Allianz Life Insurance Malaysia Berhad

Registration No. 198301008983 (104248-X)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2024

(in Ringgit Malaysia "RM")

Registration No. 198301008983 (104248-X)

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Directors' report for the financial year ended 31 December 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2024.

Principal activities

The Company is principally engaged in the underwriting of life insurance and investment-linked business. There has been no significant change in the nature of these activities during the financial year.

Results

	RM'000
Net profit for the financial year	367,895

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:-

In respect of the financial year ended 31 December 2023:

- a single tier interim dividend of 32.9 sen per ordinary share totalling RM77,841,400 paid on 18 January 2024.

There is no final dividend declared for the financial year under review as at the date of this report.

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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.

Insurance contract liabilities

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

Bad and doubtful debts

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

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

Current assets

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

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

Valuation methods

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

Contingent and other liabilities

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

(i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

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

Change of circumstances

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

Items of an unusual nature

In the opinion of the Directors, the results of operations of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

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Issue of shares

There were no changes in the issued share capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

The Company maintains a Directors' and Officers' Liability Insurance for the purpose of Section 289(5) of the Companies Act 2016 in Malaysia, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM52,339.

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors during the financial year.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of non-audit engagement against claims by third parties arising from the non-audit engagement. No payment has been made to indemnify the auditor during the financial year.

Directors of the Company

The Directors of the Company who served during the financial year and during the period from the end of the financial year to the date of this report are:

Goh Ching Yin (Chairman - Independent Non-Executive Director)
Peter Ho Kok Wai (Independent Non-Executive Director)
Lim Fen Nee (Independent Non-Executive Director)
Foo Chee It (Independent Non-Executive Director)
Ong Eng Chow (Non-Independent Executive Director)

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Directors' interests

The Directors of the Company do not hold any shares in the Company as the Company is a wholly-owned subsidiary of Allianz Malaysia Berhad ("AMB"). The interests and deemed interests in the shares of AMB and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Interests in AMB	**At 1.1.2024**	**Bought**	**Sold**	**At 31.12.2024**
Ong Eng Chow	100	-	-	100

	Number of Irredeemable Convertible Preference Shares			
Interests in AMB	**At 1.1.2024**	**Bought**	**Sold**	**At 31.12.2024**
Ong Eng Chow	100	-	-	100

	Number of registered shares			
Interests in the Ultimate Holding Company, Allianz SE	**At 1.1.2024**	**Bought**	**Sold**	**At 31.12.2024**
Ong Eng Chow				
- Direct Interest	290.633(a)	37.924(a)	-	328.557
- Direct Interest	3(b)	1(b)	-	4

Notes:
(a) Shares acquired by way of exercise of Allianz Employees Share Purchase Plan
(b) Free shares granted under Allianz Free Share Program

Save as disclosed above, none of the other Directors holding office as at 31 December 2024 had any interest in the shares of the Company and of its related corporations during the financial year.

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Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors Remuneration" of this report or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the objective of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' remuneration

The details of the Directors' remuneration paid to the Directors of the Company during the financial year are as follows:

		(RM '000)		
	Fees	**Other Emoluments**[a]	**Benefits-in-kind**	**Total**
Non-Executive Directors				
Goh Ching Yin	120	162	-	282
Peter Ho Kok Wai	120	15	-	135
Lim Fen Nee	120	15	-	135
Foo Chee It	120	15	-	135
Total remuneration of Non-Executive Directors of the Company	480	207	-	687
Executive Director				
Ong Eng Chow[b]	-	-	-	-

Notes:

[a] Other emoluments comprise Chairman's allowances and meeting allowances.

[b] No remuneration received for his position as the Executive Director of the Company. The remuneration received for his position as the Chief Executive Officer is disclosed in Note 20.

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Corporate governance disclosures

A. Board of Directors

The Board of Directors ("Board") has overall responsibility for reviewing and adopting strategic plans for the Company, overseeing the conduct of business of the Company, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company's internal control system.

The detailed responsibilities of the Board are set out in the Board Charter, which is available at the Company's website, www.allianz.com.my.

A1. Composition of the Board

The Board is made up of 4 Independent Non-Executive Directors and 1 Non-Independent Executive Director.

The Board comprises members from various fields with a balance of skills and experiences appropriate to the business of the Company.

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

The appointments and re-appointments of all Board members were approved by Bank Negara Malaysia ("BNM").

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

The profiles of the Board members are as follows:-

Goh Ching Yin Chairman - Independent Non-Executive Director	
Working experience	Goh Ching Yin holds an MBA from the Cranfield University, and has held various leadership and management positions in capital market strategy, development and regulations; investment banking, regional business development, strategic consultancy, corporate recovery and insolvency; and auditing. He started his professional career with Peat Marwick Mitchell (now known as KPMG PLT), and then moved on to consultancy at Price Waterhouse Associates in 1990. Goh Ching Yin commenced his foray into the investment banking industry when he was with RHB Sakura Merchant Bankers Berhad as a General Manager for Corporate Finance. Subsequently, he assumed the roles as the Managing Director of Corporate Finance with the BNP Paribas Group in Malaysia from 2000 to 2004, and as Chief Executive Officer of Southern Investment Bank of the Southern Bank Group from 2005 to 2007. He then held positions as Executive Director in the Chairman's Office, Strategy and Development, and Market Oversight Divisions during his stint with the Securities Commission Malaysia from 2007 to 2016.

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Goh Ching Yin (continued) Chairman - Independent Non-Executive Director	
Working experience	At the Securities Commission Malaysia, Goh Ching Yin led projects on landmark initiatives such as financial technology, sustainability and inclusiveness, Trans-Pacific Partnership Agreement, the Capital Market Masterplan 2, the Corporate Governance Blueprint and Code of Corporate Governance 2012, and the setting up of the Audit Oversight Board in 2010 of which he was a founding Board Member. He was also the Head of the Continuing Professional Education Advisory Group and represented the Securities Commission Malaysia on the Audit Licensing Committee within the Accountant General's office of the Ministry of Finance, and was a member of the Cluster Working Group on Funding Support for the Biotechnology Industry under the Malaysian Biotechnology Corporation (a Ministry of Finance incorporated company). He was also a member of the National Cyber Security Advisory Committee, Ministry of Science, Technology and Innovation Malaysia, and the Intellectual Capital Development Committee, Innovation Agency Malaysia. Goh Ching Yin was appointed by the Government of Malaysia as a Director of Khazanah Nasional Berhad in July 2018.
Shareholding in the Company	Nil

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Peter Ho Kok Wai Independent Non-Executive Director	
Working experience	Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants and qualified as a Chartered Accountant in 1984. Subsequently, in 1987, Peter Ho joined KPMG Kuala Lumpur where he progressed to Head of Department in 1992. He was transferred to KPMG Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG Kuala Lumpur in 2005, where he had, at various times, headed the Technical Committee, Audit Function and Marketing Department. Peter Ho has more than 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Peter Ho retired from KPMG in December 2014. Peter sits as an Independent Non-Executive Director in multiple public listed companies on the Main Market of Bursa Malaysia Securities Berhad. He also sits as an Independent Non-Executive Director of First Resources Limited, a company listed on the Singapore Exchange Limited.
Shareholding in the Company	Nil

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Lim Fen Nee Independent Non-Executive Director	
Working experience	Lim Fen Nee is a qualified accountant with over 24 years of experience in the fields of accounting, assurance and regulatory oversight. She was the Regional Partner of Deloitte Southeast Asia (“SEA”), SEA Regulatory and Public Policy Leader and the Audit and Assurance Partner for Malaysia from 2017 to 2019. Her main role involves dealing with assurance and advisory, professional practice, quality initiatives, regulatory and public policy. Prior to Deloitte SEA, she was with Securities Commission Malaysia from 2010 to 2016. She was the Head of Audit Oversight Board and was one of the founding management team. In addition, she also served as a Project Advisor to the Securities Commission Malaysia covering various capital market projects and actively involved in international and ASEAN audit oversight activities. She gained extensive experience in assurance and advisory in public listed companies, multinational company, initial public offerings, debt securitisation and corporate restructuring during her roles in Ernst & Young, Kuala Lumpur and PricewaterhouseCoopers United States during the period from 1997 to 2009. She had also held consulting roles in the World Bank Washington D.C. covering governance and financial reporting.

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Lim Fen Nee (continued) Independent Non-Executive Director	
Working experience	Amongst her other contributions, she represented the authorities, accounting profession and the industry both locally and internationally. This includes serving as a Council Member of ACCA in United Kingdom, Chair of ACCA Malaysia Advisory Committee, Council member of MIA and as the Chair of MIA Digital Technology Implementation Committee. She was also a past member of the Audit Licensing Committee of the Ministry of Finance Malaysia.
Shareholding in the Company	Nil

Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Foo Chee It Independent Non-Executive Director	
Working experience	Foo Chee It ("Serrina") is a dynamic and seasoned insurance practitioner with 40 years of experiences in the insurance industry (Life/Non-life). Her expertise covers underwriting and claims administration, strategic and business development, sales and multi-channel distribution, partner relationship management, implementation of cross marketing/ upselling initiatives via data mining and deployment of digitalisation of bank sales application/processing tools. She began her professional career in 1980 as a District Manager at QBE Insurance (M) Sdn Bhd, responsible for managing branch operations which comprised of underwriting and claims handling, business development, recruitment of agents and servicing of corporate and retail accounts. Thereafter, she was relocated to the Head Office in Kuala Lumpur and appointed as the Assistant Underwriting Manager. In 1994, Serrina was appointed as Manager of Research & Development at Malaysia Assurance Alliance Bhd. From 1996 to 1998, she assumed the role of Senior Manager – Accident & Health at Perdana Cigna Insurance Bhd. She joined American International Assurance Berhad in 1998 as Vice President Specialty Marketing Division and was redesignated to Vice President, AIG Marketing in 2000. She served as Head of Alternative Distribution at Allianz Life Insurance Malaysia Berhad ("ALIM") from 2001 to 2007 before joining AXA Affin Life Insurance Berhad as Chief Officer – Bancassurance/ Alternative Distribution from 2007 to 2011. She then re-joined AIA Bhd as the Chief Partnership Distribution Officer in 2011 and served until her retirement on 30 September 2021.
Shareholding in the Company	Nil

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Ong Eng Chow Chief Executive Officer ("CEO") - Non-Independent Executive Director	
Working experience	Ong Eng Chow ("Charles") has more than 36 years of experience in the financial services industry, of which 29 years have been in the insurance industry. He started his professional career as an auditor in KPMG Peat Marwick, New Zealand in 1988. In 1991, Charles joined Hume Industries (Malaysia) Berhad (a related company of Hong Leong Group) as the Group Accountant, responsible for the preparation of financial information for Merger and Acquisitions activities and group planning process and tax planning. In 1993, he was transferred to Akoko Sdn Bhd, a newly acquired subsidiary of Hong Leong Industries Bhd and assumed the position as Finance Manager responsible for the overall financial functions of Akoko Sdn Bhd. He left Hong Leong Group in 1995 and assumed the position as the Finance Manager EON CMG Life Assurance Berhad from 1995 to 1999. He joined ALIM on 1 June 1999 as Financial Controller and was promoted to Chief Financial Officer ("CFO") in 2003. In addition to his role as CFO of ALIM, he was the Chief Risk Officer of ALIM from 2005 to 2010. He was appointed as CFO of AMB in 2008, to oversee the financial management of AMB and its subsidiaries ("AMB Group" or "Group") and part of the leadership driving business growth, profitability and financial sustainability of AMB Group. He relinquished his positions as CFO of ALIM and AMB on 31 March 2022 before he assumed his current position as CEO of ALIM on 1 April 2022. In addition, he was appointed as Executive Director of ALIM effective 1 January 2023.
Shareholding in the Company	Nil

During the financial year, the following trainings had been organised internally for the Board of ALIM:-

- Compliance updates on New/Revised Regulatory Documents issued by BNM
- E-Invoicing
- Conflict of Interest
- Integrated Reporting Framework
- Data and Artificial Intelligence

Corporate governance disclosures (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

In addition, newly appointed Directors of the Company attend the mandatory Financial Institutions Directors' Education Core Programme and in-house orientation programmes organised by the Company.

Save for the above trainings, the Directors also attended external training programmes, conferences and seminars that covered among others, areas of corporate governance, sustainability, risk management, compliance, directors' responsibilities, requirement on finance, accounting and insurance, and relevant industry or regulation updates.

A2. Board Meetings

There were 5 Board Meetings held during the financial year ended 31 December 2024 and the attendance of the Directors was as follows:-

Name of Directors	No. of Board Meetings Held	No. of Board Meetings Attended
Goh Ching Yin	5	5
Peter Ho Kok Wai	5	5
Lim Fen Nee	5	5
Foo Chee It	5	5
Ong Eng Chow	5	5

A3. Board Committees

The following Board Committees are centralised at its immediate holding company, AMB:

(a) Audit Committee;
(b) Risk Management Committee; and
(c) Nomination and Remuneration Committee.

The Board Committees are operating on the terms of reference approved by the Board of AMB and adopted by the Board of the Company, to assist the Board in the execution of its responsibilities.

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.1. Audit Committee ("AC")

The composition of the AC during the financial year and during the period from the end of financial year to the date of this report is as follows:

Peter Ho Kok Wai (Chairman - Independent Non-Executive Director of ALIM and AMB)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)
Gerard Lim Kim Meng (Independent Non-Executive Director of AMB)
Fa'izah binti Mohamed Amin (Independent Non-Executive Director of AMB)
(Appointed as AC member on 24 August 2024 and demised on 8 September 2024)

There were 5 AC meetings held during the financial year ended 31 December 2024 and the attendance of the AC members were as follows:

Name of Members	No. of AC Meetings Held	No. of AC Meetings Attended
Peter Ho Kok Wai	5	5
Goh Ching Yin	5	5
Gerard Lim Kim Meng	5	4
Fa'izah binti Mohamed Amin	5	Not applicable*

Note:-
* The late Fa'izah binti Mohamed Amin was appointed as AC member on 24 August 2024 and demised on 8 September 2024. There was no AC meeting held during the period between her appointment and demise.

The AC is charged with the responsibilities of assisting the Board of AMB Group in its oversight, amongst others, as follows:

- support the Board in ensuring that there is a reliable and transparent financial reporting process;
- monitor and evaluate the performance and effectiveness of the external and internal audit functions;
- assess the internal control environment; and
- review and report to the Board of conflict of interest situations and related party transactions.

The detailed terms of reference of the AC is available at the Company's website, www.allianz.com.my.

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.2. Risk Management Committee ("RMC")

The composition of the RMC during the financial year and during the period from the end of financial year to the date of this report is as follows:

Lim Tuang Ooi (Chairman - Independent Non-Executive Director of Allianz General Insurance Company (Malaysia) Berhad ("AGIC"))
Wee Lay Hua (Independent Non-Executive Director of AGIC) (Appointed as RMC member on 1 January 2024)
Lim Fen Nee (Independent Non-Executive Director of ALIM) (Appointed as RMC member on 1 July 2024)
Foo Chee It (Independent Non-Executive Director of ALIM) (Appointed as RMC member on 1 January 2025)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB) (Relinquished as RMC member on 1 January 2024)
Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of AGIC and AMB) (Relinquished as RMC member on 1 July 2024)
Peter Ho Kok Wai (Independent Non-Executive Director of ALIM and AMB) (Relinquished as RMC member on 31 December 2024)

There were 4 RMC meetings held during the financial year ended 31 December 2024 and the attendance of the RMC members were as follows:

Name of Members	No. of RMC Meetings Held	No. of RMC Meetings Attended
Lim Tuang Ooi	4	4
Wee Lay Hua	4	4
Lim Fen Nee	4	2 out of 2 meetings held after her appointment as RMC member on 1 July 2024
Goh Ching Yin	4	Not applicable*
Dr. Muhammed Bin Abdul Khalid	4	2 out of 2 meetings held prior to his relinquishment as RMC member on 1 July 2024
Peter Ho Kok Wai	4	4

Note:
*Goh Ching Yin relinquished his position as RMC member on 1 January 2024.

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Corporate governance disclosures (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.2. Risk Management Committee ("RMC") (continued)

The RMC is responsible for effective risk identification, measurement, monitoring and control of the AMB Group, and oversees the Senior Management's activities in managing the key risk areas of the AMB Group and to ensure that the risk management process is in place and functioning effectively.

The detailed terms of reference of the RMC is available at the Company's website, www.allianz.com.my.

A3.3. Nomination and Remuneration Committee ("NRC")

The composition of the NRC during the financial year and during the period from the end of financial year to the date of this report is as follows:-

Wong Kok Leong (Chairman - Independent Non-Executive Director of AMB)
(Appointed as NRC member on 24 August 2024 and redesignated as NRC Chairman on 1 January 2025)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)
Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of AGIC and AMB)
Gerard Lim Kim Meng (Independent Non-Executive Director of AMB)
(Relinquished as NRC Chairman and member on 31 December 2024)

There were 5 NRC meetings held during the financial year ended 31 December 2024 and the attendance of the NRC members were as follows:-

Name of Members	No. of NRC Meetings Held	No. of NRC Meetings Attended
Wong Kok Leong	5	1 out of 1 meeting held after his appointment as NRC member on 24 August 2024
Goh Ching Yin	5	5
Dr. Muhammed Bin Abdul Khalid	5	5
Gerard Lim Kim Meng	5	5

Corporate governance disclosures (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.3. Nomination and Remuneration Committee ("NRC") (continued)

The primary objectives of the NRC are:-

(a) to establish a documented formal and transparent procedure for the appointment and removals of Directors, CEOs and Key Responsible Persons ("KRP(s)") of AMB Group;
(b) to assess the effectiveness of individual Director, the respective Boards (including various committees of the Board), CEOs and KRPs of AMB Group on an on-going basis;
(c) to provide formal and transparent procedure for developing a remuneration policy for Directors, CEOs and KRPs of AMB Group; and
(d) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of AMB Group.

The detailed terms of reference of the NRC is available at the Company's website, www.allianz.com.my.

B. Internal control framework

B1. Risk Management Framework

The Board recognises that a risk management system is an integral part of the Company's operations, in order to identify key risks and implement appropriate controls to manage such risks. The Company has in place a Risk Management Framework Manual ("RMFM") which outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process of the Company. It is designed to formalise the risk management functions and practices across the Company and to increase awareness of the Company's employees to risk identification, measurement, control, on-going monitoring and reporting.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

The RMFM incorporates the relevant requirements of the guidelines and/or policies issued by BNM and Allianz SE Group.

The system of risk governance is integrated into core management processes and forms part of daily business processes so that value-added contribution in terms of sustainable competitive advantage and improved business performance can be established. Various governance elements are in place, including organisational structure, risk strategy, written policies, authority limits, documentation, and reporting, to ensure accurate and timely flow of risk-related information and a disciplined approach towards decision making and execution.

The Company also adopts the three lines of defence model where the “first line of defence” rests with the business managers. They are responsible in the first instance for both the risks and returns of their decisions.

The “second line of defence” is made up of the oversight functions comprising Compliance and Risk Management, that are independent from business operations.

- The Compliance function assists the Boards and Senior Management of the Company in managing and mitigating compliance-related risks due to any non-compliance to the requirements of the law, regulations as well as regulatory and industry guidelines.

- The Risk Management function assists the Boards and Senior Management of the Company to achieve its strategic goals and objectives by implementing risk management activities and controls across the organisation.

Both the Compliance and Risk Management functions report to the RMC which assists the Boards of the Company to discharge its oversight function effectively. As part of their responsibilities, the Compliance and Risk Management functions advise the Boards and Senior Management of the Company on compliance, risk and regulatory matters; and promote risk and compliance awareness amongst the Company’s employees through trainings and workshops.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

In addition to the above oversight functions, Legal and Actuarial functions of the Company constitute additional components of the "second line of defence". An appropriate control framework has been established to avoid any potential conflict of interest to fulfil their roles as the second line of defence.

- The Legal function seeks to mitigate legal risks arising from legislative changes, major litigation and disputes, regulatory proceedings and unclear contractual terms.

- The Actuarial function contributes towards assessing and managing risks in line with regulatory requirements and reports to the Boards and Senior Management of the Company. Its scope of work includes coordination and calculation of technical reserves, providing oversight on product pricing and profitability and contribution to the effective implementation of the risk management system.

The Governance and Control Committee ("GovCC") supports the Management to fulfil its responsibilities with respect to regulatory governance, organisational and control requirements. The GovCC also provides a platform for structured and institutionalised interaction and collaboration on cross functional and control related topics to facilitate a consistent approach in terms of processes, methodologies, assessments, materiality and others. GovCC members consist of senior management from governance and operation functions. The GovCC reports to the Senior Management Committees on governance and internal control system related matters.

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Corporate governance disclosures (continued)

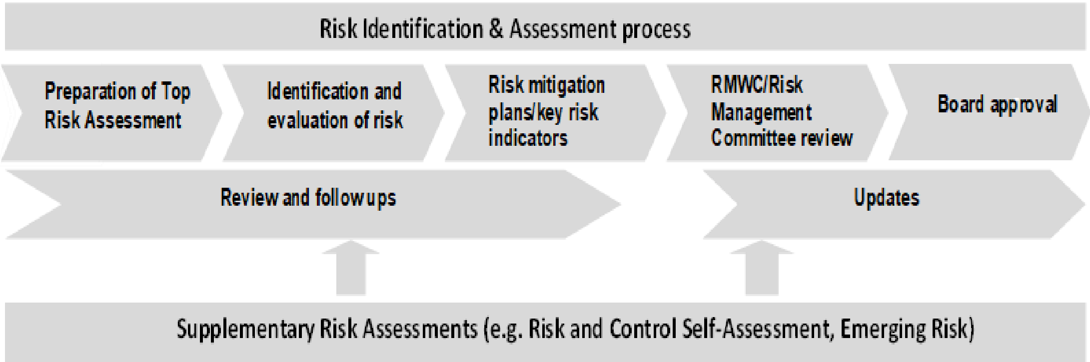
B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process

Risk management is integrated into the daily process of managing and directing the business. These include the implementation of a limit system, various frameworks, manuals and policies.

Besides the embedded process, the following risk management cycle to identify, assess, mitigate, monitor and report will also be carried out by the Risk Management function together with the respective risk owners: -



(i) Top Risk Assessment ("TRA")

The TRA process is in place to periodically analyse all material quantifiable and non-quantifiable risks. These can be from specific risk categories including market, credit, underwriting, business, operational, liquidity, reputational and strategic risks; or can be transversal risks such as concentration risks, emerging risks and Environmental, Social & Governance ("ESG") risks.

The Company identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives using the approved TRA matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed by the Risk Management Working Committe ("RMWC") and the RMC and approved by the Board. Key risk indicators are also in place to monitor changes in risk exposure or control effectiveness for the top risks on a quarterly basis. Broadly, the top risks impact one or more of the categories below:-

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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(i) Top Risk Assessment ("TRA") (continued)

Key risks	Broad Definition	Risk Management Practices
Market	Risk related to changes in fair values of investment portfolios and liabilities, arising due to changes in parameters influencing market prices. These include changes in equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities.	• Defined asset allocation benchmarks, investment limits and risk appetites; with continuous monitoring of exposure. • Asset liability management strategy. • Maintain sufficient capital and liquidity buffers.
Credit	Risk of losses due to deterioration in the credit quality of counterparties or their failure to fulfil contractual obligations.	• Credit analyses on new and existing counterparties. • Defined counterparty limits to ensure the diversification of investment portfolio. • Prioritise reinsurance partners with strong credit profiles.

Allianz Life Insurance Malaysia Berhad
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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(i) Top Risk Assessment ("TRA") (continued)

Key risks	Broad Definition	Risk Management Practices
Underwriting	Risk related to inadequacy of premiums and/or reserves, unexpected large losses or catastrophes, as well as adverse developments in mortality, disability, morbidity and longevity rates for life insurance business.	• Comprehensive underwriting guidelines and system rules in place. • Regular monitoring of products and review of assumptions; re-pricing will be considered if necessary. • Reinsurance program in place and reviewed annually to ensure adequate cover within acceptable appetite and costs. • New products undergo a robust product development process. • Claims control measures to prevent leakages.
Strategic and Business	Risk arising from management decisions on business strategies and implementation. This also leads to the risk of lower than expected business growth without a corresponding decrease in expenses.	• Regular monitoring of actual vs plan. • Annual strategic and planning dialogues. • Regular management committee meetings. • Stress testing of business plan.

Allianz Life Insurance Malaysia Berhad
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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(i) Top Risk Assessment ("TRA") (continued)

Key risks	Broad Definition	Risk Management Practices
Operational – Regulatory Change	Risk arising from failure to implement changes to keep up with evolving regulatory expectations.	• Continuous awareness trainings to all staff on relevant topics. • New/revised requirements communicated to relevant functions and gap analysis is performed to identify action plans where necessary. • Regular reviews are conducted to ensure compliance. • Maintain ongoing engagements with regulators.
Operational – Information Security	Risk of information security breach triggered by both information technology (“IT”) and non-IT causes leading to loss of data confidentiality, loss of data integrity, as well as business disruption and loss of availability of services resulting in financial and reputational impact.	• Staff awareness trainings and campaigns on IT Security and Privacy. • Defined procedures for handling data. • Infrastructure and technologies to monitor and protect against cyber threats. • Identity & Access Management. • Effective patch and vulnerabilities management e.g. Red team/ Blue team. • Regular penetration testing. • Privacy Impact Assessment.

Allianz Life Insurance Malaysia Berhad
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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(ii) Operational Risk Management ("ORM")

ORM is a continuous process which includes risk identification, measurement, quantification, management and monitoring to mitigate operational losses resulting from inadequate or failed internal processes, human errors, system failures, or from external events.

ORM covers a combination of the following activities:

- The Non-Financial Risk Management ("NFRM") framework (replacing Integrated Risk and Control System framework in 2024) defines a system for managing Non-Financial Risks by establishing a standard set of risk vectors, facilitating the implementation of controls via a control catalog, and ensuring robust testing of key controls using a systematic risk-based approach.
- Analysis of actual loss events reported into the Loss Event database.
- Periodic audits by the Internal Audit function and reviews by second line functions.
- Monitoring of key risk indicators and feedback from subject matter experts (for example IT Security Officer, Data Privacy Officer, Business Continuity Management Officers, Anti-Fraud and Anti-Corruption Coordinators, as well as respective operation managers).

(iii) Reputational Risk Management

All activities within the Company can influence its reputation, which is determined by the perceptions and beliefs of its stakeholders. Hence, thorough management of any potential reputational risks is required. Any risks that might have significant impact on all operating entities within the Allianz SE Group will be escalated to Allianz SE.

Reputational risks form part of the assessment of top risks under the TRA process as well as under the NFRM framework. Hence, it is managed in line with the mitigation actions taken for relevant risks with reputational impact. In addition, the Company has adopted Allianz SE Group's Allianz Standard Communications and the Allianz Standard for Integration of Sustainability ("ASIS") which establishes a core set of principles and processes for the management of non-ESG and ESG reputational risks within the Company. The Corporate Communications function of the Company also actively manages the reputational risk by assessing any potential risk arising from media and social media.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(iv) Liquidity Risk Management

Liquidity risk refers to the potential inability to meet current or future payment obligations, often due to mismatches in the timing of cash inflows and outflows or adverse events. To mitigate this risk, the Company has established limits on minimum liquid assets which are closely monitored. Asset liability management is in place and various potential events leading to liquidity shortages have been identified. Additionally, stress testing is conducted to assess the liquidity intensity ratio against defined thresholds.

(v) ESG Risk Management

ESG events or conditions, including climate change, are those which, if they occur, may potentially have significant negative impacts on the balance sheet, profitability or reputation of the Company and/or Allianz SE. ESG risks may materialise within multiple risk categories. For example, physical and transition risks arising from climate change impacts underwriting, market, and credit risks.

ESG-related mitigation measures may vary, depending on the precise nature of the underlying risk. Given that all adverse impacts attributable to ESG factors are ultimately realised within one of the existing risk categories (e.g. market, underwriting, operational etc.), the Management aim as much as possible to embed the identification and management of these risks within existing processes. As mentioned above, the ASIS guides management of ESG reputational risk.

ESG-related matters are discussed at both the Sustainability Committee and RMWC. The Sustainability Committee, comprising top management, reports to the Boards of the Company and is tasked with driving ESG initiatives, including those related to climate change, as part of overall business considerations. Meanwhile, the RMWC which reports to the RMC, focuses on the risk management aspect of climate change.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Capital Management

As the Company's main business is insurance, the following processes to manage capital is part of the Company's risk management framework:

(i) Internal Capital Adequacy Assessment Process ("ICAAP")

ICAAP is a process through which the Company ensures it has adequate capital to meet its solvency requirements, taking into consideration of its own risk profile and risk appetite. A formal assessment is conducted at least annually, and the results are reported to the Boards of the Company.

The review of the ICAAP coincides with the annual planning process and any changes in the strategic direction and business plans of the Company will be updated in its Risk Strategy; and the latest business plans are also taken into account when computing the Individual Target Capital Level ("ITCL") of the Company.

The ITCL is validated by stress testing to ensure that it will still be above the Supervisory Target Capital Level imposed by the regulator even after the occurrence of a severe plausible event, demonstrating a focus on balance sheet strength and protection of shareholders' value. A Capital Management Plan ("CMP") was drawn up with identified action plans and available sources of capital in case pre-determined solvency thresholds were triggered; in order to increase the capital adequacy ratio back above the internal soft threshold level.

(ii) Stress and Sensitivity Testing

Stress and sensitivity tests are effective risk management tools and the Company conducts such tests regularly. The tests are designed based on the Company solvency position and key risk drivers. The results of the tests will be used in various ways, for example to determine the extent of capital affected by the threats arising from adverse events and the actions required to mitigate such threats.

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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B1. Risk Management Framework (continued)

Risk Capital Management (continued)

(ii) Stress and Sensitivity Testing (continued)

The Boards and Management of the Company is updated on the results and provide their feedback on the results and appropriateness of the methodology and assumptions adopted.

B2. Internal Audit

The Internal Audit function of the Company, which reports to the AC, undertakes independent reviews or assessments of the Company's operations and its system of internal controls. It provides monitoring of the controls and risk management procedures as well as highlights significant risks impacting the Company. The internal audit personnel form the "third line of defence", are independent from the day-to-day activities of the Company and have unrestricted access to all activities conducted by the Company.

Internal Audit Plan is developed based on annual risk assessment and approved by the AC. The audit scope covers auditable areas encompassing product development life cycle, actuarial function, distribution recruiting, acquisition, sales planning and monitoring process, underwriting, claims process and commission processing including payment, operation resilience, operation function such as complaints management, customer service, sourcing and procurement, general services, travel and expenses, various IT system/process and regulatory compliance audit such as replacement of policy and anti-corruption program.

Internal audit findings are discussed at the management level. Senior and functional line management are responsible for ensuring that management action plans are implemented in accordance with the internal audit recommendations. All internal audit reports are submitted to the AC, which deliberates on key audit findings and the corresponding management actions during the AC meetings.

Follow-up audits are also performed to monitor continued compliance and the internal auditors will provide quarterly updates to the AC on the progress of the management action plans as well as progress of the Internal Audit plan.

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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process

The other key processes that the Board has established to provide effective internal control include: -

Clear and Defined Organisational Structure

The Company has established an organisational structure with clearly defined lines of responsibility, authority limits and accountability aligned to its business and operation requirements and control environment. Relevant Board Committees with specific responsibilities delegated by the Board are established to provide oversight governance over the Company's activities. The Board Committees are centralised at its immediate holding company, AMB Board level. The Board Committees have the authority to examine matters under their terms of reference and report to the Boards of the Company with their observations and/or recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for the final decision on all matters, however, lies with the Boards of the Company.

Various Management Committees are established by the Management of the Company to assist in managing the day-to-day operations and ensure its effectiveness. The Management Committees formulate tactical plans and business strategies, monitor performance and ensure activities are carried out in accordance with corporate objectives, strategies, business plans and policies as approved by the Boards of the Company.

Management Authority Limit

The Board's approving authority is delegated to the Management through formal and defined operational authority limits that governs business procedures and decision making process in the Company. The operational authority limits incorporate segregation of duties and check and balance in delegation of authority.

The Management's authority limits include limits for underwriting of risks, claims settlement, reinsurance, operational and capital expenditures. These limits are regularly reviewed and updated to ensure their relevance to the Company's operations. They are documented and accessible to all staff through the Group's staff e-portal.

Allianz Life Insurance Malaysia Berhad
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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Management Authority Limit (continued)

In ensuring that the decision making process is transparent and to the best interest of the Company, all Directors and staff including the Chief Executive Officer are required to declare their interest in other entities on an annual basis. In addition, they are required to disclose to the Company, any circumstance that may give rise to a conflict of interest situation during the course of carrying out their duties.

Policies and Procedures

Clear, formalised and documented internal policies and procedures are in place to ensure continued compliance with internal controls and relevant rules and regulations imposed by the relevant authorities.

These policies and procedures are subject to regular review and improvement to address changing risks and enhance processes , as and when required. They are also accessible to staff through the Group's staff e-portal for easy access.

Annual Business Plan and Performance Review

Annual business plans are submitted to the Boards of the Company for approval. Financial condition and business performance reports are also submitted to the Boards of the Company for review during the Board meetings. These reports cover all key operational areas and provide a sound basis for the Boards of the Company to assess the financial performance of the Company and to identify potential problems or risks faced by the Company, thus enabling the Boards of the Company to effectively monitor on an on-going basis, the affairs of the Company.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Related Party Transactions

The Company has established the necessary controls and procedures to ensure compliance with the relevant regulatory requirements in respect of related party transaction. Necessary disclosures are made to the Boards of the Company and where required, prior approval of the Chief Executive Officers or Boards of the Company is obtained in accordance with the levels of authority prior to execution of the transactions.

A due diligence working group was formed to review the related party transactions and submit its recommendations to the Chief Executive Officers, AC and the Boards of the Company for approval in accordance with the internal authority limits approved by the Board.

The AC also reviews the related party transaction review procedures on an annual basis to ensure that the procedures and processes are sufficient and adequate to monitor, track and identify related party transactions including recurrent transactions in a timely and orderly manner.

Underwriting and Reinsurance

The Company employ high standards in their respective underwriting process. This includes among others, risk segmentation and selection, setting adequate pricing and terms and conditions, setting of right retention limit and adequate reinsurance protection.

Underwriting authority is controlled centrally at the Head Office level. Reinsurance is in place primarily to ensure that no single loss or aggregation of losses arising from a single event will have an adverse financial impact on the Company. Reinsurers selection is guided by the guidelines issued by the regulator and the Allianz SE Group. Reinsurance needs are reviewed annually in respect of reinsurance treaties and on case to case basis on facultative arrangements.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Financial Control Procedures

Financial control procedures are in place and are documented in the procedural workflows of each business unit. These workflows are subject to regular review and improvement to address changing risks and enhance process as and when required.

Investment

The Investment Committee of the Company is responsible for setting investment policies, objectives, guidelines and controls for the Investment Department. Meanwhile, the Investment Department is responsible for managing the Company's investment functions within the pre-determined parameters.

The Company has in place the Group Investment Manual which sets out the detailed investment procedures and controls, including an Investment Code of Ethics to ensure the fiduciary duties to policyholders and the Company's interests are always upheld.

The investment limits are set at various levels which are on top of and more stringent than the regulatory limits as prescribed by BNM. The investment levels are monitored monthly to ensure compliance with both internal investment limits and those specified in the Risk Based Capital Framework for Insurers and the Investment-linked Business Policy Document issued by BNM.

The investment performance reports are amongst the reports submitted to the Investment Committee and the Boards of the Company for review at their quarterly meetings.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Code of Conduct ("COC")

Every employee is required to attest on an annual basis that they understand and comply with the Allianz SE Group's COC. The COC among others, is essential in promoting ethical conduct within the Company and reflects the Company's values and principles, and provides guidance to employees in their actions and decisions. Each employee has a responsibility to live by the principles contained in the COC, i.e. to:-

(i) Treat each other fairly and respectfully;
(ii) Act with integrity;
(iii) Be transparent and tell the truth; and
(iv) Take ownership and responsibility.

Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT") and Targeted Financial Sanctions ("TFS")

The Company has in place internal policies and procedures relating to AML/CFT and TFS to prevent and detect money laundering and terrorism financing activities. These include customer due diligence, screening against sanctions list and suspicious transaction reporting to the Compliance function whereas customer profiling, due diligence and on-going transactions monitoring procedures are in place. In respect of education, staff and agents are trained on AML/CFT requirements to promote understanding of their fundamental responsibilities in adhering to the procedures of verifying customers' identities and reporting of suspicious transactions.

Product Development

The Company has each in place a Product Development Management Policy ("PDM Policy") which sets out the policies and procedures on product development in accordance with the requirements of the Guideline on Introduction of New Products by Insurers and Takaful Operators (BNM/RH/STD 029-10) issued by BNM.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Product Development (continued)

The PDM Policy aims to promote sound risk management practices in managing and controlling product risk by ensuring the appropriate assessment and mitigation of risk during the development and marketing stages. The PDM Policy will also assist to ensure that the products developed and marketed by the Company are appropriate to the needs, resources and financial capability of the targeted consumer segments.

The on-going product risk management is embedded within the risk management framework of the Company.

Whistleblowing and Anti-Fraud

The oversight of whistleblowing and fraud matters of the Company is performed by the Integrity Committee ("InC"). The InC coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents.

The Company has in place the Group's Anti-Fraud Policy and Group's Whistleblowing Policies and Procedures ("WBP Policy") to address fraud and whistleblowing issues respectively. The Anti-Fraud Policy defines fraud events, investigation process, reporting procedures, fraud risk assessments, training and the roles and responsibilities of Management and employees. The WBP Policy on the other hand, describes the Company's Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents.

In respect of whistleblowing, the Company has established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breaches of the COC, laws, regulations, orders or internal rules. Whistleblowing cases are assessed confidentially by the InC to determine their validity, with findings and recommendations reported to the AC.

The effectiveness of the whistleblowing policies and procedures are reviewed periodically at least once in three years.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Anti-Corruption

The Company has adopted a localised Anti-Corruption Policy that outlines the guiding principles of Allianz SE, Malaysian Anti-Corruption Commission Act 2009 and Listing Requirements. The Anti-Corruption Policy outlines the Company's existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, charitable contributions, joint ventures, outsourcing agreements and facilitation payments.

Corruption risk are being assessed annually and the effectiveness of the policies and procedures are reviewed periodically at least once in three years.

The Vendor Integrity Screening process is part of Allianz SE Group's Anti-Corruption Programme, aims at ensuring that integrity-based due diligence is conducted before engaging any third party vendor. The screening includes a self-assessment section, which among others, contains questions on anti-corruption to be answered by the potential vendor and a risk evaluation to be completed by the relevant staff/department in charge. Only vendors whose screening result show no negative findings will be engaged.

Employees

All staff are required to make an annual declaration that they fulfilled the minimum criteria of "A Fit and Proper Person" as prescribed in Sections 59(1), (2) and (3) of the Financial Services Act, 2013. In addition, all staff are required to attest that they understand and comply with the requirements of the internal guidelines and policies, inter-alia, as follows: -

(i) Related Party Transaction Declaration;
(ii) Disclosure of Data;
(iii) Conflict of Interest;
(iv) COC;
(v) IT Security Policy and Guideline e-Awareness Declaration;
(vi) Anti-Corruption Policy;
(vii) Anti-Fraud Awareness Declaration; and
(viii) Guidelines on the Code of Conduct for the General Insurance Industry and Code of Ethics and Conducts for the Life Insurance Industry.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Standard for Customer Protection

The Allianz Standard for Customer Protection replaces the Allianz Sales Compliance Standard, and establishes the principles and standards that the Company must adhere to in its interactions with customers. This Standard emphasises a risk-based, pre-emptive and proactive approach to business conduct that is effective and efficient, aiming to mitigate and manage customer detriment issues at an early stage rather than responding after issues have emerged.

In addition, the Standard defines the core professional, procedural and organisational requirements aimed at ensuring that the design, distribution and servicing of products in a manner that fulfils legal requirements and meets reasonable customer expectations for value and outcomes.

Agent Sales Disciplinary Policy

As part of the efforts to enhance uniformity in disciplining the agency force, the Company has formalised a Sales Disciplinary Policy. This Policy outlines the definitions of various types of offences and misconduct and the associated recommended disciplinary actions.

Business Continuity Management

Business Continuity Plans for the Company have been developed to ensure that any interrupted critical functions can be recovered and restored within a predetermined timeframe following a disastrous event.

The testing for Business Continuity Plan is conducted at least once a year whilst the Disaster Recovery Plan test for all main application systems is conducted at least twice a year.

Crisis Management

Crisis Management Plans for the Company have been developed to outline the processes and procedures that guides crisis handling and manage any incidents with crisis potential. These plans help mitigate the impact of a crisis and prevent incidents with crisis potential from escalating into a crisis. It is supplemented by Crisis Scenario Plans which details the crisis handling procedures for specific scenarios.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Information System

All employees are required to strictly abide to and comply with the Company Information Technology and Information Security Policy and Standard which establishes core principles, responsibilities, tasks and organisational framework for IT and Information Security, in order to facilitate the fulfilment of internal and regulatory requirements.

Following the issuance of Risk Management in Technology Policy Document ("RMiT Policy") by BNM, the Company is committed to ensuring continued compliance with the requirements prescribed under the RMiT Policy. Accordingly, the Company has implemented two frameworks, namely the Technology Risk Management Framework and Cyber Resilience Framework. The Technology Risk Management Framework formalises the technology risk management approach across the Company, and the Cyber Resilience Framework provides guidance on situational awareness of the cyber threats it may be exposed to.

IT services for the Company is managed by Allianz Technology Sdn. Bhd. ("AZTMY"), a related company and subsidiary of Allianz SE. All IT services/capabilities of application, infrastructure and security maintenance of the Company are consolidated at AZTMY. AZTMY is the Regional Delivery Centre for Asia, served as a central IT supply centre servicing all operating entities across Allianz Asia Pacific Region. AZTMY is subject to the same standards imposed by Allianz SE Group including but not limited to Outsourcing, business continuity management, Information Security; while the Company will continue to be responsible to ensure that AZTMY meets all relevant local regulatory requirements in relation to the IT services.

The arrangement is governed contractually by the IT Supply Outsourcing Agreement; in addition, for all future new procurement of software and/or hardware, the Company will continue to hold the authority to approve any new investment/engagement. To facilitate the above, an operative governance process is defined between the Company and AZTMY to continuously assess, discuss and monitor the deliverables as agreed in the Service Level Agreement.

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Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Information System (continued)

The IT & Digital Steering Committees ("ITDSC") within the Company, chaired by the Chief Executive Officers of the Company remains responsible for the overall strategic deployment of IT and digital assets in tandem with the business objectives, which include matters related to Internet Insurance, IT Outsourcing and Cloud Utilisation. Other duties and responsibilities of ITDSC include, establishing effective IT and digital plans, formulation and implementation of technology risks management program, recommending to the RMC and the Boards (whichever applicable) for approval on IT-related expenditure, material deviation from technology-related policies and matters related to Internet Insurance, as well as monitoring the progress of approved IT and digital programs/projects.

Data Management Framework

The Company Data Management Framework ("DMF") has been in place to establish and maintain a sound data and information management system framework. The objective of the DMF is to manage data and disseminate information effectively, efficiently and to maximise the value of data assets. In addition, the DMF aims to ensure the integrity of data assets by preventing unauthorised or inappropriate use of data and information.

Data Privacy

The Allianz Privacy Standard ("APS"), contains the global minimum requirements applicable within the Allianz SE Group for the processing and transfer of personal data within the Allianz SE Group. The APS takes into account the requirements of the European Union privacy law, the General Data Protection Regulation to facilitate cross-border transfers of personal data originating from or processed in the European Economic Area within the Allianz SE Group. Under the APS, there are functional rules specifying data privacy and protection requirements, which include conducting Privacy Impact Assessment to record processing activities that involve handling of personal data and to comply with the Personal Data Breach Incident Workflow. Compliance with the APS adopted by the Company ensures compliance with the Malaysian Personal Data Protection Act, 2010 and is in line with the Code of Practice on Personal Data Protection for Insurance and Takaful in Malaysia.

Corporate governance disclosures (continued)

B. Internal control framework (continued)

B3. Other Key Internal Control Process (continued)

Human Resources Policies and Procedures

The Company has established proper policies and procedures on human resource management, including recruitment, learning and development, talent development, performance management and employee benefits. These policies and procedures are reviewed as and when the need arises and changes effected are communicated to relevant employees via emails. The policies and procedures are also accessible to staff through the Group's staff e-portal for easy access.

C. Remuneration

The remuneration policy and practices of the Company ("Policy") are established, implemented and maintained in line with the Company's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance. This Policy forms a key component of the governance and incentive structure through which the Board and Senior Management drive performance, convey acceptable risk taking behaviour and reinforce the Company's corporate and risk culture.

The remuneration components of employees are fixed and variable compensation. Base salary is the fixed remuneration component and rewards the role and responsibilities taking account of market conditions and providing for a stable source of income. The fixed component is dependent on position responsibility as well as the experience and qualification of incumbent.

Variable Compensation components aim to reward performance and shall not provide incentives for risks which might be incompatible with the risk profile of the Company, including risk limits. Therefore, Variable Compensation components may not be paid, or payment may be restricted in the case of a breach of risk limits or a compliance breach.

The volume and relative weighting of the variable component shall depend on the level of seniority and the position. Variable components typically consist of annual bonus (short term incentive) and mid-/long-term incentives.

Variable Compensation is determined by a combination of assessment of the individual's performance and his business unit as well as overall performance of the Company.

Corporate governance disclosures (continued)

C. Remuneration (continued)

The Company measures performance in an annual process which includes the key steps of agreed priorities, regular feedback, and a mid-year and year-end performance assessment. Personal priorities or targets are agreed for each evaluated employee and reflects financial and non-financial ambitions. The assessment of individual performance is holistic in nature and considers relativity against peers.

The remuneration of KRPs of the Company is not only determined by performance against business objectives but include other factors such as prudent risk-taking and actions affecting the long-term interests of the Company. Remuneration of KRPs is adjusted each year to account for all types of risk and breaches, determined by both quantitative measures and qualitative judgement.

Employees in control functions are measured on the achievement of control function objectives which determine their remuneration. Similar to all employees, actual payout is subject to overall size of bonus pool.

A portion of the Variable Compensation for CEO and KRPs contains a deferred component. The deferral period shall be aligned with the nature of the business, its risks, and the activities of the incumbent in question, and adopt a multi-year framework to reflect the time horizon of risks.

Ultimate holding company

The Directors regard Allianz SE, a public listed company incorporated and domiciled in Germany as the Company’s ultimate holding company.

Penultimate holding company

The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands.

Antepenultimate holding company

The antepenultimate holding company is Allianz Asia Holding Pte. Ltd., a private limited company incorporated and domiciled in Singapore.

Immediate holding company

The immediate holding company is AMB, a public limited company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

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

	2024 RM'000
Statutory audit fees	591
Other audit related fees	129
	720

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

....
Goh Ching Yin
Director

....
Ong Eng Chow
Director

Kuala Lumpur
Date: 27 February 2025

Allianz Life Insurance Malaysia Berhad
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Statement of financial position as at 31 December 2024

	Note	31 December 2024 RM'000	31 December 2023 RM'000
Assets			
Property, plant and equipment	3	36,341	30,728
Right-of-use assets	4	19,232	22,476
Intangible assets	5	86,870	92,942
Investments	6	18,687,719	17,072,143
Derivative financial assets	7	13,084	17,028
Other assets	8	60,121	49,041
Cash and cash equivalents		1,256,854	1,048,542
Total assets		20,160,221	18,332,900
Equity, policyholders' funds and liabilities			
Share capital	9	236,600	236,600
Other reserves	10	38,215	15,380
Retained earnings	10	2,413,884	2,045,989
Total equity		2,688,699	2,297,969
Liabilities			
Deferred tax liabilities	11	578,037	514,993
Insurance contract liabilities	12	16,376,783	15,043,320
Reinsurance contract liabilities	13	132,181	69,777
Derivative financial liabilities	7	3,107	4,875
Lease liabilities	14	6,736	9,721
Other liabilities	15	357,094	369,930
Current tax liabilities		17,584	22,315
Total liabilities		17,471,522	16,034,931
Total equity, policyholders' funds and liabilities		20,160,221	18,332,900

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

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

	Note	2024 RM'000	2023 RM'000
Insurance revenue	16	2,432,478	2,168,848
Insurance service expenses	17	(1,986,673)	(1,866,999)
Net (expense)/income from reinsurance contracts held	18	(51,701)	56,617
Insurance service result		394,104	358,466
Interest revenue on financial assets not measured at fair value through profit or loss ("FVTPL")	19	320,921	314,930
Net gains on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal	19	3,377	4,384
Net gains on FVTPL investments	19	855,532	467,444
Dividend income	19	141,390	131,954
Net impairment gain on financial assets	19	157	93
Net investment income		1,321,377	918,805
Finance expenses from insurance contracts issued	19	(1,114,658)	(784,800)
Finance income from reinsurance contracts held	19	1,027	1,866
Net insurance finance expenses		(1,113,631)	(782,934)
Net insurance and investment results		601,850	494,337
Other operating income		66	74
Other operating expenses	20	(132,051)	(85,250)
Other finance expenses		(367)	(269)
		(132,352)	(85,445)
Profit before tax		469,498	408,892
Income tax expense	21	(101,603)	(89,928)
Profit for the year		367,895	318,964

Allianz Life Insurance Malaysia Berhad
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Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Profit for the year		367,895	318,964
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Net gains on investments in debt securities measured at FVOCI		14,405	169,804
Net realised gains transferred to profit or loss	19	(3,377)	(4,384)
Tax effects thereon		(909)	(13,820)
Fair value gains/(losses) on cash flow hedge		1,568	(5,831)
Tax effects thereon		(125)	466
Finance expense from insurance contract issued	19	(74,656)	(97,036)
Tax effects thereon		6,617	9,177
Finance expense from reinsurance contract held	19	(692)	(2,976)
Tax effects thereon		166	714
Expected credit losses	19	(157)	(93)
Tax effects thereon		14	13
Items that will not be reclassified subsequently to profit or loss:			
Net gains on investments in equity instruments measured at FVOCI		92,183	3,580
Tax effects thereon		(12,202)	(286)
Revaluation of property, plant and equipment and right-of-use assets		-	4,341
Tax effects thereon		-	(394)
Total other comprehensive income for the year, net of tax		22,835	63,275
Total comprehensive income for the year attributable to owner of the Company		390,730	382,239

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

Allianz Life Insurance Malaysia Berhad
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Statement of changes in equity for the year ended 31 December 2024

	Attributable to owner of the Company							
	Non-distributable						Distributable	
		Other reserves						
	Share capital RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total other reserves RM'000	Retained earnings Life fund* RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2024	236,600	131,336	(129,784)	13,828	15,380	1,839,772	206,217	2,297,969
Net gains on investments in debt securities measured at FVOCI	-	13,496	-	-	13,496	-	-	13,496
Net realised gains transferred to profit or loss	-	(3,377)	-	-	(3,377)	-	-	(3,377)
Fair value gains on cash flow hedge	-	1,443	-	-	1,443	-	-	1,443
Finance expense from insurance contract issued	-	-	(68,039)	-	(68,039)	-	-	(68,039)
Finance expense from reinsurance contract held	-	-	(526)	-	(526)	-	-	(526)
Changes in expected credit losses	-	(143)	-	-	(143)	-	-	(143)
Net gains on investments in equity instruments measured at FVOCI	-	79,981	-	-	79,981	-	-	79,981
Profit for the year	-	-	-	-	-	132,566	235,329	367,895
Total comprehensive income/(loss) for the year	-	91,400	(68,565)	-	22,835	132,566	235,329	390,730
At 31 December 2024	236,600	222,736	(198,349)	13,828	38,215	1,972,338	441,546	2,688,699
	Note 9				**Note 10**		**Note 10**	

Allianz Life Insurance Malaysia Berhad
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Statement of changes in equity for the year ended 31 December 2024 (continued)

	Attributable to owner of the Company							
	Non-distributable						Distributable	
		Other reserves						
	Share capital RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total other reserves RM'000	Retained earnings Life fund* RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023	236,600	(18,113)	(39,663)	9,881	(47,895)	1,692,021	143,130	2,023,856
Net gains on investments in debt securities measured at FVOCI	-	155,984	-	-	155,984	-	-	155,984
Net realised gains transferred to profit or loss	-	(4,384)	-	-	(4,384)	-	-	(4,384)
Fair value losses on cash flow hedge	-	(5,365)	-	-	(5,365)	-	-	(5,365)
Finance expense from insurance contract issued	-	-	(87,859)	-	(87,859)	-	-	(87,859)
Finance expense from reinsurance contract held	-	-	(2,262)	-	(2,262)	-	-	(2,262)
Changes in expected credit losses	-	(80)	-	-	(80)	-	-	(80)
Net gains on investments in equity instruments measured at FVOCI	-	3,294	-	-	3,294	-	-	3,294
Revaluation of property, plant and equipment	-	-	-	3,947	3,947	-	-	3,947
Profit for the year	-	-	-	-	-	147,751	171,213	318,964
Total comprehensive income/(loss) for the year	-	149,449	(90,121)	3,947	63,275	147,751	171,213	382,239
Dividends to the owner of the Company (Note 22)	-	-	-	-	-	-	(108,126)	(108,126)
At 31 December 2023	236,600	131,336	(129,784)	13,828	15,380	1,839,772	206,217	2,297,969
	Note 9				**Note 10**		**Note 10**	

* Non-distributable retained earnings comprise life fund surplus (which includes Participating and Non-Participating funds), net of deferred tax, which is wholly attributable to the shareholders. This amount is only distributable upon the actual transfer of surplus from the Life fund to the Shareholder's fund as recommended by the Appointed Actuary and approved by the Board of Directors of the Company.

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

Allianz Life Insurance Malaysia Berhad
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Statement of cash flows for the year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Profit before tax		469,498	408,892
Purchase of financial assets at FVOCI		(1,565,957)	(1,160,221)
Maturity of financial assets at FVOCI		741,201	445,000
Proceeds from sale of financial assets at FVOCI		549,654	419,482
Purchase of financial assets at FVTPL		(2,997,228)	(2,555,058)
Maturity of financial assets at FVTPL		381,236	171,104
Proceeds from sale of financial assets at FVTPL		1,966,962	998,387
Rental income		(1,707)	(860)
Non-cash items:			
Investment income		(742,613)	(690,252)
Realised gains recorded in profit or loss		(182,283)	(8,449)
Fair value gains on investments recorded in profit or loss		(404,193)	(216,313)
Unrealised foreign exchange losses/(gains)		30,079	(18,322)
Net (gains)/losses on financial investments and derivatives		(45,917)	5,633
Amortisation of intangible assets	5	11,591	11,406
Depreciation of right-of-use assets	4	5,614	5,546
Depreciation of property, plant and equipment	3	5,092	5,774
Impairment of property, plant and equipment		-	60
Property, plant and equipment written off		331	1
Reversal of expected credit losses		(363)	(46)
Interest on lease liabilities		367	269
Operating loss before changes in working capital		**(1,778,636)**	**(2,177,967)**

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Statement of cash flows for the year ended 31 December 2024 (continued)

	2024 RM'000	2023 RM'000
Changes in working capital:		
Change in insurance contract liabilities	1,330,920	1,083,270
Change in reinsurance contract liabilities	61,712	(83,790)
Change in other assets	(11,080)	1,094
Change in other liabilities	67,861	53,813
Cash used in from operating activities	**(329,223)**	**(1,123,580)**
Tax paid	(121,634)	(64,664)
Dividends received	141,390	131,954
Rental income	1,707	860
Interest income received	616,190	559,797
Interest paid on lease liabilities	(367)	(269)
Net cash generated from/(used in) operating activities	**308,063**	**(495,902)**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	393	146
Acquisition of property, plant and equipment	(15,611)	(14,132)
Acquisition of intangible assets	(1,337)	(1,295)
Net cash used in investing activities	**(16,555)**	**(15,281)**
Cash flows from financing activities		
Repayment of lease liabilities	(5,355)	(5,458)
Dividend paid	(77,841)	(97,716)
Net cash used in financing activities	**(83,196)**	**(103,174)**
Net increase/(decrease) in cash and cash equivalents	208,312	(614,357)
Cash and cash equivalents at 1 January	1,048,542	1,662,899
Cash and cash equivalents at 31 December	**1,256,854**	**1,048,542**
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity three months or less)	1,180,112	963,738
Cash and bank balances	76,742	84,804
	1,256,854	**1,048,542**

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

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Statement of cash flows for the year ended 31 December 2024 (continued)

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flow, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of cash flows for payments of claims incurred for insurance contracts, which are respectively treated under operating activities.

Reconciliation of liabilities arising from financing activities:

	Note	Lease liabilities RM'000
At 1 January 2023		5,576
Cash flows		(5,727)
Interest charged		269
Lease additions		9,581
Modification/termination of leases		22
At 31 December 2023	14	9,721
At 1 January 2024		9,721
Cash flows		(5,722)
Interest charged		367
Lease additions		2,452
Modification/termination of leases		(82)
At 31 December 2024	14	6,736

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Notes to the financial statements

Corporate information

Allianz Life Insurance Malaysia Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Level 29, Menara Allianz Sentral,
203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur, Malaysia

The Company is principally engaged in the underwriting of life insurance and investment-linked business.

The ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany. The penultimate holding company is Allianz Europe B.V., a private limited liability company incorporated and domiciled in Netherlands. The antepenultimate holding company is Allianz Asia Holding Pte. Ltd., a company incorporated and domiciled in Singapore. The immediate holding company is Allianz Malaysia Berhad, a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors on 27 February 2025.

1. Basis of preparation

1.1 Statement of compliance

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

The following are amendments to standards and interpretations that have been issued by Malaysian Accounting Standards Board ("MASB") for the financial year beginning on or after 1 January 2024 and adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures - Supplier Finance Arrangements*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*

The adoption of the above did not have any significant effects on the Company's financial statements for financial year 2024 and/ or prior periods upon their initial application, and it is not likely to affect future periods.

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1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

The following are accounting standards, amendments to standards and interpretations that have been issued by MASB but not yet effective and have not been early adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*

The adoption of the amendments will not have a material impact to the Company in future periods, other than as disclosed below under Note 1.2 and 1.3.

1.2 Amendments to MFRS 9 Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments

Amendments to MFRS 9 and MFRS 7 provides clarification on:

a. a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

b. way to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (“ESG”)-linked features and other similar contingent features.

c. the treatment of non-recourse assets and contractually linked instruments.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 and MFRS 7 amendments.

1. Basis of preparation (continued)

1.3 MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

MFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. MFRS 18 also requires an entity to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’.

Management-defined performance measures

MFRS 18 introduces the concept of a management-defined performance measure (“MPM”) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management’s view of an aspect of the financial performance of the entity as a whole to users. MFRS 18 also requires disclosure of information about all of an entity’s MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by MFRS 18 or another MFRS accounting standard.

Location of information, aggregation and disaggregation

MFRS 18 differentiates between ‘presenting’ information in the primary financial statements and ‘disclosing’ it in the notes, and introduces a principle for determining the location of information based on identified ‘roles’ of the primary financial statements and the notes. MFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 18.

1. Basis of preparation (continued)

1.4 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1.5 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1.6 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of financial statement, and the reported amount of income and expenses during the year. Actual results may differ from these estimates.

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

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

- Note 2(s)(i) – Valuation of insurance and reinsurance contracts

2. Material accounting policies

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

(a) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising from settlement of foreign currency transactions and from retranslation of monetary assets and liabilities are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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2. Material accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment except for work-in-progress are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Work-in-progress is stated at cost less accumulated impairment.

The Company revalues its properties comprising land and buildings every five years and at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

The revalued amounts of property are determined by using the Comparison Method. The Comparison Method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

Valuation of the properties involves a degree of judgement before arriving at the respective property's revalued amount. As such, the revalued amount of the properties may be different from its actual market price.

Surpluses arising from revaluation are credited to revaluation reserve account via the statement of other comprehensive income. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Material accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised on a net basis within "realised gains and losses" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses".

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses" on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

2. Material accounting policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

- Buildings	50 years
- Office equipment, furniture and fittings	2 -10 years
- Computers	5 years
- Motor vehicles	5 years
- Office renovation and partitions	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2(d)(i) on right-of-use assets for these assets.

(c) Intangible assets

(i) Development costs

Expenditure incurred on software development is capitalised, only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in "other operating expenses" as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, measured at cost less any accumulated amortisation and any accumulated impairment losses.

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2. Material accounting policies (continued)

(c) Intangible assets (continued)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in “insurance service expenses” if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in “other operating expenses” as incurred.

(iv) Amortisation

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an intangible asset less its residual value. Amortisation is recognised in “insurance service expenses” if it is directly attributable to insurance acquisition activities as stated in Note 12 and 13; otherwise, it is recognised in “other operating expenses” on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and comparative periods is as follows:

The estimated useful lives for the current and comparative periods are as follows:

- Capitalised software development costs	3-5 years
- Other intangible assets	15 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(d) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use (‘ROU’) asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

2. Material accounting policies (continued)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

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

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2. Material accounting policies (continued)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentive receivable.

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

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

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is recognised in "insurance service expenses" if it is directly attributable to insurance acquisition activities as stated in Notes 2 (h) (v); otherwise, it is recognised in "other finance expenses".

Short term leases and leases of low value assets

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

Amortisation is recognised in insurance service expenses if it is directly attributable to insurance acquisition activities or other fulfilment activities, refer Note 12 and 13, otherwise, it is recognised in other operating expenses.

(ii) Accounting by lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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2. Material accounting policies (continued)

(d) Leases (continued)

(ii) Accounting by lessor (continued)

Operating lease

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Sublease classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

(e) Financial instruments

(i) Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset or financial liability at its fair value, plus or minus (in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL")) transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI").

2. Material accounting policies (continued)

(e) Financial instruments (continued)

(ii) Amortised cost and effective interest rates

Amortised cost ("AC") is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is, its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

(iii) Financial instrument categories and subsequent measurement

The Company categorises and measures financial instruments as follows:

Financial assets

The Company classifies its financial assets into the following measurement categories:

(a) FVTPL;
(b) FVOCI; or
(c) AC

(1) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer’s perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depend on:
a. the Company’s business model for managing the asset; and
b. the cash flow characteristics of the asset (represented by solely payments of principal and interest ("SPPI")).

2. Material accounting policies (continued)

(e) Financial instruments (continued)

(iii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(1) Debt instruments (continued)

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

(a) FVTPL

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the statement of profit or loss within net gains on FVTPL investments in the period in which it arises.

(b) FVOCI

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

(c) AC

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

2. Material accounting policies (continued)

(e) Financial instruments (continued)

(iii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(1) Debt instruments (continued)

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets held for trading purposes), the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Company reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

The Company might also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

2. Material accounting policies (continued)

(e) Financial instruments (continued)

(iii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(2) Equity instruments

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

The Company subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Net gains on FVTPL investments' in the statement of profit or loss.

The Company has classified and measured equity instruments and bond investments that are not held for trading at FVOCI. The financial assets of the Company are for the purpose of backing insurance liabilities, hence the hold and sell business model is adopted with FVOCI as a relevant measurement approach.

Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

In both the current and prior periods, financial liabilities are classified and subsequently measured at AC, except for derivatives, which are measured at FVTPL.

Derecognition

Financial liabilities are derecognised when they are extinguished (that is, when the obligation specified in the contract is discharged, is cancelled or expires).

2. Material accounting policies (continued)

(e) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

2. Material accounting policies (continued)

(e) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

The Company enters into cross currency swaps arrangement as cash flow hedging instruments to hedge against variability in future cash flows arising from movements in foreign exchange rates of foreign currency-denominated debt securities.

2. Material accounting policies (continued)

(f) Impairment

(i) Financial assets

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

Stage 1	-	from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).
Stage 2	-	following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the financial asset (Lifetime ECL).
Stage 3	-	when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

As all financial assets within the scope of MFRS 9 impairment model will be assessed for at least 12-month ECL, the total allowance for credit losses is expected to increase under MFRS 9 relative to the allowance for credit losses under MFRS 139.

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

2. Material accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Material accounting policies (continued)

(g) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and accounted for in the equity as an appropriation of retained earnings when they are approved for payment.

Dividends for the year that are approved after the end of the reporting period are dealt with as a subsequent event.

(h) Insurance and reinsurance contract

(i) Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Company’s policy is to hold such investment assets.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(i) Definition and classification (continued)

The measurement of a group of contracts by line of businesses are determined as follows:

Contracts Not Measured Under the Premium Allocation Approach (PAA)
These contracts cover multiple lines of business ("LoB") including protection and health, savings, unit-linked with guarantees and unit-linked without guarantees. The primary business derives from investment-linked portfolios, which focus on protection and health LoB.

Contracts Measured Under the Premium Allocation Approach (PAA)
These contracts are predominantly associated with group employee benefit business, with a significant focus on protection and health LoB.

An insurance contract with direct participation features ("DPF") is defined by the Company as one which, at inception, meets the following criteria:

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

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

The Company uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held, unless specifically stated otherwise.

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(ii) Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

(i) contracts that are onerous at initial recognition (if any)
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any)
(iii) a group of the remaining contracts in the portfolio (if any).

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

(iii) Recognition and derecognition

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

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

(a) the beginning of the coverage period;
(b) the date when the first payment from the policyholder is due or actually received, if there is no due date; and
(c) when the Company determines that a group of contracts becomes onerous.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iii) Recognition and derecognition (continued)

Insurance contracts with discretionary participation features are accounted for under the insurance accounting provisions of MFRS 17.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

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

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.

(a) Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.
(b) Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into at or before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Company's excess of loss and stop loss reinsurance contracts.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iii) Recognition and derecognition (continued)

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

An insurance contract is derecognised when it is:

(a) extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or

(b) the contract is modified and additional criteria discussed below are met.

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

(a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:

i. is not within the scope of MFRS 17;
ii. results in different separable components;
iii. results in a different contract boundary; or
iv. belongs to a different group of contracts.

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iii) Recognition and derecognition (continued)

(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the Variable Fee Approach ("VFA") eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the Premium Allocation Approach ("PAA") is derecognised from within a group of insurance contracts, the Company:

(a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

When an insurance contract not accounted for under the Premium Allocation Approach ("PAA") is derecognised from within a group of insurance contracts, the Company:

(a) adjusts the contractual service margin ("CSM") (unless the decrease in the FCF is allocated to the loss component of the liability of remaining coverage ("LRC") of the group) in the following manner, depending on the reason for the derecognition:

- (i) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
- (ii) if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
- (iii) if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in a adjusted for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iii) Recognition and derecognition (continued)

(b) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

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

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, the Company first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts.

MFRS 17 includes three measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance: the building block approach ("BBA"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA").

The general measurement model, also known as the building block approach ("BBA"), consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period.

PAA is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the BBA or if the coverage period of each contract in the group of insurance contracts is one year or less.

The Company has assessed that direct participating businesses, where the rules on profit sharing are defined by legal/contractual rights, qualify for the variable fee approach eligibility. Non-participating business under business without policyholder participation, including savings and risk business, are accounted for under the BBA.

The Company assesses unit-linked insurance contracts to be eligible for the variable fee approach. Shareholder's share of unrealised capital gains is part of the insurance liabilities accounted for under the VFA.

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

The measurement principles of MFRS 17 as follows:

<u>Separation of components</u>

MFRS 17 requires the separation of embedded derivatives, investment components, and performance obligations to provide non-insurance goods and services, if certain conditions are met. The separated components need to be accounted for separately according to MFRS 9 (embedded derivatives, investment components) or MFRS 15 (non-insurance goods and services). An investment component is classified as being distinct or non-distinct. Investment components that are non-distinct are not to be separated from the host insurance contract but are excluded from insurance revenue and insurance service expenses.

<u>Liability for remaining coverage ("LRC")</u>

The LRC under PAA is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The LRC under the BBA/VFA consists of the fulfilment cash flows related to future services and the contractual service margin ("CSM"). The fulfilment cash flows represent the risk adjusted present value of Company’s rights and obligations to the policyholders, comprising the building blocks of estimates of expected future cash flows, discounting, and an explicit risk adjustment for non-financial risk.

<u>Liability for incurred claims ("LIC")</u>

The LIC is measured at the fulfilment cash flows relating to incurred claims. It comprises the fulfilment cash flows related to past service the reporting date. It is calculated at a level of aggregation determined by the Company. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Estimates of expected cash flows

The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In estimating these future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling the contracts.

Discounting

Discount rate is determined by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts.

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation an entity would require for bearing non-financial risks, i.e. the uncertainty of cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. Such non-financial risks include insurance risks, lapse and expense risk.

Contractual service margin

The contractual service margin for BBA gets adjusted for selected variances relating to current services, changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognised in profit or loss each period to reflect the services provided in that period based on “coverage units”.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Reinsurance contracts held

For reinsurance contracts held, 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 insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. Measurement of the reinsurance contract assets is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Fulfilment cash flows within contract boundary (continued)

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

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

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Contract boundary

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

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

(a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

(b) both of the following criteria are satisfied:

- (i) the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
- (ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

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

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Contract boundary (continued)

The quota share and surplus reinsurance contracts held by the Company cover the underlying contracts issued within the term and provides unilateral rights to both the Company and the reinsurer to terminate the contracts by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

The excess of loss reinsurance contract held by the Company has an annual term and covers claims from underlying contracts incurred within the year. Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

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

Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

(a) to that group; and
(b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Insurance acquisition costs (continued)

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Initial and subsequent measurement – Group of contracts not measured under the PAA

(a) Initial measurement

Contractual service margin

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

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

(a) the initial recognition of the FCF;
(b) cash flows arising from the contracts in the group at that date;
(c) the derecognition of any insurance acquisition cash flows asset; and
(d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are derecognised immediately for any such assets derecognised.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(a) Initial measurement (continued)

Contractual service margin (continued)

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

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

(a) the initial recognition of the FCF;
(b) cash flows arising from the contracts in the group at that date;
(c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
(d) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(a) Initial measurement (continued)

Contractual service margin (continued)

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

(b) Subsequent measurement

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

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

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

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

Changes in fulfilment cash flows

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows (continued)

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

(a) changes that relate to current or past service are recognised in profit or loss; and
(b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

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

(a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
(b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph; and
(c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing:
    (i) the actual investment component that becomes payable in a period with; and
    (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
(d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the BBA, the following adjustments do not adjust the CSM:

(a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
(b) changes in the FCF relating to the LIC;
(c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
(d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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

(a) changes in the amount of the Company's share of the fair value of the underlying items; and
(b) changes in the FCF that do not vary based on the returns of underlying items:

    i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
    ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;
    iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph; and

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows (continued)

iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing:

   i. the actual investment component that becomes payable in a period with;
   ii. the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii)-(v) are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

(a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
(b) changes in the FCF that do not vary based on the returns of underlying items:

   i. changes in the FCF relating to the LIC;
   ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
   iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Company does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

(a) The effect of any new contracts added to the group of contracts.
(b) Interest accreted on the carrying amount of the CSM.
(c) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
(d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
(e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
(f) The effect of any currency exchange differences.
(g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

Interest accretion on the CSM

Under the BBA, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups of contracts in the subsequent reporting periods, the Company revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

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

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment Cash Flows.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service), and the management of underlying items on behalf of the policyholder (investment-related service).

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

Release of the CSM to profit or loss (continued)

The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Company expects these amounts to include an investment return that is achieved by the Company by performing investment activities to generate that investment return.

The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period.

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

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts not measured under the PAA (continued)

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

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

(a) expected incurred claims and other directly attributable expenses for the period;
(b) changes in the risk adjustment for non-financial risk for the risk expired; and
(c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts measured under the PAA

(a) Initial measurement

The Company uses the PAA for measuring contracts with a coverage period of one year or less.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid and any amounts arising from the derecognition of the insurance acquisition cash flows liabilities.

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

(a) the LRC; and
(b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

(a) the remaining coverage; and
(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(iv) Measurement (continued)

Initial and subsequent measurement – Group of contracts measured under the PAA (continued)

(a) Initial measurement (continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums paid in the period; and
(b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the BBA. Future cash flows are adjusted for the time value of money.

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(v) Amount recognised in comprehensive income

Insurance revenue

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

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:

(a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
   i. amounts allocated to the loss component;
   ii. repayments of investment components and policyholder rights to withdraw an amount;
   iii. insurance acquisition expenses; and
   iv. amounts related to the risk adjustment for non-financial risk.

(b) amounts of the CSM recognised for the services provided in the period;

(c) experience adjustments – arising from premiums received in the period other than those that relate to future service; and

(d) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

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

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(v) Amount recognised in comprehensive income (continued)

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
(b) other incurred directly attributable expenses;
(c) insurance acquisition cash flows amortisation;
(d) changes that relate to past service – changes in the future cash flows ("FCF") relating to the LIC; and
(e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Net income (expenses) from reinsurance contract held

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

(a) reinsurance expenses;
(b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
(c) other incurred directly attributable expenses;
(d) changes that relate to past service – changes in the FCF relating to incurred claims recovery;

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2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(v) Amount recognised in comprehensive income (continued)

Net income (expenses) from reinsurance contract held (continued)

(e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
   i. income on initial recognition of onerous underlying contracts; and
   ii. reversals of a loss-recovery component.

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

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

(a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   i. amounts allocated to the loss-recovery component;
   ii. repayments of investment components; and
   iii. amounts related to the risk adjustment for non-financial risk;
(b) release of risk adjustment for non-financial risk;
(c) amounts of the CSM recognised for the services received in the period; and
(d) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

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

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

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(v) Amount recognised in comprehensive income (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
(a) the effect of the time value of money and changes in the time value of money;
(b) effect of changes in the risk of reinsurers' non-performance; and
(c) the effect of financial risk and changes in financial risk.

For contracts measured under the BBA, amortisation of insurance acquisition cash flows is based on the passage of time.
(a) interest accreted on the FCF and the CSM;
(b) the effect of changes in interest rates and other financial assumptions; and
(c) foreign exchange differences.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:
(a) interest accreted on the LIC; and
(b) the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the BBA and the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option) is applied.

For the contracts measured using the VFA, the OCI option is applied. Since the Company holds the underlying items for these contracts, the use of the OCI option results in the elimination of accounting mismatches, with income or expenses included in profit or loss on the underlying assets held. The amount that exactly matches income or expenses recognised in profit or loss on underlying assets is included in finance income or expenses from insurance contracts issued. The remaining amount of finance income or expenses from insurance contracts issued for the period is recognised in OCI.

2. Material accounting policies (continued)

(h) Insurance and reinsurance contract (continued)

(v) Amount recognised in comprehensive income (continued)

Insurance finance income or expenses (continued)

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

(vi) Transition

For non-life insurance contracts, all lines of business qualify for the premium allocation approach eligibility at transition. As such, the full retrospective approach has been applied to all groups of insurance and reinsurance contracts, except for groups with exposure in 2017 and prior. Due to the unavailability of locked-in interest rate curves for 2017 and prior, the fair value approach is applied to these groups.

In respect of reinsurance contracts held, the modified retrospective approach has been applied to the reinsurance contracts held in annual cohorts prior to 2021, while the full retrospective approach has been applied to reinsurance contracts held in annual cohorts 2021 or 2022.

The quantitative impact of the Company applying MFRS 17 is disclosed in Note 16 and Note 18.

(i) Other revenue recognition

(i) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. Material accounting policies (continued)

(i) Other revenue recognition (continued)

(iii) 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.

Dividend income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is recognised in the statement of profit and loss within dividend income.

(iv) Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on disposal of financial assets. Gains and losses arising on disposal of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, insurance contract liabilities or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary difference arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Material accounting policies (continued)

(j) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their assets and liabilities will be realised simultaneously.

(k) 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.

(l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

(m) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave 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.

2. Material accounting policies (continued)

(m) Short-term employee benefits (continued)

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefit is recognised in insurance service expenses if it is directly attributable to insurance acquisition activities or other fulfilment activities, refer Note 12 and 13, otherwise, it is recognised in other operating expenses.

(n) Provision for agent's retirement benefits

Provision for agent's retirement benefits is calculated in accordance with the terms and conditions in the respective agent's agreements. The scheme is not separately funded. The Company pays fixed contributions into the Agency Provident Fund.

Provision for agent's retirement benefits is charged to profit or loss in the period in which it relates.

(o) Other financial liabilities

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(p) Cash and cash equivalents and placements with financial institutions

Cash and cash equivalents consist of cash on hand, balances and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments.

2. Material accounting policies (continued)

(q) Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Company has determined that the investment in structured securities, such as unit trust investment that the Company has an interest in are structured entities.

When the Company ceased to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost with change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

In the Company’s financial statements, investments in structured entities are initially recognised at fair value and subsequently measured at fair value in accordance with MFRS 139 “Financial Instruments: Recognition and Measurement”. On disposal of investment in structured entities, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

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

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

2. Material accounting policies (continued)

(r) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date the event or change in circumstances that caused the transfers.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company’s 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 estimates are recognised prospectively.

(i) Valuation of insurance and reinsurance contracts

A. Fulfilment cash flows

Fulfilment cash flows comprise:

a) estimates of future cash flows;
b) an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
c) a risk adjustment for non-financial risk.

(i) Estimates of future cash flows

The Company's objective in estimating future cash flows is to determine the expected value, or probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. When considering the full range of possible outcomes, the objective is to incorporate all reasonable and supportable information available without undue cost or effort in an unbiased way, rather than to identify every possible scenario. This information includes data based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information.

The Company's estimate of future cash flows is the mean of a range of scenarios that reflects the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(i) Estimates of future cash flows (continued)

Future cash flows within the contract boundary which are to be included in the MFRS 17 valuation are those that relate directly to the fulfilment of the existing insurance contract, including those for which the Company has discretion over the amount or timing. These cash flows comprise:

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

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(i) Estimates of future cash flows (continued)

Insurance acquisition cash flows and other costs that are incurred in the fulfilment of insurance contracts comprise both direct costs and an allocation of fixed and variable overheads. The posting of direct/indirect expenses is done using the functional area allocation process. Cash flows attributable to acquisition and maintenance activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on Annualized New Premium (ANP) and/or number of new policies, maintenance cash flows based on Gross Written Premium (GWP) and/or number of in-force policies within each group. Other costs (not directly related to the fulfilment of the contracts) are recognised in profit or loss as they are incurred.

Contract boundaries

Insurance contracts

The Company has a portfolio of yearly-renewable term (YRT) standalone medical products that are guaranteed to be renewable each year, with the premium rates not being guaranteed at renewal. The Company determines that the cash flows related to future renewals (i.e., the guaranteed renewable terms) of these contracts are outside the contract boundary since the Company's substantive obligation to provide insurance service is expected to end at policy anniversary where the Company then has the practical ability to fully re-price the premium based on assessment of the policyholders' risk. The renewal of the contract is treated as a new contract, and is recognised, separately from the initial contract, when the recognition criteria are met.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(i) Estimates of future cash flows (continued)

Contract boundaries (continued)

Insurance contracts (continued)

Policyholders may pay instalment premiums in advance to the Company instead of when the installment premiums are due. The Company's position is that such premiums received in advance are not included in the contractual cash flows when received as contractually the premiums are not required to be paid (despite the Company allowing this as a facility to the policyholders). Therefore, premiums received in advance will be considered out of the contract boundary.

Reinsurance contracts

The quota share and surplus reinsurance contracts held by the Company cover the underlying contracts issued within the term and provides unilateral rights to both the Company and the reinsurer to terminate the contracts by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

The excess of loss reinsurance contract held by the Company has an annual term and covers claims from underlying contracts incurred within the year. Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(i) Estimates of future cash flows (continued)

Assumptions Used in Estimating Future Cash Flows

Significant judgement is required in estimating the future cash flows and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. The assumptions are determined at the date of valuation and are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of future cash flows is particularly sensitive are as follows:

- Mortality and Morbidity Rates

  Experience study on mortality and morbidity rates is carried out on an annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

  The Company can increase the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

- Expenses

  Expense assumption was set during initial pricing stage. Expense assumption is inflated annually to reflect higher cost of underwriting, issuing, and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration, and underwriting procedures. The expense assumption is reviewed annually and compared to actual expense that the Company incurred.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(i) Estimates of future cash flows (continued)

Assumptions Used in Estimating Future Cash Flows (continued)

- Persistency

  Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on an annual basis using statistical method. Persistency assumptions vary by product type, distribution channel, and policy duration.

  The assumptions that have significant effects on the future cash flows are disclosed in Note 27 (iii).

(ii) Discount rates

The Company pursues a bottom-up approach in the determination of the discount rates, where all cash flows are discounted using the risk-free rates adjusted for an illiquidity premium. The risk free rates are constructed from observed spot rates of the local government bonds up to 20 years, with adjustment to remove the credit risk of the government bonds. Thereafter, the risk-free rates are extrapolated towards the ultimate forward rate using the Smith-Wilson method.

The Company determines the illiquidity adjustment based on the spread of reference portfolio, corrected for expected and unexpected credit loss and application ratio to reflect the difference in illiquidity characteristics of the insurance contract liabilities and the chosen reference portfolio.

The Company applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

The discount rates used in the discounting of future cash flows and sensitivity analysis on the key assumptions are disclosed in Note 27(ii) and Note 27(iii).

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2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(ii) Discount rates (continued)

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

		2024			
	Currency	1 year	5 years	10 years	20 years
Participating portfolio	MYR	3.36%	3.73%	3.94%	4.23%
Non-participating portfolio	MYR	3.69%	4.05%	4.27%	4.55%
Investment-linked and universal life	MYR	3.26%	3.62%	3.84%	4.13%

		2023			
	Currency	1 years	5 years	10 years	20 years
Participating portfolio	MYR	3.31%	3.71%	3.94%	4.38%
Non-participating portfolio	MYR	3.74%	4.13%	4.36%	4.81%
Investment-linked and universal life	MYR	3.20%	3.59%	3.82%	4.26%

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(iii) Risk adjustments for non-financial risk

The risk adjustment for non-financial risk reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils the insurance contracts. The risk adjustment also reflects the degree of diversification benefit that the Company includes when determining the compensation that it requires for bearing that risk as well as both the favorable and unfavorable outcomes in a way that reflect the Company's degree of risk aversion.

The risk adjustment is calculated using the cost of capital approach by discounting the present value of the projected capital relating to non-financial risk using a cost of capital rate of 6%. The cost of capital rate represents the return required by the Company to compensate for exposure to the non-financial risks. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business.

The calculation of risk adjustment is done at total entity level and then allocated to the group of contracts based on the risk driver of respective risk. The risk adjustment for the reinsurance contracts held is determined as the difference between the risk adjustments computed gross and net of reinsurance, where a scaling approach (net-to-gross) is applied to calculate the gross risk adjustment.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 74% (2023: 81%).

The methods used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2023.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

A. Fulfilment cash flows (continued)

(iv) Investment components

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

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

(v) Expenses

Where estimates of expenses-related are determined at the portfolio level, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are estimated based on a percentage of premiums written at group of contracts level during a specific period, based on periodic studies. Same basis will be applied to compute LRC acquisition cost.

Claims settlement-related expenses are allocated based on claims costs.

2. Material accounting policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

(i) Valuation of insurance and reinsurance contracts (continued)

B. Contractual service margin

Determination of coverage units

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

The CSM release is determined by:

- identifying the coverage units in the group;
- allocating the CSM equally to coverage units 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 to reflect insurance contract services provided in the period.

The determination of coverage units is done by considering the services provided under the contracts within the group of contracts as well as the measures that would appropriately reflect the services provided under the contracts. For groups of contracts where only stand-alone insurance service is provided, the sum assured is used as the coverage unit. For groups of contracts where mixed services (combining insurance and investment-related or investment-return services) are provided, the coverage unit is based on:

- a solo coverage unit that considers the weight of each service incorporated in the group of contracts (sum assured plus the policyholders' account/fund value); or
- the pre-dominant service provided under the group of contracts (sum assured).

For the reinsurance contracts held by the company, the determination of the coverage units follows similar considerations for the underlying contracts as the level of services provided depends on that provided by the underlying contracts.

Discounting is done on the coverage units with the discount rates being consistent with the interest rates used for CSM accretion. The coverage units are reviewed and updated at each reporting date.

3. Property, plant and equipment

	Note	Land RM'000	Buildings RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost/Valuation								
At 1 January 2023		2,300	8,250	47,503	1,422	17,049	5,658	82,182
Additions		-	-	4,301	-	433	9,398	14,132
Disposals		-	-	(327)	-	-	-	(327)
Written off		-	-	(342)	-	-	-	(342)
Impairment		(60)	-	-	-	-	-	(60)
Reclassification		-	-	487	-	2,231	(2,718)	-
Transfer to intangible assets #	5	-	-	-	-	-	(8,981)	(8,981)
Revaluation		(200)	1,291	-	-	-	-	1,091
At 31 December 2023/ At 1 January 2024		2,040	9,541	51,622	1,422	19,713	3,357	87,695
Additions		-	-	1,657	-	345	13,609	15,611
Disposals		-	-	(639)	-	(123)	-	(762)
Written off		-	-	(2,001)	-	(2,000)	-	(4,001)
Reclassification		-	-	105	-	1,007	(1,112)	-
Transfer to intangible assets #	5	-	-	-	-	-	(4,182)	(4,182)
At 31 December 2024		2,040	9,541	50,744	1,422	18,942	11,672	94,361

Certain work-in-progress were reclassified as software development costs (intangible assets). See Note 5.

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3. Property, plant and equipment (continued)

	Note	Land RM'000	Buildings RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Depreciation								
At 1 January 2023		-	898	38,625	678	11,549	-	51,750
Depreciation for the year	20	-	251	3,861	284	1,378	-	5,774
Disposals		-	-	(181)	-	-	-	(181)
Written off		-	-	(341)	-	-	-	(341)
Revaluation		-	(35)	-	-	-	-	(35)
At 31 December 2023/ At 1 January 2024		-	1,114	41,964	962	12,927	-	56,967
Depreciation for the year	20	-	251	3,358	236	1,247	-	5,092
Disposals		-	-	(319)	-	(50)	-	(369)
Written off		-	-	(1,930)	-	(1,740)	-	(3,670)
At 31 December 2024		-	1,365	43,073	1,198	12,384	-	58,020
Carrying amounts								
At 1 January 2023		2,300	7,352	8,878	744	5,500	5,658	30,432
At 31 December 2023/ At 1 January 2024		2,040	8,427	9,658	460	6,786	3,357	30,728
At 31 December 2024		2,040	8,176	7,671	224	6,558	11,672	36,341

Included in property, plant and equipment are fully depreciated assets which are still in use costing RM61,561,000 (2023: RM57,788,000).

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3. Property, plant and equipment (continued)

3.1 Property, plant and equipment under the revaluation model

The land and buildings were last revalued in September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuer using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the land and buildings are compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been as follows:

	2024 RM'000	2023 RM'000
Land	1,220	1,220
Buildings	6,422	6,506
	7,642	7,726

3.2 Fair value information

Fair value of land and buildings are categorised as follows:

2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	-	2,040	2,040
Buildings	-	-	8,176	8,176
	-	-	10,216	10,216

2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	-	2,040	2,040
Buildings	-	-	8,427	8,427
	-	-	10,467	10,467

3. Property, plant and equipment (continued)

3.2 Fair value information (continued)

Level 3 fair value

The Level 3 unobservable input used in the valuation of land and buildings is the price per square foot ("psf") which is derived from the selling price of comparable land and building, adjusted for differences in location, property size, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building, finishes and services and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

Land and buildings

Valuation technique used	2024 Fair value RM'000	2024 Adjusted psf RM/psf	2023 Fair value RM'000	2023 Adjusted psf RM/psf
Comparison approach	10,216	249-1,052	10,467	249-1,052

4. Right-of-use assets

	Note	Leasehold land RM'000	Buildings RM'000	Total RM'000
Valuation/Cost				
At 1 January 2023		10,480	18,723	29,203
Additions		-	9,581	9,581
Modification/termination of leases		-	(13,234)	(13,234)
Revaluation		2,420	-	2,420
At 31 December 2023/At 1 January 2024		12,900	15,070	27,970
Additions		-	2,452	2,452
Modification/termination of leases		-	(1,733)	(1,733)
At 31 December 2024		12,900	15,789	28,689
Depreciation				
At 1 January 2023		687	13,312	13,999
Depreciation for the year	20	178	5,368	5,546
Modification/termination of leases		-	(13,256)	(13,256)
Revaluation		(795)	-	(795)
At 31 December 2023/At 1 January 2024		70	5,424	5,494
Depreciation for the year	20	215	5,399	5,614
Modification/termination of leases		-	(1,651)	(1,651)
At 31 December 2024		285	9,172	9,457
Carrying amounts				
At 1 January 2023		9,793	5,411	15,204
At 31 December 2023/At 1 January 2024		12,830	9,646	22,476
At 31 December 2024		12,615	6,617	19,232

The Company leases a number of buildings for its office space and branches. The leases typically run for a period of 1 to 5 years, with options to renew the lease after that date. The lease agreements do not impose any covenants.

The total cash outflow for leases amounts to RM5,841,000 (2023: RM5,927,000) and income from subleasing of right-of-use assets amounts to RM1,392,000 (2023: RM575,000).

4. Right-of-use assets (continued)

4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuer using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the leasehold land is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM3,472,000 (2023: RM3,528,000).

4.2 Fair Value Information

Fair value of leasehold land is categorised as Level 3 of the fair value hierarchy.

Level 3 fair value

The Level 3 unobservable input used in the valuation of leasehold land is the price per square foot ("psf") which is derived from the selling price of comparable land, adjusted for differences in location, shape and terrain of land, any title restrictions, availability of infrastructure, age and condition of building erected thereon and other relevant characteristics.

The estimated fair value would increase/(decrease) if the price per square foot were higher or lower and the historical sales transaction value were higher or lower.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation model.

Leasehold land

Valuation technique used	2024 Fair value RM'000	2024 Adjusted psf RM/psf	2023 Fair value RM'000	2023 Adjusted psf RM/psf
Comparison Approach	12,615	770-1,391	12,830	770-1,391

5. Intangible Assets

	Note	Software development costs RM'000	Other intangible assets RM'000	Total RM'000
Cost				
1 January 2023		27,278	92,380	119,658
Additions		1,295	-	1,295
Transfer from property, plant and equipment	3	8,981	-	8,981
At 31 December 2023/At 1 January 2024		37,554	92,380	129,934
Additions		1,337	-	1,337
Disposals		(239)	-	(239)
Transfer from property, plant and equipment	3	4,182	-	4,182
At 31 December 2024		42,834	92,380	135,214
Amortisation				
1 January 2023		19,427	6,159	25,586
Amortisation for the year	20	5,247	6,159	11,406
At 31 December 2023/At 1 January 2024		24,674	12,318	36,992
Amortisation for the year	20	5,432	6,159	11,591
Disposals		(239)	-	(239)
At 31 December 2024		29,867	18,477	48,344
Carrying amounts				
At 1 January 2023		7,851	86,221	94,072
At 31 December 2023/At 1 January 2024		12,880	80,062	92,942
At 31 December 2024		12,967	73,903	86,870
		Note 5.1	**Note 5.2**	

5. Intangible Assets (continued)

5.1 Software development cost

The software development costs are in relation to the internal development expenditure incurred for digital application and Open Product Underwriting System ("OPUS"), the on-going integrated system to improve the efficiency of the business activity of the Company. These costs of developed software are amortised over a period of three to five years.

5.2 Other intangible assets

Other intangible assets are in relation to the exclusive Bancassurance Agreement which provides the Company with an exclusive right to the use of the bancassurance network of a local commercial bank to sell, market and promote conventional life product.

The fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method. In the impairment assessment conducted by the Company, the future economic benefits that are attributable to the bancassurance agreement were valued at the present value of projected future cash flows to be derived from the remaining tenure of the agreement of 12 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of the impairment assessment.

Key assumptions	2024	2023
Bancassurance average annualised new premium growth rate	11.2%	16.7%
Discount rate - pre tax	11.4%	11.1%

5.2.1 Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

6. Investments

	2024 RM'000	2023 RM'000
Malaysian government securities	6,478,284	6,075,653
Malaysian government guaranteed bonds	2,734,917	2,554,494
Quoted equity securities of corporations in Malaysia*	3,876,793	3,129,958
Quoted equity securities of corporations outside Malaysia	17,329	88,998
Unquoted equity securities of corporations in Malaysia	32,321	2,147
Unquoted bonds of corporations in Malaysia	4,599,887	4,312,116
Unquoted bonds of corporations outside Malaysia	104,244	106,385
Quoted unit trusts in Malaysia	90,271	90,911
Unquoted unit trusts in Malaysia	47,997	45,228
Unquoted unit trusts outside Malaysia	467,877	305,435
Fixed deposits with licensed banks	234,004	346,046
Other investments	3,795	14,772
	18,687,719	17,072,143

*The Company has designated at FVOCI investment in listed shares in the Participating fund with a total fair value amounting to RM623,299,000 (2023: RM644,847,000) with details below:

	2024 RM'000	2023 RM'000
By sector		
Financial Services	270,527	244,588
Industrial Products and Services	30,198	86,099
Consumer Products and Services	56,067	71,721
Energy	35,590	65,885
Telecommunications and Media	47,360	52,262
Technology	14,663	29,803
Plantation	22,730	25,288
Property	36,356	24,755
Construction	20,762	16,131
Health Care	18,080	14,959
Utilities	70,966	13,356
	623,299	644,847

The total amount of dividends recognised from these investments during the year was RM25,279,000 (2023: RM28,014,000), all of which related to investments held at the end of the year.

During the financial year, the Company disposed equity investments from the financial investments at FVOCI due to favorable market conditions and recorded gain on disposal of RM77,484,000 (2023: gain of RM10,412,000) and loss on disposal of RM20,589,000 (2023: loss of RM11,021,000) respectively. The fair value of the disposed equity investments at the date of derecognition was RM415,984,000 (2023: RM224,256,000).

The Company applies the FVOCI classification to this portfolio of investments because these financial assets are held for the purpose of backing insurance liabilities to optimise portfolio returns while ensuring capital efficiency.

6. Investments (continued)

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

	2024 RM'000	2023 RM'000
FVTPL	10,272,688	9,074,029
FVOCI	8,415,031	7,998,114
	18,687,719	17,072,143
The following investments mature within 12 months:		
FVTPL	4,562,850	3,668,655
FVOCI	1,015,915	1,806,269
	5,578,765	5,474,924
The following investments mature after 12 months:		
FVTPL	5,709,838	5,405,374
FVOCI	7,399,116	6,191,845
	13,108,954	11,597,219

6.1 Composition of underlying items for contracts measured under the VFA

	2024 RM'000	2023 RM'000
Fair value of the underlying assets		
Malaysian government securities	3,977,861	3,690,863
Malaysian government guaranteed bonds	2,084,015	2,024,198
Quoted equity securities of corporations in Malaysia	3,876,793	3,129,958
Quoted equity securities of corporations outside Malaysia	17,329	88,998
Unquoted bonds of corporations in Malaysia	2,995,217	2,952,954
Unquoted bonds of corporations outside Malaysia	104,244	106,385
Quoted unit trusts in Malaysia	90,271	90,911
Unquoted unit trusts in Malaysia	24,750	21,543
Unquoted unit trusts outside Malaysia	467,877	305,435
Fixed deposits with licensed banks	74,964	229,388
	13,713,321	12,640,633

6. Investments (continued)

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

31 December 2024	FVTPL RM'000	FVOCI RM'000	Total RM'000
Malaysian government securities	3,098,143	3,380,141	6,478,284
Malaysian government guaranteed bonds	1,019,616	1,715,301	2,734,917
Quoted equity securities of corporations in Malaysia	3,253,494	623,299	3,876,793
Quoted equity securities of corporations outside Malaysia	17,329	-	17,329
Unquoted equity securities of corporations in Malaysia	-	32,321	32,321
Unquoted bonds of corporations in Malaysia	2,202,997	2,396,890	4,599,887
Unquoted bonds of corporations outside Malaysia	-	104,244	104,244
Quoted unit trusts in Malaysia	90,271	-	90,271
Unquoted unit trusts in Malaysia	47,997	-	47,997
Unquoted unit trusts outside Malaysia	467,877	-	467,877
Fixed deposits with licensed banks	74,964	159,040	234,004
Other investments	-	3,795	3,795
Total investment assets	10,272,688	8,415,031	18,687,719

31 December 2023	FVTPL RM'000	FVOCI RM'000	Total RM'000
Malaysian government securities	2,770,875	3,304,778	6,075,653
Malaysian government guaranteed bonds	962,588	1,591,906	2,554,494
Quoted equity securities of corporations in Malaysia	2,485,111	644,847	3,129,958
Quoted equity securities of corporations outside Malaysia	88,998	-	88,998
Unquoted equity securities of corporations in Malaysia	-	2,147	2,147
Unquoted bonds of corporations in Malaysia	2,095,495	2,216,621	4,312,116
Unquoted bonds of corporations outside Malaysia	-	106,385	106,385
Quoted unit trusts in Malaysia	90,911	-	90,911
Unquoted unit trusts in Malaysia	45,228	-	45,228
Unquoted unit trusts outside Malaysia	305,435	-	305,435
Fixed deposits with licensed banks	229,388	116,658	346,046
Other investments	-	14,772	14,772
Total investment assets	9,074,029	7,998,114	17,072,143

6. Investments (continued)

Movements in carrying values of financial instruments

	FVTPL RM'000	FVOCI RM'000	Total RM'000
At 1 January 2024	9,074,029	7,998,114	17,072,143
Purchases/Placements	2,994,372	1,565,957	4,560,329
Maturities	(381,236)	(741,201)	(1,122,437)
Disposals	(1,788,056)	(489,382)	(2,277,438)
Fair value gains recorded in profit or loss:			
- Unrealised gains	408,121	-	408,121
Other comprehensive income	-	103,211	103,211
Amortisation of premiums	(7,870)	(9,069)	(16,939)
Accretion of discounts	1,488	(1,851)	(363)
Unrealised foreign exchange losses	(26,915)	(3,313)	(30,228)
Movement in income due and accrued	(1,245)	(7,435)	(8,680)
At 31 December 2024	10,272,688	8,415,031	18,687,719

	FVTPL RM'000	FVOCI RM'000	Total RM'000
At 1 January 2023	7,416,286	7,517,412	14,933,698
Purchases/Placements	2,587,625	1,180,121	3,767,746
Maturities	(171,104)	(445,000)	(616,104)
Disposals	(994,322)	(415,706)	(1,410,028)
Fair value gains recorded in profit or loss:			
- Unrealised gains	215,961	-	215,961
Other comprehensive income	-	169,000	169,000
Amortisation of premiums	(6,496)	(16,148)	(22,644)
Accretion of discount	1,335	5,743	7,078
Unrealised foreign exchange gains	13,701	4,405	18,106
Movement in income due and accrued	11,043	(1,713)	9,330
At 31 December 2023	9,074,029	7,998,114	17,072,143

6. Investments (continued)

Amounts arising from expected credit loss

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

		Stage 1 (12-month ECL)		Stage 2 (Lifetime ECL)		Stage 3 (Lifetime ECL - credit impaired)		Total	
		Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
Balance as at 1 January 2024		7,351,120	(3,268)	-	-	-	-	7,351,120	(3,268)
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		1,290,425	(798)	-	-	-	-	1,290,425	(798)
Matured or sold		(871,494)	79	-	-	-	-	(871,494)	79
Remeasurements	(b)	(10,640)	876	-	-	-	-	(10,640)	876
Net charge for the year	(c)	408,291	157	-	-	-	-	408,291	157
Balance as at 31 December 2024		7,759,411	(3,111)	-	-	-	-	7,759,411	(3,111)

(a) There have been no transfers between Stage 1, 2 or 3
(b) Includes releases of ECL allowance.
(c) There have been no write-offs or recoveries to write-offs during the year.

6. Investments (continued)

Amounts arising from expected credit loss (continued)

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period: (continued)

		Stage 1 (12-month ECL)		Stage 2 (Lifetime ECL)		Stage 3 (Lifetime ECL - credit impaired)		Total	
		Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
Balance as at 1 January 2023		6,883,711	(3,361)	-	-	-	-	6,883,711	(3,361)
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		945,542	(664)	-	-	-	-	945,542	(664)
Matured or sold		(637,242)	80	-	-	-	-	(637,242)	80
Remeasurements	(b)	159,109	677	-	-	-	-	159,109	677
Net charge for the year	(c)	467,409	93	-	-	-	-	467,409	93
Balance as at 31 December 2023		7,351,120	(3,268)	-	-	-	-	7,351,120	(3,268)

(a) There have been no transfers between Stage 1, 2 or 3
(b) Includes releases of ECL allowance.
(c) There have been no write-offs or recoveries to write-offs during the year.

7. Derivative financial assets/ (liabilities)

	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2024			
Collateralised interest rate swap	400,000	12,934	-
Cross currency swap	98,740	150	(3,107)
	498,740	13,084	(3,107)
2023			
Collateralised interest rate swap	400,000	16,857	-
Cross currency swap	98,740	171	(4,875)
	498,740	17,028	(4,875)

The Company uses interest rate swap and cross currency swap to mitigate the changes in fair value of local and foreign currency-denominated debt securities due to movements in interest rates or foreign exchange rates.

	2024 RM'000	2023 RM'000
Derivative assets maturing within 12 months	150	-
Derivative assets maturing after 12 months	12,934	17,028
	13,084	17,028
Derivative liabilities maturing within 12 months	-	-
Derivative liabilities maturing after 12 months	(3,107)	(4,875)
	(3,107)	(4,875)

8. Other assets

	2024 RM'000	2023 RM'000
Non-current		
Staff loans - FVOCI		
Mortgage loan	877	768
Other secured loans	41	78
	918	846
Other receivables - AC		
Other receivables, deposits and prepayments	12,692	10,257
	12,692	10,257
	13,610	11,103
Current		
Staff loans - FVOCI		
Mortgage loan	101	101
Other secured loans	39	52
	140	153
Other receivables - AC		
Dividend receivables	2,252	3,555
Sundry deposits	1,510	1,828
Prepayment	4,988	499
Sales contract outstanding	18	9,011
Other receivables	37,603	22,892
	46,371	37,785
	46,511	37,938
Total	60,121	49,041

9. Share capital

	2024 Number of shares '000	2024 Amount RM'000	2023 Number of shares '000	2023 Amount RM'000
Issued and fully paid up:				
Ordinary shares				
On issue at 1 January/31 December	236,600	236,600	236,600	236,600

Ordinary shares

The holders 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.

10. Reserves

FVOCI reserves

The FVOCI reserves comprise:

a) The cumulative net change in the fair value of FVOCI financial assets until the investments are derecognised or impaired; and
b) ECL reserves representing the cumulative net change in the ECL.

Insurance finance reserves

The insurance finance reserves comprise the cumulative insurance finance income and expenses on insurance contracts issued and reinsurance contracts held recognised in OCI as disclosed in Note 19.

Other reserves

The other reserves represent the surplus on revaluation of land and buildings.

Retained earnings
Restriction on payment of dividends

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

Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend on its shares.

11. Deferred tax liabilities

11.1 Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment	-	-	(421)	(535)	(421)	(535)
Retained earnings - Life funds	-	-	(588,344)	(549,601)	(588,344)	(549,601)
Investments						
- Recognised in profit & loss ("PL")	-	-	(34,221)	(5,047)	(34,221)	(5,047)
- Recognised in other comprehensive income ("OCI")	-	-	(24,527)	(11,291)	(24,527)	(11,291)
Insurance contract liabilities						
- Recognised in PL	50,191	38,979	-	-	50,191	38,979
- Recognised in OCI	19,313	12,696	-	-	19,313	12,696
Reinsurance contract liabilities						
- Recognised in OCI	1,142	976	-	-	1,142	976
Expected credit losses						
- Recognised in PL	260	274	-	-	260	274
- Recognised in OCI	-	-	(260)	(274)	(260)	(274)
Revaluation reserve	-	-	(1,170)	(1,170)	(1,170)	(1,170)
Net tax assets/(liabilities)	70,906	52,925	(648,943)	(567,918)	(578,037)	(514,993)

	2024 RM'000	2023 RM'000
Deferred tax assets to be recovered:		
- After 12 months	70,906	52,925
Deferred tax liabilities to be settled:		
- After 12 months	(648,943)	(567,918)
Total deferred tax liabilities	(578,037)	(514,993)

11. Deferred tax liabilities

11.2 Movement in temporary differences during the year

	At 1 January 2023	Recognised in profit or loss (Note 21)	Recognised in other comprehensive income ("OCI") (Note 21)	Recognised in insurance contract liabilities	At 31 December 2023/ 1 January 2024	Recognised in profit or loss (Note 21)	Recognised in other comprehensive income ("OCI") (Note 21)	Recognised in insurance contract liabilities	At 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(543)	8	-	-	(535)	114	-	-	(421)
Retained earnings - Life funds	(502,942)	(46,659)	-	-	(549,601)	(38,743)	-	-	(588,344)
Investments									
- Recognised in PL	12,280	436	-	(17,763)	(5,047)	636	-	(29,810)	(34,221)
- Recognised in OCI	2,349	-	(13,640)	-	(11,291)	-	(13,236)	-	(24,527)
Insurance contract liabilities									
- Recognised in PL	26,602	12,377	-	-	38,979	11,212	-	-	50,191
- Recognised in OCI	3,519	-	9,177	-	12,696	-	6,617	-	19,313
Reinsurance contract liabilities									
- Recognised in OCI	262	-	714	-	976	-	166	-	1,142
Expected credit losses									
- Recognised in PL	287	(13)	-	-	274	(14)	-	-	260
- Recognised in OCI	(287)	-	13	-	(274)	-	14	-	(260)
Revaluation reserve	(776)	-	(394)	-	(1,170)	-	-	-	(1,170)
Net tax (liabilities)/assets	(459,249)	(33,851)	(4,130)	(17,763)	(514,993)	(26,795)	(6,439)	(29,810)	(578,037)

12. Insurance contract liabilities

	2024 RM'000	2023 RM'000
Contracts not measured under PAA	16,019,216	14,737,182
Contracts measured under PAA	357,567	306,138
Total insurance contracts liabilities	16,376,783	15,043,320
Amount expected to be recovered/settled within 12 months	2,303,291	2,019,756
Amount expected to be recovered/settled more than 12 months	14,073,492	13,023,564
	16,376,783	15,043,320

A. Movements in carrying amounts

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

	2024			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	13,272,269	11,774	1,453,139	14,737,182
Insurance revenue	(1,992,420)	-	-	(1,992,420)
Insurance service expenses				
Incurred claims and other insurance service expenses	77,818	-	1,052,788	1,130,606
Amortisation of insurance acquisition cash flows	433,907	-	-	433,907
Losses and reversal of losses on onerous contracts	-	(1,529)	-	(1,529)
	511,725	(1,529)	1,052,788	1,562,984
Insurance service result	(1,480,695)	(1,529)	1,052,788	(429,436)
Net finance expenses from insurance contracts	1,189,314	-	-	1,189,314
Investment components	(1,199,009)	-	1,199,009	-
Net insurance and investment results	(1,490,390)	(1,529)	2,251,797	759,878
Cash flows				
Premium received	3,336,134	-	-	3,336,134
Claims and other insurance service expenses paid, including investment components	-	-	(2,172,735)	(2,172,735)
Insurance acquisition cash flows	(626,233)	-	-	(626,233)
Total cash flows	2,709,901	-	(2,172,735)	537,166
Tax on underlying items	(15,010)	-	-	(15,010)
Closing balance	14,476,770	10,245	1,532,201	16,019,216

12. Insurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

	2024			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	11,065,752	423,195	3,248,235	14,737,182
Changes that relate to current services				
CSM recognised for services provided	-	-	(487,092)	(487,092)
Change in risk adjustment for non-financial risk for risk expired	-	(60,444)	-	(60,444)
Experience adjustments	86,631	-	-	86,631
Changes that relate to future services				
Contracts initially recognised in the year	(564,742)	76,658	488,084	-
Changes in estimates that adjust the CSM	(308,080)	21,316	286,764	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,529)	-	-	(1,529)
Changes in unmodelled reserves	32,998	-	-	32,998
Insurance service result	(754,722)	37,530	287,756	(429,436)
Net finance expenses from insurance contracts	1,186,350	115	2,849	1,189,314
Net insurance and investment results	431,628	37,645	290,605	759,878
Cash flows				
Premium received	3,336,134	-	-	3,336,134
Claims and other insurance service expenses paid, including investment components	(2,172,735)	-	-	(2,172,735)
Insurance acquisition cash flows	(626,233)	-	-	(626,233)
Total cash flows	537,166	-	-	537,166
Tax on underlying items	(15,010)	-	-	(15,010)
Closing balance	12,019,536	460,840	3,538,840	16,019,216

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12. Insurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

	2024			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	100,942	-	205,196	306,138
Insurance revenue	(440,058)	-	-	(440,058)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	-	378,925	378,925
Amortisation of insurance acquisition cash flows	44,764	-	-	44,764
	44,764	-	378,925	423,689
Insurance service result	(395,294)	-	378,925	(16,369)
Investment components	(4,474)	-	4,474	-
Net insurance and investment results	(399,768)	-	383,399	(16,369)
Cash flows				
Premium received	470,043	-	-	470,043
Claims and other insurance service expenses paid, including investment components	-	-	(356,044)	(356,044)
Insurance acquisition cash flows	(46,201)	-	-	(46,201)
Total cash flows	423,842	-	(356,044)	67,798
Closing balance	125,016	-	232,551	357,567

12. Insurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

	2023			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	12,378,824	7,754	1,288,491	13,675,069
Insurance revenue	(1,778,860)	-	-	(1,778,860)
Insurance service expenses				
Incurred claims and other insurance service expenses	46,426	-	1,002,308	1,048,734
Amortisation of insurance acquisition cash flows	406,096	-	-	406,096
Losses and reversal of losses on onerous contracts	-	4,020	-	4,020
	452,522	4,020	1,002,308	1,458,850
Insurance service result	(1,326,338)	4,020	1,002,308	(320,010)
Net finance expenses from insurance contracts	881,836	-	-	881,836
Investment components	(1,123,978)	-	1,123,978	-
Net insurance and investment results	(1,568,480)	4,020	2,126,286	561,826
Cash flows				
Premium received	3,115,134	-	-	3,115,134
Claims and other insurance service expenses paid, including investment components	(44)	-	(1,961,638)	(1,961,682)
Insurance acquisition cash flows	(613,323)	-	-	(613,323)
Total cash flows	2,501,767	-	(1,961,638)	540,129
Tax on underlying items	(39,842)	-	-	(39,842)
Closing balance	13,272,269	11,774	1,453,139	14,737,182

12. Insurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

	2023			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	10,379,734	364,183	2,931,152	13,675,069
Changes that relate to current services				
CSM recognised for services provided	-	-	(433,142)	(433,142)
Change in risk adjustment for non-financial risk for risk expired	-	(54,164)	-	(54,164)
Experience adjustments	131,391	-	-	131,391
Changes that relate to future services				
Contracts initially recognised in the year	(555,588)	78,076	477,512	-
Changes in estimates that adjust the CSM	(304,665)	34,888	269,777	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	4,020	-	-	4,020
Changes in unmodelled reserves	31,885	-	-	31,885
Insurance service result	(692,957)	58,800	314,147	(320,010)
Net finance expenses from insurance contracts	878,688	212	2,936	881,836
Net insurance and investment results	185,731	59,012	317,083	561,826
Cash flows				
Premium received	3,115,134	-	-	3,115,134
Claims and other insurance service expenses paid, including investment components	(1,961,682)	-	-	(1,961,682)
Insurance acquisition cash flows	(613,323)	-	-	(613,323)
Total cash flows	540,129	-	-	540,129
Tax on underlying items	(39,842)	-	-	(39,842)
Closing balance	11,065,752	423,195	3,248,235	14,737,182

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12. Insurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

	2023			
	Liabilities for remaining coverage			
	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	85,448	-	141,676	227,124
Insurance revenue	(389,988)	-	-	(389,988)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	-	367,997	367,997
Amortisation of insurance acquisition cash flows	40,152	-	-	40,152
	40,152	-	367,997	408,149
Insurance service result	(349,836)	-	367,997	18,161
Investment components	(1,598)	-	1,598	-
Net insurance and investment results	(351,434)	-	369,595	18,161
Cash flows				
Premium received	408,729	-	-	408,729
Claims and other insurance service expenses paid, including investment components	-	-	(306,075)	(306,075)
Insurance acquisition cash flows	(41,801)	-	-	(41,801)
Total cash flows	366,928	-	(306,075)	60,853
Closing balance	100,942	-	205,196	306,138

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12. Insurance contract liabilities (continued)

B. Effect of contracts initially recognised in the year - Contracts not measured under PAA

	2024 Profitable contracts issued RM'000	2023 Profitable contracts issued RM'000
Insurance acquisition cash flows	607,686	598,612
Claims and other insurance service expenses payable	1,041,306	1,119,394
Estimates of present value of cash outflows	1,648,992	1,718,006
Estimates of present value of cash inflows	(2,213,734)	(2,273,594)
Risk adjustment for non-financial risk	76,658	78,076
CSM	488,084	477,512
Insurance contract liabilities from contracts recognised in the year	-	-

C. Expected recognition of the contractual service margin

	1 year or less RM'000	>1 year RM'000	>2 years RM'000	>3 years RM'000	>4 years RM'000	>5 years RM'000	Total RM'000
31 December 2024	453,311	404,021	360,093	320,408	284,351	1,716,656	3,538,840
31 December 2023	414,621	372,956	334,801	300,301	267,542	1,558,014	3,248,235

13. Reinsurance contract liabilities

	2024 RM'000	2023 RM'000
Contracts not measured under PAA	88,943	45,105
Contracts measured under PAA	43,238	24,672
Total reinsurance contracts liabilities	132,181	69,777
Amount expected to be recovered/settled within 12 months	35,936	(18,503)
Amount expected to be recovered/settled more than 12 months	96,245	88,280
	132,181	69,777

A. Movements in carrying amounts

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

	2024		
	Liabilities for remaining coverage excluding loss component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening balance	86,992	(41,887)	45,105
Reinsurance expenses	136,017	-	136,017
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	(15,705)	(113,295)	(129,000)
Adjustments to liabilities for incurred claims	-	9,657	9,657
	(15,705)	(103,638)	(119,343)
Expense/(income) from reinsurance contracts held	120,312	(103,638)	16,674
Net reinsurance finance income	(335)	-	(335)
Net expense/(income) from reinsurance contracts held	119,977	(103,638)	16,339
Cash flows			
Premium paid	(127,627)	-	(127,627)
Deposit received	71,265	-	71,265
Claims and other insurance service expenses paid, including investment components	-	68,155	68,155
Insurance acquisition cash flows	15,706	-	15,706
Total cash flows	(40,656)	68,155	27,499
Closing balance	166,313	(77,370)	88,943

13. Reinsurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

	2024			
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	213,253	(25,537)	(142,611)	45,105
Changes in the statement of profit or loss and OCI				
Changes that relate to current services				
CSM recognised for services received	-	-	23,497	23,497
Change in risk adjustment for non-financial risk for risk expired	-	3,386	-	3,386
Experience adjustments	(10,209)	-	-	(10,209)
Changes that relate to future services				
Contracts initially recognised in the year	205	(7)	(198)	-
Changes in estimates that adjust the CSM	31,374	(4,849)	(26,525)	-
Expense/(income) from reinsurance contracts held	21,370	(1,470)	(3,226)	16,674
Net reinsurance finance expenses/(income)	7,662	(225)	(7,772)	(335)
Net expense/(income) from reinsurance contracts held	29,032	(1,695)	(10,998)	16,339
Cash flows				
Premium paid	(127,627)	-	-	(127,627)
Deposit received	71,265	-	-	71,265
Claims and other insurance service expenses paid, including investment components	68,155	-	-	68,155
Insurance acquisition cash flows	15,706	-	-	15,706
	27,499	-	-	27,499
Closing balance	269,784	(27,232)	(153,609)	88,943

13. Reinsurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts measured under PAA

	2024		
	Liabilities for remaining coverage excluding loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	24,672	-	24,672
Reinsurance expenses	40,989	-	40,989
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses/(income)	19,129	(25,091)	(5,962)
	19,129	(25,091)	(5,962)
Expense/(income) from reinsurance contracts held	60,118	(25,091)	35,027
Net expense/(income) from reinsurance contracts held	60,118	(25,091)	35,027
Cash flows			
Premium paid	(40,989)	-	(40,989)
Claims and other insurance service expenses paid, including investment components	-	25,091	25,091
Insurance acquisition cash flows	(563)	-	(563)
Total cash flows	(41,552)	25,091	(16,461)
Closing balance	43,238	-	43,238

13. Reinsurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA

	2023 Liabilities for remaining coverage excluding loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	81,505	25,805	107,310
Reinsurance expenses	93,986	-	93,986
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	(8,001)	(96,869)	(104,870)
Adjustments to liabilities for incurred claims	-	(32,706)	(32,706)
	(8,001)	(129,575)	(137,576)
Expense/(income) from reinsurance contracts held	85,985	(129,575)	(43,590)
Net reinsurance finance expenses	1,110	-	1,110
Net expense/(income) from reinsurance contracts held	87,095	(129,575)	(42,480)
Cash flows			
Premium paid	(89,608)	-	(89,608)
Claims and other insurance service expenses paid, including investment components	-	61,883	61,883
Insurance acquisition cash flows	8,000	-	8,000
Total cash flows	(81,608)	61,883	(19,725)
Closing balance	86,992	(41,887)	45,105

13. Reinsurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Reconciliation of the measurement components of insurance contract balances - Contracts not measured under PAA

	2023			
	Estimate of present value of future cash flows RM'000	**Risk adjustment for non-financial risk RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Opening balance	242,522	(22,459)	(112,753)	107,310
Changes in the statement of profit or loss and OCI				
Changes that relate to current services				
CSM recognised for services received	-	-	16,919	16,919
Change in risk adjustment for non-financial risk for risk expired	-	3,038	-	3,038
Experience adjustments	(63,547)	-	-	(63,547)
Changes that relate to future services				
Contracts initially recognised in the year	7	-	(7)	-
Changes in estimates that adjust the CSM	45,528	(5,640)	(39,888)	-
Income from reinsurance contracts held	(18,012)	(2,602)	(22,976)	(43,590)
Net reinsurance finance expense/(income)	8,468	(476)	(6,882)	1,110
Net income from reinsurance contracts held	(9,544)	(3,078)	(29,858)	(42,480)
Cash flows				
Premium paid	(89,608)	-	-	(89,608)
Claims and other insurance service expenses paid, including investment components	61,883	-	-	61,883
Insurance acquisition cash flows	8,000	-	-	8,000
	(19,725)	-	-	(19,725)
Closing balance	213,253	(25,537)	(142,611)	45,105

13. Reinsurance contract liabilities (continued)

A. Movements in carrying amounts (continued)

Analysis by incurred claims - Contracts measured under PAA

	2023		
	Liabilities for remaining coverage excluding loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	43,281	-	43,281
Reinsurance expenses	42,428	-	42,428
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	(19,172)	(36,283)	(55,455)
	(19,172)	(36,283)	(55,455)
Net expense/(income) from reinsurance contracts held	23,256	(36,283)	(13,027)
Cash flows			
Premium paid	(42,428)	-	(42,428)
Claims and other insurance service expenses paid, including investment components	-	36,283	36,283
Insurance acquisition cash flows	563	-	563
Total cash flows	(41,865)	36,283	(5,582)
Closing balance	24,672	-	24,672

13. Reinsurance contract liabilities (continued)

B. Effect of contracts initially recognised in the year

	2024 Contracts originated not in a net gain RM'000	2023 Contracts originated not in a net gain RM'000
Estimates of present value of cash inflows	(1,949)	(30)
Estimates of present value of cash outflows	2,154	37
Risk adjustment for non-financial risk	(7)	-
CSM	(198)	(7)
Reinsurance contract liabilities from contracts recognised in the year	-	-

C. Expected recognition of the Contractual service margin

	1 year or less RM'000	>1 year RM'000	>2 years RM'000	>3 years RM'000	>4 years RM'000	>5 years RM'000	Total RM'000
31 December 2024	(19,885)	(17,831)	(15,974)	(14,252)	(12,678)	(72,989)	(153,609)
31 December 2023	(18,111)	(16,320)	(14,754)	(13,319)	(11,945)	(68,162)	(142,611)

14. Lease liabilities

	2024 RM'000	2023 RM'000
Non-current	2,625	4,765
Current	4,111	4,956
	6,736	9,721

15. Other liabilities

	Note	2024 RM'000	2023 RM'000
Current			
Other payables		84,214	74,201
Accrued expenses		22,965	17,432
Cash collateral payable		6,240	5,967
Due to agent and intermediaries		114,749	88,136
Outstanding purchases of investment securities		55,798	58,654
Sundry creditors		34,379	17,783
		318,345	262,173
Due to immediate holding company	15.1	2,798	80,854
Due to related companies	15.1	35,951	26,903
		357,094	369,930

15.1 Amounts due to immediate holding company and related companies

The amounts due to ultimate holding company, immediate holding company and related companies are unsecured, interest free and repayable on demand. Included in the amount due to immediate holding company is mainly dividend payable by the Company, refer to Note 22.

16. Insurance revenue

	Note	2024 RM'000	2023 RM'000
Contracts not measured under the PAA			
Amount relating to changes in liabilities for remaining coverage			
- CSM recognised for services provided	12	487,092	433,142
- Change in risk adjustment for non-financial risk for risk expired	12	60,444	54,164
- Expected incurred claims and other insurance service expenses		1,010,977	885,458
Recovery of insurance acquisition cash flows		433,907	406,096
		1,992,420	1,778,860
Contracts measured under the PAA		440,058	389,988
Total insurance revenue	12	2,432,478	2,168,848

16. Insurance revenue (continued)

Analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables.

		2024			2023		
	Note	New contracts recognised post-transition and contracts measured under the full retrospective approach at transition RM'000	Contracts measured under the modified retrospective approach at transition RM'000	Total RM'000	New contracts recognised post-transition and contracts measured under the full retrospective approach at transition RM'000	Contracts measured under the modified retrospective approach at transition RM'000	Total RM'000
Insurance revenue		1,874,453	558,025	2,432,478	1,649,347	519,501	2,168,848
CSM as at 1 January	12	2,654,735	593,500	3,248,235	2,358,354	572,799	2,931,153
Changes that relate to current services							
CSM recognised for services provided	12	(377,432)	(109,660)	(487,092)	(333,299)	(99,843)	(433,142)
Changes that relate to future services							
Contracts initially recognised in the year	12	488,084	-	488,084	477,512	-	477,512
Changes in estimates that adjust the CSM	12	144,961	141,802	286,763	150,857	118,920	269,777
		255,613	32,142	287,755	295,070	19,077	314,147
Net finance expenses from insurance contracts issued	12	1,662	1,188	2,850	1,311	1,624	2,935
Total amounts recognised in comprehensive income		257,275	33,330	290,605	296,381	20,701	317,082
CSM as at 31 December	12	2,912,010	626,830	3,538,840	2,654,735	593,500	3,248,235

17. Insurance service expenses

	Note	2024 RM'000	2023 RM'000
Contracts not measured under the PAA			
Incurred claims and other directly attributable expenses	12	1,130,606	1,048,734
Insurance acquisition cash flows amortisation	12	433,907	406,096
(Reversal) of losses/losses on onerous insurance contracts	12	(1,529)	4,020
		1,562,984	1,458,850
Contracts measured under the PAA			
Incurred claims and other directly attributable expenses	12	378,925	367,997
Insurance acquisition cash flows amortisation	12	44,764	40,152
		423,689	408,149
Total insurance service expenses		1,986,673	1,866,999

18. Net (income)/expense from reinsurance contracts held

	Note	2024 RM'000	2023 RM'000
Net (income)/expense from reinsurance contracts held			
Contracts not measured under the PAA			
Amounts relating to the changes in the remaining coverage			
- Expected incurred claims and other directly attributable expenses recovery		(19,866)	(30,841)
- Change in the risk adjustment for non-financial risk for the risk expired		3,386	3,038
- CSM recognised for the services received		23,497	16,919
Changes in fulfilment cash flows relating to incurred claims		9,657	(32,706)
	13	16,674	(43,590)
Contracts measured under the PAA			
Other incurred directly attributable expense/(income)	13	35,027	(13,027)
		35,027	(13,027)
Total expense/(income) from reinsurance contracts held	13	51,701	(56,617)

18. Net (income)/expense from reinsurance contracts held (continued)

Analysis of the CSM by transition method under reinsurance contracts held is included in the following tables.

		2024			2023		
		New contracts recognised post-transition and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Total	New contracts recognised post-transition and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CSM as at 1 January	13	(17)	(142,594)	(142,611)	19	(112,773)	(112,754)
Changes that relate to current services							
CSM recognised for services received	13	5	23,491	23,496	(4)	16,923	16,919
Changes that relate to future services							
Contracts initially recognised in the year	13	(198)	-	(198)	(7)	-	(7)
Changes in estimates that adjust the CSM	13	(36)	(26,488)	(26,524)	(25)	(39,862)	(39,887)
		(229)	(2,997)	(3,226)	(36)	(22,939)	(22,975)
Net finance income from reinsurance contracts held	13	(9)	(7,763)	(7,772)	-	(6,882)	(6,882)
Total amounts recognised in comprehensive income		(238)	(10,760)	(10,998)	(36)	(29,821)	(29,857)
CSM as at 31 December	13	(255)	(153,354)	(153,609)	(17)	(142,594)	(142,611)

19. Investment income and insurance finance expenses

	2024			2023		
	Participating fund RM'000	Other RM'000	Total RM'000	Participating fund RM'000	Other RM'000	Total RM'000
Net investment income/(expenses) – underlying assets						
Investment income from financial assets not measured at FVTPL	130,520	193,778	324,298	146,216	173,098	319,314
Interest revenue from financial assets not measured at FVTPL	128,048	192,873	320,921	140,705	174,225	314,930
- Interest income	131,418	198,289	329,707	136,327	178,802	315,129
- Interest expense	(135)	(5,416)	(5,551)	(103)	(4,577)	(4,680)
- Other investment (expense)/income	(3,235)	-	(3,235)	4,481	-	4,481
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	2,472	905	3,377	5,511	(1,127)	4,384
- Realised gains	2,472	2,061	4,533	5,608	107	5,715
- Realised losses	-	(1,156)	(1,156)	(97)	(1,234)	(1,331)
Net credit impairment gain/(loss) on financial assets	157	-	157	139	(46)	93
Net investment income - not measured at FVTPL	130,677	193,778	324,455	146,355	173,052	319,407
Net gains on FVTPL investments	8,713	846,819	855,532	8,189	459,255	467,444
- Interest income	5,334	263,018	268,352	5,353	238,979	244,332
- Realised gains	1,703	177,203	178,906	3,481	584	4,065
- Other investment income	-	4,081	4,081	-	2,734	2,734
- Fair value gains/(losses)	1,676	402,517	404,193	(645)	216,958	216,313
Net investment income - measured at FVTPL	8,713	846,819	855,532	8,189	459,255	467,444
Dividend income from financial assets not measured at FVTPL	25,279	525	25,804	28,014	681	28,695
Dividend income from financial assets measured at FVTPL	2,408	113,178	115,586	2,266	100,993	103,259
Dividend income	27,687	113,703	141,390	30,280	101,674	131,954
Total net investment income in profit or loss	167,077	1,154,300	1,321,377	184,824	733,981	918,805

19. Investment income and insurance finance expenses (continued)

	2024			2023		
	Participating fund RM'000	**Other RM'000**	**Total RM'000**	**Participating fund RM'000**	**Other RM'000**	**Total RM'000**
Net gains on investments in debt securities measured at FVOCI	4,578	9,827	14,405	84,941	84,863	169,804
Net realised gains/(losses) transferred to profit or loss	2,472	(5,849)	(3,377)	5,511	(9,895)	(4,384)
Fair value gains/(losses) on cash flow hedge	1,568	-	1,568	(5,831)	-	(5,831)
Expected credit losses	(157)	-	(157)	(139)	46	(93)
Net gains on investments in equity instruments measured at FVOCI	62,009	30,174	92,183	3,580	-	3,580
Total net investment income in other comprehensive income	70,470	34,152	104,622	88,062	75,014	163,076
Finance income/(expenses) from insurance contracts issued						
Changes in value of underlying assets of contracts measured under the VFA	(165,431)	(938,874)	(1,104,305)	(182,724)	(582,974)	(765,698)
Interest accreted	-	(26,187)	(26,187)	-	(21,343)	(21,343)
Effect of changes in interest rates and other financial assumptions	22,092	(6,258)	15,834	10,327	(5,150)	5,177
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	-	-	(2,936)	(2,936)
Finance expenses from insurance contracts issued	(143,339)	(971,319)	(1,114,658)	(172,397)	(612,403)	(784,800)

19. Investment income and insurance finance expenses (continued)

	2024			2023		
	Participating fund RM'000	Other RM'000	Total RM'000	Participating fund RM'000	Other RM'000	Total RM'000
Finance income/(expenses) from reinsurance contracts held						
Interest accreted	-	530	530	-	734	734
Effect of changes in interest rates and other financial assumptions	-	497	497	-	1,132	1,132
Finance income from reinsurance contracts held	-	1,027	1,027	-	1,866	1,866
Net insurance finance expense in profit or loss	(143,339)	(970,292)	(1,113,631)	(172,397)	(610,537)	(782,934)
Finance expense from insurance contract issued	(70,627)	(4,029)	(74,656)	(88,201)	(8,835)	(97,036)
Finance expense from reinsurance contract held	-	(692)	(692)	-	(2,976)	(2,976)
Net insurance finance expense in other comprehensive income	(70,627)	(4,721)	(75,348)	(88,201)	(11,811)	(100,012)

19. Investment income and insurance finance expenses (continued)

Summary of the amounts recognised in profit or loss and OCI:

		2024			2023		
	Note	Participating fund RM'000	Other RM'000	Total RM'000	Participating fund RM'000	Other RM'000	Total RM'000
Net investment income							
Represented by:							
Amounts recognised in profit or loss		167,077	1,154,300	1,321,377	184,824	733,981	918,805
Amounts recognised in OCI		70,470	34,152	104,622	88,062	75,014	163,076
		237,547	1,188,452	1,425,999	272,886	808,995	1,081,881
Net finance expenses from insurance contracts							
Represented by:							
Amounts recognised in profit or loss		(143,339)	(971,319)	(1,114,658)	(172,397)	(612,403)	(784,800)
Amounts recognised in OCI		(70,627)	(4,721)	(75,348)	(88,201)	(11,811)	(100,012)
	12	(213,966)	(976,040)	(1,190,006)	(260,598)	(624,214)	(884,812)
Net finance income/(expense) from reinsurance contracts							
Represented by:							
Amounts recognised in profit or loss		-	1,027	1,027	-	1,866	1,866
Amounts recognised in OCI		-	(692)	(692)	-	(2,976)	(2,976)
	13	-	335	335	-	(1,110)	(1,110)
Total net investment income, insurance finance expenses and reinsurance finance income/(expense)							
Represented by:							
Amounts recognised in profit or loss		23,738	184,008	207,746	12,427	123,444	135,871
Amounts recognised in OCI		(157)	28,739	28,582	(139)	60,227	60,088
		23,581	212,747	236,328	12,288	183,671	195,959

19. Investment income and insurance finance expenses (continued)

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

	2024 RM'000	2023 RM'000
Malaysian government securities	126,008	124,286
Malaysian government guaranteed bonds	70,551	69,118
Unquoted bonds of corporations in Malaysia	103,351	94,868
Unquoted bonds of corporations outside Malaysia	3,656	3,733
Fixed and call deposits with licensed banks	19,421	16,275
Other investments	1,311	11,034
Investment income from financial assets not measured at FVTPL	324,298	319,314
Malaysian government securities	122,584	157,618
Malaysian government guaranteed bonds	42,805	76,988
Quoted unit trusts in Malaysia	16,278	4,760
Unquoted unit trusts outside Malaysia	28,162	18,024
Unquoted bonds of corporations in Malaysia	94,773	137,716
Quoted equity securities of corporations in Malaysia	526,991	45,728
Quoted equity securities of corporations outside Malaysia	5,956	4,323
Fixed and call deposits with licensed banks	12,497	13,847
Other investments	4,081	2,734
Derivative financial assets/liabilities:		
Collateralised interest rate swap	535	4,947
Cross currency swap	870	759
Net gains on FVTPL investment	855,532	467,444
Quoted equity securities of corporations in Malaysia	25,279	28,014
Unquoted equity securities of corporations in Malaysia	525	681
Dividend income from financial assets not measured at FVTPL	25,804	28,695
Quoted equity securities of corporations in Malaysia	101,981	88,772
Quoted equity securities of corporations outside Malaysia	4,483	7,360
Quoted unit trusts in Malaysia	8,324	6,344
Unquoted unit trusts in Malaysia	798	783
Dividend income from financial assets measured at FVTPL	115,586	103,259
Dividend income	141,390	131,954
Malaysian government securities	79	(10)
Malaysian government guaranteed bonds	1	47
Unquoted bonds of corporations in Malaysia	48	79
Fixed and call deposits with licensed banks	2	(31)
Other investments	27	8
Net credit impairment gains	157	93
Total net investment income in profit or loss	1,321,377	918,805

Allianz Life Insurance Malaysia Berhad
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19. Investment income and insurance finance expenses (continued)

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

	2024 RM'000	2023 RM'000
Malaysian government securities	9,251	66,165
Malaysian government guaranteed bonds	1,376	52,165
Quoted equity securities of corporations in Malaysia	62,009	3,580
Unquoted equity securities of corporations in Malaysia	30,174	-
Unquoted bonds of corporations in Malaysia	(1,334)	45,090
Unquoted bonds of corporations outside Malaysia	1,596	1,883
Fixed and call deposits with licensed banks	(2)	31
Cross currency swap	1,568	(5,831)
Other investments	(16)	(7)
Total net investment income in other comprehensive income	104,622	163,076

Allianz Life Insurance Malaysia Berhad
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20. Expenses by nature

2024	Note	Expenses attributed to insurance acquisition cash flow* RM'000	Other directly attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Advertising and marketing expenses		20,719	1,159	6,881	28,759
Amortisation of intangible assets	5	-	5,432	6,159	11,591
Reversal of impairment loss on receivables		-	-	(206)	(206)
Bank charges		3,163	13,701	123	16,987
Depreciation on property, plant and equipment	3	177	4,244	671	5,092
Depreciation of right-of-use assets	4	692	3,260	1,662	5,614
Employee benefits expense	20(a)	33,908	71,322	45,625	150,855
Executive director emoluments	20(b)	-	-	3,034	3,034
Non executive directors' fees and other emoluments	20(b)	-	-	687	687
Short-term lease expenses		2	3	-	5
Auditors' remuneration:					
- statutory audit fees		-	477	114	591
- other audit related fees		-	104	25	129
Lease expense on low-value assets		18	76	21	115
Commissions		457,291	-	-	457,291
Other expenses		156,464	51,080	67,255	274,799
		672,434	150,858	132,051	955,343
		Note 12			

20. Expenses by nature (continued)

2023	Note	Expenses attributed to insurance acquisition cash flow* RM'000	Other directly attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Advertising and marketing expenses		16,331	943	8,516	25,790
Amortisation of intangible assets	5	-	5,247	6,159	11,406
Allowance for impairment loss on receivables		-	-	46	46
Bank charges		2,588	12,556	26	15,170
Depreciation on property, plant and equipment	3	306	4,629	839	5,774
Depreciation of right-of-use assets	4	769	2,746	2,031	5,546
Employee benefits expense	20(a)	30,435	70,210	36,329	136,974
Executive director emoluments	20(b)	-	-	2,522	2,522
Non executive directors' fees and other emoluments	20(b)	-	-	699	699
Short-term lease expenses		11	7	2	20
Auditors' remuneration:					
- statutory audit fees		-	539	57	596
- other audit related fees		-	121	13	134
Lease expense on low-value assets		22	121	33	176
Impairment of property, plant and equipment	3	-	-	60	60
Commissions		449,081	-	-	449,081
Other expenses		155,581	56,364	27,918	239,863
		655,124	153,483	85,250	893,857
		Note 12			

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition cash flows.

20. Expenses by nature (continued)

The following breakdowns present the reconciliation of directly attributable expenses and non-directly attributable expenses:

	2024 RM'000	2023 RM'000
Directly attributable expenses:		
- Management expenses	150,858	153,483
- Insurance acquisition cash flows	672,434	655,124
Non-directly attributable expenses:		
- Management expenses		
- Investment expenses	9,990	10,550
- Other operating expenses	87,172	86,612
- Other operating expenses/(income)		
- Other operating expenses	9,022	1,803
- Foreign currency exchange loss/(gain)	25,867	(13,715)
	955,343	893,857

	2024 RM'000	2023 RM'000
(a) Employee benefits expense		
Wages and salaries	73,431	67,864
Social security contributions	699	668
Contributions to Employees' Provident Funds	15,829	14,939
Other benefits	60,896	53,503
	150,855	136,974

(b) Key management personnel compensation

	2024 RM'000	2023 RM'000
Executive Director/Chief Executive Officer:		
Salaries and other emoluments	2,000	1,646
Bonus	1,034	876
	3,034	2,522
Estimated monetary value of benefits-in-kind	51	46
	3,085	2,568
Non-executive directors:		
Fees	480	480
Other emoluments	207	219
	687	699
Other key management personnel:		
Short-term employee benefits	10,955	7,674

20. Expenses by nature (continued)

(b) Key management personnel compensation (continued)

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of CEO of the Company who is also the Executive Director of the Company, including benefits-in-kind, amounted to RM3,085,000 (2023: RM2,568,000).

(c) The details of remuneration received by the CEO during the year are as follows:

	2024 RM'000	2023 RM'000
Salaries	1,429	1,323
Bonus	1,034	876
Contribution to Employee's Provident Fund	336	303
Estimated monetary value of benefits-in-kind	51	46
Other emoluments	235	20
	3,085	2,568
Amount included in employee benefits expenses	3,034	2,522

20. Expenses by nature (continued)

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

2024	Salaries RM'000	Bonus RM'000	Fees* RM'000	Other emoluments RM'000	Benefits-in -kind RM'000	Total RM'000
Executive Director/Chief Executive Officer:						
Ong Eng Chow	1,429	1,034	-	571	51	3,085
Non-Executive Directors of the Company						
Goh Ching Yin	-	-	120	162	-	282
Peter Ho Kok Wai	-	-	120	15	-	135
Lim Fen Nee	-	-	120	15	-	135
Foo Chee It	-	-	120	15	-	135
Total Non-Executive Directors of the Company	-	-	480	207	-	687
Total remuneration of Directors of the Company	1,429	1,034	480	778	51	3,772

* Fees for their roles as members of Board Committees.

20. Expenses by nature (continued)

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

2023	Salaries RM'000	Bonus RM'000	Fees RM'000	emoluments emoluments RM'000	Benefits-in -kind RM'000	Total RM'000
Chief Executive Officer						
Ong Eng Chow	1,323	876	-	323	46	2,568
Non-Executive Directors of the Company						
Goh Ching Yin	-	-	120	165	-	285
Peter Ho Kok Wai	-	-	120	18	-	138
Lim Fen Nee	-	-	120	18	-	138
Foo Chee It	-	-	120	18	-	138
Total Non-Executive Directors of the Company	-	-	480	219	-	699
Total remuneration of Directors of the Company	1,323	876	480	542	46	3,267

21. Tax expense

	2024 RM'000	2023 RM'000
(a) Recognised in profit or loss		
Current tax expense		
Current year	74,518	58,440
Under/(over) provision in prior years	290	(2,363)
	74,808	56,077
Deferred tax benefit		
Origination and reversal of temporary differences	26,795	33,851
Total tax expense	101,603	89,928
Tax expenses attributable to shareholders	48,183	31,784
Tax expenses attributable to participating fund and unitholders	53,420	58,144
	101,603	89,928

The income tax provided for in the Life fund for the current and previous financial years is in respect of investment income which is taxed at a tax rate of 8% (2023: 8%) applicable for life insurance business and 24% (2023: 24%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967.

21. Tax expense (continued)

(a) Recognised in profit or loss (continued)

For the Shareholders' fund, the corporate tax rate is at 24% (2023: 24%). Consequently, deferred tax assets and liabilities of Shareholders' fund are measured using this tax rate. The tax expense of respective funds are disclosed in Note 30 – Insurance funds.

(b) Reconciliation of tax expense

	2024 RM'000	2023 RM'000
Profit before tax	469,498	408,892
Tax at Malaysian tax rate of 24% (2023: 24%)	112,680	98,134
Tax rate differential of 16% (2023: 16%) in respect of Life fund	8,985	13,715
Section 110B tax set off	(23,458)	(16,172)
Income not subject to tax	(173,686)	(171,741)
Non-deductible expenses	176,792	168,355
Over provision in prior years	290	(2,363)
Total tax expense	101,603	89,928

21. Tax expense (continued)

(c) Deferred tax recognised directly in other comprehensive income

	Note	2024 RM'000	2023 RM'000
FVOCI reserves			
At 1 January		(11,565)	2,062
Net loss arising from change in fair value	11	(13,222)	(13,627)
At 31 December		(24,787)	(11,565)
Insurance finance reserves			
At 1 January		13,672	3,781
Net gain arising from change in fair value	11	6,783	9,891
At 31 December		20,455	13,672
Other reserves			
At 1 January		(1,170)	(776)
Net loss arising from revaluation	11	-	(394)
At 31 December		(1,170)	(1,170)

(d) Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules

As a fully consolidated affiliated entity of the Allianz SE multinational group , the Company is within the scope of the OECD Pillar Two Model rules. Under these rules, a top-up-tax has to be paid per jurisdiction for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate and the 15 per cent minimum rate. Pillar Two legislation has not yet been implemented locally in Malaysia, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not implemented in Malaysia as at the reporting date, the Company has no related local current income tax exposure. As Allianz SE is not charging any top up taxes to be paid by Allianz SE as ultimate parent entity based on the Income Inclusion Rule, no provision for intercompany charging is necessary.

22. Dividends

Dividends recognised by the Company:

	Sen per share (single tier)	Total amount RM'000	Date of Payment
At 31 December 2023			
Interim 2023 ordinary	32.90	77,841	18 January 2024
Final 2022 ordinary	12.80	30,285	8 June 2023
		108,126	

23. Operating leases

Leases as lessor

The future undiscounted lease payments to be received are as follows:

	2024 RM'000	2023 RM'000
Less than one year	201	176
Between 1 and 2 years	159	149
Between 2 and 3 years	54	30
	414	355

24. Capital commitments

	2024 RM'000	2023 RM'000
Property, plant and equipment		
Contracted but not provided for	464	1,799
Software development		
Contracted but not provided for	1,852	1,128

25. Related parties

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company, and certain members of Senior Management Committee of the Company. There were no significant transactions with the Company during the financial year other than key management personnel compensation as disclosed in Note 20.

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

Related Parties	Relationship
Allianz SE, Munich ("Allianz SE")	Ultimate holding company
Allianz Europe B.V.	Penultimate holding company
Allianz Asia Holding Pte. Ltd.	Antepenultimate holding company
Allianz Malaysia Berhad ("AMB")	Immediate holding company
Allianz General Insurance Company (Malaysia) Berhad	Related company of ALIM
Allianz SE Insurance Management Asia Pacific	Related company of ALIM
Allianz Technology SE (formerly known as Allianz Managed & Operations Services SE)	Related company of ALIM
Allianz Investment Management SE	Related company of ALIM
Allianz Investment Management Singapore Pte Ltd	Related company of ALIM
Allianz Global Investors Singapore Limited	Related company of ALIM
Allianz Global Investors Asia Pacific Limited	Related company of ALIM
PT Asuransi Allianz Life Indonesia	Related company of ALIM
Allianz PNP Life Insurance	Related company of ALIM
Allianz Digital Health GMBH	Related company of ALIM
Pacific Investment Management Company	Related company of ALIM
Allianz Global Benefits GmbH	Related company of ALIM
Allianz Technology Sdn. Bhd	Related company of ALIM
Rapidpro Consulting Sdn Bhd	Company connected to the Director of AMB

25. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company, other than key management personnel compensation (see Note 20), are as follows:

Non-trade	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Ultimate holding company		
Personnel expenses	(2,515)	(1,922)
Payment of business building and regional investment costs	(4,143)	(2,298)
Global marketing expenses	(2,474)	(2,014)
Fees for sharing of Global Procurement (excluding IT) services and support	(111)	-
Fee for HRT run services	(1,110)	(724)
Employee Share Participation Programs related admin costs	-	(33)
Fees for implementation of Azeus Convene Meeting Management Software	(39)	(39)
GHR IT Licenses & Maintenance expenses	(14)	(14)
Usage of finance application & workplace expenses devices by COC	(177)	(156)
Sharing of cost of the implementation of SAP Success Factors system	(296)	(295)
Sharing of cost to support Group Data Analytics	(121)	(137)
Support the development and improvement of Technical Excellence expenses	(234)	(192)
Compliance Advanced Research Application (CARA) expenses	(25)	(24)
Reversal of training-related expenses	47	-

25. Related parties (continued)

Significant related party transactions (continued)

	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Immediate holding company		
Rental income	21	55
Sharing of personnel costs and department expenses	(12,279)	(11,482)
Life actuarial modeling services	(490)	(314)
Fees for SAP Master Data Management support services	(33)	(35)
Transfer of of property, plant and equipment	(268)	-
Related companies*		
Insurance premium for Company and employees	(213)	(241)
Motor insurance premium for Company's vehicles and employee vehicle scheme	(250)	(280)
Investment and redemption of funds (including fund management fees) expenses	(114,164)	(53,471)
Investment advisory fees	(1,649)	(3,093)
Performance attribution analysis expenses	(10)	(136)
Expert Underwritting System and related expenses	(6,584)	(3,028)
Rental expenses	(1,787)	(1,735)
Rental income	600	611
Reversal of sharing of common expenses	2,935	3,060
Asset and investment manager database expenses	(352)	(230)
Human resource database platform and recruitment solution expenses	(228)	(194)

25. Related parties (continued)

Significant related party transactions (continued)

	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Related companies* (continued)		
Annual maintenance and support fees for software system	(3,282)	(3,463)
IT security services	(556)	(80)
Allianz Virtual Client, Windows Distributor File System and Data Center Consolidation expenses	(1,181)	(2,453)
Fee to develop a suite of digital health tools	(1,123)	(1,075)
Fee for sharing of Group Directory International	(27)	(61)
Various software licences expenses	(139)	-
Fees for the implementation of a software intelligence platform	(699)	(551)
Fees for usage of Google Analytics	(504)	(425)
Fees for the purchase of ServiceNow implementation services	(462)	(357)
Fees by for the usage of Public Cloud Service	(556)	-
Hybrid Cloud Service expenses	-	(692)
(Reversal of)/ expense of personnel cost	(7)	9
Allianz Virtual Client for shared remote app and license pack base	(602)	(76)
Jira Master Platform user license subscription fee	(301)	(1,650)
Implementation services for Local Identity and Access Management ("LIAM") expenses	(517)	(41)
AZT Malaysia IT Services	(14,753)	(3,474)
Group Premium income on Allianz Medicure	144	145
Fees for sharing of Group Intranet Access	(64)	-
Actuarial modeling services	(854)	-
Rental/lease income of HQ Office at Menara Allianz Sentral	884	-
Fees for the maintenance of the Solely Payment of Principal and Interest and Impairment engine	(48)	-
Global Mobility charges	(1,428)	-

25. Related parties (continued)

Significant related party transactions (continued)

	For the year ended 31 December 2024 RM'000	For the year ended 31 December 2023 RM'000
Related companies* (continued)		
Agile training services	(1)	-
Microsoft 365 Group Tenant Project cost	(90)	-
Fees for providing master and market data for required investments	(103)	-
Implementation of Celonis expense	(32)	-
Trade		
Ultimate holding and related companies		
Net expenses from reinsurance contracts held		
- ultimate holding company	(73,009)	(9,625)
- related companies	(34,651)	(100,443)
Reinsurance claims recovery	(34,834)	30,612

* Related companies are companies within the Allianz SE group.

Significant related party balances related to the above transactions are disclosed in Note 15. Included in Note 13 are the outstanding balances due from/(to) related party reinsurers amounting to RM59,218,000 (2023: (RM20,752,000)).

26. Risk management framework

As a provider of insurance services, the Company considers risk management to be one of its core competencies. It is an integral part of the Company's business process. In order to protect its assets, the Company has established a risk management framework to promote a strong risk management culture supported by a robust risk governance structure.

This framework ensures that risks are properly identified, analysed and evaluated. Risk appetite is defined by the Company's risk strategy and limit structure. Close monitoring and reporting allows the Company to detect deviations from its risk tolerance limit at an early stage.

The Allianz risk management practice consists of the following key areas:

(a) Risk underwriting and identification

A sound risk underwriting and identification framework including risk assessment, risk standards, and clear targets form the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation.

(b) Risk reporting and monitoring

The Company's qualitative and quantitative risk reporting and controlling framework provides transparency and risk indicators to senior management with regards to its overall risk profile and whether the profile is within the delegated limits and authorities.

(c) Risk strategy and risk appetite

The Company's risk strategy clearly defines its risk appetite. It ensures that returns are appropriate for the risks taken and that the delegated authorities are in line with the Company's overall risk bearing capacity. The risk-return profile is managed through integration of risk appetite and capital needs indecision making processes. This also keeps risk strategy and business objectives consistent with each other and allows the Company to take opportunities within its risk appetite.

(d) Communication and transparency

Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to the Company's internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

26. Risk management framework (continued)

Risk governance structure

The Board assumes ultimate responsibility over the effectiveness of the Company's risk management and internal control systems by establishing and supervising the operation of the risk management framework. The Board has delegated the responsibility to establish and supervise the operation of the risk management framework to the Risk Management Committee ("RMC") to discharge their oversight function effectively.

RMC bears the overall responsibility for effective risk identification, measurement, monitoring and control functions of the Company. RMC also oversees the Senior Management's activities in managing the key risk areas of the Company and to ensure that the risk management process is in place and functioning effectively. The RMC is responsible for driving the risk management framework of AMB Group of companies ("AMB Group") and to report to the Board on its recommendations and/or decisions. Through structured reporting from the Risk Management Working Committee ("RMWC"), RMC will consolidate the status of the risks and present them to the Board for consideration.

RMWC serves and as a platform for two way communications between the management and the RMC on matters of the AMB Group's risk management framework and its strategies. RMWC is responsible in formulating risk management strategies, policies and risk tolerance for RMC review and onward transmission of recommendation to the Board. RMWC determines the allocation of risks by cascading and/or escalating to the relevant owners. RMWC also oversees the compliance of all risk management process by all departments of the Company and provides pre-emptive recommendations to ensure timely action is taken in managing and mitigating the identified risks.

26. Risk management framework (continued)

Risk Governance in Asset and Liability Management ("ALM")

The Investment Committee ("IC") has been tasked to manage business practices so that decisions and actions taken with respect to assets and liabilities are coordinated. It involves various management activities and responsibilities, including the formulation of long-term strategic goals and the management of various risks including liquidity risk, interest rate risk and market risk.

The Asset Liability Management ("ALM") process is subjected to external and internal constraints.

- External constraints include supervisory and legislative requirements, market condition, as well as the interests and expectations of policyholders and other stakeholders. For instance, one of the major constraints is the liquidity of the assets and liabilities which may compromise the ability to price, measure and hedge exposures.

- Internal constraints include asset allocation and environmental, social and governance ("ESG") integration framework, which limits reflect the Company's management philosophy and professional judgement (although this may also be influenced by external constraints).

Governance and regulatory framework

The Company is required to comply with the requirements of the Financial Services Act, 2013, relevant regulations and guidelines imposed by BNM, as well as including the relevant guidelines from Life Insurance Association of Malaysia ("LIAM").

The Company is also required to comply with all Allianz SE Group's policies and standards. If there is any conflict with the local laws or regulations, the local laws or regulations have priority while the stricter will apply where possible.

27. Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

(a) Insurance risk

The risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

(b) Policyholder behaviour risk

The risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits earlier or later than expected.

(c) Expense risk

The risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

Management of underwriting risk

The Board of Directors sets the Company’s strategy for accepting and managing underwriting risk. The Board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

27. Underwriting risk (continued)

Management of underwriting risk (continued)

(i) Life insurance contract

Mortality and morbidity risks are mitigated by the use of reinsurance. The Company allows local management to select reinsurers from a list of reinsurers approved by the Company. The aggregation of risk ceded to individual reinsurers is monitored at both country and Company levels.

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition cash flows. Persistency is monitored at local entity level and experience is benchmarked against local market information. From time to time, local management may implement specific initiatives to improve retention.

Expense risk is managed at local entity level through the annual budgeting process and regular expense analyses.

(ii) Key assumptions

Significant judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions are determined at the date of valuation. They are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

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

Mortality and morbidity rates

Experience study on mortality and morbidity rates is carried out on annual basis. The actual claim experience is compared against industrial mortality table and reinsurers' mortality and morbidity risk charges. Mortality and morbidity assumptions vary by product type and underwriting procedures.

The Company can adjust the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

Expenses

Expense assumption was set during initial pricing stage. Expense assumption is reviewed annually to reflect inflation due to higher cost of underwriting, issuing and maintaining the policies. Expense assumption varies by premium term, distribution channel, policy duration and underwriting procedures. The expense assumption is compared to actual expense that the Company incurred.

27. Underwriting risk (continued)

Management of underwriting risk (continued)

(ii) Key assumptions (continued)

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

Persistency

Experience study on persistency (lapse, surrender, premium holiday, partial withdrawal) is carried out on annual basis using statistical method. Persistency assumptions vary by product type, distribution channel and policy duration.

Discount rate

The Company pursues a bottom-up approach in the determination of the discount rates, where all cash flows are discounted using the risk-free rates adjusted for an illiquidity premium. The risk free rates are constructed from observed spot rates of the local government bonds up to 20 years, with adjustment to remove the credit risk of the government bonds. Thereafter, the risk-free rates are extrapolated towards the ultimate forward rate using the Smith-Wilson method.

The Company determines the illiquidity adjustment based on the spread of reference portfolio, corrected for expected and unexpected credit loss and application ratio to reflect the difference in illiquidity characteristics of the insurance contract liabilities and the chosen reference portfolio.

The Company applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined on initial recognition.

27. Underwriting risk (continued)

Management of underwriting risk (continued)

(ii) Key assumptions (continued)

The assumptions that have significant effects on the gross insurance and reinsurance liabilities are listed below.

	Mortality and morbidity rates [1]		Lapse and surrender rates		Discount rate	
	2024	2023	2024	2023	2024	2023
	%	%	%	%	%	%
Type of business						
With fixed and guaranteed terms and with DPF contracts						
Life insurance	70-100	70-100	3-20	3-12	3.00-5.00	3.00-5.00
Without DPF contracts						
Life insurance	50-120	50-130	3-70	3-65	3.00-5.00	3.00-5.00

(1) Industry mortality and morbidity experience tables that were observed in Malaysia between year 2011 and 2015 or the respective reinsurance risk rates.

27. Underwriting risk (continued)

Management of underwriting risk (continued)

(iii) Sensitivity analysis

The table below analyses how the PVFCF, CSM, profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Change in assumptions	Impact on liabilities		PVFCF		CSM		Profit or loss		Equity	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance contracts 2024											
Mortality rates	+15%	28,522	5,815	222,889	105,048	(200,490)	(105,117)	(28,403)	(14,717)	(14,914)	(4,419)
Morbidity rates	+5%	42,999	39,062	312,151	290,770	(273,890)	(256,185)	(42,910)	(40,341)	(31,705)	(29,688)
Discount rate	-0.5%	315,457	315,572	253,402	254,736	41,526	41,526	(5,223)	(1,542)	13,370	28,835
Expenses	+10%	14,912	14,845	116,841	116,841	(104,379)	(104,301)	(14,874)	(14,815)	(11,358)	(11,284)
Lapse and surrender rates	+10%	6,305	4,738	221,614	207,234	(178,164)	(167,426)	(6,562)	(5,772)	(4,004)	(3,601)
Life insurance contracts 2023											
Mortality rates	+15%	26,675	6,961	207,875	97,981	(186,290)	(95,901)	(26,618)	(14,396)	(14,623)	(5,291)
Morbidity rates	+5%	40,254	36,621	296,205	275,689	(260,866)	(243,700)	(40,197)	(37,787)	(29,707)	(27,833)
Discount rate	-0.5%	327,777	327,657	274,978	275,895	35,789	35,789	(4,750)	(1,368)	13,194	28,717
Expenses	+10%	13,783	13,759	106,655	106,655	(95,275)	(95,150)	(13,762)	(13,746)	(10,487)	(10,456)
Lapse and surrender rates	+10%	5,813	4,455	204,154	190,601	(164,821)	(154,541)	(5,836)	(5,156)	(3,886)	(3,387)

The method used and key assumptions made for deriving sensitivity information did not change from the previous year.

27. Underwriting risk (continued)

Management of underwriting risk (continued)

(iii) Sensitivity analysis (continued)

Changes in underwriting risk variables mainly affect the PVFCF and CSM, profit or loss and equity as follows:

PVFCF	Changes in present value of future cash flows.
CSM	Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.
Profit or loss	Changes in fulfilment cash flows relating to loss components. Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
Equity	Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. The effect on profit or loss under profit or loss.

27. Underwriting risk (continued)

Management of underwriting risk (continued)

The insurance risk of life insurance contracts consists of mortality and morbidity. Mortality and morbidity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities. Calamity risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics.

The table below shows the concentration of insurance and reinsurance liabilities by type of contract (with and without DPF).

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
31 December 2024	3,636,286	12,740,497	16,376,783	(10,318)	142,499	132,181	16,508,964
31 December 2023	3,685,535	11,357,785	15,043,320	(8,902)	78,679	69,777	15,113,097

As all of the business is derived from Malaysia, the entire insurance contract liabilities are in Malaysia. There is no investment contract issued by the Company during the current and previous financial years.

28. Financial risks

Exposure to credit, liquidity and market (currency risk, interest rate risk, equity price risk) arises in the normal course of the Company's business. The Company is guided by its risk management framework as well as policies and guidelines from the ultimate holding company, Allianz SE which sets out its general risk management philosophy. Through financial risk management, business strategies are evaluated to ensure alignment with the Company's risk appetite and tolerance.

28.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations or due to the non-performance of instruments (i.e. payment overdue). The Company's exposure to credit risk arises principally from the reinsurance, receivables and the investment/placement in fixed income instruments and bank balances. Financial loss may materialise when the counterparty failed to meet payment obligations for various reasons.

The Company has credit policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an on-going basis. Reinsurance is mainly to local or offshore reinsurers, and if the Company has to place overseas, only counterparties that have a credit rating that is acceptable based on Allianz Guidelines for Reinsurance Security are used.

The Company's Investment Mandate imposes limits by issuer/counterparty and by credit ratings for investments in corporate fixed income securities (all securities that entails credit risks, e.g. credit facilities, bank deposits of longer than 1-year, certificates of deposits, notes, etc.); and these limits are reviewed at least on annual basis. Active monitoring of the exposure against those limits are in place and reporting to RMWC, RMC and IC on a quarterly basis.

28. Financial risks (continued)

28.1 Credit risk (continued)

Credit exposure

The table below shows the maximum exposure to credit risk for the financial assets on the statement of financial position.

2024	Insurance and Shareholders' funds RM'000	Investment-linked funds RM'000	Total RM'000
FVTPL			
Malaysian government securities	2,420,044	678,099	3,098,143
Malaysian government guaranteed bonds	979,243	40,373	1,019,616
Unquoted bonds of corporations in Malaysia	1,544,768	658,229	2,202,997
Quoted equity securities of corporations in Malaysia	825,582	2,427,912	3,253,494
Quoted equity securities of corporations outside Malaysia	-	17,329	17,329
Quoted unit trusts in Malaysia	81,429	8,842	90,271
Unquoted unit trusts in Malaysia	23,247	24,750	47,997
Unquoted unit trusts outside Malaysia	-	467,877	467,877
Derivatives financial assets:			
Collateralised interest rate swap	12,934	-	12,934
Cross currency swap	150	-	150
Fixed deposits with licensed banks	35,262	39,702	74,964
FVOCI			
Malaysian government securities	3,380,141	-	3,380,141
Malaysian government guaranteed bonds	1,715,301	-	1,715,301
Unquoted bonds of corporations in Malaysia	2,396,890	-	2,396,890
Unquoted bonds of corporations outside Malaysia	104,244	-	104,244
Quoted equity securities of corporations in Malaysia	623,299	-	623,299
Unquoted equity securities of corporations in Malaysia	32,321	-	32,321
Fixed deposits with licensed banks	159,040	-	159,040
Other investments	3,795	-	3,795
Other assets	1,058	-	1,058
AC			
Other assets	59,063	-	59,063
Cash and cash equivalents	1,256,854	-	1,256,854
	15,654,665	4,363,113	20,017,778

28. Financial risks (continued)

28.1 Credit risk (continued)

Credit exposure (continued)

The table below shows the maximum exposure to credit risk for the financial assets on the statement of financial position.

2023	Insurance and Shareholders' funds RM'000	Investment-linked funds RM'000	Total RM'000
FVTPL			
Malaysian government securities	2,247,329	523,546	2,770,875
Malaysian government guaranteed bonds	932,089	30,499	962,588
Unquoted bonds of corporations in Malaysia	1,482,241	613,254	2,095,495
Quoted equity securities of corporations in Malaysia	743,046	1,742,065	2,485,111
Quoted equity securities of corporations outside Malaysia	-	88,998	88,998
Quoted unit trusts in Malaysia	71,911	19,000	90,911
Unquoted unit trusts in Malaysia	23,685	21,543	45,228
Unquoted unit trusts outside Malaysia	-	305,435	305,435
Derivatives financial assets:			
Collateralised interest rate swap	16,857	-	16,857
Cross currency swap	171	-	171
Fixed deposits with licensed banks	65,450	163,938	229,388
FVOCI			
Malaysian government securities	3,304,778	-	3,304,778
Malaysian government guaranteed bonds	1,591,906	-	1,591,906
Unquoted bonds of corporations in Malaysia	2,216,621	-	2,216,621
Unquoted bonds of corporations outside Malaysia	106,385	-	106,385
Quoted equity securities of corporations in Malaysia	644,847	-	644,847
Unquoted equity securities of corporations in Malaysia	2,147	-	2,147
Fixed deposits with licensed banks	116,658	-	116,658
Other investments	14,772	-	14,772
Other assets	999	-	999
AC			
Other assets	48,042	-	48,042
Cash and cash equivalents	1,048,542	-	1,048,542
	14,678,476	3,508,278	18,186,754

28. Financial risks (continued)

28.1 Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

	Neither past-due nor impaired									
2024	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
FVTPL										
Malaysian government securities	-	-	-	-	-	2,420,044	678,099	-	-	3,098,143
Malaysian government guaranteed bonds	-	-	-	-	-	979,243	40,373	-	-	1,019,616
Unquoted bonds of corporations in Malaysia	807,983	736,785	-	-	-	-	658,229	-	-	2,202,997
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	3,253,494	-	3,253,494
Quoted equity securities of corporations										-
outside Malaysia	-	-	-	-	-	-	-	17,329	-	17,329
Quoted unit trusts in Malaysia	-	-	-	-	-	-	-	90,271	-	90,271
Unquoted unit trusts in Malaysia	-	-	-	-	-	-	-	47,997	-	47,997
Unquoted unit trusts outside Malaysia	-	-	-	-	-	-	-	467,877	-	467,877
Fixed deposits with licensed banks	35,262	-	-	-	-	-	39,702	-	-	74,964

28. Financial risks (continued)

28.1 Credit risk (continued)

Credit exposure by credit rating (continued)

	← Neither past-due nor impaired						→			
2024 (continued)	**AAA RM'000**	**AA RM'000**	**A RM'000**	**BBB RM'000**	**Non-investment grade RM'000**	**Non-rated RM'000**	**Investment-linked funds RM'000**	**Not subject to credit risk RM'000**	**Past-due but not impaired RM'000**	**Total RM'000**
FVTPL (continued)										
Derivatives financial assets										
Collateralised interest rate swap	12,934	-	-	-	-	-	-	-	-	12,934
Cross currency swap	150	-	-	-	-	-	-	-	-	150
FVOCI										
Malaysian government securities	-	-	-	-	-	3,380,141	-	-	-	3,380,141
Malaysian government guaranteed bonds	-	-	-	-	-	1,715,301	-	-	-	1,715,301
Unquoted bonds of corporations in Malaysia	1,350,255	1,046,635	-	-	-	-	-	-	-	2,396,890
Unquoted bonds of corporations outside Malaysia	-	-	8,016	53,036	-	43,192	-	-	-	104,244
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	623,299	-	623,299
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	32,321	-	32,321
Fixed deposits with licensed banks	159,040	-	-	-	-	-	-	-	-	159,040
Other investments	-	-	-	-	-	3,795	-	-	-	3,795
Other assets	-	-	-	-	-	1,058	-	-	-	1,058
AC										
Other assets	-	-	-	-	-	59,063	-	-	-	59,063
Cash and cash equivalents	518,339	733,454	5,050	-	-	11	-	-	-	1,256,854
	2,883,963	2,516,874	13,066	53,036	-	8,601,848	1,416,403	4,532,588	-	20,017,778

28. Financial risks (continued)

28.1 Credit risk (continued)

Credit exposure by credit rating (continued)

2023	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Not subject to credit risk RM'000	Past-due but not impaired RM'000	Total RM'000
	← Neither past-due nor impaired						→			
FVTPL										
Malaysian government securities	-	-	-	-	-	2,247,329	523,546	-	-	2,770,875
Malaysian government guaranteed bonds	-	-	-	-	-	932,089	30,499	-	-	962,588
Unquoted bonds of corporations in Malaysia	804,351	677,890	-	-	-	-	613,254	-	-	2,095,495
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	2,485,111	-	2,485,111
Quoted equity securities of corporations outside Malaysia	-	-	-	-	-	-	-	88,998	-	88,998
Quoted unit trusts in Malaysia	-	-	-	-	-	-	-	90,911	-	90,911
Unquoted unit trusts in Malaysia	-	-	-	-	-	-	-	45,228	-	45,228
Unquoted unit trusts outside Malaysia	-	-	-	-	-	-	-	305,435	-	305,435
Derivatives financial assets										
Collateralised interest rate swap	16,857	-	-	-	-	-	-	-	-	16,857
Cross currency swap	171	-	-	-	-	-	-	-	-	171
Fixed deposits with licensed banks	55,227	10,223	-	-	-	-	163,938	-	-	229,388

28. Financial risks (continued)

28.1 Credit risk (continued)

Credit exposure by credit rating (continued)

	← Neither past-due nor impaired →									
2023 (continued)	**AAA RM'000**	**AA RM'000**	**A RM'000**	**BBB RM'000**	**Non-investment grade RM'000**	**Non-rated RM'000**	**Investment-linked funds RM'000**	**Not subject to credit risk RM'000**	**Past-due but not impaired RM'000**	**Total RM'000**
FVOCI										
Malaysian government securities	-	-	-	-	-	3,304,778	-	-	-	3,304,778
Malaysian government guaranteed bonds	-	-	-	-	-	1,591,906	-	-	-	1,591,906
Unquoted bonds of corporations in Malaysia	1,240,525	970,909	-	-	-	5,187	-		-	2,216,621
Unquoted bonds of corporations outside Malaysia	-	-	8,115	54,301	-	43,969	-	-	-	106,385
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	644,847	-	644,847
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	-	-	2,147	-	2,147
Fixed deposits with licensed banks	101,324	15,334	-	-	-	-	-	-	-	116,658
Other investments	-	-	-	-	-	14,772	-	-	-	14,772
Other assets	-	-	-	-	-	999	-	-	-	999
AC										
Other assets	-	-	-	-	-	48,042	-	-	-	48,042
Cash and cash equivalents	527,998	513,671	6,861	-	-	12	-	-	-	1,048,542
	2,746,453	2,188,027	14,976	54,301	-	8,189,083	1,331,237	3,662,677	-	18,186,754

28. Financial risks (continued)

28.2 Liquidity risk

Liquidity risk is the risk of loss resulting from the danger that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, along with the risk that in the case of a liquidity crisis of the Company, refinancing is only possible at higher interest rates or that assets may have to be liquidated at a discount.

Besides monitoring the liquidity position of the Company on a daily basis, the investment strategies particularly focus on the quality of investments and ensure a sufficient portion of liquid assets in the portfolio. Some other tools used by the Company include to ensure that its assets and liabilities are adequately matched and drawing down of funds to meet claim payments should the claim events exceed a certain amount as provided for in the reinsurance contracts.

Maturity profiles

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Investment-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

28. Financial risks (continued)

28.2 Liquidity risk (continued)

Maturity profiles (continued)

Financial assets

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024									
Malaysian government securities	6,478,284	306,028	410,274	722,078	550,939	823,073	5,898,361	-	8,710,753
Malaysian government guaranteed bonds	2,734,917	123,951	75,127	282,375	242,067	254,291	3,019,383	-	3,997,194
Quoted equity securities of corporations in Malaysia	3,876,793	-	-	-	-	-	-	3,872,867	3,872,867
Quoted equity securities of corporations outside Malaysia	17,329	-	-	-	-	-	-	21,255	21,255
Unquoted equity securities of corporations in Malaysia	32,321	-	-	-	-	-	-	32,321	32,321
Unquoted bonds of corporations in Malaysia	4,599,887	1,008,247	555,877	412,692	841,990	597,034	2,060,235	-	5,476,075
Unquoted bonds of corporations outside Malaysia	104,244	63,300	45,856	-	-	-	-	-	109,156
Quoted unit trusts in Malaysia	90,271	-	-	-	-	-	-	90,271	90,271
Unquoted unit trusts in Malaysia	47,997	-	-	-	-	-	-	47,997	47,997
Unquoted unit trusts outside Malaysia	467,877	-	-	-	-	-	-	467,877	467,877
Fixed deposits with licensed banks	234,004	237,486	-	-	-	-	-	-	237,486
Other investment	3,795	323	323	323	323	323	2,180	-	3,795
Derivative assets									
Interest Rate Swap	12,934	-	-	6,170	6,764	-	-	-	12,934
Cross Currency Swap	150	150	-	-	-	-	-	-	150
Other assets	60,121	46,551	12,870	154	149	140	641	-	60,505
Cash and cash equivalents	1,256,854	1,256,854	-	-	-	-	-	-	1,256,854
	20,017,778	3,042,890	1,100,327	1,423,792	1,642,232	1,674,861	10,980,800	4,532,588	24,397,490

28. Financial risks (continued)

28.2 Liquidity risk (continued)

Maturity profiles (continued)

Financial assets (continued)

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023									
Malaysian government securities	6,075,653	299,175	213,249	447,132	543,388	519,564	6,180,970	-	8,203,478
Malaysian government guaranteed bonds	2,554,494	136,445	49,674	78,265	304,956	270,522	2,970,645	-	3,810,507
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	-	-	-	-	3,127,350	3,127,350
Quoted equity securities of corporations outside Malaysia	88,998	-	-	-	-	-	-	91,606	91,606
Unquoted equity securities of corporations in Malaysia	2,147	-	-	-	-	-	-	2,147	2,147
Unquoted bonds of corporations in Malaysia	4,312,116	952,535	530,953	658,157	424,292	549,519	2,083,597	-	5,199,053
Unquoted bonds of corporations outside Malaysia	106,385	8,447	58,938	48,296	-	-	-	-	115,681
Quoted unit trusts in Malaysia	90,911	-	-	-	-	-	-	90,911	90,911
Unquoted unit trusts in Malaysia	45,228	-	-	-	-	-	-	45,228	45,228
Unquoted unit trusts outside Malaysia	305,435	-	-	-	-	-	-	305,435	305,435
Fixed deposits with licensed banks	346,046	347,849	-	-	-	-	-	-	347,849
Other investment	14,772	1,396	1,396	1,396	1,396	1,396	7,792	-	14,772
Derivative assets									
Interest Rate Swap	16,857	-	-	-	16,857	-	-	-	16,857
Cross Currency Swap	171	-	171	-	-	-	-	-	171
Other assets	49,041	37,976	10,440	142	125	129	519	-	49,331
Cash and cash equivalents	1,048,542	1,048,542	-	-	-	-	-	-	1,048,542
	18,186,754	2,832,365	864,821	1,233,388	1,291,014	1,341,130	11,243,523	3,662,677	22,468,918

28. Financial risks (continued)

28.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024									
Insurance contract liabilities									
With DPF	3,636,286	580,297	224,480	223,662	214,544	205,486	5,174,844	-	6,623,313
Without DPF	12,740,497	1,769,327	23,190	141,538	222,254	364,427	9,792,222	-	12,312,958
Reinsurance contract liabilities									
With DPF	(10,318)	(10,318)	-	-	-	-	-	-	(10,318)
Without DPF	142,499	43,017	(1,868)	620	2,841	4,780	128,154	-	177,544
Lease liabilities	6,736	4,238	2,141	-	-	-	-	-	6,379
Other liabilities	357,094	357,094	-	-	-	-	-	-	357,094
Total liabilities	16,872,794	2,743,655	247,943	365,820	439,639	574,693	15,095,220	-	19,466,970

Derivative financial liabilities

The table below analyses the Company's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024								
Derivatives held for trading								
Cross currency swaps	-	(2,842)	(265)	-	-	-	-	(3,107)
Net cash outflows	-	(2,842)	(265)	-	-	-	-	(3,107)

28. Financial risks (continued)

28.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023									
Insurance contract liabilities									
With DPF	3,685,535	638,927	258,768	219,981	217,160	209,660	5,185,135	-	6,729,631
Without DPF	11,357,785	1,411,924	46,294	145,672	241,251	326,001	8,806,808	-	10,977,950
Reinsurance contract liabilities									
With DPF	(8,902)	(8,902)	-	-	-	-	-	-	(8,902)
Without DPF	78,679	(12,635)	(1,966)	351	2,442	4,307	116,027	-	108,526
Lease liabilities	9,721	4,405	5,258	-	-	-	-	-	9,663
Other liabilities	369,930	369,930	-	-	-	-	-	-	369,930
Total liabilities	15,492,748	2,403,649	308,354	366,004	460,853	539,968	14,107,970	-	18,186,798

Derivative financial liabilities

The table below analyses the Company's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023								
Derivatives held for trading								
Cross currency swaps	-	-	(4,875)	-	-	-	-	(4,875)
Net cash outflows	-	-	(4,875)	-	-	-	-	(4,875)

28. Financial risks (continued)

28.2 Liquidity risk (continued)

Maturity profiles (continued)

The amounts from insurance contract liabilities that are payable on demand are set out below:

	2024		2023	
	Amount payable on demand RM'000	Carrying amount RM'000	Amount payable on demand RM'000	Carrying amount RM'000
Direct participating contracts	3,182,184	13,976,313	3,300,469	13,976,313
Other non-participating insurance contracts	11,925,758	2,400,470	10,522,983	1,067,007
	15,107,942	16,376,783	13,823,452	15,043,320

28.3 Market risk

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices, and in particular the resultant interest rate guarantee risks from asset liability management or from changes to the participations. This includes changes in market prices due to a worsening of market liquidity. Market risk comprises currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:
- Investment Committee actively monitors the investment activities undertaken by the Company.
- Investment Committee would make recommendations after balancing competing and legitimate objective of various stakeholders.
- The Investment Policy and Mandate which formulated the single counterparty limits, company limits and sector limits are in place. Compliance to such limits is monitored monthly and reported to RMWC, RMC and IC on a quarterly basis.
- Stress testing is performed as and when needed.
- Stop loss policy is in place.

The Company also issues investment-linked policies in a number of products. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Company's exposure to market risk on this business is limited to the extent that income arising from fund management charges is based on the value of the assets in the funds.

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.1 Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to foreign exchange risk arises principally with respect to US Dollar (USD), Singapore Dollar (SGD), Thai Baht (THB), European Union (EUR) and Indonesian Rupiah (IDR). As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act, 2013 and hence, primarily denominated in the same currency (RM) as its insurance contract liabilities. Thus the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled.

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

Exposure to foreign currency risk

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

2024 **Financial assets**	**Insurance and Shareholders' funds** **RM'000**	**Investment-linked funds** **RM'000**
Denominated in		
USD	104,244	449,380
EUR	-	4,228
SGD	-	2,147
THB	-	14,435
IDR	-	15,016

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

2023 Financial assets	Insurance and Shareholders' funds RM'000	Investment-linked funds RM'000
Denominated in		
USD	106,385	272,428
SGD	-	87,114
THB	-	892
IDR	-	17,773

Currency risk sensitivity analysis

It is estimated that a 10% (2023:10%) strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have decreased the insurance contract liabilities by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.1 Currency risk (continued)

	Impact on insurance contract liabilities 2024 RM'000	Impact on insurance contract liabilities 2023 RM'000
Denominated in		
USD	(55,362)	(37,881)
EUR	(423)	-
SGD	(215)	(8,711)
THB	(1,444)	(89)
IDR	(1,502)	(1,777)

It is estimated that a 10% (2023:10%) weakening of the Ringgit Malaysia (RM) against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all variables remained constant.

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

Only Life Participating fund and investment-linked funds invested in foreign financial instruments.

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.2 Interest rate risk

The Company is affected by changes in market interest rate because the change in interest rates that will affect the value of mark to market fixed income investments and also the valuation of the liabilities, resulting in the risk of not being able to meet product guarantees.

Besides, due to the uncertainty of the cash flows of the insurance funds and scarcity of the longer dated instruments, it is not possible to hold assets that will perfectly match the policy liabilities.

Interest rate risk sensitivity analysis

The analysis below is performed for assumed movements of 100 bps in interest rate with all other variables held constant, showing the impact on the profit after tax, equity and insurance contract liabilities.

	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
2024				
Interest rate	+100 basis points	-	(138,683)	(534,801)
Interest rate	-100 basis points	-	148,986	599,087
2023				
Interest rate	+100 basis points	-	(123,336)	(534,801)
Interest rate	-100 basis points	-	132,429	599,087

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

The impact on profit after tax would be dependent on whether the interest rate risk resides in Shareholders' fund, Life Non-Participating insurance fund, Life Participating insurance fund or investment-linked funds. Where the interest rate risk resides in Shareholders' fund and Life Non-Participating fund, the profit after tax and equity of the Company will be impacted. In respect of Life Participating fund and investment-linked funds, impact arising from changes in interest rate risk will affect the insurance contract liabilities. It should be noted that movements in these variables are non-linear.

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

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustments to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

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

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.3 Equity price risk

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer or factors affecting similar financial instruments traded in the market.

The Company's equity price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally with respect to investment securities not held for the account of the investment-linked business.

The Company's equity price risk policy requires it to prioritise capital preservation besides setting limits on overall portfolio, single security and sector holdings. The Company complies with BNM stipulated limits during the financial year and has no significant concentration of equity price risk.

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.3 Equity price risk (continued)

Equity price risk sensitivity analysis

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

		2024			2023		
	Changes in variable	Impact on profit after tax# RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000	Impact on profit after tax# RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
Market indices							
Market value	-10%	-	-	(362,951)	-	-	(300,972)
Market value	10%	-	-	362,951	-	-	300,972

28. Financial risks (continued)

28.3 Market risk (continued)

28.3.3 Equity price risk (continued)

The impact on profit after tax would be dependent on whether the equity price risk resides in Shareholders' fund, Life Non-Participating insurance fund, Life Participating insurance fund or investment-linked funds. Where the equity price risk resides in Shareholders' fund and Life Non-Participating fund, the profit after tax and equity of the Company will be impacted. In respect of life participating fund and investment-linked funds, impact arising from changes in equity price risk will affect the insurance contract liabilities.

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

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustments to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

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

Only Life Participating fund, universal life fund and investment-linked funds invested in equity securities.

28. Financial risks (continued)

28.4 Fair value of financial instruments

The Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of collateralised interest rate swap and cross currency swap are based on the indicative market prices from the issuing banks;

- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted market bid price as at the end of the reporting period;

- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified;

- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank;

- The fair values of unquoted unit trusts in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers;

- The carrying amount of mortgage loans, other secured loans and fixed and call deposits approximate their fair values; and

- The carrying amount of cash and cash equivalents, other assets (current) and other liabilities (current) reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

It was not practicable to estimate the fair value of the Company's investment in unquoted equity securities of corporations in Malaysia due to lack of comparable quoted market prices and inability to estimate fair value without incurring excessive costs.

28. Financial risks (continued)

28.4 Fair value of financial instruments (continued)

28.4.1 Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	fair value	amount
31 December 2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets						
Malaysian government securities	-	6,478,284	-	6,478,284	6,478,284	6,478,284
Malaysian government guaranteed bonds	-	2,734,917	-	2,734,917	2,734,917	2,734,917
Quoted equity securities of corporations in Malaysia	3,876,793	-	-	3,876,793	3,876,793	3,876,793
Quoted equity securities of corporations outside Malaysia	17,329	-	-	17,329	17,329	17,329
Unquoted equity securities of corporations in Malaysia	-	-	32,321	32,321	32,321	32,321
Unquoted bonds of corporations in Malaysia	-	4,599,887	-	4,599,887	4,599,887	4,599,887
Unquoted bonds of corporations outside Malaysia	-	104,244	-	104,244	104,244	104,244
Quoted unit trusts in Malaysia	90,271	-	-	90,271	90,271	90,271
Unquoted unit trusts in Malaysia	-	47,997	-	47,997	47,997	47,997
Unquoted unit trusts outside Malaysia	-	467,877	-	467,877	467,877	467,877
Collateralised interest rate swap	-	12,934	-	12,934	12,934	12,934
Cross currency swap	-	150	-	150	150	150
Other invetsments	-	-	3,795	3,795	3,795	3,795
Fixed deposits with licensed banks	-	234,004	-	234,004	234,004	234,004
	3,984,393	14,680,294	36,116	18,700,803	18,700,803	18,700,803

28. Financial risks (continued)

28.4 Fair value of financial instruments (continued)

28.4.1 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	fair value	amount
31 December 2024 (continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities						
Cross currency swap	-	3,107	-	3,107	3,107	3,107
Lease liabilities	-	-	-	-	6,736	6,736
	-	3,107	-	3,107	9,843	9,843

28. Financial risks (continued)

28.4 Fair value of financial instruments (continued)

28.4.1 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value					
31 December 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets						
Malaysian government securities	-	6,075,653	-	6,075,653	6,075,653	6,075,653
Malaysian government guaranteed bonds	-	2,554,494	-	2,554,494	2,554,494	2,554,494
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	3,129,958	3,129,958	3,129,958
Quoted equity securities of corporations outside Malaysia	88,998	-	-	88,998	88,998	88,998
Unquoted equity securities of corporations in Malaysia	-	-	2,147	2,147	2,147	2,147
Unquoted bonds of corporations in Malaysia	-	4,312,116	-	4,312,116	4,312,116	4,312,116
Unquoted bonds of corporations outside Malaysia	-	106,385	-	106,385	106,385	106,385
Quoted unit trusts in Malaysia	90,911	-	-	90,911	90,911	90,911
Unquoted unit trusts in Malaysia	-	45,228	-	45,228	45,228	45,228
Unquoted unit trusts outside Malaysia	-	305,435	-	305,435	305,435	305,435
Collateralised interest rate swap	-	16,857	-	16,857	16,857	16,857
Cross currency swap	-	171	-	171	171	171
Other invetsments	-	-	14,772	14,772	14,772	14,772
Fixed deposits with licensed banks	-	346,046	-	346,046	346,046	346,046
	3,309,867	13,762,385	16,919	17,089,171	17,089,171	17,089,171

28. Financial risks (continued)

28.4 Fair value of financial instruments (continued)

28.4.1 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	fair value	amount
31 December 2023 (continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities						
Cross currency swap	-	4,875	-	4,875	4,875	4,875
Lease liabilities	-	-	-	-	9,721	9,721
	-	4,875	-	4,875	14,596	14,596

Transfers between Level 1,Level 2 and Level 3 fair values

There has been no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial period ended 31 December 2024 (2023: no transfer in either direction).

29. Capital management

Regulatory capital requirements

Under Risk-Based Capital Framework for Insurers ("RBC Framework") issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The Company has been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirement.

The total capital available of the Company as at 31 December 2024, as prescribed under the RBC Framework is provided below:

	Note	2024 RM'000	2023 RM'000
Tier 1 Capital			
Paid up share capital	9	236,600	236,600
Reserves, including retained earnings		2,124,460	2,021,467
Capital instruments which qualifies as Tier 1 Capital		331,663	343,576
		2,692,723	2,601,643
Tier 2 Capital			
Revaluation reserve		13,829	13,829
Other comprehensive income		219,065	95,270
Other reserves		23,745	(753)
		256,639	108,346
Amount deducted from capital		(98,886)	(107,379)
Total capital available		2,850,476	2,602,610

These are based on statistical returns for financial year 2024 and 2023, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns.

30. Insurance funds

The Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Financial Services Act, 2013.

The Company's statement of financial position and statement of profit or loss have been further analysed by funds.

The life insurance business offers a wide range of participating and non-participating Whole life, Term assurance, Endowment, as well as investment-linked products.

Statement of financial position by funds as at 31 December

	Shareholders' fund		Life fund		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets						
Property, plant and equipment	-	-	36,341	30,728	36,341	30,728
Right-of-use assets	-	-	19,232	22,476	19,232	22,476
Intangible assets	73,908	80,067	12,962	12,875	86,870	92,942
Investments	240,910	156,547	18,446,809	16,915,596	18,687,719	17,072,143
Derivative financial assets	-	-	13,084	17,028	13,084	17,028
Other assets*	293,452	202,386	59,945	48,863	60,121	49,041
Cash and cash equivalents	103,983	96,699	1,152,871	951,843	1,256,854	1,048,542
	712,253	535,699	19,741,244	17,999,409	20,160,221	18,332,900

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30. Insurance funds (continued)

Statement of financial position by funds as at 31 December (continued)

	Shareholders' fund		Life fund		Total	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total equity	701,831	443,446	1,986,868	1,854,523	2,688,699	2,297,969
Total policyholders' funds and liabilities						
Deferred tax liabilities	7,475	190	570,562	514,803	578,037	514,993
Insurance contract liabilities	(72,374)	(40,881)	16,449,157	15,084,201	16,376,783	15,043,320
Reinsurance contract liabilities	-	-	132,181	69,777	132,181	69,777
Derivative financial liabilities	-	-	3,107	4,875	3,107	4,875
Lease liabilities	-	-	6,736	9,721	6,736	9,721
Other liabilities*	28,326	97,644	622,044	474,494	357,094	369,930
Current tax liabilities/(assets)	46,995	35,300	(29,411)	(12,985)	17,584	22,315
	10,422	92,253	17,754,376	16,144,886	17,471,522	16,034,931
Total equity, policyholders' funds and liabilities	712,253	535,699	19,741,244	17,999,409	20,160,221	18,332,900

* Included herein are inter-fund balances that are eliminated in presenting the Company's total balances.

30. Insurance funds (continued)

Statement of profit or loss by funds for the year ended 31 December

	Shareholders' fund		Life fund		Total	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	-	-	2,432,478	2,168,848	2,432,478	2,168,848
Insurance service expenses	(483)	(345)	(1,986,190)	(1,866,654)	(1,986,673)	(1,866,999)
Net (expense)/income from reinsurance contracts held	-	-	(51,701)	56,617	(51,701)	56,617
Insurance service result	(483)	(345)	394,587	358,811	394,104	358,466
Interest revenue on financial assets not measured at FVTPL	12,069	10,351	308,852	304,579	320,921	314,930
Net (losses)/gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	(134)	(1,127)	3,511	5,511	3,377	4,384
Net gains on FVTPL investments	39	395	855,493	467,049	855,532	467,444
Dividend income	1,464	1,464	139,926	130,490	141,390	131,954
Net impairment gains on financial assets	5	35	152	58	157	93
Net investment income	13,443	11,118	1,307,934	907,687	1,321,377	918,805
Finance expenses from insurance contracts issued	-	-	(1,114,658)	(784,800)	(1,114,658)	(784,800)
Finance income from reinsurance contracts held	-	-	1,027	1,866	1,027	1,866
Net insurance finance expenses	-	-	(1,113,631)	(782,934)	(1,113,631)	(782,934)

30. Insurance funds (continued)

Statement of profit or loss by funds for the year ended 31 December (continued)

	Shareholders' fund		Life fund		Total	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net insurance and investment results	12,960	10,773	588,890	483,564	601,850	494,337
Other operating income	-	-	66	74	66	74
Other operating expenses	(22,669)	(9,932)	(109,382)	(75,318)	(132,051)	(85,250)
Other finance expenses	-	-	(367)	(269)	(367)	(269)
	(22,669)	(9,932)	(109,683)	(75,513)	(132,352)	(85,445)
Transfer	293,221	202,156	(293,221)	(202,156)	-	-
Profit before tax	283,512	202,997	185,986	205,895	469,498	408,892
Income tax expense	(48,183)	(31,784)	(53,420)	(58,144)	(101,603)	(89,928)
Profit for the year	235,329	171,213	132,566	147,751	367,895	318,964

30. Insurance funds (continued)

Information on cash flows by funds for the year ended 31 December

	Shareholders' fund		Life fund		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from/(used in):						
Operating activities	85,125	125,118	222,938	(621,020)	308,063	(495,902)
Investing activities	-	-	(16,555)	(15,281)	(16,555)	(15,281)
Financing activities	(77,841)	(97,716)	(5,355)	(5,458)	(83,196)	(103,174)
Net increase/(decrease) in cash and cash equivalents	7,284	27,402	201,028	(641,759)	208,312	(614,357)
At beginning of year	96,699	69,297	951,843	1,593,602	1,048,542	1,662,899
At end of year	103,983	96,699	1,152,871	951,843	1,256,854	1,048,542

30. Insurance funds (continued)

Investment-linked funds statement of assets and liabilities as at 31 December

	2024 RM'000	2023 RM'000
Assets		
Investments	4,363,113	3,508,278
Other assets	2,410	11,993
Cash and cash equivalents	356,956	284,465
	4,722,479	3,804,736
Liabilities		
Deferred tax liabilities/(assets)	21,292	(802)
Insurance contract liabilities	5,283	4,290
Other liabilities	23,300	30,093
	49,875	33,581
Net asset value of funds	4,672,604	3,771,155

30. Insurance funds (continued)

Investment-linked funds statement of income and expenditure for the year ended 31 December

	2024 RM'000	2023 RM'000
Insurance revenue	748,500	594,787
Insurance service expenses	(292,343)	(196,505)
Insurance service result	456,157	398,282
Interest revenue on financial assets not measured at FVTPL	8,160	19,812
Net gains on FVTPL investments	492,967	123,631
Dividend income	68,155	68,155
Net investment income	569,282	211,598
Finance expenses from insurance contracts issued	(898,520)	(564,596)
Finance expenses from reinsurance contracts held	(2,929)	(2,210)
Net insurance finance expenses	(901,449)	(566,806)
Net insurance and investment results	123,990	43,074
Other operating expenses	(85,914)	(29,724)
Profit before tax	38,076	13,350
Income tax expense	(38,076)	(13,350)
Profit for the year	-	-

Allianz Life Insurance Malaysia Berhad
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Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 43 to 220 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2024 and of its financial performance and cash flows for the financial year then ended.

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

....
Goh Ching Yin
Director

....
Ong Eng Chow
Director

Kuala Lumpur
Date: 27 February 2025

Allianz Life Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Giulio Slavich**, the officer primarily responsible for the financial management of Allianz Life Insurance Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 220 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Giulio Slavich, at Kuala Lumpur in the Federal Territory on 27 February 2025.

…………………………………………………….
Giulio Slavich

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 198301008983 (104248-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Allianz Life Insurance Malaysia Berhad ("the Company") 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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 43 to 220.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198301008983 (104248-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198301008983 (104248-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ LIFE INSURANCE MALAYSIA BERHAD
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 198301008983 (104248-X)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

WONG HUI CHERN
03252/05/2026 J
Chartered Accountant

Kuala Lumpur
27 February 2025