standards is effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the new or amended accounting standards in preparing these financial statements.

- Amendments to IAS 21: Lack of Exchangeability effective from 1 January 2025
- Amendments to IFRS 9 and IFRS17: Classification and Measurement of Financial Instruments effective from 1 January 2026
- Amendments to IFRS 9 and IFRS 17: Annual Improvements to IFRS Accounting Standards effective from 1 January 2026
- IFRS 18: Presentation and Disclosure in Financial Statements effective from 1 January 2027
- IFRS 19: Disclosure Initiative – Subsidiaries without Public Accountability effective from 1 January 2027

The application of these amendments to standards and interpretations does not have a material defect on the financial statements.

4 Balances with Brunei Darussalam Central Bank

Under Section 16 of the Takaful Order, 2008 and Regulation 9(1) of the Takaful Regulations, 2008, the Company is required to maintain cash balance of BND\$1 million with Brunei Darussalam Central Bank ("BDCB").

5 Financial investments

	2024		2023	
	Family Takaful	Company	Family Takaful	Company
	BND'000	BND'000	BND'000	BND'000
Fair value through profit or loss				
Sukuk / Debt securities	48,308	48,308	47,538	47,538
Investment in mutual funds	16,162	18,975	6,274	9,194
Investments at FVTPL	64,470	67,283	53,812	56,732
Fair value through other comprehensive income (OCI)				
Unquoted equity security	5,923	13,980	5,691	13,432
Investments at FVOCI	5,923	13,980	5,691	13,432
Total	70,393	81,263	59,503	70,164

Financial assets designated as at FVTPL

Sukuk/Debt securities have been designated as FVTPL. As at 31 December 2024, the maximum exposure to credit risk of these financial assets was their carrying amount of BND\$48,308,000 (2023: BND\$47,538,000).

During the year, the Company made an investment of USD7,380,000 (BND\$10,225,947) into a mutual fund classified under FVTPL.

Equity investments designated as at FVOCI

The Company has designated the above equity investments as at FVOCI because it intends to hold them for long term strategic purposes. These are shares held in a related party amounting BND\$13,980,000 (2023: BND\$13,432,000). No strategic investments were disposed of during 2024 and 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Information about the Company's exposures to credit and market risks, and fair value measurement, is included in note 21.

6 Takaful and Retakaful Contracts Held

Company

31 December 2024

Takaful Contracts

Takaful Contract Liabilities

- Takaful Contract Balances
- Assets for Takaful Acquisition Cash Flows

Takaful Contract Assets

- Takaful Contract Balances
- Assets for Takaful Acquisition Cash Flows

Unallocated Surpluses*

Total Takaful Contract Liabilities and Unallocated Surpluses

Retakaful Contracts Held

Retakaful Contract Assets

Retakaful Contract Liabilities

Endowment BND'000	Financing BND'000	Term Life BND'000	Total BND'000
14,771	14,399	300	29,470
14,771	14,399	300	29,470
-	-	(8)	(8)
-	-	-	-
-	-	(8)	(8)
			98,223
			127,693
(3)	(14)	(202)	(219)
-	40	7	47

Risk Fund

31 December 2024

Takaful Contracts

Takaful Contract Liabilities

- Takaful Contract Balances
- Assets for Takaful Acquisition Cash Flows

Takaful Contract Assets

- Takaful Contract Balances
- Assets for Takaful Acquisition Cash Flows

Unallocated Surpluses*

Total Takaful Contract Liabilities and Unallocated Surpluses

Retakaful Contracts Held

Retakaful Contract Assets

Retakaful Contract Liabilities

Endowment BND'000	Financing BND'000	Term Life BND'000	Total BND'000
12,889	883	3	13,775
-	-	-	-
12,889	883	3	13,775
-	-	-	-
-	-	-	-
-	-	-	-
			98,223
			111,998
-	(41)	-	(41)
-	-	-	-

6 Takaful and Retakaful Contracts Held

Company

31 December 2023	Endowment BND'000	Financing BND'000	Term Life BND'000	Total BND'000
Takaful Contracts				
Takaful Contract Liabilities				
- Takaful Contract Balances	15,206	11,947	322	27,475
- Assets for Takaful Acquisition Cash Flows	-	-	-	-
	15,206	11,947	322	27,475
Takaful Contract Assets				
- Takaful Contract Balances	-	-	(10)	(10)
- Assets for Takaful Acquisition Cash Flows	-	-	-	-
	-	-	(10)	(10)
Unallocated Surpluses*				
Total Takaful Contract Liabilities and Unallocated Surpluses				91,274
Retakaful Contracts Held				
Retakaful Contract Assets	-	(4)	(222)	(226)
Retakaful Contract Liabilities	-	110	-	110

Risk Fund

31 December 2023	Endowment BND'000	Financing BND'000	Term Life BND'000	Total BND'000
Takaful Contracts				
Takaful Contract Liabilities				
- Takaful Contract Balances	14,413	-	10	14,423
- Assets for Takaful Acquisition Cash Flows	-	-	-	-
	14,413	-	10	14,423
Takaful Contract Assets				
- Takaful Contract Balances	-	-	-	-
- Assets for Takaful Acquisition Cash Flows	-	-	-	-
	-	-	-	-
Unallocated Surpluses*				
Total Takaful Contract Liabilities and Unallocated Surpluses				91,274
Retakaful Contracts Held				
Retakaful Contract Assets	-	(3)	(9)	(12)
Retakaful Contract Liabilities	-	115	-	115

*Unallocated surplus (B71) refers to the portion of surplus or profit that has not yet been determined for distribution to certificate holders or other stakeholders and does not belong to any specific groups of contracts. It is a temporary accumulation of funds that the Takaful Operator holds, reflecting the difference between the contributions collected and the claims paid, investment income, and other expenses. The Takaful Operator holds this surplus to cover potential future claims, invest in new opportunities, and ultimately, distribute it to certificate holders or other stakeholders after it has been allocated. The Takaful Operator may also choose to distribute the surplus in future to certificate holders, either through a cash payment or by allocating it to future contributions.

A. Movements in Takaful and Retakaful Contract balances

The following reconciliations show how the net carrying amounts of Takaful and Retakaful contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

The Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts not measured under PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and Contractual Service Margin (CSM).

The estimates of the present value of future cash flows from Takaful and Retakaful contract assets represents the Company's estimated exposure to credit risk from these assets.

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts not measured under the Premium Allocation Approach*

Company	Year Ended 31 December 2024			
	Liabilities for Remaining Coverage		Liabilities for Incurred Claims	
in BND'000	Excluding Loss Component	Loss Component		Total
Opening Takaful Contract Assets	–	–	–	–
Opening Takaful Contract Liabilities	26,706	665	–	27,371
Net Opening Balance	26,706	665	–	27,371
Changes in the statement of profit or loss				
Takaful Revenue	(13,887)	–	–	(13,887)
Takaful Service Expenses				
Incurred claims and other Takaful service expenses	–	(177)	3,700	3,523
Amortisation of Takaful acquisition cash flows	2,232	–	–	2,232
Losses and reversal of losses on onerous contracts	–	1,001	–	1,001
Adjustments to liabilities for incurred claims	–	–	3,284	3,284
Release of Unallocated Surpluses	1	(132)	–	(131)
Total Takaful Service Expenses	2,233	692	6,984	9,909
Investment component and contribution refunds	(2,033)	–	2,033	–
Takaful Service Result	(13,687)	692	9,017	(3,978)
Net finance expenses from Takaful contracts	381	6	–	387
Total Changes in the Statement of Profit or Loss	(13,306)	698	9,017	(3,591)
Cash flows				
Contributions received	18,023	–	–	18,023
Claims and other Takaful service expenses paid, including investment components	(1)	–	(9,017)	(9,018)
Takaful acquisition cash flows	(3,380)	–	–	(3,380)
Total Cash flows	14,642	–	(9,017)	5,625
Net Closing Balance	28,042	1,363	–	29,405
Closing Takaful Contract Assets	–	–	–	–
Closing Takaful Contract Liabilities	28,042	1,363	–	29,405
Net Closing Balance	28,042	1,363	–	29,405

6 Takaful and Retakaful Contracts held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts not measured under the Premium Allocation Approach*

Risk Fund Year Ended 31 December 2024

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
in BND'000				
Opening Takaful Contract Assets	–	–	–	–
Opening Takaful Contract Liabilities	14,413	–	–	14,413
Net Opening Balance	14,413	–	–	14,413
Changes in the statement of profit or loss				
Takaful Revenue	(16,020)	–	–	(16,020)
Takaful Service Expenses				
Incurred claims and other Takaful service expenses	–	(16)	8,593	8,577
Amortisation of Takaful acquisition cash flows	–	–	–	–
Losses and reversal of losses on onerous contracts	–	569	–	569
Adjustments to liabilities for incurred claims	–	–	3,284	3,284
Release of Unallocated Surpluses	(679)	(553)	–	(1,232)
Total Takaful Service Expenses	(679)	–	11,877	11,198
Investment component and contribution refunds	(2,033)	–	2,033	–
Takaful Service Result	(18,732)	–	13,910	(4,822)
Net finance expenses from Takaful contracts	68	–	–	68
Total Changes in the Statement of Profit or Loss	(17,664)	–	13,910	(4,754)
Cash flows				
Contributions received	18,023	–	–	18,023
Claims and other Takaful service expenses paid, including investment components	–	–	(13,910)	(13,910)
Takaful acquisition cash flows	–	–	–	–
Total Cash flows	18,023	–	(13,910)	4,113
Net Closing Balance	13,772	–	–	13,772
Closing Takaful Contract Assets	–	–	–	–
Closing Takaful Contract Liabilities	13,772	–	–	13,772
Net Closing Balance	13,772	–	–	13,772

6 Takaful and Retakaful Contracts held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts not measured under the Premium Allocation Approach*

Company

Year Ended 31 December 2023

	Liabilities for Remaining Coverage		Liabilities for Incurred	Total
	Excluding Loss	Loss Component	Claims	
in BND'000	Component			
Opening Takaful Contract Assets	–	–	–	–
Opening Takaful Contract Liabilities	21,093	652	–	21,745
Net Opening Balance	21,093	652	–	21,745
Changes in the statement of profit or loss				
Takaful Revenue	(11,874)	–	–	(11,874)
Takaful Service Expenses	–	(216)	3,645	3,429
Incurred claims and other Takaful service expenses	–	–	–	1,650
Amortisation of Takaful acquisition cash flows	1,650	–	–	1,834
Losses and reversal of losses on onerous contracts	1,661	223	–	2,764
Adjustments to liabilities for incurred claims	–	–	2,764	9,727
Total Takaful Service Expenses	3,311	7	6,409	9,727
Investment component and contribution refunds	(1,167)	–	1,167	–
Takaful Service Result	(9,730)	7	7,576	(2,147)
Net finance expenses from Takaful contracts	110	6	–	116
Total Changes in the Statement of Profit or Loss	(9,620)	13	7,576	(2,031)
Cash flows				
Contributions received	18,861	–	–	18,851
Claims and other Takaful service expenses paid, including investment components	–	–	(7,576)	(7,576)
Takaful acquisition cash flows	(3,628)	–	–	(3,628)
Total Cash flows	15,233	–	(7,576)	7,657
Net Closing Balance	26,706	665	–	27,371
Closing Takaful Contract Assets	–	–	–	–
Closing Takaful Contract Liabilities	26,706	665	–	27,371
Net Closing Balance	26,706	665	–	27,371

6 Takaful and Retakaful Contracts held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts not measured under the Premium Allocation Approach*
Risk Fund

	Year Ended 31 December 2023		
	Liabilities for Remaining Coverage Excluding Loss Component	Loss Component	Liabilities for Incurred Claims Total
in BND'000			
Opening Takaful Contract Assets	-	-	-
Opening Takaful Contract Liabilities	10,823	-	10,823
Net Opening Balance	10,823	-	10,823
Changes in the statement of profit or loss			
Takaful Revenue	(16,345)	-	(16,345)
Takaful Service Expenses			
Incurred claims and other Takaful service expenses	-	(14)	8,125
Amortisation of Takaful acquisition cash flows	-	-	-
Losses and reversal of losses on onerous contracts	-	3,201	3,201
Adjustments to liabilities for incurred claims	-	-	2,764
Total Takaful Service Expenses	-	3,187	10,889
Investment component and contribution refunds	(1,167)	-	1,167
Takaful Service Result	(17,512)	3,187	12,056
Net finance expenses from Takaful contracts	(20)	(1)	(21)
Total Changes in the Statement of Profit or Loss	(17,532)	3,186	12,056
Cash flows			
Contributions received	21,122	(3,186)	17,936
Claims and other Takaful service expenses paid, including investment components	-	-	(12,056)
Takaful acquisition cash flows	-	-	-
Total Cash flows	21,122	(3,186)	17,936
Net Closing Balance	14,413	-	14,413
Closing Takaful Contract Assets	-	-	-
Closing Takaful Contract Liabilities	14,413	-	14,413
Net Closing Balance	14,413	-	14,413

6 Takaful and Retakaful Contracts held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – *Takaful contracts not measured under the Premium Allocation Approach*

Company	Year Ended 31 December 2024					
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contracts under Modified Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Total
					Subtotal	
in BND'000						
Opening Takaful Contract Assets	–	–	–	–	–	–
Opening Takaful Contract Liabilities	11,831	2,210	–	–	13,330	27,371
Net Opening Balance	11,831	2,210	–	–	13,330	27,371
Changes in the statement of profit or loss						
Changes that relate to current service	(3,150)	434	–	–	(5,547)	(8,263)
CSM recognized for services provided	–	–	–	–	(5,547)	(5,547)
Change in risk adjustment for non-financial risk for risk expired	–	434	–	–	–	434
Experience adjustments not related to future service	(3,019)	–	–	–	–	(3,019)
Release of Unallocated Surpluses	(131)	–	–	–	–	(131)
Changes that relate to future service	(8,359)	68	–	–	9,292	1,001
Contracts initially recognised in the year	(6,472)	659	–	–	6,428	615
Changes in estimates that adjust the CSM	(727)	(2,137)	–	–	2,864	–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(1,160)	1,546	–	–	–	386
Changes that relate to past service	3,284	–	–	–	–	3,284
Changes in estimates in LIC fulfilment cash flows	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	3,284	–	–	–	–	3,284
Total Takaful Service Result	(8,225)	502	–	–	3,745	(3,978)
Net finance expenses from Takaful contracts	(21)	(60)	–	–	468	387
Total Changes in the Statement of Profit or Loss	(8,246)	442	–	–	4,213	(3,591)
Total Cash flows	5,625	–	–	–	–	5,625
Net Closing Balance	9,210	2,652	–	–	17,543	29,405
Closing Takaful Contract Assets	–	–	–	–	–	–
Closing Takaful Contract Liabilities	9,210	2,652	–	–	17,543	29,405
Net Closing Balance	9,210	2,652	–	–	17,543	29,405

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – *Takaful contracts not measured under the Premium Allocation Approach*

Risk Fund	Year Ended 31 December 2024						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin (CSM)				Total
			Contracts under Modified Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Subtotal	
in BND'000							
Opening Takaful Contract Assets	(17)	17	–	–	–	–	–
Opening Takaful Contract Liabilities	12,737	1,676	–	–	–	–	14,413
Net Opening Balance	12,720	1,693	–	–	–	–	14,413
Changes in the statement of profit or loss							
Changes that relate to current service	(7,171)	505	–	–	(2,009)	(2,009)	(8,675)
CSM recognized for services provided	–	–	–	–	(777)	(777)	(777)
Change in risk adjustment for non-financial risk for risk expired	–	505	–	–	–	–	505
Experience adjustments not related to future service	(7,171)	–	–	–	–	–	(7,171)
Release of Unallocated Surpluses	–	–	–	–	(1,232)	(1,232)	(1,232)
Changes that relate to future service	(1,542)	102	–	–	2,009	2,009	569
Contracts initially recognised in the year	(203)	537	–	–	–	–	334
Changes in estimates that adjust the CSM	(2,108)	99	–	–	2,009	2,009	–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	769	(534)	–	–	–	–	235
Changes that relate to past service	3,284	–	–	–	–	–	3,284
Changes in estimates in LIC fulfilment cash flows	–	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	3,284	–	–	–	–	–	3,284
Total Takaful Service Result	(5,429)	607	–	–	–	–	(3,590)
Net finance expenses from Takaful contracts	125	(57)	–	–	–	–	68
Total Changes in the Statement of Profit or Loss	(5,304)	550	–	–	–	–	(3,522)
Total Cash flows	4,113	–	–	–	–	–	4,113
Net Closing Balance	11,529	2,243	–	–	–	–	13,772
Closing Takaful Contract Assets	–	–	–	–	–	–	–
Closing Takaful Contract Liabilities	11,529	2,243	–	–	–	–	13,772
Net Closing Balance	11,529	2,243	–	–	–	–	13,772

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – *Takaful contracts not measured under the Premium Allocation Approach*

Company	Year Ended 31 December 2023					
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin (CSM)			
			Contracts under Modified Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Subtotal
in BND'000						
Opening Takaful Contract Assets	–	–	–	–	–	–
Opening Takaful Contract Liabilities	11,412	1,622	–	–	8,710	21,744
Net Opening Balance	11,412	1,622	–	–	8,710	21,744
Changes in the statement of profit or loss						
Changes that relate to current service	(2,630)	(548)	–	–	(3,617)	(6,795)
CSM recognized for services provided	–	–	–	–	(3,617)	(3,617)
Change in risk adjustment for non-financial risk for risk expired	–	(548)	–	–	–	(548)
Experience adjustments not related to future service	(2,630)	–	–	–	–	(2,630)
Changes that relate to future service	(7,245)	1,221	–	–	7,909	1,885
Contracts initially recognised in the year	(5,925)	434	–	–	6,301	810
Changes in estimates that adjust the CSM	(1,616)	(902)	–	–	2,518	–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	296	1,689	–	–	(910)	1,075
Changes that relate to past service	2,764	–	–	–	–	2,764
Changes in estimates in LIC fulfilment cash flows	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	2,764	–	–	–	–	2,764
Total Takaful Service Result	(7,111)	673	–	–	4,292	(2,146)
Net finance expenses from Takaful contracts	(126)	(85)	–	–	328	117
Total Changes in the Statement of Profit or Loss	(7,237)	588	–	–	4,620	(2,029)
Total Cash flows	7,657	–	–	–	–	7,657
Net Closing Balance	11,832	2,210	–	–	13,330	27,372
Closing Takaful Contract Assets	–	–	–	–	–	–
Closing Takaful Contract Liabilities	11,832	2,210	–	–	13,330	27,372
Net Closing Balance	11,832	2,210	–	–	13,330	27,372

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – Takaful contracts not measured under the Premium Allocation Approach

Risk Fund	Year Ended 31 December 2023					
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contracts under Modified Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Total
in BND'000						
Opening Takaful Contract Assets	9,373	1,450	–	–	–	10,823
Opening Takaful Contract Liabilities	–	–	–	–	–	–
Net Opening Balance	9,373	1,450	–	–	–	10,823
Changes in the statement of profit or loss						
Changes that relate to current service	(7,210)	(481)	–	–	(542)	(8,233)
CSM recognized for services provided	–	–	–	–	(542)	(542)
Change in risk adjustment for non-financial risk for risk expired	–	(481)	–	–	–	(481)
Experience adjustments not related to future service	(7,210)	–	–	–	–	(7,210)
Changes that relate to future service	935	799	–	–	542	2,276
Contracts initially recognised in the year	(148)	387	–	–	3	242
Changes in estimates that adjust the CSM	7,093	(8,558)	–	–	1,465	–
Changes in estimates that relate to losses and reversal of losses	(6,010)	8,970	–	–	(926)	2,034
Changes that relate to past service	2,764	–	–	–	–	2,764
Changes in estimates in LIC fulfilment cash flows	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	2,764	–	–	–	–	2,764
Total Takaful Service Result	(3,511)	318	–	–	–	(3,193)
Net finance expenses from Takaful contracts	53	(74)	–	–	–	(21)
Total Changes in the Statement of Profit or Loss	(3,458)	244	–	–	–	(3,214)
Total Cash flows	6,805	–	–	–	–	6,805
Net Closing Balance	12,720	1,694	–	–	–	14,414
Closing Takaful Contract Assets	(17)	17	–	–	–	–
Closing Takaful Contract Liabilities	12,737	1,677	–	–	–	14,414
Net Closing Balance	12,720	1,694	–	–	–	14,414

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts held not measured under the Premium Allocation Approach*
Company

	Year Ended 31 December 2024		
	Assets for Remaining Coverage Excluding Loss- Recovery Component	Loss-Recovery Component	Assets for Incurred Claims Total
in BND'000			
Opening Retakaful Contract Assets	225	—	225
Opening Retakaful Contract Liabilities	(109)	—	(109)
Net Opening Balance	116	—	116
Changes in the statement of profit or loss			
Allocation of Retakaful Contributions Paid	(100)	—	(100)
Amounts recoverable from Retakaful operators			
Recoveries of incurred claims & other Takaful service expense	—	—	(125)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	—	6
Adjustments to assets for incurred claims	—	—	—
Release of Unallocated Surpluses	(8)	—	(8)
	(8)	—	(127)
Investment component and contribution refunds	—	—	—
Effects of changes in non-performance risk of Retakaful operators	—	—	—
Net expenses from Retakaful contracts held	(108)	—	(119)
Net finance income from Retakaful contracts held	—	—	—
Total Changes in the Statement of Profit or Loss	(108)	—	(227)
Cash flows			
Contributions paid	147	—	147
Amounts received	8	—	127
Total Cash flows	155	—	274
Net Closing Balance	163	—	155
Closing Retakaful Contract Assets	209	—	209
Closing Retakaful Contract Liabilities	(46)	—	(46)
Net Closing Balance	163	—	163

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts held not measured under the Premium Allocation Approach*

Risk Fund	Year Ended 31 December 2024			
	Assets for Remaining Coverage		Assets for Incurred Claims	Total
in BND'000	Excluding Loss-Recovery Component	Loss-Recovery Component		
Opening Retakaful Contract Assets	12	-	-	12
Opening Retakaful Contract Liabilities	(115)	-	-	(115)
Net Opening Balance	(103)	-	-	(103)
Changes in the statement of profit or loss				
Allocation of Retakaful Contributions Paid	(97)	-	-	(97)
Amounts recoverable from Retakaful operators				
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	6	6
Adjustments to assets for incurred claims	-	-	-	-
Release of Unallocated Surpluses	84	-	-	84
	84	-	-	90
Investment component and contribution refunds	-	-	-	-
Effects of changes in non-performance risk of Retakaful operators	-	-	-	-
Net expenses from Retakaful contracts held	(13)	-	6	(7)
Net finance income from Retakaful contracts held	-	-	-	-
Total Changes in the Statement of Profit or Loss	(13)	-	6	(7)
Cash flows				
Contributions paid	147	-	-	147
Amounts received	-	-	(6)	(6)
Total Cash flows	147	-	(6)	141
Net Closing Balance	31	-	-	31
Closing Retakaful Contract Assets	31	-	-	31
Closing Retakaful Contract Liabilities	-	-	-	-
Net Closing Balance	31	-	-	31

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts held not measured under the Premium Allocation Approach*
Company Year Ended 31 December 2023

in BND'000	Assets for Remaining Coverage		Assets for Incurred Claims	Total
	Excluding Loss-Recovery Component	Loss-Recovery Component		
Opening Retakaful Contract Assets	228	-	-	228
Opening Retakaful Contract Liabilities	(143)	-	-	(143)
Net Opening Balance	85	-	-	85
Changes in the statement of profit or loss				
Allocation of Retakaful Contributions Paid	(55)	-	-	(55)
Amounts recoverable from Retakaful operators				
Recoveries of incurred claims & other Takaful service expense	-	(124)	-	(124)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(22)	123	-	101
Adjustments to assets for incurred claims	-	-	-	-
	(22)	(1)	-	(23)
Investment component and contribution refunds	-	-	-	-
Effects of changes in non-performance risk of Retakaful operators	-	-	-	-
Net expenses from Retakaful contracts held	(77)	(1)	-	(78)
Net finance income from Retakaful contracts held	5	1	-	6
Total Changes in the Statement of Profit or Loss	(72)	-	-	(72)
Cash flows				
Contributions paid	103	-	-	103
Amounts received / recovered	-	-	-	-
Total Cash flows	103	-	-	103
Net Closing Balance	116	-	-	116
Closing Retakaful Contract Assets	226	-	-	226
Closing Retakaful Contract Liabilities	(110)	-	-	(110)
Net Closing Balance	116	-	-	116

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts held not measured under the Premium Allocation Approach*
Risk Fund

	Assets for Remaining Coverage			Assets for Incurred Claims	Total
	Excluding Loss-Recovery Component	Loss-Recovery Component			
in BND'000					
Opening Retakaful Contract Assets	—	—	—	—	—
Opening Retakaful Contract Liabilities	(163)	—	—	—	(163)
Net Opening Balance	(163)	—	—	—	(163)
Changes in the statement of profit or loss					
Allocation of Retakaful Contributions Paid	(118)	—	—	—	(118)
Amounts recoverable from Retakaful operators					
Recoveries of incurred claims & other Takaful service expense	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	52	—	—	52
Adjustments to assets for incurred claims	—	—	—	—	—
	—	52	—	—	52
Investment component and contribution refunds	—	—	—	—	—
Effects of changes in non-performance risk of Retakaful operators	(1)	—	—	—	(1)
Net expenses from Retakaful contracts held	(119)	52	—	—	(67)
Net finance income from Retakaful contracts held	(1)	—	—	—	(1)
Total Changes in the Statement of Profit or Loss	(120)	52	—	—	(68)
Cash flows					
Contributions paid	103	—	—	—	103
Amounts received / recovered	76	(52)	—	—	24
Total Cash flows	179	(52)	—	—	127
Net Closing Balance	(104)	—	—	—	104
Closing Retakaful Contract Assets	12	—	—	—	12
Closing Retakaful Contract Liabilities	(116)	—	—	—	(116)
Net Closing Balance	(104)	—	—	—	(104)

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – Retakaful contracts not measured under the Premium Allocation Approach
Company

Company	Year Ended 31 December 2024						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin (CSM)				Total
			Contracts under Modified Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Subtotal	
in BND'000							
Opening Retakaful Contract Assets	(19)	41	–	–	203	203	225
Opening Retakaful Contract Liabilities	(117)	12	–	–	(4)	(4)	(109)
Net Opening Balance	(136)	53	–	–	199	199	116
Changes in the statement of profit or loss							
Changes that relate to current service	(228)	(5)	–	–	–	–	(233)
Change in risk adjustment for non-financial risk for risk expired	–	(5)	–	–	–	–	(5)
Experience adjustments not related to future service	(220)	–	–	–	–	–	(220)
Release of Unallocated Surpluses	(8)	–	–	–	–	–	(8)
Changes that relate to future service	77	–	–	–	(77)	(77)	–
Contracts initially recognised in the year	–	–	–	–	–	–	–
Changes in estimates that adjust the CSM	43	(19)	–	–	(24)	(24)	–
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	34	19	–	–	–	–	53
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	–	(53)	(53)	(53)
Changes that relate to past service	6	–	–	–	–	–	6
Changes in fulfilment cash flows re LIC	–	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	6	–	–	–	–	–	6
Effects of changes in non-performance risk of Retakaful operators	–	–	–	–	–	–	–
Net expenses from Retakaful Contracts	(145)	(5)	–	–	(77)	(77)	(227)
Net finance income or expenses from Retakaful contracts	–	–	–	–	–	–	–
Total Changes in the Statement of Profit or Loss	(145)	(5)	–	–	–	–	(227)
Total Cash flows	274	–	–	–	–	–	274
Net Closing Balance	(7)	48	–	–	122	22	163
Closing Retakaful Contract Assets	3	18	–	–	188	188	209
Closing Retakaful Contract Liabilities	(10)	30	–	–	(66)	(66)	(46)
Net Closing Balance	(7)	48	–	–	122	122	163

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – *Retakaful contracts not measured under the Premium Allocation Approach*
Risk Fund

Risk Fund	Year Ended 31 December 2024						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin (CSM)				Total
			Contracts under Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Subtotal	
in BND'000							
Opening Retakaful Contract Assets	(29)	41	—	—	—	—	12
Opening Retakaful Contract Liabilities	(127)	12	—	—	—	—	(115)
Net Opening Balance	(156)	53	—	—	—	—	(103)
Changes in the statement of profit or loss							
Changes that relate to current service	(85)	(5)	—	—	76	76	(14)
Change in risk adjustment for non-financial risk for risk expired	—	(5)	—	—	—	—	(5)
Experience adjustments not related to future service	(92)	—	—	—	—	—	(92)
Release for Unallocated surpluses	(7)	—	—	—	76	76	83
Changes that relate to future service	77	—	—	—	(76)	(76)	1
Changes in estimates that adjust the CSM	43	(8)	—	—	(23)	(23)	12
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	34	8	—	—	—	—	42
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—	(53)	(53)	(53)
Changes that relate to past service	6	—	—	—	—	—	6
Changes in fulfilment cash flows re LIC	—	—	—	—	—	—	—
Experience adjustments in claims and other TSE in LIC	6	—	—	—	—	—	6
Effects of changes in non-performance risk of Retakaful operators							
Net expenses from Retakaful Contracts	(2)	(5)	—	—	—	—	(7)
Net finance income or expenses from Retakaful contracts	—	—	—	—	—	—	—
Total Changes in the Statement of Profit or Loss	(2)	(5)	—	—	—	—	(7)
Total Cash flows	141	—	—	—	—	—	141
Net Closing Balance	(17)	48	—	—	—	—	31
Closing Retakaful Contract Assets	(17)	48	—	—	—	—	31
Closing Retakaful Contract Liabilities	—	—	—	—	—	—	—
Net Closing Balance	(17)	48	—	—	—	—	31

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – Retakaful contracts not measured under the Premium Allocation Approach

Company

Year Ended 31 December 2023

	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin (CSM)				Total
			Contracts under Modified Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Subtotal	
in BND'000							
Opening Retakaful Contract Assets	(19)	8	–	–	239	239	228
Opening Retakaful Contract Liabilities	(167)	29	–	–	(5)	(5)	(143)
Net Opening Balance	(186)	37	–	–	234	234	85
Changes in the statement of profit or loss							
Changes that relate to current service	(125)	(12)	–	–	(42)	(42)	(179)
CSM recognized for services provided	–	–	–	–	(42)	(42)	(42)
Change in risk adjustment for non-financial risk for risk expired	–	(12)	–	–	–	–	(12)
Experience adjustments not related to future service	(125)	–	–	–	–	–	(125)
Changes that relate to future service	70	32	–	–	(1)	(1)	101
Contracts initially recognised in the year	(1)	5	–	–	129	129	133
Changes in estimates that adjust the CSM	12	–	–	–	(11)	(11)	1
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	59	27	–	–	–	–	86
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	–	(119)	(119)	(119)
Changes that relate to past service	–	–	–	–	–	–	–
Changes in fulfilment cash flows re LIC	–	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	–	–	–	–	–	–	–
Effects of changes in non-performance risk of Retakaful operators	–	–	–	–	–	–	–
Net expenses from Retakaful Contracts	(55)	20	–	–	(43)	(43)	(78)
Net finance income or expenses from Retakaful contracts	2	(4)	–	–	8	8	6
Total Changes in the Statement of Profit or Loss	(53)	16	–	–	(35)	(35)	(72)
Total Cash flows	103	–	–	–	–	–	103
Net Closing Balance	(136)	53	–	–	199	199	116
Closing Retakaful Contract Assets	(19)	41	–	–	203	203	225
Closing Retakaful Contract Liabilities	(117)	12	–	–	(4)	(4)	(109)
Net Closing Balance	(136)	53	–	–	199	199	116

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by measurement component – Retakaful contracts not measured under the Premium Allocation Approach

Year Ended 31 December 2023

	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin (CSM)				Total
			Contracts under Retrospective Approach	Contracts under Fair Value Transition Approach	Other Contracts	Subtotal	
in BND'000							
Opening Retakaful Contract Assets	–	–	–	–	–	–	–
Opening Retakaful Contract Liabilities	(201)	37	–	–	–	–	(164)
Net Opening Balance	(201)	37	–	–	–	–	(164)
Changes in the statement of profit or loss							
Changes that relate to current service	(122)	(12)	–	–	16	16	(118)
CSM recognized for services provided	–	–	–	–	16	16	16
Change in risk adjustment for non-financial risk for risk expired	–	(12)	–	–	–	–	(12)
Experience adjustments not related to future service	(122)	–	–	–	–	–	(122)
Changes that relate to future service	62	32	–	–	(16)	(16)	78
Contracts initially recognised in the year	(5)	5	–	–	–	–	–
Changes in estimates that adjust the CSM	(341)	336	–	–	5	5	–
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	408	(309)	–	–	–	–	99
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	–	(21)	(21)	(21)
Changes that relate to past service	–	–	–	–	–	–	–
Changes in fulfilment cash flows re LIC	–	–	–	–	–	–	–
Experience adjustments in claims and other TSE in LIC	–	–	–	–	–	–	–
Effects of changes in non-performance risk of Retakaful operators	(1)	–	–	–	–	–	(1)
Net expenses from Retakaful Contracts	(61)	20	–	–	–	–	(41)
Net finance income or expenses from Retakaful contracts	3	(4)	–	–	–	–	(1)
Total Changes in the Statement of Profit or Loss	(58)	16	–	–	–	–	(42)
Total Cash flows	103	–	–	–	–	–	(103)
Net Closing Balance	(156)	53	–	–	–	–	(103)
Closing Retakaful Contract Assets	(29)	41	–	–	–	–	12
Closing Retakaful Contract Liabilities	(127)	12	–	–	–	–	(115)
Net Closing Balance	(156)	53	–	–	–	–	(103)

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts measured under the Premium Allocation Approach*
Company

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		Total
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
in BND'000					
Opening Takaful Contract Assets	(14)	4	—	—	(10)
Opening Takaful Contract Liabilities	(16)	119	—	—	103
Net Opening Balance	(30)	123	—	—	93
Changes in the statement of profit or loss					
Takaful Revenue	(19)	—	—	—	(19)
Takaful Service Expenses					
Incurred claims and other Takaful service expenses	—	(60)	157	—	97
Amortisation of Takaful acquisition cash flows	115	—	—	—	115
Losses and reversal of losses on onerous contracts	—	63	—	—	63
Adjustments to liabilities for incurred claims	—	—	2	—	2
Total Takaful Service Expenses	115	3	159	—	277
Investment component and contribution refunds	—	—	—	—	—
Takaful Service Result	96	3	159	—	258
Net finance expenses from Takaful contracts	—	(24)	—	—	(24)
Total Changes in the Statement of Profit or Loss	96	(21)	159	—	234
Cash flows					
Contributions received	—	—	—	—	—
Claims and other Takaful service expenses paid, including investment components	—	—	(159)	—	(159)
Takaful acquisition cash flows	(112)	—	—	—	(111)
Total Cash flows	(112)	—	(159)	—	(271)
Net Closing Balance	(46)	102	—	—	56
Closing Takaful Contract Assets	(20)	12	—	—	(8)
Closing Takaful Contract Liabilities	(26)	91	—	—	65
Net Closing Balance	(46)	102	—	—	57

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts measured under the Premium Allocation Approach*
Risk Fund

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		Total
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
in BND'000					
Opening Takaful Contract Assets	-	-	-	-	-
Opening Takaful Contract Liabilities	10	-	-	-	10
Net Opening Balance	10	-	-	-	10
Changes in the statement of profit or loss					
Takaful Revenue	(7)	-	-	-	(7)
Takaful Service Expenses					
Incurred claims and other Takaful service expenses	-	(5)	46	-	41
Amortisation of Takaful acquisition cash flows	-	-	-	-	-
Losses and reversal of losses on onerous contracts	-	5	-	-	5
Adjustments to liabilities for incurred claims	-	-	2	-	2
Total Takaful Service Expenses	-	-	48	-	48
Investment component and contribution refunds	-	-	-	-	-
Takaful Service Result	(7)	-	48	-	41
Net finance expenses from Takaful contracts	-	-	-	-	-
Total Changes in the Statement of Profit or Loss	(7)	-	48	-	41
Cash flows					
Contributions received	-	-	-	-	-
Claims and other Takaful service expenses paid, including investment components	-	-	(48)	-	(48)
Takaful acquisition cash flows	-	-	-	-	-
Total Cash flows	4	-	(48)	-	(48)
Net Closing Balance	3	-	-	-	3
Closing Takaful Contract Assets	-	-	-	-	-
Closing Takaful Contract Liabilities	3	-	-	-	3
Net Closing Balance	3	-	-	-	3

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts measured under the Premium Allocation Approach*

Company

Year Ended 31 December 2023

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		Total
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
in BND'000					
Opening Takaful Contract Assets	(6)	—	—	—	(6)
Opening Takaful Contract Liabilities	61	52	—	—	113
Net Opening Balance	55	52	—	—	107
Changes in the statement of profit or loss					
Takaful Revenue	(85)	—	—	—	(85)
Takaful Service Expenses					
Incurred claims and other Takaful service expenses	—	(71)	144	—	73
Amortisation of Takaful acquisition cash flows	153	—	—	—	153
Losses and reversal of losses on onerous contracts	—	142	—	—	142
Adjustments to liabilities for incurred claims	—	—	3	—	3
Total Takaful Service Expenses	153	71	147	—	371
Investment component and contribution refunds	—	—	—	—	—
Takaful Service Result	68	71	147	—	286
Net finance expenses from Takaful contracts	—	—	—	—	—
Total Changes in the Statement of Profit or Loss	68	71	147	—	286
Cash flows					
Contributions received	4	—	—	—	4
Claims and other Takaful service expenses paid, including investment components	—	—	(147)	—	(147)
Takaful acquisition cash flows	(157)	—	—	—	(157)
Total Cash flows	(153)	—	(147)	—	(300)
Net Closing Balance	(30)	123	—	—	93
Closing Takaful Contract Assets	(14)	4	—	—	(10)
Closing Takaful Contract Liabilities	(16)	119	—	—	103
Net Closing Balance	(30)	123	—	—	93

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Takaful contracts measured under the Premium Allocation Approach*
Risk Fund
Year Ended 31 December 2023

	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		Total
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
in BND'000					
Opening Takaful Contract Assets	-	-	-	-	-
Opening Takaful Contract Liabilities	74	-	-	-	74
Net Opening Balance	74	-	-	-	74
Changes in the statement of profit or loss					
Takaful Revenue	(68)	-	-	-	(68)
Takaful Service Expenses					
Incurred claims and other Takaful service expenses	-	(7)	56	-	49
Amortisation of Takaful acquisition cash flows	-	-	-	-	-
Losses and reversal of losses on onerous contracts	-	7	-	-	7
Adjustments to liabilities for incurred claims	-	-	3	-	3
Total Takaful Service Expenses	-	-	59	-	59
Investment component and contribution refunds	-	-	-	-	-
Takaful Service Result	(68)	-	59	-	(9)
Net finance expenses from Takaful contracts	-	-	-	-	-
Total Changes in the Statement of Profit or Loss	(68)	-	59	-	(9)
Cash flows					
Contributions received	4	-	-	-	4
Claims and other Takaful service expenses paid, including investment components	-	-	(59)	-	(59)
Takaful acquisition cash flows	-	-	-	-	-
Total Cash flows	4	-	(59)	-	(55)
Net Closing Balance	10	-	-	-	10
Closing Takaful Contract Assets	-	-	-	-	-
Closing Takaful Contract Liabilities	10	-	-	-	10
Net Closing Balance	10	-	-	-	10

6 Takaful and Retakaful Contracts Held
A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts measured under the Premium Allocation Approach*
Company

Company	Year Ended 31 December 2024				
	Assets for Remaining Coverage		Assets for Incurred Claims		
	Excluding Loss-Recovery Component	Loss-Recovery Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
in BND'000					
Opening Retakaful Contract Assets	-	-	-	-	-
Opening Retakaful Contract Liabilities	-	-	-	-	-
Net Opening Balance	-	-	-	-	-
Changes in the Statement of Profit or Loss					
Allocation of Retakaful Contributions Paid	-	-	-	-	-
Amounts recoverable from Retakaful operators					
Recoveries of incurred claims & other Takaful service expense	-	-	(18)	-	(18)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	8	-	8
Adjustments to assets for incurred claims	-	-	-	-	-
Release of Unallocated Surpluses	-	-	-	-	-
	-	-	(10)	-	(10)
Investment component and contribution refunds	-	-	-	-	-
Effects of changes in non-performance risk of Retakaful operators	-	-	-	-	-
Net expenses from Retakaful Contracts held	-	-	(10)	-	(10)
Net finance income from Retakaful contracts held	-	-	-	-	-
Total Changes in the Statement of Profit or Loss	-	-	(10)	-	(10)
Cash flows					
Contributions paid	11	-	-	-	11
Amounts recovered	-	-	10	-	10
Total Cash flows	11	-	10	-	21
Net Closing Balance	11	-	-	-	11
Closing Retakaful Contract Assets	10	-	-	-	10
Closing Retakaful Contract Liabilities	1	-	-	-	1
Net Closing Balance	11	-	-	-	11

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts measured under the Premium Allocation Approach*

Year Ended 31 December 2024

Risk Fund	Assets for Remaining Coverage		Assets for Incurred Claims		Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
in BND'000					
Opening Retakaful Contract Assets	-	-	-	-	-
Opening Retakaful Contract Liabilities	-	-	-	-	-
Net Opening Balance	-	-	-	-	-
Changes in the Statement of Profit or Loss					
Allocation of Retakaful Contributions Paid	-	-	-	-	-
Amounts recoverable from Retakaful operators					
Recoveries of incurred claims & other Takaful service expense	-	-	-	-	-
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	8	-	8
	-	-	8	-	8
Investment component and contribution refunds	-	-	-	-	-
Effects of changes in non-performance risk of Retakaful operators	-	-	-	-	-
Net expenses from Retakaful Contracts held	-	-	8	-	8
Net finance income from Retakaful contracts held	-	-	-	-	-
Total Changes in the Statement of Profit or Loss	-	-	8	-	8
Cash flows					
Contributions paid	10	-	-	-	10
Amounts recovered	-	-	(8)	-	(8)
Total Cash flows	10	-	(8)	-	2
Net Closing Balance	10	-	-	-	10
Closing Retakaful Contract Assets	10	-	-	-	10
Closing Retakaful Contract Liabilities	-	-	-	-	-
Net Closing Balance	10	-	-	-	10

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts measured under the Premium Allocation Approach*

Company	Year Ended 31 December 2023				Total
	Assets for Remaining Coverage Excluding Loss-Recovery Component	Loss-Recovery Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	
in BND'000					
Opening Retakaful Contract Assets	—	—	—	—	—
Opening Retakaful Contract Liabilities	—	—	—	—	—
Net Opening Balance	—	—	—	—	—
Changes in the Statement of Profit or Loss					
Allocation of Retakaful Contributions Paid	(31)	—	—	—	(31)
Amounts recoverable from Retakaful operators	—	(2)	300	—	298
Recoveries of incurred claims & other Takaful service expense	—	—	—	—	—
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	2	—	—	2
Adjustments to assets for incurred claims	—	—	—	—	—
	—	—	300	—	300
Investment component and contribution refunds	—	—	—	—	—
Effects of changes in non-performance risk of Retakaful operators	—	—	—	—	—
Net expenses from Retakaful Contracts held	(31)	—	300	—	269
Net finance income from Retakaful contracts held	—	—	—	—	—
Total Changes in the Statement of Profit or Loss	(31)	—	300	—	269
Cash flows					
Contributions paid	31	—	—	—	31
Amounts recovered	—	—	(300)	—	(300)
Total Cash flows	31	—	(300)	—	(269)
Net Closing Balance	—	—	—	—	—
Closing Retakaful Contract Assets	—	—	—	—	—
Closing Retakaful Contract Liabilities	—	—	—	—	—
Net Closing Balance	—	—	—	—	—

6 Takaful and Retakaful Contracts Held

A. Movements in Takaful and Retakaful Contract balances (continued)

Analysis by remaining coverage and incurred claims of *Retakaful contracts measured under the Premium Allocation Approach*

Risk Fund	Year Ended 31 December 2023			
	Assets for Remaining Coverage Excluding Loss-Recovery Component	Loss-Recovery Component	Estimates of Present Value of Future Cash Flows	Assets for Incurred Claims Risk Adjustment for Non-financial risk
in BND'000				Total
Opening Retakaful Contract Assets	-	-	-	-
Opening Retakaful Contract Liabilities	-	-	-	-
Net Opening Balance	-	-	-	-
Changes in the Statement of Profit or Loss				
Allocation of Retakaful Contributions Paid	(31)	-	-	(31)
Amounts recoverable from Retakaful operators				
Recoveries of incurred claims & other Takaful service expense	-	(2)	300	298
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-
Adjustments to assets for incurred claims	-	2	-	2
	-	-	-	-
	-	-	300	300
Investment component and contribution refunds	-	-	-	-
Effects of changes in non-performance risk of Retakaful operators	-	-	-	-
Net expenses from Retakaful Contracts held	(31)	-	300	269
Net finance income from Retakaful contracts held	-	-	-	-
Total Changes in the Statement of Profit or Loss	(31)	-	300	269
Cash flows				
Contributions paid	31	-	-	31
Amounts recovered	-	-	(300)	(300)
Total Cash flows	31	-	(300)	(269)
Net Closing Balance	-	-	-	-
Closing Retakaful Contract Assets	-	-	-	-
Closing Retakaful Contract Liabilities	-	-	-	-
Net Closing Balance	-	-	-	-

6 Takaful and Retakaful Contracts Held

B. Effects of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of Takaful and Retakaful contracts not measured under the Premium Allocation Approach (PAA) in the year.

i. Takaful Contracts

Company	Year Ended 31 December 2024		
	Non-Onerous Group of Contracts Issued	Onerous Groups of Contracts Issued	Total
in BND'000			
Takaful Contracts Issued Initially Recognised in the Period			
Estimates of Present Value of Future Cash Outflows			
Claims and other Takaful service expenses payable	5,335	2,011	7,346
Takaful acquisition cash flows	2,485	243	2,728
Total Estimates of Present Value of Future Cash Outflows	7,820	2,254	10,074
Total Estimates of Present Value of Future Cash Inflows	(14,786)	(1,760)	(16,546)
Risk Adjustment for Non-Financial Risk	537	122	659
Contractual Service Margin	6,428	–	6,428
Total Takaful Service Expenses	(1)	616	615

	Year Ended 31 December 2023		
	Non-Onerous Group of Contracts Issued	Onerous Groups of Contracts Issued	Total
in BND'000			
Takaful Contracts Issued Initially Recognised in the Period			
Estimates of Present Value of Future Cash Outflows			
Claims and other Takaful service expenses payable	5,414	2,022	7,436
Takaful acquisition cash flows	2,631	444	3,075
Total Estimates of Present Value of Future Cash Outflows	8,045	2,466	10,511
Total Estimates of Present Value of Future Cash Inflows	(14,808)	(1,629)	(16,437)
Risk Adjustment for Non-Financial Risk	462	(27)	435
Contractual Service Margin	6,301	–	6,301
Total Takaful Service Expenses	–	810	810

6 Takaful and Retakaful Contracts Held

B. Effects of contracts initially recognised in the year (continued)

i. *Takaful Contracts*

	Year Ended 31 December 2024		
Risk fund	Non-Onerous Group of Contracts Issued	Onerous Groups of Contracts Issued	Total
in BND'000			
Takaful Contracts Issued Initially Recognised in the Period			
Estimates of Present Value of Future Cash Outflows			
Claims and other Takaful service expenses payable	10,333	6,009	16,342
Takaful acquisition cash flows	—	—	—
Total Estimates of Present Value of Future Cash Outflows	10,333	6,009	16,342
Total Estimates of Present Value of Future Cash Inflows	(10,680)	(5,865)	(16,545)
Risk Adjustment for Non-Financial Risk	347	190	537
Contractual Service Margin	—	—	—
Total Takaful Service Expenses	—	334	334

	Year Ended 31 December 2023		
	Non-Onerous Group of Contracts Issued	Onerous Groups of Contracts Issued	Total
in BND'000			
Takaful Contracts Issued Initially Recognised in the Period			
Estimates of Present Value of Future Cash Outflows			
Claims and other Takaful service expenses payable	3,334	12,954	16,288
Takaful acquisition cash flows	—	—	—
Total Estimates of Present Value of Future Cash Outflows	3,334	12,954	16,288
Total Estimates of Present Value of Future Cash Inflows	(3,387)	(13,049)	(16,436)
Risk Adjustment for Non-Financial Risk	50	337	387
Contractual Service Margin	3	—	3
Total Takaful Service Expenses	—	242	242

6 Takaful and Retakaful Contracts Held

B. Effects of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of Takaful and Retakaful contracts not measured under the Premium Allocation Approach (PAA) in the year.

ii. Retakaful Contracts

Company

	Year Ended 31 December 2024		
	Contracts Initiated		Total
	Without Loss-Recovery Component	With Loss Recovery Component	
in BND'000			
Retakaful Contracts Held Initially Recognised in the Period			
Estimates of the present value of future cash inflows	-	-	-
Estimates of the present value of future cash outflows	-	-	-
Risk adjustment for non-financial risk	-	-	-
Income recognised on initial recognition	-	-	-
Contractual Service Margin (CSM)	-	-	-

	Year Ended 31 December 2023		
	Contracts Initiated		Total
	Without Loss-Recovery Component	With Loss Recovery Component	
in BND'000			
Retakaful Contracts Held Initially Recognised in the Period			
Estimates of the present value of future cash inflows	39	112	151
Estimates of the present value of future cash outflows	(40)	(111)	(151)
Risk adjustment for non-financial risk	(1)	(3)	(4)
Income recognised on initial recognition	-	134	134
Contractual Service Margin (CSM)	(2)	132	130

6 Takaful and Retakaful Contracts Held

B. Effects of contracts initially recognised in the year

ii. Retakaful Contracts

Risk fund

	Year Ended 31 December 2024		
	Contracts Initiated		Total
	Without Loss- Recovery Component	With Loss Recovery Component	
in BND'000			
Retakaful Contracts Held Initially Recognised in the Period			
Estimates of the present value of future cash inflows	—	—	—
Estimates of the present value of future cash outflows	—	—	—
Risk adjustment for non-financial risk	—	—	—
Income recognised on initial recognition	—	—	—
Contractual Service Margin (CSM)	—	—	—

	Year Ended 31 December 2023		
	Contracts Initiated		Total
	Without Loss- Recovery Component	With Loss Recovery Component	
in BND'000			
Retakaful Contracts Held Initially Recognised in the Period			
Estimates of the present value of future cash inflows	—	152	152
Estimates of the present value of future cash outflows	—	(147)	(147)
Risk adjustment for non-financial risk	—	(5)	(5)
Income recognised on initial recognition	—	—	—
Contractual Service Margin (CSM)	—	—	—

6 Takaful and Retakaful Contracts Held

C. Contractual Service Margin (CSM)

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the Premium Allocation Approach (PAA).

31 December 2024	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 10 years	More than 10 years	Total
Takaful Contracts Issued (BND'000)								
Endowment	121	68	34	10	1	4	3	240
Financing	4,249	3,162	2,215	1,491	1,045	2,767	2,242	17,172
Term Life	—	—	—	—	—	—	—	—
	4,370	3,229	2,249	1,501	1,046	2,771	2,245	17,412

31 December 2024	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 10 years	More than 10 years	Total
Retakaful Contracts Held (BND'000)								
Endowment	—	—	—	—	—	—	—	—
Financing	—	—	—	—	—	—	47	47
Term Life	—	—	—	—	—	—	(169)	(169)
	—	—	—	—	—	—	(122)	(122)

6 Takaful and Retakaful Contracts Held

C. Contractual Service Margin (CSM) (continued)

31 December 2023	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 10 years	More than 10 years	Total
Takaful Contracts Issued ('000)								
Endowment	375	—	—	—	—	—	—	375
Financing	3,063	2,323	1,684	1,255	901	2,390	1,339	12,955
Term Life	—	—	—	—	—	—	—	—
	3,438	2,323	1,684	1,255	901	2,390	1,339	13,330
Retakaful Contracts Held ('000)								
Endowment	—	—	—	—	—	—	—	—
Financing	3	1	—	—	—	—	—	4
Term Life	(27)	(24)	(15)	(14)	(14)	(43)	(66)	(203)
	(24)	(23)	(15)	(14)	(14)	(43)	(66)	(199)

D. Participants' Fund

	<-----2024----->		<-----2023----->	
	Family Takaful BND'000	Company BND'000	Family Takaful BND'000	Company BND'000
Accumulated undistributed surplus	87,067	87,067	80,434	80,434
Surplus for the year	6,709	6,709	6,625	6,625
Reserves for financial assets (FVOCI)	4,447	4,447	4,215	4,215
	98,223	98,223	91,274	91,274

7 Other receivables

	<-----2024----->		<-----2023----->	
	Family Takaful BND'000	Company BND'000	Family Takaful BND'000	Company BND'000
Accrued income	1,109	1,600	1,296	1,800
Deposits	—	2	—	2
Prepayments	—	19	—	16
	<u>1,109</u>	<u>1,621</u>	<u>1,296</u>	<u>1,818</u>

Other receivables are current. No financial assets and liabilities have been set off for presentation purposes. The management believes that there is no significant credit risk in respect of other receivables as they are not material and all fall due within a year.

8 Cash and cash equivalents

	<-----2024----->		<-----2023----->	
	Family Takaful BND'000	Company BND'000	Family Takaful BND'000	Company BND'000
Cash and bank balances	3,405	3,666	9,980	13,625
Short term deposits	43,150	64,600	38,600	57,400
	<u>46,555</u>	<u>68,266</u>	<u>48,580</u>	<u>71,025</u>

As at the reporting date, the carrying amounts of cash and bank balances approximate their fair value. All short term deposits are generally placed on short-term maturities or repayable on demand.

9 Other payables

	Family Takaful Fund BND'000	Company Total BND'000
2024		
Profit payable to participants	3,324	3,324
Accrued expenses	—	415
Other payables	2,776	1,210
	<u>6,100</u>	<u>4,949</u>
2023		
Profit payable to participants	3,324	3,324
Accrued expenses	—	709
Other payables	255	871
	<u>3,579</u>	<u>4,904</u>

Other payables are all current.

10 Capital and reserves

	2024 and 2023	
	Number of shares '000	Amount BND'000
Authorised		
Ordinary shares of BND\$1 each	100,000	100,000
Issued and fully paid up		
Ordinary shares of BND\$1 each	8,000	8,000

Ordinary shares

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets until the investments are derecognised or impaired.

	2024 BND'000	2023 BND'000
Fair value reserve	4,519	4,203

Dividends

The following dividends were declared and paid by the Company:

For the year ended 31 December

	2024 BND'000	2023 BND'000
Paid by the Company to owners of the Company		
BND\$0.00 per ordinary share (in respect of financial year 2023)	—	—
BND\$0.039 per ordinary share (in respect of financial year 2022)	—	311
	—	311

After the respective reporting dates, there are no dividends proposed in respect of financial years ended 31 December 2023 and 31 December 2024.

	2024 BND'000	2023 BND'000
BND\$0.00 per ordinary share (2023: BND\$0.00)	—	—

11 Takaful revenue

	2024	2023
	BND'000	BND'000
Family Takaful		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognised for services provided	777	542
Change in risk adjustment for non-financial risk for risk expired	(504)	480
Expected incurred claims and other Takaful service expenses	15,746	15,320
Experience adjustments not related to future service	1	7
Amounts relating to recovery of Takaful acquisition cash flows	—	—
Contracts not measured under PAA	16,020	16,349
Contracts measured under PAA	7	64
Total Takaful revenue	16,027	16,413
Company		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognised for services provided	5,547	3,617
Change in risk adjustment for non-financial risk for risk expired	(441)	488
Expected incurred claims and other Takaful service expenses	6,548	6,117
Experience adjustments not related to future service	1	6
Amounts relating to recovery of Takaful acquisition cash flows	2,232	1,650
Contracts not measured under PAA	13,887	11,878
Contracts measured under PAA	19	82
Total Takaful revenue	13,906	11,960

12 Takaful service expenses

	2024 BND'000	2023 BND'000
Family Takaful		
Incurred claims and other Takaful service expenses		
Incurred claims and benefits	8,618	8,180
Incurred Takaful service expense	—	(926)
Release of unallocated surplus	(1,232)	—
Directly attributable expenses - Wakalah fees	—	—
Losses on onerous contracts and reversal of losses on onerous contracts	574	3,188
Changes to liabilities for incurred claims relating to past service	3,286	2,768
Total Takaful service expenses	11,246	13,210
Represented by:		
Contracts not measured under PAA	11,198	13,150
Contracts measured under PAA	48	60
	11,246	13,210
Company		
Incurred claims and other Takaful service expenses		
Incurred claims and benefits	2,425	2,086
Incurred Takaful service expense	1,195	792
Release of unallocated surplus	(131)	—
Amortisation of acquisition cash flows	2,347	1,804
Losses on onerous contracts and reversal of losses on onerous contracts	1,064	2,650
Changes to liabilities for incurred claims relating to past service	3,286	2,768
Total Takaful service expenses	10,186	10,100
Represented by:		
Contracts not measured under PAA	9,909	385
Contracts measured under PAA	277	9,715
	10,186	10,100

13 Net (expenses)/income from Retakaful contracts

	2024 BND'000	2023 BND'000
Family Takaful		
Release of expected recovery for Takaful service expenses incurred in the year	(92)	(122)
Change in the risk adjustment for non-financial risk	(5)	(12)
Other amounts including experience adjustments for income items	—	16
Contracts under PAA	—	(32)
Amounts recoverable for claims and expenses incurred for the year		
Recoveries of incurred claims & other Takaful service expense	—	298
Recoveries and reversals of recoveries of losses on onerous underlying contracts	6	—
Changes in amount recoverable arising from changes in LIC	8	78
Release of Unallocated Surpluses	76	—
Total Retakaful (expenses)/income	(7)	226
Company		
Release of expected recovery for Takaful service expenses incurred in the year	(95)	(8)
Change in the risk adjustment for non-financial risk	(5)	(5)
Other amounts including experience adjustments for income items	—	(42)
Contracts under PAA	—	(32)
Amounts recoverable for claims and expenses incurred for the year		
Recoveries of incurred claims & other Takaful service expense	(143)	175
Recoveries and reversals of recoveries of losses on onerous underlying contracts	14	—
Changes in amount recoverable arising from changes in LIC	—	102
Release of Unallocated Surpluses	(8)	—
Total Retakaful (expenses)/income	(237)	190

14 Total investment income and net Takaful financial result

	2024 BND'000	2023 BND'000
Family Takaful		
Investment income on financial assets not measured at fair value through profit or loss	367	367
Investment income - others	2,659	2,688
Net fair value (losses)/gains on financial assets	(260)	1,386
Total amounts recognised in the profit or loss	2,766	4,441
Amounts recognised in OCI	—	—
Total investment income	2,766	4,441
 Takaful finance expenses from Takaful contracts issued		
Profit accreted to Takaful contracts using locked-in rate	24	27
Changes in profit rates and financial assumptions	(92)	(6)
Total Takaful finance expenses from Takaful contracts issued	(68)	21
 Represented by:		
Amounts recognised in profit or loss	2,698	4,462
	2,698	4,462
 Retakaful finance income from Retakaful contracts held		
Profit accreted to Retakaful contracts using locked-in rate	—	(1)
Changes in profit rates and financial assumptions	—	—
Total Retakaful finance income from Retakaful contracts held	—	(1)
 Represented by:		
Amounts recognised in profit or loss	—	(1)
	—	(1)
 Total net investment income, Takaful finance expenses and Retakaful finance income	2,698	4,461

14 Total investment income and net Takaful financial result (continued)

	2024 BND'000	2023 BND'000
Company		
Investment income on financial assets not measured at fair value through profit or loss	866	866
Investment income - others	3,069	3,105
Net fair value (losses)/ gains on financial assets	(155)	1,910
Total amounts recognised in the profit or loss	3,780	5,881
Amounts recognised in OCI	—	—
Total investment income	3,780	5,881
Takaful finance expenses from Takaful contracts issued		
Profit accreted to Takaful contracts using locked-in rate	(321)	(174)
Changes in profit rates and financial assumptions	(42)	58
Total Takaful finance expenses from Takaful contracts issued	(363)	(116)
Represented by:		
Amounts recognised in profit or loss	3,417	5,764
	3,417	5,764
Retakaful finance income/(expenses) from Retakaful contracts held		
Profit accreted to Retakaful contracts using locked-in rate	—	8
Changes in profit rates and financial assumptions	—	(2)
Total Retakaful finance income from Retakaful contracts held	—	6
Represented by:		
Amounts recognised in profit or loss	—	6
	—	6
Total net investment income, Takaful finance expenses and Retakaful finance income	3,417	5,770

15 Other operating income

	2024 BND'000	2023 BND'000
Family Takaful		
Miscellaneous income	—	—
Company		
Miscellaneous income	10	—

16 Other operating expenses

The Family Takaful Fund's other operating expenses mainly consist of foreign exchange gains and losses arising from USD denominated financial assets. The Company's other operating expenses mainly consist of non-directly attributable expenses at year end.

17 Tax and zakat expenses

	2024 BND'000	2023 BND'000
Tax recognised in profit or loss		
Current tax expense		
Current year	—	114
Changes in estimates related to prior years	2	(131)
	<u>2</u>	<u>(17)</u>
Total tax expense	<u>2</u>	<u>(17)</u>

A reconciliation of effective tax expense for the Company is as follows:

	2024 BND'000	2023 BND'000
Loss before zakat and taxation	(1,108)	(473)
Income tax using the domestic corporate tax rate of 18.5% (2023: 18.5%)	(204)	(88)
Unrecognised deferred tax assets (a)	330	201
Others	(124)	(130)
	<u>2</u>	<u>(17)</u>

Subject to agreement by the Tax Authority, the Company has applied for a refund of Income Tax relating to Year of Assessment 2013, 2014 and 2016 (Years ended 31 December 2012, 2013 and 2015 respectively) amounting to BND\$383,000 as a result of the effect of the application of International Financial Reporting Standards ("IFRS") as required by the Regulator in 2014.

(a) Unrecognised deferred tax assets

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	Gross Amount 2024 BND'000	Tax effect 2024 BND'000	Gross Amount 2023 BND'000	Tax effect 2023 BND'000
Tax losses	(1,782)	(330)	(1,092)	(202)

Tax losses carried forward

Tax losses of BND 1,782,000 (2023: BND 1,092,000) expire in YA2025 – 2030 (2023: YA 2024 – 2029). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Zakat

The amount of zakat is determined by using 2.5775% based on the net invested fund method and is payable by the Company in accordance with the Hukum Syara'. The amount of zakat is calculated on the net current assets of the shareholders' fund, and is payable by the Company in accordance with the Hukum Syara'. There was a change in ownership of the immediate holding company to a charitable foundation on 12 December 2013. The Company is exempted from paying zakat on the shareholding of Yayasan Sultan Haji Hassanah Bolkiah ("YSHHB"). This is in accordance with AAOIFI Syariah standard no (35) ruling 3/1/6 and 3/1/7.

Based on a Syariah endorsement in October 2023, the Company will begin to pay zakat to the relevant authorities. Prior to this, the zakat of the Company was paid on behalf by a related party as its results were consolidated into a larger group.

18 Expenses

An analysis of the expenses incurred by the Company in the reporting period is provided:

	Total	
	2024	2023
	BND'000	BND'000
Agent commissions	1,910	2,023
Intercompany recharges	1,794	1,753
Legal, professional and audit fees	384	942
Personnel expenses	1,093	911
Rental and utilities	244	138
Office and administrative expenses	138	165
Sales, marketing and promotions	117	88
Miscellaneous expenses	17	33
Total	5,697	6,053
Represented by:		
Expenses attributed to Takaful acquisition cashflows	2,359	3,785
Other directly attributable expenses	2,190	1,702
Other operating expenses	—	1
Non attributable expenses	1,148	565
Total	5,697	6,053

19 Significant related party transactions

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the directors of the Company and certain senior management members of the Company.

Key management personnel compensation comprised:

	2024 BND'000	2023 BND'000
Short-term employee benefits		
Directors' fees and other remuneration	—	—
Other key management personnel:		
- Salary and employee benefits	135	130

Other related party transactions

The immediate holding company is Syarikat Takaful Brunei Darussalam, an investment holding company. The Company is an associate of Bank Islam Brunei Darussalam via its immediate holding company, and has significant related party transactions with Bank Islam Brunei Darussalam and its subsidiaries. Bank Islam Brunei Darussalam is a parent company into which the financial results of the Company are ultimately consolidated and publicly made available.

During the year, apart from the balances and transactions disclosed elsewhere in these financial statements, the transactions with the Company's related parties are as follows:

	2024 BND'000	2023 BND'000
Shareholder		
- Commission and fees paid/ payable	1,334	1,580

All short term deposits at respective year ends are held with related parties (note 8). Management fees of BND\$1,793,000 (2023: BND\$1,753,000) were paid to the immediate holding company during the year.

The management is of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

20 Takaful risk management

The risk under any one Takaful contract is the possibility that the Takaful event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a Takaful contract, this risk is random and therefore unpredictable.

For a portfolio of Takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its Takaful contracts is that the actual claims and benefit payments exceed the carrying amount of the Takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar Takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its Takaful underwriting strategy to diversify the type of Takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate Takaful risk include lack of risk diversification in terms of type and amount of risk and type of industry covered.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors such as the increase in the number of cases being heard in the court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, Retakaful arrangements and claims handling process.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk. Underwriting limits that are in compliance with Brunei laws and regulations are in place to enforce appropriate risk selection criteria.

(i) Family Takaful Fund

The key coverage for the Family Takaful contracts

The key coverage for the Family Takaful contracts are death, total and permanent disability, hospital and surgical benefits, personal accident benefits, daily hospitalisation cash allowance benefit, and dread disease benefit.

Concentration of Family Takaful risk

The following gives details of the Company's concentration of risks based on Takaful revenue by main product categories:

	Gross BND'000	Retakaful BND'000	Net BND'000
Company			
2024			
Term Life Takaful contracts	133	(104)	29
Endowment	1,765	—	1,765
Financing	12,008	(133)	11,875
	<u>13,906</u>	<u>(237)</u>	<u>13,669</u>
2023			
Term Life Takaful contracts	207	286	493
Endowment	850	(5)	845
Financing	10,903	(91)	10,812
	<u>11,960</u>	<u>190</u>	<u>12,150</u>
	Gross BND'000	Retakaful BND'000	Net BND'000
Family Takaful Fund			
2024			
Term Life Takaful contracts	125	(34)	91
Endowment	1,101	—	1,101
Financing	14,801	27	14,828
	<u>16,027</u>	<u>(7)</u>	<u>16,020</u>
2023			
Term Life Takaful contracts	207	286	493
Endowment	850	(4)	846
Financing	15,356	(56)	15,300
	<u>16,413</u>	<u>226</u>	<u>16,639</u>

There is no concentration of Takaful risk at the Company level by customer.

Key assumptions

The key assumptions to which the estimation of actuarial liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

This is significant for contracts with significant coverage for death, total permanent disability and critical illness and the increase in the mortality or morbidity would have direct impact on the liability.

Discount rate

As the liabilities are the present value of future cash flows, both income and expenses, a decrease in discount rate would have an increasing impact on the liabilities and vice-versa.

Surrender rate

This is only applicable particularly to savings products, where when the rate is reduced (products with Participant Investment Fund) or increased (products without Participant Investment Fund), will impact to an increase of the liability.

Sensitivity analysis

The Family Takaful actuarial liabilities are sensitive to the key assumptions above and change in these assumptions may impact the liabilities of the Family Takaful Fund significantly. The correlation of assumptions will have a significant effect in determining the actuarial liabilities.

The purpose of the sensitivity analysis is to assess the relative importance of key assumptions used in the actuarial valuation of actuarial liabilities as at 31 December 2024, inclusive of the provision for adverse deviation (refer to “base scenario” in the sensitivity analysis table)

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on equities. In reality, there are possibilities that a combination of adverse and favourable changes could arise. The sensitivities cannot capture all possible outcomes.

Management has assumed that that all Retakaful recoveries are receivable in full. There is currently no official independently published source of Brunei national mortality tables to be compared against. Sensitivity analysis was not performed for inflation as these are not material and will not impact the portfolio significantly.

The key assumptions to which the estimation of actuarial liabilities is particularly sensitive are:

- Mortality;
- Lapse ratio
- Expense; and
- Discount rate.

2024		BND'000	BND'000
Net actuarial liabilities			
Base scenario		11,953	11,953
	Change in assumptions	+10% points	-10% points
<u>Assumptions</u>			
Mortality		11,962	11,941
Lapse Ratio		11,965	11,936
Expense		12,352	11,553
	Change in assumptions	+0.5% points	-0.5% points
Discount rate		11,194	12,774

2023		BND'000	BND'000
Net actuarial liabilities			
Base scenario		17,472	17,472
	Change in assumptions	+10% points	-10% points
<u>Assumptions</u>			
Mortality		17,451	17,487
Lapse Ratio		17,472	17,467
Expense		17,916	17,027
	Change in assumptions	+0.5% points	-0.5% points
Discount rate		18,317	16,694

Claims development

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of reporting period, together with cumulative payments to-date for non-life covers.

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

Analysis of claims development – gross basis
Gross loss development tables as at 31 December 2024

Accident Year	2015 & prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000
Estimate of ultimate claims cost:											
At end of accident year	22,559	17,994	6,748	1,401	1,664	1,889	760	478	23	1	—
One year later	25,169	14,058	6,863	1,384	1,504	1,861	980	549	23	—	—
Two years later	24,455	13,967	6,844	1,356	1,502	1,860	980	462	—	—	—
Three years later	24,455	13,973	6,843	1,354	1,507	1,845	974	—	—	—	—
Four years later	24,452	13,977	6,843	6,610	1,522	1,772	—	—	—	—	—
Five years later	24,444	13,977	13,755	1,354	1,522	—	—	—	—	—	—
Six years later	24,444	14,769	6,843	1,354	—	—	—	—	—	—	—
Seven years later	20,484	13,977	6,843	—	—	—	—	—	—	—	—
Eight years later	24,444	13,977	—	—	—	—	—	—	—	—	—
Nine years later	24,444	—	—	—	—	—	—	—	—	—	—
Estimate of ultimate claims cost	24,444	13,977	6,843	1,354	1,522	1,772	974	462	23	1	51,372
Cumulative payments	24,444	13,977	6,843	1,354	1,522	1,772	974	462	23	1	51,372
Outstanding claim liabilities	—	—	—	—	—	—	—	—	—	—	—
Liability for remaining coverage for Family Takaful											16,405
Total Takaful Contract Liabilities											16,405

Analysis of claims development – net basis
Net loss development tables as at 31 December 2024

Accident Year	2015 & prior BND'000	2016 BND'000	2017 BND'000	2018 BND'000	2019 BND'000	2020 BND'000	2021 BND'000	2022 BND'000	2023 BND'000	2024 BND'000	Total BND'000
Estimate of ultimate claims cost:											
At end of accident year	15,559	16,094	6,443	1,083	1,418	1,665	655	478	23	1	–
One year later	16,856	12,693	6,625	1,192	1,366	1,713	892	549	23	–	–
Two years later	16,674	12,603	6,594	1,165	1,365	1,712	892	462	–	–	–
Three years later	16,770	12,600	6,594	1,165	1,362	1,697	887	–	–	–	–
Four years later	16,767	12,603	6,594	6,418	1,377	1,624	–	–	–	–	–
Five years later	16,670	12,603	12,378	1,162	1,377	–	–	–	–	–	–
Six years later	16,670	10,203	6,594	1,162	–	–	–	–	–	–	–
Seven years later	14,030	12,603	6,594	–	–	–	–	–	–	–	–
Eight years later	16,670	12,603	–	–	–	–	–	–	–	–	–
Nine years later	16,670	–	–	–	–	–	–	–	–	–	–
Estimate of ultimate claims cost	16,670	12,603	6,594	1,162	1,377	1,624	887	462	23	1	41,403
Cumulative payments	16,670	12,603	6,594	1,162	1,377	1,624	887	462	23	1	41,403
Outstanding claim liabilities	–	–	–	–	–	–	–	–	–	–	–
Liability for remaining coverage for Family Takaful											16,388
Total Takaful Contract Liabilities											16,388

Analysis of claims development – gross basis
Gross loss development tables as at 31 December 2023

Accident Year	2014 & prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000
Estimate of ultimate claims cost:											
At end of accident year	15,786	12,755	17,994	6,748	1,401	1,664	1,889	760	478	23	—
One year later	21,327	14,540	14,058	6,863	1,384	1,504	1,861	980	549	—	—
Two years later	20,688	14,224	13,967	6,844	1,356	1,502	1,860	980	—	—	—
Three years later	21,108	14,224	13,973	6,843	1,354	1,507	1,845	—	—	—	—
Four years later	21,167	14,221	13,977	6,843	6,610	1,522	—	—	—	—	—
Five years later	21,156	14,224	13,977	13,755	1,354	—	—	—	—	—	—
Six years later	21,156	14,224	14,769	6,843	—	—	—	—	—	—	—
Seven years later	21,156	10,264	13,977	—	—	—	—	—	—	—	—
Eight years later	21,156	14,224	—	—	—	—	—	—	—	—	—
Nine years later	21,156	—	—	—	—	—	—	—	—	—	—
Estimate of ultimate claims cost	21,156	14,224	13,977	6,843	1,354	1,522	1,845	980	549	23	62,473
Cumulative payments	(21,156)	(14,224)	(13,977)	(6,843)	(1,354)	(1,522)	(1,845)	(980)	(549)	(23)	(62,473)
Outstanding claim liabilities	—	—	—	—	—	—	—	—	—	—	—
Liability for remaining coverage for Family Takaful											17,492
Total Takaful Contract Liabilities											17,492

Analysis of claims development – net basis
Net loss development tables as at 31 December 2023

Accident Year	2014 & prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000
Estimate of ultimate claims cost:											
At end of accident year	12,099	8,148	16,094	6,443	1,083	1,418	1,665	655	478	23	–
One year later	15,136	9,571	12,693	6,625	1,192	1,366	1,713	892	549	–	–
Two years later	14,281	9,716	12,603	6,594	1,165	1,365	1,712	892	–	–	–
Three years later	14,742	9,716	12,600	6,594	1,165	1,362	1,697	–	–	–	–
Four years later	14,825	9,713	12,603	6,594	6,418	1,377	–	–	–	–	–
Five years later	14,725	9,716	12,603	12,378	1,162	–	–	–	–	–	–
Six years later	14,725	9,716	10,203	6,594	–	–	–	–	–	–	–
Seven years later	14,725	7,076	12,603	–	–	–	–	–	–	–	–
Eight years later	14,725	9,716	–	–	–	–	–	–	–	–	–
Nine years later	14,725	–	–	–	–	–	–	–	–	–	–
Estimate of ultimate claims cost	14,725	9,716	12,603	6,594	1,162	1,377	1,697	892	549	23	49,338
Cumulative payments	(14,725)	(9,716)	(12,603)	(6,594)	(1,162)	(1,377)	(1,697)	(892)	(549)	(23)	(49,338)
Outstanding claim liabilities	–	–	–	–	–	–	–	–	–	–	–
Liability for remaining coverage for Family Takaful											17,472
Total Takaful Contract Liabilities											17,472

21 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents and other investments.

The Company's portfolio of sukuk, short-term and other investments are subject to credit risk. This risk is defined as the potential loss resulting from adverse changes in a borrower's ability to repay the debt. The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of securities. Management has an investment credit risk policy in place. Limits are established to manage credit quality and concentration risk.

The Company has Takaful and other receivables balances that are subject to credit risk. Among the most significant of these are Retakaful recoveries. To mitigate the risk of the counterparties not paying the amount due, the Company has established certain business and financial guidelines for Retakaful approval, incorporating ratings by major agencies and considering currently available market information. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company also periodically reviews the financial stability of Retakaful companies from public and other sources and the settlement trend of amounts due from Retakaful companies.

The Company held short term deposits of BND\$64,600,000 at 31 December 2024 (2023: BND\$57,100,000) which represents its maximum credit exposures on these assets. The cash and cash equivalents are held with a related financial institution counterparty which is rated A- (2023: A-).

Credit exposure

The credit quality of Retakaful recovery is A+ stable (S&P) as at the period end. The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the financial statements, although in the case of Takaful receivables, it is fairly common practice for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that has not been fully offset by financial liabilities with the same counterparty. The maximum amount recoverable from each Retakaful Operator at any time is also dependent on the claims recoverable from such Retakaful Operator at that point in time.

The following table presents an analysis of the credit quality of debt investments at FVTPL.

Credit Rating	2024 FVTPL BND'000	2023 FVTPL BND'000
Quoted sukuks		
BBB- to AAA	46,939	43,681
BB to D	1,369	3,057
Unrated	—	800
Gross carrying amounts	<u>48,308</u>	<u>47,538</u>

The following table presents an analysis of the credit quality of Retakaful balance.

Credit Rating	2024 FVTPL BND'000	2023 FVTPL BND'000
Retakaful balances		
BBB- to AAA	219	226
BB to D	—	—
Unrated	—	—
Gross carrying amounts	<u>219</u>	<u>226</u>

Offsetting financial assets and financial liabilities

No financial instruments are offset in the statement of financial position as there are no enforceable master netting agreements and similar arrangements in place.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management of liquidity risks

The Company's liquidity management process, as carried out within the Company includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow and monitoring the liquidity ratios of the Company against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.

Exposure to liquidity risks

The analysis of the estimated timing of cash outflows are shown in the respective notes as follows:

<i>Other receivables</i>	<i>Note 7</i>
<i>Other payables</i>	<i>Note 9</i>

Due to the nature of its business, the Company's contribution and claims liabilities which comprise provision for unexpired risks and provision for outstanding claims are likely to materialise fully within 10 years.

ii. *Maturity analysis*

Takaful and Retakaful contracts

The following table provides a maturity analysis of the Company's Takaful and Retakaful contracts, which reflects the dates on which the cash flows are expected to occur. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

<i>In BND('000)</i>	Estimates of present value of future cash flows					
	1 year or less	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years
31 December 2024						
Takaful contracts	530	344	330	277	291	11,924
	530	344	330	277	291	11,924
						13,597
Retakaful contracts	31	–	–	–	–	–
						31

<i>In BND('000)</i>	Estimates of present value of future cash flows					
	1 year or less	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years
31 December 2023						
Takaful contracts	487	446	438	900	608	15,760
	487	446	438	900	608	15,760
						18,639
Retakaful contracts	–	–	–	–	–	33
	–	–	–	–	–	33
						33

c) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, profit rates and equity prices – will affect the fulfilment cash flows of Takaful and Retakaful contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

i) Profit rate risk

Profit rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The Company is exposed to profit rate risk primarily through their investments in fixed income securities and deposit placements. These instruments are fixed rate and held at amortised cost. Therefore, a change in profit rates at reporting date would not affect profit or loss.

The Company does not use derivative financial instruments to hedge its profit rate risks.

While the Company's cash and cash equivalents earn a nominal profit sum, this does not represent a significant concentration of profit rate risk. As such, no sensitivity has been performed.

ii) Foreign currency risk

Foreign 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.

During the ordinary course of business, the Company may engage in foreign currency denominated transactions or invest in foreign currency equity or sukuk. As a result, the Company is exposed to movements in foreign currency exchange rates.

The Company operates solely in Brunei, with a significant majority of its Takaful liabilities and its financial assets denominated in Brunei Dollars.

The summary quantitative data about the exposure to currency risk is as follows:

	2024	2023
	BND'000	BND'000
Cash and cash equivalents	699	372
Other investments	67,283	56,711
Net statement of financial position exposure	<u>67,982</u>	<u>57,083</u>

Sensitivity analysis

A reasonably possible strengthening (weakening) of the BND, as indicated below against the USD at 31 December 2024 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular, profit rates, remain constant.

	2024 BND'000	2023 BND'000
USD (10% strengthening)	(6,798)	(5,708)
USD (10% weakening)	6,798	5,708

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company invests primarily in Sukuk whereby fair values or future cash flows of the financial instruments mainly arise from changes in effective profit rate and the issuers' repayment abilities.

The following table analyses fair value measurements for financial instruments, by valuation method. The different levels have been defined as follows:

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

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows:

Note	< -----Carrying amount ----->			< -----Fair value ----->			
	FVTPL	FVOCI	Amortised Cost	Level 1	Level 2	Level 3	Total
	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000
2024							
Financial assets measured at fair value							
Other investments	5	67,283	13,980	-	81,263		
		67,283	13,980	-	81,263		
Financial assets not measured at fair value							
Cash and cash equivalents	8	-	-	68,266			
Other receivables*	7	-	-	1,602			
Balances with Brunei Darussalam Central Bank	4	-	-	1,000			
		-	-	70,868			
Financial liabilities not measured at fair value							
Other payables	9	-	-	4,949			
		-	-	4,949			

*This figure excludes prepayments.

During the financial year, there have been no transfers between Level 1, 2 and 3.

		<-----Carrying amount----->			<-----Fair value----->				
Note	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	BND'000	
2023									
Financial assets measured at fair value									
Other investments	5	56,732	13,432	—	70,164	—	56,732	13,432	70,164
		56,732	13,432	—	70,164				
Financial assets not measured at fair value									
Cash and cash equivalents	8	—	—	71,025	71,025				
Other receivables*	7	—	—	1,802	1,802				
Balances with Brunei Darussalam Central Bank	4	—	—	1,000	1,000				
		—	—	73,827	73,827				
Financial liabilities not measured at fair value									
Other payables	9	—	—	4,904	4,904				
		—	—	4,904	4,904				

*This figure excludes prepayments.
During the financial year, there have been no transfers between Level 1, 2 and 3.

iv) Measurement of fair value

a) Valuation techniques and significant unobservable inputs used

The following table shows the valuation techniques used in measuring fair values, as well as significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity securities	Market comparison technique: The valuation model is based on market multiples derived from price-to-book [PB] ratio of comparable companies to investee, adjusted for the non-marketability of the equity investee.	- Adjusted market multiple - Liquidity discount	The estimated fair value would increase (decrease) if the adjusted multiple are higher (lower) The estimated fair value would increase (decrease) if the liquidity discount is lower (higher)

Financial instruments not measured at fair value

Type	Valuation Technique
Other financial assets and liabilities*	The carrying amount of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period of maturity.

* Other financial assets and liabilities include Takaful and other receivables, balances with Brunei Darussalam Central Bank, cash and cash equivalents and Takaful and other payables.

b) Level 3 recurring fair value

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

2024	Equities BND'000	Total BND'000
Balance at 1 January	13,432	13,432
Total unrealised gains or losses in OCI	548	548
Balance at 31 December	13,980	13,980

2023	Equities BND'000	Total BND'000
Balance at 1 January	12,317	12,317
Total unrealised gains or losses in OCI	1,115	1,115
Balance at 31 December	13,432	13,432

c) Capital management

The Company reviews its capital structure to ensure that it will be able to continue as a going concern and complies with regulators' Margin of Solvency. The capital structure of the Company comprises of share capital, investment revaluation reserves and retained earnings.

In accordance with Section 21 of the Takaful Order, 2008 and Section 8 of the Takaful Regulations, 2008, the Company is required to maintain:

- i) a fund margin of solvency in respect of each of the Takaful funds; and
- ii) Takaful Operator to maintain surplus of assets over liabilities of not less than 20 percent.

In addition to the above, management has included a Provision of Risk Margin for Adverse Deviation ("PRAD") in the valuation of Takaful contract liabilities in accordance with prudential requirements specified by the regulator BDCB, effective since the year ended 31 December 2015.

The Company was in compliance (2023: in compliance) with the prescribed margin of solvency for the participants' funds as well as the Takaful Operator fund throughout the year.

There were no significant changes in the Company's approach to capital management during the year.