Registration No.

200701032867 (790895-D)

AIA BHD.

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the annual audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

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

The principal activities and the details of the subsidiaries are stated in Note 9 to the financial statements. There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after tax for the financial year	1,994,270	1,777,596

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

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

SIGNIFICANT AND SUBSEQUENT EVENTS

There were no material events subsequent to or from the reporting date that require disclosures or adjustments to the financial statements.

DIVIDENDS

The Directors had on 10 June 2024 recommended the payment of final dividend of RM644,000,000 for the financial year ended 31 December 2023. The amount of dividends declared and paid by the Company since the end of the previous financial year was as follows:

In respect of the financial year ended 31 December 2023:

	RM'000
Final single tier dividend of RM3.3566 per ordinary share on 191,859,543 ordinary shares, paid on 10 June 2024, 11 June 2024, 11 July 2024 and 12 July 2024 respectively.	644,000

The Directors have not recommended any final dividend to be paid for the current financial year under review.

DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

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

DIRECTORS

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

Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon (Chairman)
Dr. Chong Su-Lin
Ching Neng Shyan
Mahani binti Amat
Tan Hak Leh

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object 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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration in Note 32 by reason of a contract made by the Company or a related corporation with any Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS AND DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
	As at 1 January 2024	Acquired	Disposed	As at 31 December 2024
AIA Group Limited				
Direct Interest				
Tan Hak Leh	251,048	163,049	(135,010)	279,087

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS AND DEBENTURES (CONTINUED)

	Number of matching restricted stock purchase unit over ordinary shares under Employee Share Purchase Plan			
	As at 1 January 2024	Granted	Vested	As at 31 December 2024
AIA Group Limited				
Direct Interest				
Tan Hak Leh	4,358	1,389	(3,259)	2,488

	Number of restricted share units over ordinary shares			
	As at 1 January 2024	Granted	Vested/ Lapsed	As at 31 December 2024
AIA Group Limited				
Direct Interest				
Tan Hak Leh	476,514	235,335	(197,347)	514,502

	Number of share options over ordinary shares			
	As at 1 January 2024	Granted	Exercised/ Lapsed	As at 31 December 2024
AIA Group Limited				
Direct Interest				
Tan Hak Leh	329,472	459,671	(329,204)	459,939

Matching restricted stock purchase units, restricted share units and share options are granted to certain employees, Directors and Officers of the Company under the Employee Share Purchase Plan, Restricted Share Unit Scheme and Share Option Scheme of AIA Group Limited respectively. Details of the employee share purchase plan, restricted share units and share options are set out in Note 31 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

At the date of the statements of financial position, the immediate holding company of the Company is Orange Policy Sdn. Bhd. ("OPSB"), whose ultimate holding company is AIA Group Limited ("AIA Group"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") is satisfied that, the Company has complied with all the prescriptive requirements of, and adopts the Corporate Governance Policy Document, issued by Bank Negara Malaysia ("BNM").

(A) BOARD OF DIRECTORS

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

1. Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon (Chairman)
   Independent Non-Executive Director

   Tan Sri Dato' Gooi has over 38 years of experience in the fields of accounting and corporate finance. Tan Sri Dato' Gooi was instrumental in the successful implementation of several corporate exercises which included merger and acquisition and corporate debt restructuring exercises by PLCs. Tan Sri Dato' Gooi currently sits on the Board of Securities Commission, Yinson Holdings Bhd, Red Ideas Holdings Berhad and Perusahaan Sadur Timah Malaysia Berhad. Tan Sri Dato' Gooi was also a member of the National Debt and Liability Management Committee and is a member of the investment panel of EPF Malaysia. Tan Sri Dato' Gooi was former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd, and Deputy Chairman of Avenue Capital Resources Bhd. Tan Sri Dato' Gooi was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. Tan Sri Dato' Gooi is a Member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.

2. Dr. Chong Su-Lin
   Independent Non-Executive Director

   Dr. Chong is a graduate from the Royal Free Hospital School of Medicine, London. She began her career in the National Health Services, UK, following which she took an MBA at the London Business School. This was followed by two years with Cambridge Pharma Consultancy, specialising in the field of pharmaco-economics. She has also served as Chief Executive Officer of Sunway Medical Centre Berhad and Prince Court Medical Centre Sdn. Bhd.

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The brief profile of the Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows: (continued)

3. Ching Neng Shyan
Independent Non-Executive Director

Mr. Ching is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Malaysian Institute of Accountants. He holds a Master of Business Administration from Universiti Sains Malaysia and was the Managing Director of Kennedy, Burkill & Company Berhad from 2008 until 2018. Mr. Ching had worked with Pannell Kerr Forster, Chartered Accountants in Liverpool, England and Ernst & Young in Malaysia.

4. Mahani binti Amat
Independent Non-Executive Director

Mahani holds a Bachelor of Economics (majoring in Business Administration) from University of Malaya. She has over 27 years of working experience in the banking industry. She began her career with Bank Negara Malaysia in 1977 where she spent 7 years in Reserves Management. In 1984, she moved on to RHB Bank in Singapore and held various positions in the Treasury and Offshore Banking, and Consumer Banking. She returned to RHB Bank Kuala Lumpur in 2001, where she held senior management positions in premium banking and international division, up to her last designation in 2004 as Executive Vice President of operations and services.

5. Tan Hak Leh
Executive Director

Mr Tan is the Regional Chief Executive responsible for AIA Group's business operating in Singapore, Brunei, Malaysia, Cambodia, Myanmar and Indonesia. Mr. Tan was Chief Executive Officer of AIA's operation in Thailand from 2016 to 2019, AIA Group Chief Risk Officer in 2015 and Chief Executive Officer of AIA's operation in Singapore from 2011 to 2015. Prior to joining AIA Group, Mr. Tan was Chief Executive Officer of Great Eastern Life, Singapore. Prior to joining Great Eastern Life, Mr. Tan was Director of the Monetary Authority of Singapore. Mr. Tan has played an active role in the life insurance industry since 2005. His appointments include: President of the Life Insurance Association (LIA), Singapore from 2010 to 2013 and Vice Chair of Singapore College of Insurance from 2011 to 2013 and Vice President of Thailand Life Assurance Association from 2017 to 2018. He was also a Board member of Financial Industry Disputes Resolution Centre Ltd from 2008 to 2015.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

In promoting independent oversight by the Board, the tenure limit for Independent Directors is nine (9) years from the date of the Director's initial appointment. The Board is also discouraged from having more than eight (8) Directors. However, a maximum of ten (10) Directors may be allowed provided the additional Directors are Independent Directors.

During the financial year, a total number of thirty three (33) Board and Board Committee Meetings were held, as set out below:

	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Board
Number of meetings	6	4	8	4	11

The Directors' attendance to the Board and Board Committee Meetings during the financial year was as follows:

Name of Director	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Board Meetings
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	6/6	3/4	8/8	4/4	11/11
Dr. Chong Su-Lin	6/6	4/4	8/8	4/4	11/11
Ching Neng Shyan	6/6	4/4	8/8	4/4	11/11
Mahani binti Amat	6/6	4/4	8/8	4/4	11/11
Tan Hak Leh	N/A	N/A	8/8	N/A	11/11

** N/A – Not Applicable (Not a Member)*

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Board is responsible for the overall governance of the Company and discharges this responsibility through compliance with the Financial Services Act ("FSA") and Corporate Governance Policy Document issued by BNM and other directives, in addition to adopting other best practices on corporate governance.

The Board has an overall responsibility to lead the Company, including setting the strategic future direction, review viability of the corporate objective and overseeing the conduct and performance of business.

As at the date of the report, the Board comprises four Independent Non-Executive Directors and one Executive Director to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

The Board met eleven (11) times during the financial year, seven of which were scheduled and four Special Board Meetings. All Directors in office at the end of the financial year complied with the 75% minimum attendance requirement at such meeting.

The Members of the Board had attended briefings, conferences, seminars and trainings during the financial year, which include the following:

No.	Description
1.	Nomination Committee Chairs Network Session 2024: A Discussion on its Functionalities & Enhancing Its Effectiveness in Alignment with BNM's Corporate Governance.
2.	Executive Education Corporate Governance - Future Proofing Your Business What You Need to Know about the "S" in "ESG.
3.	Engagement Session with Board of Directors of Islamic Financial Institutions: Hajah and Darurah Policy Document.
4.	AIA Cloud Risk Master Class.
5.	Engagement: Responsibility Mapping with Directors of Financial Institutions.
6.	What Amount to a Conflict of Interest by Directors?.
7.	Global Forum on Islamic Economics and Finance (GFIEF) 2024.
8.	AIA In-house Cyberdrill.
9.	Climate Risk Training: Climate Risk Stress Test.
10.	Bank Negara Malaysia Sasana Symposium 2024.
11.	Breakfast Talk: Leveraging AI in the Fight Against Financial Crime.
12.	Navigating Directorship: Legal Consequences, Responsibilities and Risks in Office.
13.	Preventing Fraud: The Board's Roles and Responsibilities.
14.	AIA E-invoicing briefing.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Members of the Board had attended briefings, conferences, seminars and trainings during the financial year, which include the following: (continued)

No.	Description
15.	AML/CFT & TFS: Evolving Challenges & Expectation In Regulatory Compliance.
16.	Khazanah Megatrends Forum.
17.	Training and Information on Technology Developments.
18.	Climate Risk Management and Scenario Analysis (CRMSA), Climate Change and Principle- based Taxonomy (CCPT) and Climate Risk Stress Testing (CRST) - regulatory responsibility on climate risks.
19.	Shariah related Session and Session on Hajah and Darurah.
20.	Anti-Money Laundering (AML), Financial Action Task Force (FATF) and the Emerging Risk Landscape.
21.	IT Security / Unveiling AIA's Automation and Digital Transformation Journey.
22.	Future of Audit (AI).
23.	Economic Outlook & Post-Budget 2025 Forum.
24.	Climate Risk Training: Transition Climate Risk.
25.	Future of Health Asia 2024.

The Members of the Board were also regularly updated on the issuance of new related FSA and regulations as well as the requirements to be observed both by the Company and Directors.

The Company provides an in-house orientation to newly appointed Directors and the Directors may request trainings on specific subjects in facilitating the Directors to discharge their duties effectively. On an annual basis, the Nominating Committee ("NC") will conduct annual review of trainings attended by the Directors during each financial year.

To support sound corporate governance and processes, the Board formed various Board Committees namely the Nominating Committee, the Remuneration Committee, the Risk Management Committee and the Audit Committee ("the Committees") in accordance with the requirements of BNM's Corporate Governance Policy Document.

The roles and members of the Committees are as provided below.

Nominating Committee

As at the date of this report, the NC comprises five (5) members as follows:

Dr. Chong Su-Lin	Chairperson (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ching Neng Shyan	Member (Independent Non-Executive)
Mahani binti Amat	Member (Independent Non-Executive)
Tan Hak Leh	Member (Executive)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Nominating Committee (continued)

The objective of the NC is to establish a documented, formal and transparent procedure for the appointment of Directors, CEO and Key Senior Officers ("KSOs") and to assess the effectiveness of individual directors, the Board as a whole (including various committees of the Board), CEO and KSOs on an on-going basis.

The principal duties and responsibilities of the NC are:

(a) establishing the minimum requirements of the Directors and senior management at the time of appointment and on a continuing basis;

(b) ensuring that the composition of the Board and the designated board-level committee should include at least a member with technology experience and competencies;

(c) establishing and regularly reviewing succession plans for senior management and the Board to promote the Board's renewal and address any vacancies;

(d) establishing a rigorous process for the appointment and removal of Directors and senior management. The process must involve the assessment of candidates against the minimum requirements as set out in the Corporate Governance Policy Document to maintain the engagement between a candidate and the Committee and to ascertain the suitability of each candidate for the Board;

(e) assessing against the minimum requirements for each senior management and Director on an annual basis, and as and when the Board becomes aware of information that may materially compromise the individual/Director's fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities;

(f) recommending and assessing the appointment and reappointment of Directors and senior management as per the minimum requirements as set out in the Corporate Governance Policy Document before an application for approval is submitted to BNM;

(g) assessing the Board and the Board Committees in terms of the appropriate size that promotes effective deliberation and encourages the active participation of all Directors and allows the work of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees;

(h) assessing the performance and effectiveness of the Board, the Board Committees and individual Directors. This is important to enable the Board to identify areas for professional development and process improvements, having regard to the changing needs of the Company; and

(i) overseeing the effective implementation of the transfer of knowledge of expatriates to local employees.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee

As at the date of this report, the Remuneration Committee ("RC") comprises four (4) members as follows:

Dr. Chong Su-Lin	Chairperson (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ching Neng Shyan	Member (Independent Non-Executive)
Mahani binti Amat	Member (Independent Non-Executive)

The objective of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and KSOs and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

The principal duties and responsibilities of the RC are to review and assess:

(a) the remuneration policy of the Company which must be approved by the Board and subject to periodic Board's review, including when material changes are made to the policy;

(b) the remuneration for each Director, members of senior management and other material risk taker must be approved by the Board annually. The Company must maintain and regularly review a list of officers who fall within the definition of "other material risk takers";

(c) the overall remuneration system for the Company which must:

  (i) be subject to the Board's active oversight to ensure that the system operates as intended;
  (ii) be in line with the business and risk strategies, corporate values and long-term interests of the Company;
  (iii) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Company as a whole, taking into account the interests of its customers; and
  (iv) be designed and implemented with input from the control functions and the Board's Risk Management Committee to ensure that risk exposures and risk outcomes are adequately considered.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee (continued)

The principal duties and responsibilities of the RC are to review and assess: (continued)

(d) the remuneration for individuals which must be aligned with prudent risk-taking. Hence, remuneration outcomes must be symmetric with risk outcomes. This includes ensuring that:

- (i) remuneration is adjusted to account for all types of risk, and must be determined by both quantitative measures and qualitative judgment;
- (ii) the size of the bonus pool is linked to the overall performance of the Company;
- (iii) incentive payments are linked to the contribution of the individual and business unit to the overall performance of the Company;
- (iv) bonuses are not guaranteed, except in the context of sign-on bonuses; and
- (v) for members of senior management and other material risk takers:
  - a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and institution-wide measures that adequately assess performance; and
  - the variable portion of remuneration increases along with the individual's level of accountability.

(e) the remuneration payout schedules which must reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time. As such, the Company must adopt a multi-year framework to measure the performance of members of senior management and other material risk takers. Such a framework must provide for:

- (i) the deferment of payment of a portion of variable remuneration to the extent that risks are realised over long periods, with these deferred portions increasing along with the individual's level of accountability;
- (ii) the calibration of an appropriate mix of cash, shares, share-linked instruments, and other forms of remuneration to reflect risk alignment; and
- (iii) adjustments to the vested and unvested portions of variable remuneration (through malus, clawbacks and other reversals or downward revaluations of awards) in the event of bad performance of the business unit or institution attributable to the individual or if he commits serious legal, regulatory or internal policy breaches.

(f) the incentive structure to ensure that:

- (i) variables used to measure risk and performance outcomes of an individual relate closely to the level of accountability of that individual;
- (ii) the determination of performance measures and variable remuneration considers that certain indicators (such as share prices) may be influenced in the short term by factors like market sentiment or general economic conditions which are not specifically related to the Company's performance or an individual's actions, and the use of such indicators does not create incentives for individuals to take on excessive risk in the short term; and
- (iii) members of senior management and other material risk takers commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(a) BOARD OF DIRECTORS (CONTINUED)

Risk Management Committee

As at the date of this report, the Risk Management Committee ("RMC") comprises four (4) members as follows:

Mahani binti Amat	Chairperson (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ching Neng Shyan	Member (Independent Non-Executive)
Dr. Chong Su-Lin	Member (Independent Non-Executive)

The objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively. Risk Management Committee is also the designate board-level committee to oversee technology related matters and frameworks, ensure that risk assessments undertaken to material technology applications submitted to BNM are robust and comprehensive and to deliberate the outcome of Data Centre Risk Assessment and Network Resilience and Risk Assessment.

The principal duties and responsibilities of the RMC are:

(a) ensuring that the Company's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities;

(b) providing effective oversight of senior management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework;

(c) ensuring senior management oversight in the day-to-day management of the financial institution's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board;

(d) ensuring that the risk management framework enables the identification, measurement and continuous monitoring of all relevant and material risks on a group and firm-wide basis, supported by robust management information systems that facilitate the timely and reliable reporting of risks and the integration of information across the institution. The sophistication of the Company's risk management framework must keep pace with any changes in the institution's risk profile (including its business growth and complexity) and the external risk environment;

(e) ensuring that the risk management is well-integrated throughout the organisation and embedded into the culture and business operations of the institution;

(f) establishing an independent senior risk executive role (chief risk officer or its equivalent) with distinct responsibility for the risk management function and the institution's risk management framework across the entire organisation. The executive must have sufficient stature, authority and seniority within the organisation to meaningfully participate in and be able to influence decisions that affect the Company's exposures to risk;

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Risk Management Committee (continued)

The principal duties and responsibilities of the RMC are: (continued)

(g) establishing and maintaining an effective risk management function with sufficient authority, stature, independence, resources and access to the Board;

(h) effectively implementing the risk management framework that is reinforced with an effective compliance function and subjected to an independent internal audit review;

(i) ensuring that the Company has appropriate mechanisms in place for communicating risks across the organisation and for reporting risk developments to the Board and senior management;

(j) ensuring that the executive remuneration is aligned with prudent risk-taking and appropriately adjusted for risks. The Board must actively oversee the institution's remuneration structure and its implementation, and must monitor and review the remuneration structure to ensure that it operates as intended;

(k) ensuring that the Board and senior management are aware of and understand the Company's operational and organisational structure and the risks it poses and be satisfied that it is not overly complex or opaque such that it hampers effective risk management by the Company;

(l) ensuring that the Board and senior management understand the purpose, structure and unique risks of operations when the Company operates through special-purpose structures. Appropriate measures must be undertaken to mitigate the risks identified;

(m) exercising oversight over its subsidiaries with appropriate established processes to monitor the subsidiaries' compliance to the Group's risk management policies;

(n) establishing and approving the technology risk appetite and risk tolerance;

(o) overseeing the adequacy of the Company's IT and cybersecurity strategic plans covering a period of no less than three years;

Risk Management Committee (continued)

The principal duties and responsibilities of the RMC are: (continued)

(p) overseeing the effective implementation of a sound and robust technology risk management framework and cyber resilience framework; and

(q) discussing cyber risks and related issues, including the strategic and reputational risks associated with a cyber-incident.

Audit Committee

As at the date of this report, the Audit Committee ("AC") comprises four (4) members as follows:

Ching Neng Shyan	Chairman (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Mahani Binti Amat	Member (Independent Non-Executive)
Dr. Chong Su-Lin	Member (Independent Non-Executive)

The primary objective of the AC is to ensure the integrity and transparency of the financial reporting process.

The principal duties and responsibilities of the AC are:

(a) ensuring that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives;

(b) reviewing and concurring the annual audit plan, audit charter and annual budget of the internal audit department and the appointment of the external auditors;

(c) ensuring that internal audit staff have free and unrestricted access to the Company's records, assets, personnel or processes relevant to and within the scope of the audits;

(d) reviewing and concurring with the appointment, removal and remuneration of the external auditors recommended by Group Audit Committee;

(e) reviewing various relationships between the external auditors and the Company or any other entity that may impair or appear to impair the external auditors' judgement or independence in respect of the Company;

(f) investigating reasons for any request made by management to dismiss the external auditor, or any resignation by the external auditor and disclosing the full Board and the Group Audit Committee the results of the investigation together with the Audit Committee's recommendations on proposed actions to be taken;

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Audit Committee (continued)

The principal duties and responsibilities of the AC are: (continued)

(g) maintaining regular, timely, open and honest communication with the external auditors, and require the external auditors to report to the AC on significant matters;

(h) reviewing with the external auditors that appropriate audit plans are in place and the scope of the audit plans reflect the terms of the engagement letter;

(i) reviewing with the external auditors on the financial statements (before the audited financial statements are presented to the Board) and discussing the findings and issues arising from their work done, including but not limited to, any opinions or qualifications, significant/material changes and fluctuations reported therein;

(j) audit reports, including obligation reports to BNM and discuss the findings and issues arising from the external audit;

(k) ensuring that management's remediation efforts with respect to all findings and recommendations are resolved effectively and in a timely manner;

(l) approving the provision of non-audit services by the external auditors and ensuring that the level of provision of non-audit services is compatible with maintaining auditor independence;

(m) reviewing the Chairman's statement, interim financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report (where applicable);

(n) reviewing any related party transactions and conflicts of interest situations that may arise including any transaction, procedure or conduct that raises questions of management integrity;

(o) ensuring that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes;

(p) monitoring compliance with the Board's conflict of interest policy which would include monitoring the items set out below:

    (i) identifying circumstances which constitute or may give rise to conflicts of interests;
    (ii) clearly defining the process for Directors to keep the Board informed on any change of circumstances that may give rise to a conflict of interest;
    (iii) identifying those responsible for maintaining updated records on each Director's conflicts of interest; and
    (iv) articulating how any non-compliance with the policy will be addressed.

(q) reviewing third-party opinions on the design and effectiveness of the Company's internal control framework.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Audit Committee (continued)

The AC has the authority to investigate any matter within its terms of reference and has unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Company.

During the financial year, the AC members have met twice with the external auditors without the presence of the management.

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employees and formal performance appraisal is done annually. Information is effectively communicated to the relevant employees within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company has, in any circumstances, conflict of interest referred to in Sections 54 and 55 of the FSA.

The management meets all prescriptive requirements under this section, and has already adopted best practices in the areas of organisational structure and allocation of responsibilities, conflicts of interest, goal setting and the area of communication.

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on agreed terms as specified under BNM's Guidelines on Related-Party Transactions and BNM's Corporate Governance Policy Document. Related parties' transactions and balances have been disclosed in the financial statements in compliance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

(D) INTERNAL CONTROL FRAMEWORK

The Board, assisted by its committees, is responsible for overseeing the AIA's risk management and internal control systems and for reviewing its effectiveness. The criteria applied by the Directors in judging the effectiveness of these controls are that they allow the maximisation of shareholders' value by exploiting business opportunities whilst ensuring that risks are properly identified and managed. The controls are regularly reviewed to ensure that they enable the proper management of business risks without so restricting efficiency and entrepreneurial nature that they inhibit proper running of the business.

AIA has an internal audit function ("Internal Audit"). The key features of AIA's internal control system include independent reviews and testing of internal controls, taking a risk-based approach and developing an annual audit plan presented to the Audit Committee. Reports of significant audit findings are prepared and communicated to management and the Audit Committee and where control weaknesses or defects are identified, recommendations are provided to resolve them. This includes issues formally identified from internal audits, forensic investigations, regulatory reports and special projects. Management is responsible for the design, implementation and evaluation of the internal control system, including ongoing mitigation, across the business and processes.

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

AIA's Risk Management Framework ("RMF") does not seek to eliminate all risks, but rather to identify, understand and manage them within acceptable limits in order to support the sustainability of the business and the creation of long-term value, and can only provide reasonable and not absolute assurance against material misstatement or loss. The key features of AIA's RMF include:

(a) Risk Culture

Risk Culture refers to AIA's organisational culture that includes desirable individual and collective attributes and habits when employees encounter opportunity and accept risk to AIA. It influences the way we conduct our activities in relation to risk awareness, risk taking, risk management and risk controls. Strong Risk Culture facilitates organisation resilience and supports sustainable success in delivering AIA's commitments to customers in the long term, and is built through broader culture programmes which is aligned with AIA's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People…the Right Results will come."

(b) Risk Governance

Risk Governance establishes clear responsibility and accountability across AIA to execute its risk strategy and carry out its day-to-day risk management and compliance activities. AIA's Risk Governance is organised through the "Three Lines of Defence" model which clearly defines roles and responsibilities for the management of risk and compliance between the executive management ("First Line"), Risk and Compliance ("Second Line") and Internal Audit ("Third Line") functions. Whilst each line of defence is independent from the others, they work closely to ensure effective oversight.

AIA has a suite of policies and standards which sets out the approach and minimum requirements for managing the AIA's key risks:

(i) AIA Code of Conduct: The Code lays the foundation for good business decisions and guides staff and agents in conducting business honourably, ethically and with utmost professionalism. The Code specifies the standards of behaviour to which every AIA employee and stakeholder is expected to adhere. The Code guides us on compliance, ethics and risk issues and allows us to contribute positively to the societies where we operate.

(ii) Whistleblower Protection Standard: The Standard aims to establish corporate values and culture that support ethical behaviour and to assure confidentiality and non-retaliation to whistleblowers. Every employee has the obligation to report unethical behaviour or suspected violations of law or policy connected with AIA's business activities.

(iii) Anti-Fraud Standard: AIA is committed to conducting all of its business with the highest level of ethics and integrity. To uphold this commitment and in particular, a zero-tolerance approach to fraud, AIA requires adherence to this Anti-Fraud Standard. The Standard is intended to reinforce management procedures designed to aid in the prevention, detection and investigation of fraud, thereby safeguarding AIA's assets and providing protection from the legal and reputational consequences of fraudulent activities.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

The key features of the Group's RMF include: (continued)

(b) Risk Governance (continued)

(iv) Anti-Corruption Standard: AIA is committed to conducting all of its business in an honest and ethical manner. Bribery or any improper payment to gain an advantage in any situation is never acceptable and may have serious legal, reputation and regulatory implications for AIA.

(v) Anti-money Laundering & Counter Financing of Terrorism (AML/CFT) Policy: AIA is committed to a strict programme of compliance with all applicable AML/CFT laws and regulations to prevent the use of its products and services for money laundering and terrorist financing purposes. The policy sets out the detailed requirements of AIA AML/CFT Programme, which includes a risk-based approach to conducting customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. AIA uses a comprehensive AML/CFT monitoring software and online tool to screen, risk profile and monitor customer activity. All staff and agents are also required to complete AML/CTF training. In addition, our Economic Sanctions Standard sets out standards to manage the risk of dealings with governments, individuals and entities subject to sanctions programmes.

(vi) Data Privacy Standard: AIA is committed to protecting the interests of our customers, partners, staff, agents and stakeholders, ensuring high standards of information security. The Standard prescribes adequate safeguards for our customer and business data as well as compliance with data protection legislation. AIA's Information Security Standard is consistent with industry leading standards to ensure that our systems, processes and information are secured.

(vii) Compliance Policy: AIA is subject to laws, regulations and supervisory expectations and takes those requirements very seriously. The policy sets out the principles for managing Compliance Risks across AIA and describes the key roles and responsibilities. AIA's principles for managing Compliance Risks are: (a) AIA takes its requirements under laws, regulations and supervisory expectations seriously and is committed to have in place sound internal controls to minimise the downside risk from non-compliance; (b) Business Units and functional units of AIA must have processes to manage Compliance Risks; (c) All employees are responsible for maintaining a strong Compliance Culture; and (d) AIA will maintain transparent and proactive relationships with Regulators to provide assurance that AIA is across its regulatory requirements, has an effective risk management framework and governance structure in place, and sustains an appropriate Compliance Culture.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

The key features of the Group's RMF include: (continued)

(c) Risk Strategy

Risk Strategy describes how, which types of risks, and to what extent risks are taken to pursue AIA's strategy and business objectives. Conversely, it also expresses those risks which are not desired and the extent to which they should be mitigated. AIA's Risk Appetite Framework is designed to articulate the Board's risk capacity in light of AIA's Risk Strategy and business objectives.

AIA also maintains a detailed risk taxonomy to ensure all risks are identified and systematically managed.

(d) Risk Management Process

AIA has a robust process that provides sufficient information, capability and tools to manage its key risks. Risks which AIA proactively accepts are identified, assessed and managed to support the creation of long-term value, while risks which AIA seeks to mitigate are managed through an effective internal controls system to maintain exposures within an acceptable residual level.

In order to encourage good management and to embed a culture of iterative process of continuous improvement, all business functions must incorporate the key risk management process in their activities to identify, assess, manage and monitor the risk exposures. This ensures that risk reviews undertaken by AIA are appropriate and contributes to optimisation of business decisions.

(e) Risk Reporting

Risk reporting represents the internal and external risk and compliance reporting processes which support an ongoing evaluation of AIA's risk profile, including any material intra-group transactions or events, compliance status, and overall effectiveness of the RMF.

(E) REMUNERATION POLICY

i. Objectives

The Group's executive remuneration policy is based on the principle to attract, motivate and retain staff at all levels. The policy aim to reward competitive and fair remuneration package, irrespective of gender, ethnicity, age, disability or other non-performance related factors to foster a strong performance-oriented culture within an appropriate risk management framework.

The policy aims to ensure that rewards and incentives relate directly to the performance of individuals, the operations and functions in which they work or for which they are responsible, and the overall performance of the Group. The compensation and benefits arrangements designed under the policy provides incentives that are consistent with the interests of the Group's stakeholders and do not encourage executives to take excessive risks that may threaten the value of the Group and impair the reputation of the brand.

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration

The table below summarises the Group's remuneration policies regarding the elements of the remuneration structure as it applies to the CEO and Senior Management Team during the financial year.

Element	Purpose	Basis of determination	Notes on practices
Basic	Fixed cash element of remuneration to recruit and retain talent.	Basic salary is determined with reference to the specific roles and responsibilities of the position, internal relativities, market practice, individual experience, performance and other factors to attract and retain employees with required capabilities to achieve the Group's business objectives.	The Remuneration Committee reviews salaries annually for the CEO and Senior Management Team against relevant industry survey sources. Salary increases, where applicable, typically take effect from 1 March.
Short-term incentive	Short-term incentives are delivered in the form of a performance-based cash award to recognize and reward achievement of the Group's objectives and individual contribution.	Short-term incentive target and maximum opportunities are determined with reference to the market appropriateness of total compensation and the roles and responsibilities of the individual.	Annual short-term incentive is based on the achievement of financial performance measures and relevant strategic objectives, as well as individual contribution.
Long-term incentive	Long-term incentive plan focuses key contributors on the long-term success of the Group and is used to align the interest of executives with those of shareholders using a combination of share-based awards and share mix options to deliver a balanced mix of ownership and incentives.	Long-term incentive target and maximum opportunities are determined with reference to the total competitiveness of the total compensation package and the roles and responsibilities of the individual.	Long-term incentives are discretionary and determined annually. Long-term incentives are delivered in the form of performance-vesting restricted share units, time-vesting restricted share units and/or time-vesting share options, and generally vest after a three-year period, with the performance-vesting restricted share units subject to pre-defined performance vesting requirement.
Benefits	Benefits form part of the long-term employment relationship and contribute to the value of total remuneration provided at market competitive levels.	The benefits program is determined such that it is market competitive. It remains fully compliant with local regulations.	The CEO and Senior Management Team receive certain benefits, for example, medical and life insurance, use of company car and/or driver.
Employee share purchase plan ("ESPP")	Share purchase plan with matching offer to facilitate and encourage AIA share ownership by employees, and provide a long-term retention mechanism.	The ESPP is open to all employees who have completed probation and subject to a maximum contribution indicated as a percentage of basic salary or the plan maximum limit.	Participants receive matching shares for shares purchased at a rate approved by the Remuneration Committee. Matching shares vest after three (3) years.

ii. Main Components of Remuneration (continued)

Short-Term Incentive Plan

The short-term incentive targets were determined and communicated to the CEO and Senior Management Team at the beginning of the financial year. The performance measures for short-term incentives were:

- Value of new business ("VONB");
- Operating profit after tax ("OPAT"); and
- Underlying Free Surplus Generation ("UFSG").

VONB is an estimate of the economic value of one (1) year's sales as published by the AIA Group; OPAT is the IFRS operating profit after tax based on the IFRS results published by the AIA Group; and UFSG is the free surplus generated by the business excluding the free surplus invested in new business, investment return variances and other items.

The weighting of the three (3) performance measures described above is fifty per cent (50%), twenty per cent (20%) and ten per cent (10%) for VONB, OPAT and UFSG respectively. The remaining weighting is twenty per cent (20%) based on strategic key performance measures for the year. Based on the level of achievement of the performance measures, short-term incentive awards in respect of the financial year ended 31 December 2024 will be paid to the CEO and Senior Management Team in March 2025.

Long-Term Incentive Plan

The 2020 Restricted Share Unit Scheme ("RSU") and the 2020 Share Option Scheme ("SO") were adopted on 1 August 2020 and 29 May 2020 respectively, in place of the 2010 RSU Scheme and 2010 SO, which were terminated with effect from 31 July 2020 and 29 May 2020 respectively. Both the 2020 RSU Scheme and 2020 SO are also effective for a period of ten (10) years from the date of adoption.

These schemes are designed to motivate and reward participants who have not only made an important contribution to AIA Group's success but are expected to play a significant role in the future.

Awards made under these schemes are discretionary and are determined on an annual basis with reference to the magnitude of overall variable remuneration, the competitiveness of the total remuneration package, the roles, responsibilities, performance and potential of the individual.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

The schemes operate through the award of restricted share units and share options to deliver a balanced mix of incentives and ownership. The rewards are subject to eligibility criteria and generally vest after a three-year period.

As applicable to other remuneration payments, long-term incentive vesting is subject to the Remuneration Committee's approval and is in compliance with all relevant AIA Group's policies.

The schemes are reviewed regularly to ensure that the design, process, structure and governance work together to balance risk and incentives.

a. Restricted Share Unit Scheme

Under the Restricted Share Unit Scheme, AIA Group may award restricted share units to selected employees, Directors (excluding Independent Non-executive Directors) or officers of the Group or any of its subsidiaries. The objectives of the Restricted Share Unit Scheme are to align participant's interests with those of the AIA Group through ownership of the AIA Group's shares and/or increase in value of AIA Group's shares.

Time-vesting Restricted Share Unit Scheme

Vesting of Time-vesting Restricted Share unit awards will be contingent on continuous employment with AIA and not being under notice at the end of a three-year vesting period.

Performance Measures and Vesting

Vesting of Performance-Vesting Restricted Share Unit awards will be contingent on continuous employment with AIA and not being notice at the end of a three-year vesting period. In addition, it is subject to the achievement of pre-defined performance levels assessed over a three year performance period as outlined below for the following 2024 AIA Group metrics:

(i) Value of new business;
(ii) Equity attributable to shareholders on the embedded value basis; and
(iii) Total shareholder return
(iv) Underlying Free Surplus Generation.

VONB is an estimate of the economic value of one (1) year's sales as published by the AIA Group.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

a. Restricted Share Unit Scheme (continued)

Performance Measures and Vesting (continued)

Equity attributable to shareholders of AIA Group on the embedded value basis (“EV Equity”) is the total of embedded value, goodwill and other intangible assets as published by the AIA Group. Embedded value is an estimate of the economic value of in-force life insurance business, including the net worth on AIA Group’s balance sheet but excluding any economic value attributable to future new business.

The VONB and EV Equity performance considered in determining incentive awards are based on AIA Group’s VONB and AIA Group’s EV Equity results published by AIA Group.

Relative total shareholder return (“TSR”) is the compound annual return from the ownership of a share over a period of time, measured by calculating the change in the share price and the gross value of dividends received (and reinvested) during that period. AIA Group‘s TSR will be calculated in the same way and compared with the TSR of the peer companies in the Dow Jones Insurance Titans 30 Index (“DJTINN”)) over the performance period.

Underlying Free Surplus Generation (“UFSG”) is the free surplus generated by the business excluding the free surplus invested in new business, investment return variances and other items.

The three (3) performance measures of VONB, EV Equity and TSR are equally weighted at 28% each while UFSG is weitgted at 16%.Threshold performance levels (for TSR, twenty fifth (25^{th}) percentile of the peer companies’ performance) are required for performance-vesting restricted share units to vest; at target performance levels, fifty per cent (50%) of the performance-vesting restricted share units will vest; and at maximum performance levels (for TSR, seventy fifth (75^{th}) percentile of the peer companies’ performance), the full allocation of performance-vesting restricted share units will vest.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

b. Share Option Scheme

The objectives of the 2010 and 2020 Share Option Schemes are to align eligible participants' interests with those of the AIA Group through ownership of AIA Group's shares and/or the increase in value of AIA Group's shares.

Under the Share Option Scheme, AIA Group may award share options to employees, Directors (excluding Independent Non-Executive Directors) or officers of the Group or any of its subsidiaries. No consideration is payable by the eligible participants on the acceptance of the grant of a share option.

The exercise price of such share options was determined by applying the highest of:

(i) The closing price of the shares on the date of grant;
(ii) The average closing price of the shares for the five (5) business days immediately preceding the date of grant; or

During the 10-year period from the 2020 SO Scheme Adoption Date (i.e., 29 May 2020), the aggregate number of shares available for issue upon exercise of all share options granted by the AIA Group scheme shall not exceed 2.5 per cent of the number of shares in issue on the 2020 SO Scheme Adoption Date, being 302,264,978 (The maximum number of Shares underlying all grants (i.e., the new Shares issued and to be issued in respect of all options and awards granted) to any one participant under the Company's shares schemes (including the SO Scheme) in any 12-month period is 1 per cent (or 0.1 per cent for a substantial shareholder of the Company) of the number of Shares in issue as at the date of the relevant grant. No SOs have been granted to substantial shareholders or in excess of the individual limit pursuant to the SO Schemes since their adoption.

Performance Measures and Vesting

Share options awarded under the Share Option Scheme have a minimum holding period of twelve (12) months from date of acceptance, and a maximum life of ten (10) years before expiry. Generally, share options become exercisable three (3) years after the date of grant and remain exercisable for another seven (7) years, subject to participants continued employment in good standing or retirement. There are no performance conditions attached to the vesting of share options. Each share option entitles the eligible participant to subscribe for one (1) ordinary share. Benefits are realized only to the extent that share price exceeds the exercise price.

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

c. Employee Share Purchase Plan

AIA Group adopted a new employee share purchase plan (2020 ESPP) on 1 August 2020 (2020 ESPP Adoption Date) in place of the 2011 ESPP, which were terminated with effect from 31 October 2020. The 2020 ESPP is effective for a period of 10 years from the date of adoption.

However, the 2011 ESPP shall remain in full force and effect for all restricted stock purchase units (RSPUs) granted prior to their terminations, and the vesting of such RSPUs shall be subject to and in accordance with the terms on which they were granted under the provisions of the 2011 ESPP.

Under the 2020 ESPP, eligible employees of the Group may elect to purchase the AIA Group's shares and, through the grant of matching RSPUs, employees who are still in employment with the Group will receive one (1) matching share for every two (2) shares purchased that are held until the vesting of the matching RSPUs, which generally takes place three (3) years from the day of the first share purchase in a plan year. Each eligible employee's participation level is capped at the lower of the ten (10) per cent of the monthly base salary or Hong Kong Dollars Twelve Thousand Five Hundred (HK$12,500) (or local currency equivalent) per calendar month.

The matching shares can either be purchases of existing Share on market by the plan trustee or through the issuance of new shares by AIA Group. During the 10-year period from the 2020 ESPP Adoption Date, the aggregate number of shares available for issue by pursuant to the 2020 ESPP and any other employee share purchase plan (i.e., 2011 ESPP) shall not exceed two-point-five per cent (2.5%) of the number of shares in issue on the ESPP Reference Date (i.e., 18 May 2023) as specified under the rules of the 2020 ESPP.

iii. Remuneration Procedure

The levels of remuneration should be sufficient to attract, retain and motivate all levels of the management and staff of the quality required to run the Group effectively. In this respect, the Group has an independent, objective and robust review process for assessing the remuneration package for the financial year known as the Total Compensation Review ("TCR") process. The TCR process ensures linking remuneration to corporate and individual performance coupled with appropriate consideration of AIA's Group policy during the annual appraisal.

The Board and its respective Committees provide the necessary oversight in the formulation and implementation of the remuneration practices.

- Nominating Committee reviews the performance of the CEO and Senior Management Team, Key Senior officer ("KSO") and Key Responsible Persons ("KRP") to ensure alignment with strategies, goals and culture.
- Remuneration Committee reviews policy and practices before recommending remuneration package for the Board's approval.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

iii. Remuneration Procedure (continued)

- Audit Committee and Risk Committee reviews the relevant KRPs' performance before approval by the Board.
- At the management level, the Management Risk Committee reviews the Risk dashboard reports escalated by the Operational Risk Management Committee for all departments.

Officers in control functions with discretionary Short Term Incentive awards will be based on a combination of AIA Group's business performance and the Group's business performance; thereby ensuring the impartiality of the actions of the Officers in control functions.

iv. Quantification of Remuneration

The Directors' remuneration for the financial year is required to be tabled to the Remuneration Committee, Board and Members of the Company for approval. Set out below is the breakdown of the total amount of remuneration for the following Directors during the financial year:

Name of Director	Fixed Remuneration RM'000	Variable Remuneration RM'000	Total Remuneration RM'000
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	265	69	334
Dr. Chong Su-Lin	190	71	261
Ching Neng Shyan	195	71	266
Mahani Binti Amat	195	71	266
TOTAL	845	282	1,127

The Directors and Officers' liability insurance policy with a total premium of RM76,710 is taken and borne by the Company covering all Directors and Officers of the Company and its subsidiaries and related companies incorporated in Malaysia, collectively.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

iv. Quantification of Remuneration (continued)

The following breakdown provides the remuneration awarded to the CEO and Senior Management Team during the financial year:

Total value of remuneration awards	Unrestricted RM'000	Deferred RM'000
Fixed remuneration		
• Cash-based	14,458	-
• Other	3,178	-
Variable remuneration		
• Cash-based	6,867	-
• Shares and share-linked instruments	-	2,471

(F) PUBLIC ACCOUNTABILITY

As a custodian of public funds, the Group's dealings with the public are always conducted fairly, honestly and professionally. The Group meets all prescriptive and best practice requirements under this section relating to unfair practices.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate impairment losses had been made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected to realise.

(iii) There were adequate provisions for its insurance contract liabilities in accordance with MFRS 17, Insurance Contract.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the Directors of the Group and of the Company are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of impairment losses in the Group and in the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

(c) As at the date of this report, there does not exist:

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

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(iii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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

AIA BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS' REMUNERATION

The auditor's remuneration are as follow:

	Group RM'000	Company RM'000
Fees payable to PricewaterhouseCoopers Malaysia		
- statutory audit	4,008	2,721
- audit related services	22	-
- non-audit related services	104	96
Fees payable to other member firms of PricewaterhouseCoopers Malaysia		
- audit related services	1,381	1,381
	5,515	4,198

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

AUDITORS

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

This report was approved by the Board of Directors on 27 March 2025.
Signed on behalf of the Board of Directors:

TAN SRI DATO' (DR) WEE HOE SOON @ GOOI HOE SOON
DIRECTOR

CHING NENG SHYAN
DIRECTOR

Registration No.

200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

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

We, Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon and Ching Neng Shyan, two of the Directors of AIA Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 252 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and financial performance of the Group and of the Company for the financial year ended 31 December 2024 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated on 27 March 2025.

TAN SRI DATO' (DR) WEE HOE SOON @ GOOI HOE SOON	CHING NENG SHYAN
DIRECTOR	DIRECTOR

Registration No.

200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

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

I, Chai Tze Siang, the officer primarily responsible for the financial management of AIA Bhd., do solemnly and sincerely declare that, the financial statements set out on pages 36 to 252 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHAI TZE SIANG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 March 2025.

Before me:

COMMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA BHD.
(Incorporated in Malaysia)
Registration No. 200701032867 (790895-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AIA Bhd. ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 36 to 252.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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 Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

(f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200701032867 (790895-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

OTHER MATTERS

This report is made solely to the members 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 March 2025

AIA BHD.
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Insurance revenue	3	8,434,636	7,224,653	6,995,882	5,924,395
Insurance service expenses	5	(6,665,820)	(5,994,573)	(5,541,965)	(4,882,502)
Net (expenses)/revenue from reinsurance contracts		(140,545)	120,838	(102,763)	124,252
Insurance service result		1,628,271	1,350,918	1,351,154	1,166,145
Interest revenue on[1]	4a				
Financial assets not measured at fair value through profit or loss		608,362	615,583	562,918	568,356
Financial assets measured at fair value through profit or loss		1,291,942	1,261,591	1,164,225	1,142,676
Other investment income	4b	5,054,320	2,047,963	4,787,856	1,976,510
Movement in impairment loss on financial assets		(18,685)	8,321	(16,223)	8,080
Investment return		6,935,939	3,933,458	6,498,776	3,695,622
Net finance expenses from insurance contracts	4c	(5,438,852)	(3,132,531)	(5,076,968)	(2,940,534)
Net finance expenses from reinsurance contracts	4d	(3,425)	(3,866)	(4,848)	(7,184)
Net Investment result		1,493,662	797,061	1,416,960	747,904
Other operating revenue	3	63,008	50,632	148,652	137,108
Other expenses	5	(349,843)	(267,292)	(375,199)	(331,992)
Profit before share of profit/(losses) from associate		2,835,098	1,931,319	2,541,567	1,719,165
Share of profit/(losses) from associate		84	(145)	-	-
Profit before tax		2,835,182	1,931,174	2,541,567	1,719,165

[1] Comparatives have been restated to conform to the current year's presentation. Refer to Note 37 for details.

Registration No.
200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Profit before tax		2,835,182	1,931,174	2,541,567	1,719,165
Tax expense attributable to policyholders		(361,731)	(179,450)	(339,397)	(167,706)
Profit before tax attributable to shareholders		2,473,451	1,751,724	2,202,170	1,551,459
Tax expense	6	(840,912)	(516,268)	(763,971)	(453,849)
Tax expense attributable to policyholders		361,731	179,450	339,397	167,706
Tax expense attributable to shareholders		(479,181)	(336,818)	(424,574)	(286,143)
Profit after tax for the financial year		1,994,270	1,414,906	1,777,596	1,265,316
Profit attributable to:					
Owners of the parent		1,937,500	1,371,937	1,777,596	1,265,316
Non-controlling interest		56,770	42,969	-	-
		1,994,270	1,414,906	1,777,596	1,265,316
Basic earnings per share (sen)	23	1,010	715		

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

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AIA BHD.
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STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Profit after tax for the financial year		1,994,270	1,414,906	1,777,596	1,265,316
Other comprehensive income/(expense):					
Items that may be subsequently reclassified to profit or loss					
Net fair value gains on financial assets at fair value through other comprehensive income		77,272	341,359	72,604	320,494
Net realised (gains)/losses on financial assets at fair value through other comprehensive income reclassified to profit or loss		(45,937)	(1,588)	(40,290)	(41)
Deferred taxation		(7,213)	(85,439)	(7,646)	(80,479)
Change in fair value reserve		24,122	254,332	24,668	239,974
Change in insurance finance reserve		(112,177)	(198,795)	(111,797)	(198,907)
Deferred taxation		19,425	34,506	19,334	34,533
Change in insurance finance reserve		(92,752)	(164,289)	(92,463)	(164,374)
Items that will not be subsequently reclassified to profit or loss					
Revaluation gains arising during the financial year		12,060	2,720	12,060	2,720
Deferred taxation		(1,863)	(532)	(1,863)	(532)
Change in property revaluation reserve		10,197	2,188	10,197	2,188
Remeasurements of liability of defined benefit schemes		(7,457)	(2,368)	(7,457)	(2,368)
Deferred taxation		1,288	408	1,288	408
Change in post employee benefit obligations		(6,169)	(1,960)	(6,169)	(1,960)
Total other comprehensive income/(expense) – net of tax		(64,602)	90,271	(63,767)	75,828
Total comprehensive income for the financial year		1,929,668	1,505,177	1,713,829	1,341,144

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Total comprehensive income for the financial year		1,929,668	1,505,177	1,713,829	1,341,144
Total comprehensive income attributable to:					
Owners of the parents		1,872,774	1,459,332	1,713,829	1,341,144
Non-controlling interest		56,894	45,845	-	-
		1,929,668	1,505,177	1,713,829	1,341,144

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

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AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		Group		Company	
	Note	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
		RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS					
Intangible assets	8	461,705	462,500	444,721	445,180
Investment in subsidiaries	9	-	-	597,859	597,859
Investments in associate	11	2,695	2,611	88	88
Property, plant and equipment	12	487,883	467,236	486,201	465,886
Investment properties	13	346,670	346,500	346,670	346,500
Insurance contract assets	19	82,759	27,784	-	-
Reinsurance contract assets	19	152,943	150,927	30,736	15,581
Financial investments:	14				
Amortised cost		2,096,389	2,063,297	2,038,374	2,009,524
Fair value through other comprehensive income ("FVOCI")		10,159,036	10,108,709	9,232,514	9,204,653
Fair value through profit or loss ("FVTPL")		55,673,556	49,009,494	51,459,985	45,574,582
Derivative financial instrument	21	37,937	19,509	37,937	19,509
Deferred tax assets	20	1,639	1,666	-	-
Current tax recoverable		350,753	363,184	334,817	353,476
Other assets	16	671,056	702,329	595,357	622,449
Cash and cash equivalents	17	2,981,643	2,821,147	2,597,981	2,474,020
Total assets		73,506,664	66,546,893	68,203,240	62,129,307

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (Continued)

	Note	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
LIABILITIES					
Insurance contract liabilities	19	58,099,671	53,246,626	54,388,919	50,146,453
Reinsurance contract liabilities	19	246,617	-	246,617	-
Derivative financial instrument	21	3,241	37,417	3,241	37,417
Deferred tax liabilities	20	2,473,159	1,952,271	2,199,535	1,715,542
Current tax liabilities		847	15	-	-
Other liabilities	22	821,515	734,618	676,369	611,165
Total liabilities		61,645,050	55,970,947	57,514,681	52,510,577
EQUITY					
Share capital	23	810,000	810,000	810,000	810,000
Retained earnings	24	10,391,106	9,103,775	9,614,968	8,487,541
Other comprehensive income:					
Fair value reserve		272,458	248,460	264,392	239,724
Property revaluation reserve		181,080	170,883	181,080	170,883
Insurance finance reserve		(182,662)	(89,910)	(181,881)	(89,418)
Total equity attributable to:					
Owners of the parent		11,471,982	10,243,208	10,688,559	9,618,730
Non-controlling interest		389,632	332,738	-	-
Total equity		11,861,614	10,575,946	10,688,559	9,618,730
Total equity and liabilities		73,506,664	66,546,893	68,203,240	62,129,307

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

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company								
		Non-distributable							
Group	**Share capital**	**Fair value reserve**	**Property revaluation reserve**	**Insurance finance reserve**	**Share-based reserve**	**Retained Earnings***	**Total**	**Non-controlling interest**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2024	810,000	248,460	170,883	(89,910)	-	9,103,775	10,243,208	332,738	10,575,946
Profit after tax for the financial year	-	-	-	-	-	1,937,500	1,937,500	56,770	1,994,270
Other comprehensive income for the financial year	-	23,998	10,197	(92,752)	-	(6,169)	(64,726)	124	(64,602)
Total comprehensive income for the financial year	-	23,998	10,197	(92,752)	-	1,931,331	1,872,774	56,894	1,929,668
Share based compensation:									
- value of employee services	-	-	-	-	13,751	-	13,751	-	13,751
- repayment to ultimate parent company	-	-	-	-	(13,751)	-	(13,751)	-	(13,751)
Dividend paid (note 7)	-	-	-	-	-	(644,000)	(644,000)	-	(644,000)
At 31 December 2024	810,000	272,458	181,080	(182,662)	-	10,391,106	11,471,982	389,632	11,861,614

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AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Group	Attributable to owners of the Company								
		Non-distributable							
	Share capital	Fair value reserve	Property revaluation reserve	Insurance finance reserve	Share-based reserve	Retained Earnings*	Total	Non-controlling interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023- as previously reported	810,000	(63,126)	31,964	-	-	4,319,519	5,098,357	122,024	5,220,381
Adoption of MFRS17 and MFRS9	-	59,952	136,731	74,557	-	3,996,279	4,267,519	164,869	4,432,388
At 1 January 2023- as restated	810,000	(3,174)	168,695	74,557	-	8,315,798	9,365,876	286,893	9,652,769
Profit after tax for the financial year	-	-	-	-	-	1,371,937	1,371,937	42,969	1,414,906
Other comprehensive income for the financial year	-	251,634	2,188	(164,467)	-	(1,960)	87,395	2,876	90,271
Total comprehensive income for the financial year	-	251,634	2,188	(164,467)	-	1,369,977	1,459,332	45,845	1,505,177
Share based compensation:									
- value of employee services	-	-	-	-	12,234	-	12,234	-	12,234
- repayment to ultimate parent company	-	-	-	-	(12,234)	-	(12,234)	-	(12,234)
Dividend paid (note 7)	-	-	-	-	-	(582,000)	(582,000)	-	(582,000)
At 31 December 2023	810,000	248,460	170,883	(89,910)	-	9,103,775	10,243,208	332,738	10,575,946

* Included in retained earnings is RM8,837 million (2023: RM7,941 million) which comprise surplus from the Life Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company. Balances that are distributable for the financial year ended 31 December 2024 amount to RM1,554 million (2023: RM1,162 million).

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Non-distributable						
Company	**Share capital**	**Fair value reserve**	**Property revaluation reserve**	**Insurance finance reserve**	**Share-based reserve**	**Retained earnings***	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2024	810,000	239,724	170,883	(89,418)	-	8,487,541	9,618,730
Profit after tax for the financial year	-	-	-	-	-	1,777,596	1,777,596
Other comprehensive income for the financial year	-	24,668	10,197	(92,463)		(6,169)	(63,767)
Total comprehensive income for the financial year	-	24,668	10,197	(92,463)	-	1,771,427	1,713,829
Share based compensation:							
- value of employee services	-	-	-	-	13,477	-	13,477
- repayment to ultimate parent company	-	-	-	-	(13,477)	-	(13,477)
Dividend paid (note 7)	-	-	-	-	-	(644,000)	(644,000)
At 31 December 2024	810,000	264,392	181,080	(181,881)	-	9,614,968	10,688,559

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Company	Non-distributable						
	Share capital	Fair value reserve	Property revaluation reserve	Insurance finance reserve	Share-based reserve	Retained earnings*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023- as previously reported	810,000	(44,858)	31,964	-	-	4,245,744	5,042,850
Adoption of MFRS17 and MFRS9	-	44,608	136,731	74,956	-	3,560,441	3,816,736
At 1 January 2023- restated	810,000	(250)	168,695	74,956	-	7,806,185	8,859,586
Profit after tax for the financial year	-	-	-	-	-	1,265,316	1,265,316
Other comprehensive income for the financial year	-	239,974	2,188	(164,374)	-	(1,960)	75,828
Total comprehensive income for the financial year	-	239,974	2,188	(164,374)	-	1,263,356	1,341,144
Share based compensation:							
- value of employee services	-	-	-	-	11,961	-	11,961
- repayment to ultimate parent company	-	-	-	-	(11,961)	-	(11,961)
Dividend paid (note 7)	-	-	-	-	-	(582,000)	(582,000)
At 31 December 2023	810,000	239,724	170,883	(89,418)	-	8,487,541	9,618,730

* Included in retained earnings is RM8,504 million (2023: RM7,180 million) which comprise surplus from the Life Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company. Balances that are distributable for the financial year ended 31 December 2024 amount to RM1,111 million (2023: RM1,307 million).

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

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax attributable to shareholders	**2,473,451**	**1,751,724**	**2,202,170**	**1,551,459**
Tax expense attributable to policyholders	361,731	179,450	339,397	167,706
Rental, interest and dividend income	(2,625,897)	(2,401,811)	(2,464,252)	(2,319,535)
Realised (gains)/losses	(94,226)	10,752	(40,300)	64
Fair value (gains) /losses	(4,209,927)	(1,410,210)	(3,988,231)	(1,279,675)
Allowance/(reversal of) for impairment losses	18,685	(8,893)	16,223	(8,080)
Interest expense on lease liabilities	3,673	3,310	3,693	3,310
Depreciation				
- property, plant and equipment	23,505	26,116	22,965	25,625
- right of use assets	20,334	21,549	20,334	21,549
Amortisation				
- premium on investments	33,447	32,506	25,353	23,535
- intangible assets	78,413	50,368	71,715	45,064
Share of (profit)/losses from associate	(84)	145	-	-
Write off of property, plant and equipment	-	182	-	182
Write off intangible asset	13,895	1,078	13,815	1,078
Gains on sale of property, plant and equipment	417	-	417	-

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Changes in working capital:				
Increase in FVOCI and FVTPL financial assets	(2,437,461)	(2,314,007)	(1,961,946)	(1,852,928)
(Increase)/decrease in reinsurance contract assets	(2,016)	(38,556)	(15,155)	(11,785)
(Increase)/decrease in other assets	18,536	(4,487)	13,513	14
Decrease in amortised cost financial assets	131,944	159,440	136,300	161,610
Increase in insurance contract liabilities	4,686,357	2,760,312	4,130,669	2,208,599
Increase/(decrease) in reinsurance contract liabilities	246,617	(190,856)	246,617	(190,856)
(Decrease)/increase in other liabilities	(18,987)	(157,059)	46,798	90,661
Increase in provisions	9,235	4,493	9,235	4,493
Cash used in operating activities	(1,268,358)	(1,524,454)	(1,170,670)	(1,357,910)
Income taxes paid	(294,309)	(240,558)	(250,206)	(209,899)
Rental income received	23,544	18,946	23,544	18,946
Interest income received	1,749,270	1,687,074	1,588,466	1,533,425
Interest paid	(3,673)	(3,310)	(3,693)	(3,310)
Zakat	(283)	(50)	-	-
Dividend income received	723,194	582,054	698,159	573,623
Net cash inflows from operating activities	929,385	519,702	885,600	554,875
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(91,973)	(155,177)	(85,071)	(149,848)
Purchase of property, plant and equipment	(27,152)	(16,734)	(26,746)	(16,005)
Purchase of investment properties	(2,711)	(1,462)	(2,711)	(1,462)
Proceeds from disposal of property, plant and equipment	(204)	-	(204)	-
Proceeds from disposal of intangible assets	-	-	-	-
Settlement of derivative instruments	20,400	920	20,400	920
Net cash outflows from investing activities	(101,640)	(172,453)	(94,332)	(166,395)

AIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for lease liabilities	(23,249)	(20,590)	(23,307)	(21,523)
Dividends paid	(644,000)	(582,000)	(644,000)	(582,000)
Net cash outflows from financing activities	(667,246)	(602,590)	(667,307)	(603,523)
CASH AND CASH EQUIVALENTS				
NET INCREASE/(DECREASE)	160,496	(255,341)	123,961	(215,043)
AS AT 1 JANUARY	2,821,147	3,076,488	2,474,020	2,689,063
AS AT 31 DECEMBER	2,981,643	2,821,147	2,597,981	2,474,020
Cash and cash equivalents comprised:				
Cash and bank balances	768,040	599,729	496,927	407,792
Fixed and call deposits with licensed financial institutions	2,213,603	2,221,418	2,101,054	2,066,228
	2,981,643	2,821,147	2,597,981	2,474,020

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

Analysis of changes in lease liabilities arising from financing activities is as follows:

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
As at 1 January	92,422	104,689	92,375	104,751
Non-cash changes:				
Addition	24,916	8,323	25,021	9,147
Interest expense	3,673	3,310	3,693	3,310
Cash changes:				
Net cash flows from operating activities	(3,673)	(3,310)	(3,693)	(3,310)
Net cash flows from financing activities	(23,249)	(20,590)	(23,307)	(21,523)
As at 31 December	94,089	92,422	94,089	92,375

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business. The principal activities of the subsidiaries are stated in Note 9 to the financial statements.

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

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act 2016 and the Financial Services Act, 2013 ("FSA") and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 13 and Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is Orange Policy Sdn. Bhd. ("OPSB"), whose ultimate holding company is AIA Group Limited ("AIA Group"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The financial statements are authorised for issue by the Board on 27 March 2025.

2 MATERIAL ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of all the years presented.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual result may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.15 to the financial statements.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and effects arising from adoption of revised MFRS

(a) Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial year ending 31 December 2024

(i) The following accounting standards, amendments and interpretations have been adopted for the first time for the financial year ending 31 December 2024 and have no material impact to the Group:

- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 "Classification of liabilities as current or non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2023 amendments')
- Amendments to MFRS 107 "Statement of Cash Flows" and MFRS 7 "Financial Instruments: Disclosures" (Supplier Finance Arrangements)

(b) Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but are not effective for the financial year ended 31 December 2024 and have not been early adopted.

The Group will apply the new standards, amendments to standards and interpretations in the following period and not expected to have a material impact on the financial position or results.

- MFRS 18 Presentation and Disclosure in Financial Statements
- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures
- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)
- Amendments that are part of Annual Improvements─Volume 11:
    - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
    - Amendments to MFRS 7 Financial Instruments: Disclosures
    - Amendments to MFRS 9 Financial Instruments
    - Amendments to MFRS 10 Consolidated Financial Statements
    - Amendments to MFRS 107 Statement of Cash Flows

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held

Consistent accounting policies for the measurement and recognition of insurance, reinsurance and investment contracts have been adopted throughout the Group. The Group has elected an accounting policy where the estimates made in previous interim financial statements are not changed when applying MFRS 17 in subsequent interim periods or in the annual reporting period.

2.3.1 Insurance contracts and reinsurance contracts held classification

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Group transfers significant insurance risk are classified as insurance contracts, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as investment contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Group to financial risk. For investment contracts that do not contain discretionary participation features (DPF), MFRS 9, Financial Instruments, and, if the contract includes an investment management element, MFRS 15, Revenue from Contracts with Customers, are applied. Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.1 Insurance contracts and reinsurance contracts held classification (continued)

Certain contracts with DPF supplement the amount of guaranteed benefits due to policyholders. These contracts are distinct from other insurance and investment contracts as the Group has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Policyholders may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are expected to be a significant portion of the total contractual benefits;
- the timing or amount of which are contractually at the discretion of the Group; and
- that are contractually based on:
  - the returns on a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
  - the profit or loss of the Group, fund or other entity that issues the contract.

Approximately 90% of surpluses in the DPF funds must be distributed to the policyholders as a group in accordance with the relevant terms under the FSA. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders.

Contracts with direct participation features 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 Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group 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 underlying items.

The basis of accounting for insurance contracts and reinsurance contracts held is discussed in notes 2.3.2 to 2.3.11 below.

2.3.2 Separating components from insurance contracts and reinsurance contracts held

At inception, the Group separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into semi-annual cohorts and each semi-annual cohort into three groups based on the profitability of contracts:

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

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held (continued)

Reinsurance contracts held

Reinsurance contracts held by the Group cover underlying insurance contracts.

A group of reinsurance contracts held is recognised on the following dates:
- Reinsurance contracts held that provide proportionate coverage: Generally later of the beginning of the coverage period of the group of reinsurance contracts held, or the date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.
- Reinsurance contracts acquired: The date of acquisition.

2.3.4 Fulfilment cash flows and contract boundaries

Fulfilment cash flows

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

Further details of the related methodology and assumptions in respect of estimation of fulfilment cash flows are provided in note 19.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.4 Fulfilment cash flows and contract boundaries (continued)

Contract boundaries

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

Insurance contracts

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:
- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts held

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

A substantive right to receive services from the reinsurer ends when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.5 Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of contracts using a systematic and rational allocation method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Insurance acquisition cash flows arising before the recognition of the related groups of contracts are recognised as an asset. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the related groups of contracts.

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at the fair value for the rights to obtain:
- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:
- recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow of the related group; and
- if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss.

The Group recognises any reversal of impairment losses in profit or loss when the impairment conditions no longer exist or have improved.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach (“PAA”)

2.3.6.1 Initial measurement

On initial recognition, the Group measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (“CSM”).

The measurement of the fulfilment cash flows of a group of contracts does not reflect the Group’s non-performance risk.

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

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

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue. In the case of a business combination, the net outflow is recognised as an adjustment to goodwill or a gain on a bargain purchase for contracts acquired.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach ("PAA") (continued)

2.3.6.2 Subsequent measurement

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

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.
- changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses for insurance contracts without direct participation features or adjusted against CSM for insurance contracts with direct participation features.

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

<u>Insurance contracts without direct participation features</u>

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:
- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach (“PAA”) (continued)

2.3.6.2 Subsequent measurement (continued)

Insurance contracts without direct participation features (continued)

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

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

To determine how to identify a change in discretionary cash flows, the basis is generally determined at inception of the contract. Changes in cash flows arising from the Group’s discretion are regarded as relating to future services and accordingly adjust the CSM, these cash flows are determined based on the relevant contract terms, dividend and bonus philosophy.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach ("PAA") (continued)

2.3.6.2 Subsequent measurement (continued)

Insurance contracts with direct participation features

Contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of contracts with direct participation features, the Group adjusts the fulfilment cash flows for the changes in the obligation to pay policyholders an amount equal to the policyholder's share of the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss.

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

- the CSM of any new contracts that are added to the group in the period;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM. The excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future service, which adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach ("PAA") (continued)

2.3.6.2 Subsequent measurement (continued)

Insurance contracts with direct participation features (continued)

Changes in fulfilment cash flows not varying based on the return on underlying items that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items — e.g. the effect of financial guarantees.

2.3.7 Measurement – insurance contracts measured under the PAA

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- where the coverage period of each contract in the group of contracts is one year or less; or
- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

2.3.7.1 Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognizes for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.7 Measurement – insurance contracts measured under the PAA (continued)

2.3.7.2 Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the LIC. On initial recognition of each group of contracts, the Group expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC as loss component. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk. In subsequent periods, unless facts and circumstances indicate that the group of contracts is no longer onerous, the loss component is remeasured at each reporting date as the difference between the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) and the carrying amount of the LRC without loss component.

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

2.3.8 Reinsurance contracts held

For groups of reinsurance contracts held, the Group applies the same accounting policies as that applied to insurance contracts without direct participation features, with the following modifications.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held (continued)

The Group 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 recognizes in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted for:
- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts. A loss-recovery component is established or adjusted in the remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
- the amount recognised in profit or loss for the services received in the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held (continued)

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:
- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:
- the amount of the loss that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine a portion of losses recognised on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting policies to measure a group of reinsurance contracts held under the PAA .

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.9 Derecognition and contract modification

The Group derecognises a contract when it is extinguished — i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the derecognition of a contract in a group of contracts not measured under the PAA:
- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows that relate to future service, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to third party, then the CSM is also adjusted for the premium charged by the third party, unless the contract is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

2.3.10 Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets recognised for insurance acquisition cash flows arising before the recognition of the related group of insurance contracts are included in the carrying amount of the related portfolios of insurance contracts. Any assets or liabilities for cash flows arising before the recognition of the related group of reinsurance contracts held are included in the carrying amount of the related portfolios of reinsurance contracts held.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

The Group disaggregates amounts recognised in the income statement and the statement of comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as “net expenses from reinsurance contracts held” in the insurance service result.

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

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

2.3.10.1 Insurance revenue — insurance contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations — i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, but excludes expected investment components and mainly comprises the following items.
- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services and amounts related to incurred policyholder tax expenses.

For insurance acquisition cash flows recovery, the Group allocates a portion of premiums related to the recovery in a systematic way based on the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

2.3.10.2 Release of the CSM — insurance contracts not measured under the PAA

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

2.3.10.3 Insurance revenue — insurance contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Group allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

2.3.10.4 Loss components — insurance contracts not measured under the PAA

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Group’s share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

2.3.10.5 Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:
- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

2.3.10.6 Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held mainly comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation reinsurance premiums paid as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Group under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

2.3.10.6 Net expenses from reinsurance contracts held (continued)

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:
- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are entered into; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

2.3.10.7 Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined as follows:
- Contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders: for insurance finance income or expenses arising from the estimates of future cash flows, using either a rate that allocates the remaining revised expected insurance finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield) or an allocation that is based on the amounts credited in the period and expected to be credited in future period; and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts. This selection of the rate applied is based on the characteristics of contracts.
- Contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders: the discount rates determined on initial recognition of the group of contracts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

2.3.10.7 Insurance finance income or expenses (continued)

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

The Group presents insurance finance income or expenses for all other contracts in profit or loss.

2.4 Financial instruments

2.4.1 Classification and designation of financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified at the beginning of the reporting period during which the business model has changed.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value though other comprehensive income as described above are measured at fair value through profit or loss. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise two categories:
- financial assets or liabilities mandatorily classified as at fair value through profit or loss; and
- financial assets or liabilities designated at fair value through profit or loss upon initial recognition.

Management designates financial assets and liabilities at fair value through profit or loss if this eliminates a measurement or recognition inconsistency or if the liabilities are actively managed on a fair value basis.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment income in the consolidated income statement, generally when the security becomes ex-dividend. Interest revenue is recognised on an accrued basis. For all financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result.

Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

Financial assets at fair value through other comprehensive income

These principally consist of the Group's debt securities (other than those backing participating fund and unit-linked funds). These financial assets are initially recognised at fair value plus attributable transaction costs and are subsequently measured at fair value. The difference between their cost and par value is amortised. Interest revenue is recognised in investment return in the consolidated income statement using the effective interest method.

Unrealised gains and losses on securities are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences are calculated as if they were carried at amortised cost and so are recognised in the consolidated income statement as other investment income/expense. For impairments, reference is made to the section "Impairment of financial assets".

Changes in the fair value of securities, except for impairment losses and relevant foreign exchange gains and losses, are recognised in other comprehensive income. Impairment losses and relevant foreign exchange gains and losses are recognised in the consolidated income statement.

Realised gains and losses on financial assets

Realised gains and losses on financial assets measured at fair value through profit or loss excludes any interest revenue or dividend income.

Realised gains and losses on financial assets measured at fair value through other comprehensive income are determined as the difference between the sale proceeds and its original cost or amortised cost as appropriate. Amortised cost is determined by specific identification.

Recognition of financial instruments

Purchases and sales of financial instruments are recognised on the trade date, which is the date at which the Group commits to purchase or sell the assets.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

Derecognition, contract modification and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled.

If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument is modified but not substantially, then it is not derecognised.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments held for cash management purposes, which have maturities at acquisition of three months or less, or are convertible into known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo and reverse repo transactions, as well as cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products. Cash and cash equivalents that are not mandatorily measured at fair value through profit or loss are measured at amortised cost using the effective interest method.

Financial assets measured at amortised cost

Other than cash and cash equivalents, financial assets measured at amortised cost primarily include loans and deposits, and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses. Interest revenue from loans and deposits is recognised in investment return in the consolidated income statement using the effective interest method.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount 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, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Group has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and fair value through other comprehensive income) are based on quoted market prices at the date of the consolidated statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at the date of each consolidated statement of financial position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the consolidated statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in note 15.

2.4.3 Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. Loss allowances are measured at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- financial assets that are determined to have low credit risk at reporting date; and
- financial assets (other than other receivables or lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for other receivables and lease receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from possible default events over the expected life of the financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive; and
- other financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.3 Impairment of financial assets (continued)

Loss allowances for ECL of financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and loss allowance for debt securities measured at fair value through other comprehensive income are recognised in other comprehensive income and do not reduce the carrying amount of the financial assets in the statement of financial position.

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

2.4.4 Derivative financial instruments

Derivative financial instruments primarily include foreign exchange contracts and interest rate swaps that derive their value mainly from underlying foreign exchange rates and interest rates. All derivatives are initially recognised in the consolidated statement of financial position at their fair value, which represents their cost excluding transaction costs, which are expensed. They are subsequently remeasured at their fair value, with movements in this value recognised in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Embedded derivatives

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument that is not a financial asset within the scope of MFRS 9, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with MFRS 9.

2.5 Presentation of the consolidated statement of financial position

The Group's insurance contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Group's products. Accordingly, the Group presents the assets and liabilities in its consolidated statement of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Group regards its intangible assets, investments in associates, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Business combination under common control

Business combinations under common control are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, the income statements include the results of the acquired business from the date of combinations. The assets and liabilities of the acquired business are accounted for at the date of combination, based on the carrying amounts of the acquiree adjusted for alignment of accounting policies, if any. The excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

2.7 Employee benefits

2.7.1 Short term benefits

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

2.7.2 Post retirement benefit obligations

Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the income statements as incurred. Once the contributions have been paid, the Group has no further payment obligations.

The Group operates one unfunded post retirement employee benefit schemes, whose members receive benefits on a defined benefit basis (related to length of service). The defined benefit plans provide life and medical benefits for employees after retirement.

2.8 Investment in subsidiaries and associates under the Company’s separate financial statements

In the Company’s separate financial statements, investments in subsidiaries and associates are stated at cost less impairment losses. Income from investment in associates is recognised in the income statements to the extent of dividends received subsequent to the date of acquisition.

2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the original assessed standard of performance of the existing asset will flow to the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Property, plant and equipment and depreciation (Continued)

Subsequent to initial recognition, property, plant and equipment except for land and owner occupied buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and owner occupied buildings are stated at revalued amount, which is the fair value at the date of the revaluation less subsequent depreciation and accumulated impairment losses, if any. The Group records its interest in leasehold land and land use rights associated with owner occupied buildings as right-of-use assets, which are reported as a component of property, plant and equipment and carried at fair value at last valuation date less accumulated depreciation.

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income to the extent of the decrease previously recognised. When an asset is adjusted for the latest fair value, any accumulated depreciation at the date of valuation is eliminated against the gross carrying amount of the asset. Upon disposal or retirement of an asset, any asset revaluation reserve relating to the particular asset is transferred directly to the retained earnings.

The residual values, useful life and depreciation method are reviewed and adjusted, if applicable, at each date of the statements of financial position. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains and losses on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statements and presented within other expense.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over its remaining lease term. Major building improvements are depreciated over the shorter of the remaining useful lives of the related assets or 10 years. Depreciation of other property and equipment is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, as summarised as follows:

Leasehold land	60 – 912 years
Buildings owner occupied properties	30 years
Furniture, fixtures and fittings	5 – 10 years
Office equipments	3 – 5 years
Motor vehicles	5 years

Depreciation is recognised in "insurance service expenses" if it is of meet by attributable to insurance service expenses as stated in note 19; otherwise, it is recognised in "other operating expenses".

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at by reference to market evidence of transactions priced for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and/or periodic intervening valuation by internal qualified professionals as appropriate.

Gains and losses arising from changes in the fair values of the investment properties are recognised in the income statements in the financial year in which they arise and presented within the other investment return.

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

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each date of the statements of financial position. The amortisation expense on intangible assets with finite lives is recognised in the income statements.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statements and presented within other operating expenses when the asset is derecognised.

Amortisation is recognised in “insurance service expenses” if it is of meet by attributable to insurance service expenses as stated in note 19; otherwise, it is recognised in “other operating expenses”

2.11.1 Software

The cost of acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, generally not exceeding a period of 5 years.

The cost of significant development of knowledge-based software and computer application to meet the unique requirements of the insurance/takaful business is capitalised and recognised as an intangible asset in accordance with MFRS 138. The Group establishes that these development costs will generate economic benefits beyond one year and are associated with identifiable software applications controlled by the commissioning, on a straight-line basis over its useful economic life. The carrying amount is assessed for impairment when there is an indication of impairment.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets

Property, plant and equipment, investment properties, intangible assets and other non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's or cash generating unit's fair value less costs of disposal and its value in use. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statements. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately.

2.13 Leases

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 Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group 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 Group 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.

2.13.1 Lease term

In determining the lease term, the Group 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 Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group 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 (refer to (iii) below).

2.13.2 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13.2 ROU assets (Continued)

Leasehold land and prepayments for land use rights that are held for the Group's own occupancy are recognised at cost and measured subsequently using the revaluation model in MFRS 16 Property, plant and equipment, where changes in fair values in subsequent periods are generally recognised in other comprehensive income. ROU assets that are not investment properties or property, plant and equipment are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2.13.3 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 the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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 Group, the lessee's incremental borrowing rate 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 statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in statement of comprehensive income in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the other operating expenses in the income statement.

2.13.4 Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13.5 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 IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in income statement.

2.14 Taxation

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

Deferred tax is provided for, using the liability method, on temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of the statements of financial position. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity in which case the deferred tax is also charged or credited in other comprehensive income.

2.15 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets, liabilities, and revenue and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly.

Items that are considered particularly sensitive to changes in estimates and assumptions, and the relevant accounting policies are those which relate to insurance contracts, fair value measurement of investment properties and properties held for own use and impairment of financial assets.

2.15.1 Level of aggregation and recognition of group of insurance contracts

For contracts issued to which the Group does not apply the premium allocation approach, the judgements exercised in determining whether contracts are onerous on initial recognition or those that have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on level of aggregation and recognition of group of insurance contracts is described in note 2.3.3.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15.2 Measurement of insurance contracts not measured under the premium allocation approach

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts represent the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustments for non-financial risk are based on actual experience and policy form. The Group exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage period. The Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts. Further details of the related accounting policies, key risk and variables, and the sensitivities of assumptions to the key variables in respect of insurance contracts are provided in notes 2.3, 19 and 28.

2.15.3 Determination of coverage unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage duration and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15.4 Valuation of investment properties and properties held for own use

The Group uses independent professional valuers to determine the fair value of properties on the basis of highest and best use of the properties that is physically possible, legally permissible and financially feasible. In most cases, current use of the properties is considered to be its highest and best use for determining the fair value. Different valuation technique may be adopted to reach the fair value of the properties. Under the Market Data Approach, records of recent sales and offerings of similar properties are analysed and comparisons are made for factors such as size, location, quality and prospective use. For investment properties, the discounted cash flow approach may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the properties. On some occasions, the cost approach is used as well to calculate the fair value which reflects the cost that would be required to replace the service capacity of the property.

Further details of the fair value of property held for own use and investment property are provided in note 15.

2.15.5 Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Details of the inputs, assumptions and estimation techniques used for estimating ECL are further explained in note 18.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the methodology for incorporating forward-looking information into the measurement of ECL.

3 REVENUE

Insurance revenue

	Note	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Contracts not measured under the PAA					
Amounts related to changes in liabilities for remaining coverage					
Contractual service margin recognised for services provided	19	1,444,761	1,383,823	1,149,111	1,113,592
Change in risk adjustment for non-financial risk for risk expired		66,550	61,190	51,866	47,455
Expected incurred claims and other insurance service expenses		4,495,363	3,808,750	3,757,855	3,143,225
Others		123,160	5,300	111,368	(3,757)
Recovery of insurance acquisition cash flows		475,291	426,962	312,940	266,124
	19	6,605,125	5,686,025	5,383,140	4,566,639
Contracts measured under the PAA	19	1,829,511	1,538,628	1,612,742	1,357,756
Total insurance revenue		8,434,636	7,224,653	6,995,882	5,924,395
Represented by:					
Contracts under the modified retrospective approach		1,509,121	1,393,467	1,509,120	1,393,467
Contracts under the fair value approach		2,711,793	2,445,906	2,369,253	2,109,647
Other contracts		4,213,722	3,385,280	3,117,509	2,421,281
Total		8,434,636	7,224,653	6,995,882	5,924,395

Other operating revenue

	Group 31.12.2024 RM'000	Group 31.12.2023 RM'000	Company 31.12.2024 RM'000	Company 31.12.2023 RM'000
Service level agreement charges and other service fees from related companies	145	145	148,652	137,108
Service fees	62,863	50,487	-	-
Total	63,008	50,632	148,652	137,108

4 NET INVESTMENT RESULT

4a. Interest revenue on financial assets

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Financial assets not measured at fair value through profit or loss				
Financial assets measured at amortised cost	174,012	182,351	164,593	169,949
Financial assets measured at fair value through other comprehensive income	434,350	433,232	398,325	398,407
	608,362	615,583	562,918	568,356
Financial assets measured at fair value through profit or loss				
Financial assets designated at fair value through profit or loss	1,061,394	1,047,213	978,766	977,353
Financial assets measured mandatorily at fair value through profit or loss	230,548	214,378	185,459	165,323
	1,291,942	1,261,591	1,164,225	1,142,676
Total interest revenue on financial assets	1,900,304	1,877,174	1,727,143	1,711,032

4 NET INVESTMENT RESULT (CONTINUED)

4b. Other investment income and expense

	Group		Company	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other investment return				
Dividend income	709,988	596,544	708,213	620,658
Rental income	23,544	18,946	23,544	18,946
Net gains/(losses) of financial assets not at fair value through profit or loss				
Measured at fair value through other comprehensive income	45,937	(158)	40,290	(41)
Measured at amortised cost	46	15	-	-
At fair value through profit or loss				
Net gains of financial assets designated at fair value through profit or loss				
Net gains of debt securities	134,965	783,706	113,482	719,556
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss				
Net gains of debt securities	21,772	169,083	20,287	129,304
Net gains of equity shares and interests in investment funds	4,227,105	363,434	3,986,357	373,839
Net fair value movement on derivatives	75,172	(94,812)	75,172	(94,812)
Net gains in respect of financial instruments at fair value through profit or loss	4,459,014	1,221,411	4,195,298	1,127,887
Net fair value movement of investment property	(2,541)	(2,422)	(2,541)	(2,422)
Net foreign exchange (loss)/gains	(181,668)	213,627	(176,948)	211,482
Net gains	4,320,788	1,432,473	4,056,099	1,336,906
Total other investment return	5,054,320	2,047,963	4,787,856	1,976,510

4 NET INVESTMENT RESULT (CONTINUED)

4c. Net finance expenses from insurance contracts

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Net finance expenses from insurance contracts				
Changes in fair value of underlying items of contracts with direct participation features	(4,631,812)	(2,889,780)	(4,246,771)	(2,694,624)
Interest accreted	(684,241)	(618,240)	(670,053)	(601,719)
Effect of changes in interest rates and other financial assumptions	(203,357)	166,473	(241,932)	146,299
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition	(31,619)	10,221	(30,009)	10,603
Total net finance expenses from insurance contracts	(5,551,029)	(3,331,326)	(5,188,765)	(3,139,441)
Represented by:				
Amount recognised in income statement	(5,438,852)	(3,132,531)	(5,076,968)	(2,940,534)
Amount recognised in other comprehensive income	(112,177)	(198,795)	(111,797)	(198,907)
Total	(5,551,029)	(3,331,326)	(5,188,765)	(3,139,441)

4 NET INVESTMENT RESULT (CONTINUED)

4d. Net finance expenses from reinsurance contracts

	Group		Company	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Net finance expenses from reinsurance contracts held				
Interest accreted	(3,452)	(3,851)	(4,875)	(7,169)
Effect of measuring changes in interest rates and other financial assumptions	-	-	-	-
Net foreign exchange gains/ (loss)	27	(15)	27	(15)
Total net finance expenses from reinsurance contracts held	(3,425)	(3,866)	(4,848)	(7,184)

On transition to MFRS 17, for certain groups of contracts that the Group and the Company applies the modified retrospective approach or the fair value approach, the cumulative insurance finance income or expenses recognised in other comprehensive income at 1 January 2022 was determined:
• to be zero; or
• retrospectively based on observable yield curve.

For those groups of contracts, the movement in the fair value reserve for the debt securities at fair value through other comprehensive income was as follows.

	Group		Company	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	(81,731)	9,578	(80,658)	9,883
Net change in fair value and others	(14,057)	(92,620)	(14,627)	(91,756)
Net amount reclassified to profit or loss	2,532	1,311	2,148	1,215
Balance at 31 December	(93,256)	(81,731)	(93,137)	(80,658)

5 EXPENSES

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Claims and benefits	5,513,757	4,727,823	4,639,741	3,940,522
Commission and other acquisition expenses incurred	2,131,337	2,147,813	1,692,013	1,649,269
(Reversal of losses)/ lossed on onerous insurance contracts	(73,084)	98,334	(57,504)	70,416
Employee benefit expenses	566,705	549,183	491,640	472,768
Depreciation (note 12)				
- property, plant and equipment	23,505	26,116	22,965	25,625
- right of use assets	20,334	21,549	20,334	21,549
Amortisation (note 8)	78,413	50,368	71,715	45,064
Investment management expenses and others	104,852	91,911	77,774	70,230
Foreign exchange losses/(gains):				
-realised	-	12,178	(126)	11,960
-unrealised	(1,144)	(8,594)	(1,205)	(9,081)
Interest expense on lease liabilities	3,693	3,310	3,693	3,310
Other expenses	489,240	461,029	478,573	449,298
	8,857,608	8,181,020	7,439,613	6,750,930
Amounts attributed to insurance acquisition cash flows	(2,516,449)	(2,511,685)	(1,994,196)	(1,932,298)
Amortisation of insurance acquisition cash flows	677,303	595,201	473,861	398,017
Insurance service and other expenses	7,018,462	6,264,536	5,919,278	5,216,649

Insurance service and other expenses represented by:

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Insurance service expenses				
- Contracts not measured under the PAA	5,012,214	4,562,083	4,074,020	3,640,268
- Contracts measured under the PAA	1,653,606	1,432,490	1,467,945	1,242,234
	6,665,820	5,994,573	5,541,965	4,882,502
Other incurred expenses directly attributable to reinsurance contracts held	2,799	2,671	2,114	2,155
Other expenses	349,843	267,292	375,199	331,992
Total	7,018,462	6,264,536	5,919,278	5,216,649

5 EXPENSES (CONTINUED)

Expenses include auditors' remuneration, an analysis of which is set out below:

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Fee payable to PricewaterhouseCoopers Malaysia				
- statutory audit current financial year	4,008	4,351	2,721	3,010
- audit related services	22	-	-	-
- non-audit services	104	864	96	856
Fee payable to other member firm of PricewaterhouseCoopers Malaysia				
- audit-related services	1,381	1,487	1,381	1,487
Total	5,515	6,702	4,198	5,353

Employee benefit expenses consist of:

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Wages and salaries	455,136	437,926	394,839	376,779
Share-based compensation	13,751	12,235	13,477	11,961
Pension costs – defined contribution plans	59,779	67,390	51,593	58,380
Pension costs – defined benefit plans	3,023	2,353	2,380	2,353
Other employee benefit expenses	35,016	29,279	29,351	23,295
Total	566,705	549,183	491,640	472,768

6 TAX EXPENSE

	Group		Company	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense/(income):				
- current	308,360	161,331	268,865	135,533
- deferred (Note 20)	532,552	354,937	495,106	318,316
	840,912	516,268	763,971	453,849
Current tax				
Current financial year	326,282	164,858	281,259	137,040
Over provision in prior financial years	(17,922)	(3,527)	(12,394)	(1,507)
	308,360	161,331	268,865	135,533
Deferred tax				
Origination and reversal of temporary differences	534,890	357,026	495,106	318,316
Over provision in prior financial years	(2,338)	(2,089)	-	-
	532,552	354,937	495,106	318,316
Total	840,912	516,268	763,971	453,849

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

	Group		Company	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	2,835,182	1,931,174	2,541,567	1,719,165
Tax at Malaysian statutory tax rate of 24%	680,444	463,482	609,976	412,599
Income not subject to tax	(107,385)	(91,653)	(89,106)	(82,779)
Expenses not deductible for tax purposes	22,220	42,823	5,137	25,283
Tax relief on actuarial surplus transferred to Shareholders' fund	(95,839)	(72,218)	(89,039)	(67,453)
Over provision of tax expense in prior financial years	(20,259)	(5,616)	(12,394)	(1,507)
Tax expense attributable to shareholders	479,181	336,818	424,574	286,143
Tax expense attributable to policyholders	361,731	179,450	339,397	167,706
Tax expense	840,912	516,268	763,971	453,849

6 TAX EXPENSE (CONTINUED)

The Company continues to closely monitor developments in respect of the tax policy work led by the Organisation for Economic Co-operation and Development (OECD) on the "Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy", a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project that is commonly referred to as "BEPS 2.0", and constructively engages with relevant governments and the OECD on their work.

In 2021, the OECD/G20 Inclusive Framework on BEPS published the Global Anti-Base Erosion (GloBE) Model Rules, on which jurisdictions may model new local tax laws to give effect to the second pillar of BEPS 2.0 ("Pillar Two"), which seeks to impose a minimum effective tax rate on large multinational enterprises in respect of each jurisdiction in which they operate across the globe.

Pillar Two legislation in Malaysia introduces a Qualified Domestic Minimum Top-up Tax (QDMTT), which will be effective from 1 January 2025. Broadly, a QDMTT charges top-up tax on a group where the aggregate effective tax rate of constituent entities of that group located in that jurisdiction, calculated under the rules of the QDMTT (that are based on the GloBE Model Rules), is below the minimum rate of 15%.

MFRS 112 mandates that as a temporary exception to the standard's requirements, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company has applied this exception and has not yet assessed the potential deferred tax impact of Pillar Two income taxes. The Company will continue to monitor the application of this temporary exception and will assess the accounting implications accordingly.

For the twelve-month period ended 31 December 2024, the Company had no current tax exposure related to Pillar Two legislation effective at the reporting date (twelve months ended 31 December 2023: nil).

Based on currently available information, the Company anticipates that such exposures, if any, would arise from 2025 onwards once the Pillar Two legislation in Malaysia is effective. However, due to significant areas of uncertainty in the application of the legislation, the quantitative impact of the Pillar Two legislation enacted at the reporting date, but not yet effective, is not yet known or reasonably estimable. The Company expects to be able to determine its Pillar Two income tax liabilities for reporting periods ending after 31 December 2024, as the legislation becomes less uncertain.

7 DIVIDENDS

	Group and Company	
	31.12.2024	**31.12.2023**
	RM'000	**RM'000**
Dividends paid:		
In respect of the financial year ended 31 December 2023:		
Final single tier dividend on 191,859,543 ordinary shares	644,000	-
In respect of the financial year ended 31 December 2022:		
Final single tier dividend on 191,859,543 ordinary shares	-	582,000
	644,000	582,000
Dividend per share (sen)	336	303

8 INTANGIBLE ASSETS

Group	Software	Membership	Work- in-progress	Total
	RM'000	RM'000	RM'000	RM'000
At 31 December 2024				
Cost				
At 1 January 2024	496,413	553	234,592	731,558
Additions	19,092	-	72,883	91,975
Disposal	-	-	-	-
Written off	(3,174)	-	(12,309)	(15,483)
Transfer to property, plant and equipment (Note 12)	-	-	(462)	(462)
Reclassification	171,252	-	(171,252)	-
At 31 December 2024	683,583	553	123,452	807,588
Accumulated amortisation				
At 1 January 2024	268,829	229	-	269,058
Amortisation for the financial year (Note 5)	78,406	7	-	78,413
Written off	(1,588)	-	-	(1,588)
At 31 December 2024	345,647	236	-	345,883
Net Book Value at 31 December 2024	337,936	317	123,452	461,705
At 31 December 2023				
Cost				
At 1 January 2023	358,072	1,439	219,450	578,961
Additions	10,201	-	144,976	155,177
Written off	(1,694)	(886)	-	(2,580)
Reclassification	129,834	-	(129,834)	-
At 31 December 2023	496,413	553	234,592	731,558
Accumulated amortisation				
At 1 January 2023	219,820	372	-	220,192
Amortisation for the financial year (Note 5)	50,348	20	-	50,368
Written off	(1,339)	(163)	-	(1,502)
At 31 December 2023	268,829	229	-	269,058
Net Book Value at 31 December 2023	227,584	324	234,592	462,500

8 INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Membership RM'000	Work-in-progress RM'000	Total RM'000
At 31 December 2024				
Cost				
At 1 January 2024	456,580	553	229,299	686,432
Additions	13,783	-	71,288	85,071
Reclassification	166,435	-	(166,435)	-
Written off	(3,174)	-	(12,229)	(15,403)
At 31 December 2024	633,624	553	121,923	756,100
Accumulated amortisation				
At 1 January 2024	241,023	229	-	241,252
Amortisation for the financial year (Note 5)	71,708	7	-	71,715
Written off	(1,588)	-	-	(1,588)
At 31 December 2024	311,143	236	-	311,379
Net Book Value at 31 December 2024	322,481	317	121,923	444,721
At 31 December 2023				
Cost				
At 1 January 2023	330,666	1,439	207,059	539,164
Additions	6,910	-	142,938	149,848
Reclassification	120,698	-	(120,698)	-
Written off	(1,694)	(886)	-	(2,580)
At 31 December 2023	456,580	553	229,299	686,432
Accumulated amortisation				
At 1 January 2023	197,318	372	-	197,690
Amortisation for the financial year (Note 5)	45,044	20	-	45,064
Written off	(1,339)	(163)	-	(1,502)
At 31 December 2023	241,023	229	-	241,252
Net Book Value at 31 December 2023	215,557	324	229,299	445,180

9 INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2024 RM'000	31.12.2023 RM'000
Unquoted shares, at cost	597,859	597,859

(i) Details of the subsidiaries are as follows:

Name	Country of incorporation	Effective interest 2024 %	Effective interest 2023 %	Principal activities
AIA General Berhad ("AIAGB")	Malaysia	100	100	Underwriting of general insurance business.
AIA Pension and Asset Management Sdn. Bhd. ("APAM")	Malaysia	100	100	Managing private retirement scheme and asset management business.
AIA PUBLIC Takaful Bhd. ("APTB")	Malaysia	70	70	Management of family takaful including takaful investment-linked business.
AIA Health Services Sdn. Bhd. ("AHS")	Malaysia	100	100	Provision of healthcare marketing and management services.

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Non-controlling interest

Set out below is the Group's subsidiary company that has material non-controlling interest:

	Proportion of equity ownership held by owners of non-controlling interest	
	2024	2023
	%	%
AIA PUBLIC Takaful Bhd.	30	30

Summarised financial information for the subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	AIA PUBLIC Takaful Bhd.	
	31.12.2024	31.12.2023
	RM'000	RM'000
Assets and liabilities		
Total assets	5,038,334	4,200,014
Total liabilities	3,739,561	3,090,888
Net assets	1,298,773	1,109,126
Equity attributable to owners of the Company	909,141	776,388
Non-controlling interest	389,632	332,739
Results		
Insurance revenue	1,084,226	962,263
Profit after tax	189,234	155,012
Total comprehensive income	189,647	164,006
Attributable to owners of non-controlling interests:		
Profit after tax	56,770	42,969
Total comprehensive income	56,894	45,845
Cash flows		
Net cash generated/ used in operating activities	25,188	(77,031)
Net cash used in investing activities	(6,825)	(5,984)
Net cash (used in)/ generated from financing activities	(367)	712
Net increase/ (decrease) in cash and cash equivalents	17,996	(82,303)

10 INVESTMENT IN STRUCTURED ENTITIES

Controlled structured entities

The Company has determined that its investment in wholesale unit trust funds amounting to RM 525,733,000 (2023: RM740,468,000) as disclosed in Note 14 to the financial statements as investment in structured entities ("investee funds"). The Company invests in an investee fund whose objective is to achieve medium to long-term returns while preserving capital and whose investment strategy does not include the use of leverage. The investee fund is managed by Affin Hwang Asset Management Berhad and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and available for sale value in the investee fund's net assets.

The Company holds 56% of the Affin Hwang Income Fund 4, a fund established in Malaysia, and thus has control over the investee fund. The remaining investment of 44% is by virtue of the shareholding through the Company's wholly-owned subsidiary company, AIA General Berhad. 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.

The investee fund is classified as FVTPL investment and the change in fair value of the investee fund is included in the income statement in the Company's financial statements.

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

	2024	2023
Number of wholesale unit trust funds	1	1
Average net asset value per unit of wholesale unit trust funds:		
Affin Hwang Income Fund 4 (RM)	1.0357	1.0249
Fair value of underlying net assets:	**RM'000**	**RM'000**
Malaysian Government Securities	476,587	703,348
Unquoted corporate debt securities	17,011	25,903
Cash and cash equivalents	32,009	10,067
Receivables	126	1,150
	525,733	740,468
Total fair value gain for the financial year	13,907	7,283

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

As the Company has control over the investee fund which is considered a controlled structured entity, the structured entity is consolidated at the Group level. The underlying assets of the structured entity are duly consolidated in the financial statements.

10 INVESTMENT IN STRUCTURED ENTITIES (CONTINUED)

Unconsolidated structured entities

The Group has determined that the investment funds and structured securities, such as mortgage-backed securities, mutual funds and real estate investment trust funds that the Group has interest are structured entities.

The following tables summarise the Group's and the Company's interest in unconsolidated structured entities as at 31 December 2024:

	Group	
	Investment funds RM'000	Structured securities[1] RM'000
At 31 December 2024		
Debt securities FVOCI	-	19,074
Debt securities at fair value through profit or loss	-	138,772
Interest in investment funds at fair value through profit or loss	5,333,087[2]	-
	5,333,087	157,846

	Company	
	Investment funds RM'000	Structured securities[1] RM'000
At 31 December 2024		
Debt securities FVOCI	-	19,074
Debt securities at fair value through profit or loss	-	138,772
Interest in investment funds at fair value through profit or loss	5,189,599[2]	-
	5,189,599	157,846

The following tables summarise the Group's and the Company's interest in unconsolidated structured entities as at 31 December 2023:

	Group	
	Investment funds RM'000	Structured securities[1] RM'000
At 31 December 2023		
Debt securities FVOCI	-	19,162
Debt securities at fair value through profit or loss	-	139,877
Interest in investment funds at fair value through profit or loss	4,358,456[2]	-
	4,358,456	159,039

10 INVESTMENT IN STRUCTURED ENTITIES (CONTINUED)

Unconsolidated structured entities (continued)

	Company	
	Investment funds RM'000	Structured securities[1] RM'000
At 31 December 2023		
Debt securities FVOCI	-	19,162
Debt securities at fair value through profit or loss	-	139,877
Interest in investment funds at fair value through profit or loss	4,257,961[2]	-
	4,257,961	159,039

Notes:
(1) Structured securities include mortgage-backed securities.
(2) Balance represents the Group's interests in mutual funds and real estate investment trusts.

The Group's maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income and interest income are received during the reporting period from these interests in unconsolidated structured entities.

In addition, the Group receives management fees in respect of providing management and administrative services to certain investment funds. As the investment funds are not held by the Group and the associated investment risks are not borne by the Group, the Group does not have exposure to losses in these funds.

11 INVESTMENT IN ASSOCIATE

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Unquoted shares, at cost	88	88	88	88
Share of post-acquisition reserve	2,607	2,523	-	-
	2,695	2,611	88	88

Details of the associate company are as follows:

Name	Country of incorporation	Effective interest 2024 %	Effective interest 2023 %	Principal activities
Panareno Sdn. Bhd.	Malaysia	35	35	Property management and development

11 INVESTMENT IN ASSOCIATE (CONTINUED)

The summarised financial information of the associate are as follows:

	31.12.2024 RM'000	31.12.2023 RM'000
Assets and liabilities		
Total assets	7,860	7,618
Total liabilities	160	159
Net assets	7,700	7,459
Results		
Revenue	372	173
Profit/(loss) for the financial year	241	(414)
Total other comprehensive income/(expense)	241	(414)

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
At 31 December 2024									
Cost/Valuation									
At 1 January 2024	145,566	18,869	169,243	1,218	198,848	88,359	11,729	189,920	823,752
Additions	-	-	-	-	2,090	1,311	23,751	25,298	52,450
Disposal	-	-	-	-	(10,417)	(1,513)	-	-	(11,930)
Revaluation surplus recognised in other comprehensive income	1,842	648	9,570	-	-	-	-	-	12,060
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Transfer from intangible assets (Note 8)	-	-	-	-	-	-	462	-	462
Reclassification	-	-	-	-	9,432	4,093	(13,525)	-	-
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
Lease modification	-	-	-	-	-	-	-	(270)	(270)
At 31 December 2024	147,408	19,180	171,120	1,218	199,953	92,250	22,417	202,552	856,098

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
At 31 December 2024									
Accumulated depreciation and impairment									
At 1 January 2024	-	-	-	743	172,625	78,335	-	104,813	356,516
Depreciation charge for the financial year (Note 5)	-	337	7,693	185	10,578	4,712	-	20,331	43,836
Disposal	-	-	-	-	(10,213)	(1,498)	-	-	(11,711)
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
At 31 December 2024	-	-	-	928	172,990	81,549	-	112,748	368,215
Net Book Value at 31 December 2024	147,408	19,180	171,120	290	26,963	10,701	22,417	89,804	487,883

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
At 31 December 2023									
Cost/Valuation									
At 1 January 2023	145,593	20,488	173,206	1,828	192,115	83,059	11,296	181,432	809,017
Additions	-	-	-	-	446	7,078	9,210	9,293	26,027
Disposal	-	-	-	(610)	(239)	(279)	-	(805)	(1,933)
Revaluation surplus recognised in other comprehensive income	(27)	(1,270)	4,017	-	-	-	-	-	2,720
Elimination of accumulated depreciation and impairment on revaluation	-	(349)	(7,510)	-	-	-	-	-	(7,859)
Written off	-	-	-	-	(2,003)	(1,747)	-	-	(3,750)
Transfer to investment Properties (Note 13)	-	-	(470)	-	-	-	-	-	(470)
Reclassification	-	-	-	-	8,529	248	(8,777)	-	-
At 31 December 2023	145,566	18,869	169,243	1,218	198,848	88,359	11,729	189,920	823,752

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
At 31 December 2023									
Accumulated depreciation and impairment									
At 1 January 2023	-	-	-	1,138	161,608	75,406	-	84,058	322,210
Depreciation charge for the financial year (Note 5)	-	349	7,510	215	13,096	4,935	-	21,560	47,665
Disposal	-	-	-	(610)	(238)	(279)	-	(805)	(1,932)
Written off	-	-	-	-	(1,841)	(1,727)	-	-	(3,568)
Elimination of accumulated depreciation and impairment on revaluation	-	(349)	(7,510)	-	-	-	-	-	(7,859)
At 31 December 2023	-	-	-	743	172,625	78,335	-	104,813	356,516
Net Book Value at 31 December 2023	145,566	18,869	169,243	475	26,223	10,024	11,729	85,107	467,236

*Right-of-use assets in relation to leasehold land are reported within property, plant and equipment

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
As at 31 December 2024									
Cost/Valuation									
At 1 January 2024	145,566	18,869	169,243	1,218	198,783	85,746	11,729	189,660	820,814
Additions	-	-	-	-	1,964	1,031	23,751	25,021	51,767
Disposal	-	-	-	-	(10,417)	(1,513)	-	-	(11,930)
Revaluation surplus recognised in other comprehensive income	1,842	648	9,570	-	-	-	-	-	12,060
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Reclassification	-	-	-	-	8,970	4,093	(13,063)	-	-
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
At 31 December 2024	147,408	19,180	171,120	1,218	199,300	89,357	22,417	202,285	852,285

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
Accumulated depreciation and impairment									
At 1 January 2024	-	-	-	743	172,786	76,584	-	104,815	354,928
Depreciation charge for the financial year (Note 5)	-	337	7,693	185	10,424	4,326	-	20,334	43,299
Disposal	-	-	-	-	(10,213)	(1,504)	-	-	(11,717)
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
At 31 December 2024	-	-	-	928	172,997	79,406	-	112,753	366,084
Net Book Value at 31 December 2024	147,408	19,180	171,120	290	26,303	9,951	22,417	89,532	486,201

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
As at 31 December 2023									
Cost/Valuation									
At 1 January 2023	145,593	20,488	173,206	1,828	192,050	81,175	11,296	181,318	806,954
Additions	-	-	-	-	446	6,349	9,210	9,147	25,152
Revaluation surplus recognised in other comprehensive income	(27)	(1,270)	4,017	-	-	-	-	-	2,720
Elimination of accumulated depreciation and impairment on revaluation	-	(349)	(7,510)	-	-	-	-	-	(7,859)
Disposal	-	-	-	(610)	(239)	(279)	-	(805)	(1,933)
Written off	-	-	-	-	(2,003)	(1,747)	-	-	(3,750)
Reclassification					8,529	248	(8,777)	-	-
Transfer to investment Properties (Note 13)	-	-	(470)	-	-	-	-	-	(470)
At 31 December 2023	145,566	18,869	169,243	1,218	198,783	85,746	11,729	189,660	820,814

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (continued)	Freehold land RM'000	Leasehold Land RM'000	Buildings owner occupied properties RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office equipments RM'000	Work-in-progress RM'000	Right of use asset RM'000	Total RM'000
Accumulated depreciation and impairment									
At 1 January 2023	-	-	-	1,138	161,880	74,024	-	84,071	321,113
Depreciation charge for the financial year (Note 5)	-	349	7,510	215	12,985	4,566	-	21,549	47,174
Disposal	-	-	-	(610)	(238)	(279)	-	(805)	(1,932)
Written off	-	-	-	-	(1,841)	(1,727)	-	-	(3,568)
Elimination of accumulated depreciation and impairment on revaluation	-	(349)	(7,510)	-	-	-	-	-	(7,859)
At 31 December 2023	-	-	-	743	172,786	76,584	-	104,815	354,928
Net Book Value at 31 December 2023	145,566	18,869	169,243	475	25,997	9,162	11,729	84,845	465,886

*Right-of-use assets in relation to leasehold land are reported within property, plant and equipment

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties held for own use are carried at fair value at the reporting date less accumulated depreciation. The Group and the Company use independent professional valuers to determine the fair value of properties on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible.

In most cases, current use of the properties is considered to be the highest and best use for determining the fair values and are determined based on appropriate valuation techniques which may consider among other income projection, value of comparable property and adjustments for factors such as size, location, quality and prospective use. These valuation inputs are deemed unobservable inputs under the level 3 fair value hierarchy.

Increases in revaluation surplus on properties held for own use of RM12 million (2023: RM2.7 million) for the Group and Company were recognised in other comprehensive income during the financial year. The net book value of revalued buildings had these assets been carried at cost less accumulated depreciation are as follows:

	Group and Company	
	31.12.2024	**31.12.2023**
	RM'000	**RM'000**
Freehold land	5,950	5,950
Leasehold land	5,463	5,470
Buildings owner occupied properties	123,975	129,903

The table below sets out the summary of changes in level 3 fair value for non-financial assets during the financial year.

	Freehold land RM'000	**Leasehold land RM'000**	**Building owner occupied properties RM'000**
At 1 January 2024	145,566	18,869	169,243
Addition	-	-	-
Depreciation charge for the financial year	-	(337)	(7,693)
Revaluation surplus for the financial year recognised in other comprehensive income	1,842	648	9,570
At 31 December 2024	147,408	19,180	171,120

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The table below sets out the summary of changes in level 3 fair value for non-financial assets during the financial year. (continued)

	Freehold land RM'000	Leasehold land RM'000	Building owner occupied properties RM'000
At 1 January 2023	145,593	20,488	173,206
Addition	-	-	-
Depreciation charge for the financial year	-	(349)	(7,510)
Revaluation surplus for the financial year recognised in other comprehensive income	(27)	(1,270)	4,017
Transfer to investment properties (Note 13)	-	-	(470)
At 31 December 2023	145,566	18,869	169,243

Right-of-use assets in relation to leases are reported within property, plant and equipment. The carrying amount of right-of-use assets, by class of underlying asset, is set out below:

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Properties	89,702	84,976	89,430	84,714
Others	102	131	102	131
	89,804	85,107	89,532	84,845

Additions to the right-of-use assets during the 2024 financial year for Group were RM25 million (2023: RM9.3 million) and for Company were RM25 million (2023: RM9.1 million).

13 INVESTMENT PROPERTIES

Group and Company	Freehold land RM'000	Buildings RM'000	Work-in-progress RM'000	Total RM'000
At 31 December 2024				
At 1 January 2024	195,710	149,390	1,400	346,500
Fair value changes (Note 4)	150	(2,691)	-	(2,541)
Addition	-	438	2,273	2,711
At 31 December 2024	195,860	147,137	3,673	346,670
At 31 December 2023				
At 1 January 2023	193,620	153,370	-	346,990
Fair value changes (Note 4)	2,090	(4,512)	-	(2,422)
Addition	-	62	1,400	1,462
Transfer from property, plant and equipment (Note 12)	-	470	-	470
At 31 December 2023	195,710	149,390	1,400	346,500

Investment properties are carried at fair value at the reporting date as determined by independent professional valuers. Fair value of the Group and the Company's investment properties are determined based on appropriate valuation techniques which may consider among other income projection, value of comparable property and adjustments for factors such as size, location, quality and prospective use. These valuation inputs are deemed unobservable inputs under the level 3 fair value hierarchy.

No investment properties were pledged as security for banking facilities as at the date of the statements of financial position.

The following are amounts arising from investment properties that have been recognised in the income statements during the financial year:

	Group and Company	
	31.12.2024 RM'000	31.12.2023 RM'000
Rental income	18,646	14,554
Direct operating expenses arising from investment properties that generate rental income	(11,750)	(9,467)

14 FINANCIAL INVESTMENTS

Group

	31.12.2024		31.12.2023	
	FVTPL RM'000	FVOCI RM'000	FVTPL RM'000	FVOCI RM'000
Debt securities				
Government bonds	11,114,186	3,008,987	9,011,566	2,692,648
Corporate bonds	18,603,748	7,150,049	20,049,678	7,416,061
Equity securities				
Equity shares				
Quoted	20,126,039	-	15,255,344	-
Unquoted	800,001	-	729,516	-
Mutual funds	4,914,190	-	3,764,705	-
Real estate investment trust (REITs)	115,392	-	198,685	-
	55,673,556	10,159,036	49,009,494	10,108,709
Current	25,884,201	101,617	20,334,987	219,103
Non-current	29,798,355	10,057,419	28,674,507	9,889,606
	55,673,556	10,159,036	49,009,494	10,108,709

14 FINANCIAL INVESTMENTS (CONTINUED)

Company

	31.12.2024		31.12.2023	
	FVTPL RM'000	FVOCI RM'000	FVTPL RM'000	FVOCI RM'000
Debt securities				
Government bonds	9,685,160	2,901,168	7,637,186	2,579,370
Corporate bonds	16,726,715	6,331,346	18,329,998	6,625,283
Equity securities				
Equity shares				
Quoted	18,846,486	-	14,298,984	-
Unquoted	789,797	-	705,051	-
Mutual funds	4,770,702	-	3,675,325	-
Real estate investment trust (REITs)	115,392	-	187,570	-
Controlled structured entities	525,733	-	740,468	-
	51,459,985	9,232,514	45,574,582	9,204,653
Current	24,400,083	65,068	19,217,422	186,150
Non-current	27,059,902	9,167,446	26,357,160	9,018,503
	51,459,985	9,232,514	45,574,582	9,204,653

Loans and deposits

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Amortised cost				
Loans				
Mortgage loans	2,060,059	2,036,239	2,058,951	2,030,684
Other loans	861	575	579	533
Loss allowance for loans	(21,285)	(21,908)	(21,156)	(21,693)
	2,039,635	2,010,906	2,038,374	2,009,524
Fixed and cash deposit	56,754	52,391	-	-
	2,096,389	2,063,297	2,038,374	2,009,524
Current	179,843	163,361	122,994	122,478
Non-current	1,916,546	1,899,936	1,915,380	1,887,046
	2,096,389	2,063,297	2,038,374	2,009,524

15 FAIR VALUE MEASUREMENT

Fair value of financial investments

The Group classifies all financial assets as either at fair value through profit or loss (mandatory and by designated), or as at fair value through other comprehensive income, or at amortised cost. Financial liabilities are classified as either at fair value through profit or loss or at amortised cost.

The following tables present the fair values of the Group's financial assets and financial liabilities:

Group

		Fair value					
	Note	FVTPL - mandatory	FVTPL - designated	FVOCI	Amortised cost	Total carrying value	Total fair value
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2024							
Financial investments	14						
Loans and deposits		-	-	-	2,096,389	2,096,389	1,991,375
Debt securities		7,632,488	22,085,446	10,159,036	-	39,876,970	39,876,970
Equity shares and interests in investment funds		25,955,622	-	-	-	25,955,622	25,955,622
Derivative financial instruments	21	37,937	-	-	-	37,937	37,937
Others receivables	16	-	-	-	238,171	238,171	238,171
Accrued investment income	16	-	-	-	432,885	432,885	432,885
Cash and cash equivalents	17	-	-	-	2,981,643	2,981,643	2,981,643
Financial assets		33,626,047	22,085,446	10,159,036	5,749,088	71,619,617	71,514,603

	Note	FVTPL	Amortised cost	Total carrying value	Total fair value
		RM'000	RM'000	RM'000	RM'000
31 December 2024					
Financial liabilities					
Derivative financial instruments	21	3,241	-	3,241	3,241
Other liabilities	22	-	727,426	727,426	727,426
Financial liabilities		3,241	727,426	730,667	730,667

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value of financial investments (Continued)

Group

	Note	Fair value FVTPL - mandatory	Fair value FVTPL - designated	Fair value FVOCI	Amortised cost	Total carrying value	Total fair value
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
Financial investments	14						
Loans and deposits		-	-	-	2,063,297	2,063,297	1,967,300
Debt securities		7,635,207	21,426,037	10,108,709	-	39,169,953	39,169,953
Equity shares and interests in investment funds		19,948,250	-	-	-	19,948,250	19,948,250
Derivative financial instruments	21	19,509	-	-	-	19,509	19,509
Others receivables	16	-	-	-	249,531	249,531	249,531
Accrued investment income	16	-	-	-	452,798	452,798	452,798
Cash and cash equivalents	17	-	-	-	2,821,147	2,821,147	2,821,147
Financial assets		27,602,966	21,426,037	10,108,709	5,586,773	64,724,485	64,628,488

	Note	FVTPL	Amortised cost	Total carrying value	Total fair value
		RM'000	RM'000	RM'000	RM'000
31 December 2023					
Financial liabilities					
Derivative financial instruments	21	37,417	-	37,417	37,417
Other liabilities	22	-	642,196	642,196	642,196
Financial liabilities		37,417	642,196	679,613	679,613

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value of financial investments (Continued)

Company

	Note	Fair value					
		FVTPL - mandatory	FVTPL - designated	FVOCI	Amortised cost	Total carrying value	Total fair value
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2024							
Financial investments	14						
Loans and deposits		-	-	-	2,038,374	2,038,374	1,990,184
Debt securities		4,326,429	22,085,446	9,232,514	-	35,644,389	35,644,389
Equity shares and interests in investment funds		25,048,110	-	-	-	25,048,110	25,048,110
Derivative financial instruments	21	37,937	-	-	-	37,937	37,937
Others receivables	16	-	-	-	205,319	205,319	205,319
Accrued investment income	16	-	-	-	390,038	390,038	390,038
Cash and cash equivalents	17	-	-	-	2,597,981	2,597,981	2,597,981
Financial assets		29,412,476	22,085,446	9,232,514	5,231,712	65,962,148	65,913,958

	Note	FVTPL	Amortised cost	Total carrying value	Total fair value
31 December 2024		RM'000	RM'000	RM'000	RM'000
Financial liabilities					
Derivative financial instruments	21	3,241	-	3,241	3,241
Other liabilities	22	-	582,280	582,280	582,280
Financial liabilities		3,241	582,280	585,521	585,521

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value of financial investments (Continued)

Company

	Note	Fair value					
		FVTPL - mandatory	FVTPL - designated	FVOCI	Amortised cost	Total carrying value	Total fair value
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
Financial investments	14						
Loans and deposits		-	-	-	2,009,524	2,009,524	1,966,059
Debt securities		4,541,147	21,426,037	9,204,653	-	35,171,837	35,171,837
Equity shares and interests in investment funds		19,607,398	-	-	-	19,607,398	19,607,398
Derivative financial instruments	21	19,509	-	-	-	19,509	19,509
Others receivables	16	-	-	-	213,605	213,605	213,605
Accrued investment income	16	-	-	-	408,844	408,844	408,844
Cash and cash equivalents	17	-	-	-	2,474,020	2,474,020	2,474,020
Financial assets		24,168,054	21,426,037	9,204,653	5,105,993	59,904,737	59,861,272

	Note	FVTPL	Amortised cost	Total carrying value	Total fair value
31 December 2023		RM'000	RM'000	RM'000	RM'000
Financial liabilities					
Derivative financial instruments	21	37,417	-	37,417	37,417
Other liabilities	22	-	518,790	518,790	518,790
Financial liabilities		37,417	518,790	556,207	556,207

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement on a recurring basis

The Group measures at fair value property held for own use, investment property, financial instruments classified at fair value through profit or loss, financial instruments classified at fair value through other comprehensive income, derivative assets and liabilities, investments held by investment funds which are consolidated and investments in non-consolidated investment funds on a recurring basis.

The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgement is used in measuring fair value. Conversely, financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgement. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

An other than active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Fair value of properties is based on valuation by independent professional valuers.

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the financial year ended 31 December 2024 and 2023.

The following methods and assumptions were used by the Group to estimate the fair value of financial instruments and properties.

Determination of fair value

Loans and receivables

The fair values of mortgage loans are estimated by discounting future cash flows using interest rates currently being offered in respect of similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations.

15 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value (Continued)

Debt securities, equity shares and interests in investment funds

The fair values of equity shares and interests in investment funds are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. Fair values for fixed interest securities are based on quoted market prices, where available. For those investments not actively traded, fair values are estimated using values obtained from brokers, private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. Priority is given to values from independent sources when available, but overall the source of pricing and/or valuation technique is chosen with the objective of arriving at the price at which an orderly transaction would take place between market participants on the measurement date. The inputs to determining fair value that are relevant to fixed interest securities include, but not limited to risk-free interest rates, the obligor's credit spreads, foreign exchange rates and credit default rates. For holdings in limited partnerships, fair values are determined based on the net asset values provided by the general partner or manager of each investment, the accounts of which are generally audited on an annual basis. The transaction price is used as the best estimate of fair value at inception.

Derivative financial instruments

The Group values its derivative financial assets and liabilities using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contract terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Group generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgement. Examples of inputs that are generally observable include foreign exchange spot and forward rates, benchmark interest rate curves and volatilities for commonly traded option products. Examples of inputs that may be unobservable include volatilities for less commonly traded option products and correlations between market factors.

When the Group holds a group of derivative assets and derivative liabilities entered into with a particular counterparty, the Group takes into account the arrangements that mitigate credit risk exposure in the event of default (e.g. International Swap and Derivatives Association ("ISDA") Master Agreements and Credit Support Annex ("CSA") that require the exchange of collateral on the basis of each party's net credit risk exposure). The Group measures the fair value of the group of financial assets and financial liabilities on the basis of its net exposure to the credit risk of that counterparty or the counterparty's net exposure to our credit risk that reflects market participants' expectations about the likelihood that such an arrangement would be legally enforceable in the event of default.

15 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value (Continued)

Property held for own use and investment property

The Group engaged external, independent and qualified valuers to determine the fair value of the Group's properties at least on an annual basis. The valuation on an open market value basis by independent professional valuer for certain investment properties was calculated by reference to net rental income allowing for reversionary income potential. The fair values of certain other properties were derived using the Market Data Approach. In this approach, the values are based on sales and listing of comparable property registered in the vicinity. Certain other properties are valued using a combination of these two methods.

The properties held for own use and investment properties, in most cases, are valued on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. The current use of the properties is considered to be its highest and best use; records of recent sales and offerings of similar property are analysed and comparison made for such factors as size, location, quality and prospective use. On limited occasions, potential redevelopment of the properties in use would be taken into account when they would maximise the fair value of the properties; the Group is occupying these properties for operational purposes.

Cash and cash equivalents

The carrying amount of cash approximates its fair value.

Other assets

The carrying amount of other financial assets is not materially different to their fair value.

Other liabilities

Carrying value of other financial liabilities approximates their fair value.

15 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value (Continued)

Fair value hierarchy for fair value measurement on a recurring basis

Assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy for disclosure purposes consisting of three “levels” based on the observability of inputs available in the marketplace used to measure their fair values as discussed below:

- **Level 1**: Fair value measurements that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access as of the measurement date. Market price data is generally obtained from exchange or dealer markets. The Group does not adjust the quoted price for such instruments. Assets measured at fair value on a recurring basis and classified as Level 1 are actively traded equities.

- **Level 2**: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset and liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

- **Level 3**: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable inputs are only used to measure fair value to the extent that relevant observable inputs are not available, allowing for circumstances in which there is little, if any, market activity for the asset or liability.

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement on a recurring basis (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, the Group considers factors specific to the asset or liability.

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below:

Group				**Fair value hierarchy**
31 December 2024	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	337,708	337,708
Investment property	-	-	346,670	346,670
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	10,159,036	-	10,159,036
At fair value through profit or loss				
Debt securities	-	29,717,934	-	29,717,934
Equity shares and interests in investment funds	23,903,594	1,653,848	398,180	25,955,622
Derivative financial instruments	-	37,937	-	37,937
Total assets on a recurring fair value measurement basis	23,903,594	41,568,755	1,082,558	66,554,907
Financial liabilities				
Derivative financial instruments	-	3,241	-	3,241
Total liabilities on a recurring fair value measurement basis	-	3,241	-	3,241

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement on a recurring basis (Continued)

Group	Fair value hierarchy			
31 December 2023	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	333,678	333,678
Investment property	-	-	346,500	346,500
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	10,108,709	-	10,108,709
At fair value through profit or loss				
Debt securities	-	29,061,244	-	29,061,244
Equity shares and interests in investment funds	18,476,307	1,081,938	390,005	19,948,250
Derivative financial instruments	-	19,509	-	19,509
Total assets on a recurring fair value measurement basis	18,476,307	40,271,400	1,070,183	59,817,890
Financial liabilities				
Derivative financial instruments	-	37,417	-	37,417
Total liabilities on a recurring fair value measurement basis	-	37,417	-	37,417

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement on a recurring basis (Continued)

Company				**Fair value hierarchy**
31 December 2024	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	337,708	337,708
Investment property	-	-	346,670	346,670
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	9,232,514	-	9,232,514
At fair value through profit or loss				
Debt securities	-	26,411,875	-	26,411,875
Equity shares and interests in investment funds	22,480,553	2,169,377	398,180	25,048,110
Derivative financial instruments	-	37,937	-	37,937
Total assets on a recurring fair value measurement basis	22,480,553	37,851,703	1,082,558	61,414,814
Financial liabilities				
Derivative financial instruments	-	3,241	-	3,241
Total liabilities on a recurring fair value measurement basis	-	3,241	-	3,241

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement on a recurring basis (Continued)

Company			**Fair value hierarchy**	
	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	333,678	333,678
Investment property	-	-	346,500	346,500
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	9,204,653	-	9,204,653
At fair value through profit or loss				
Debt securities	-	25,967,184	-	25,967,184
Equity shares and interests in investment funds	17,419,452	1,797,941	390,005	19,607,398
Derivative financial instruments	-	19,509	-	19,509
Total assets on a recurring fair value measurement basis	17,419,452	36,989,287	1,070,183	55,478,922
Financial liabilities				
Derivative financial instruments	-	37,417	-	37,417
Total liabilities on a recurring fair value measurement basis	-	37,417	-	37,417

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement on a recurring basis (Continued)

The tables below set out a summary of changes in the Group's Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended 31 December 2024 and 2023. The tables reflect gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 31 December 2024 and 31 December 2023.

Level 3 financial assets and liabilities

	Property held for own use RM'000	Investment property RM'000	Equity shares and interests in investment funds RM'000
At 1 January 2024	333,678	346,500	390,005
Total gains/(losses)	4,030	(2,541)	7,266
Purchases	-	2,711	3,211
Sales	-	-	(2,302)
At 31 December 2024	333,708	346,670	398,180

	Property held for own use RM'000	Investment property RM'000	Equity shares and interests in investment funds RM'000
At 1 January 2023	339,287	346,990	490,761
Total (losses)/gains	(5,139)	(2,422)	20,912
Transfer to investment property	(470)	470	-
Purchases	-	1,462	3,047
Sales	-	-	(124,715)
At 31 December 2023	333,678	346,500	390,005

There are not any differences between the fair values on initial recognition and the amounts determined using valuation techniques since the models adopted are calibrated using initial transaction prices.

15 FAIR VALUE MEASUREMENT (CONTINUED)

Significant unobservable inputs for Level 3 fair value measurements

The following table shows the valuation techniques used in determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Description	Valuation techniques	Valuation unobservable input	2024	2023
Private equity funds	Net asset value	Net asset value	N/A	N/A
Common and preferred shares of private companies	Cost	Cost	N/A	N/A
Investment properties and properties held for own use	Discounted cash flows	Expected market rental growth	1.20% - 2.00%	1.20% - 2.00%
		Discount rate	6.95% - 7.50%	6.95% - 7.50%
		Yield cost	5.50% -5.75%	5.50% - 5.75%

Valuation processes

The Group has the valuation policies, procedures and analyses in place to govern the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. In determining the fair values of financial assets, the Group in general uses private pricing providers and, only in rare cases when third-party prices do not exist, will use prices derived from internal models. The Chief Investment Officer is required to review the reasonableness of the prices used and report price exceptions, if any. The Group Investment team analyses reported price exceptions and reviews price challenge responses from private pricing providers and provides the final recommendation on the appropriate price to be used. Any changes in valuation policies are reviewed and approved by the Group Valuations Advisory Committee which is part of the Group's wider financial risk governance processes. Changes in Level 2 and 3 fair values are analysed at each reporting date.

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value of financial and insurance assets and liabilities for which the fair value is disclosed at reporting date

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 December 2024 and 2023 is given below.

Group

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	-	1,991,375	1,991,375
Receivables	-	238,171	-	238,171
Accrued investment income	3,407	429,478	-	432,885
Cash and cash equivalents	2,981,643	-	-	2,981,643
Total assets for which the fair value is disclosed	2,958,050	667,649	1,991,375	5,644,074
Liabilities for which the fair value is disclosed				
Financial liabilities				
Other liabilities	84,166	643,260	-	727,426
Total liabilities for which the fair value is disclosed	84,166	643.260	-	727,426

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2023				
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	-	1,967,300	1,967,300
Receivables	-	249,531	-	249,531
Accrued investment income	13,834	438,964	-	452,798
Cash and cash equivalents	2,821,147	-	-	2,821,147
Total assets for which the fair value is disclosed	2,834,981	688,495	1,967,300	5,490,776
Liabilities for which the fair value is disclosed				
Financial liabilities				
Other liabilities	111,633	530,563	-	642,196
Total liabilities for which the fair value is disclosed	111,633	530,563	-	642,196

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value of financial and insurance assets and liabilities for which the fair value is disclosed at reporting date (continued)

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 December 2024 and 2023 is given below. (continued)

Company

	Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	-	1,990,184	1,990,184
Receivables	-	205,319	-	205,319
Accrued investment income	2,727	387,311	-	390,038
Cash and cash equivalents	2,597,981	-	-	2,597,981
Total assets for which the fair value is disclosed	2,600,708	592,630	1,990,184	5,183,522
Liabilities for which the fair value is disclosed				
Financial liabilities				
Other liabilities	80,123	502,157	-	582,280
Total liabilities for which the fair value is disclosed	80,123	502,157	-	582,280

	Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
31 December 2023				
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	-	1,966,059	1,966,059
Receivables	-	213,605	-	213,605
Accrued investment income	12,673	396,171	-	408,844
Cash and cash equivalents	2,474,020	-	-	2,474,020
Total assets for which the fair value is disclosed	2,486,693	609,776	1,966,059	5,062,528
Liabilities for which the fair value is disclosed				
Financial liabilities				
Other liabilities	106,912	411,878	-	518,790
Total liabilities for which the fair value is disclosed	106,912	411,878	-	518,790

16 OTHER ASSETS

	Group		Company	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Accrued investment income	432,885	452,798	390,038	408,844
Deposit and prepayments	28,456	29,222	28,193	26,443
Investments related receivables	39,113	39,254	39,113	39,254
Others receivables	170,602	181,055	138,013	147,908
Total	671,056	702,329	595,357	622,449

All amounts other than certain prepayments are generally expected to be recovered within 12 months after the end of the reporting period.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash	768,040	599,729	496,927	407,792
Cash Equivalents	2,213,603	2,221,418	2,101,054	2,066,228
Total	2,981,643	2,821,147	2,597,981	2,474,020

Cash comprises cash at bank and cash in hand. Cash equivalents comprise bank deposits and highly liquid short-term investments with maturities at acquisition of three months or less and money market funds that are convertible into known amounts of cash and subject to insignificant risk of changes in value. Accordingly, all such amounts are expected to be realised within 12 months after the end of the reporting period.

18 IMPAIRMENT OF FINANCIAL ASSETS

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, credit assessment performed by internal and external experts and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the internal rating as at the reporting date with the internal rating as at the date of initial recognition of the exposure. Where external credit ratings are available, internal ratings are assigned consistent with such ratings in accordance with the Group's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted.

The Group monitors changes in credit risk by tracking the change in internal rating of the exposure. The Group also monitors relevant information, including price movements of securities, and assess whether such information signifies a change in credit risk.

The Group has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Group considers this to be BBB- (Standard and Poor's rating), BBB- (Fitch rating), Baa3 (Moody's rating) or higher, which is equivalent to an internal rating of 4- or higher.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined after considering any grace period that might be available to the debtor.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons including changing market conditions and other factors not related to current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies in note 2.4.1.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of significant increase in credit risk is assessed based on the change in internal rating as at the reporting date and the date of initial recognition. The internal rating as at reporting date is rated based on the modified contractual terms while the initial rating is rated based on the original contractual terms.

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Definition of default

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a "base case" view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on management knowledge and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations, and selected private-sector and academic forecasters.

The base case represents a best estimate and the other scenarios represent more optimistic and more pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationship between macro-economic variables and key drivers of credit risk.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To determine lifetime and 12-month PDs, the Group leverages on the internal rating and convert it into PD based on the level of rating and obligor characteristics like industry type and country. Changes in the rating at the reporting date for a counterparty or exposure lead to a change in the estimate of the associated PD.

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

LGD is the magnitude of the likely loss if there is a default. The Group leverages on recovery statistics to calculate LGD. The LGD models consider a number of factors including among others, the structure, collateral and seniority of the claim, that are integral to the financial asset. LGD estimates are recalibrated for different economic scenarios.

PDs and LGDs are adjusted to reflect forward-looking information and different economic scenarios as described above.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default. The Group derives the EAD from the current exposure to the counterparty, with any adjustments for changes to the current exposure, such as amortisation, and prepayments.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any debtor’s extension options) over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include instrument type, credit risk gradings, collateral type, date of initial recognition, remaining term to maturity, industry and geographical location of debtor.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external information that the Group uses to derive the default rates of its portfolios.

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Credit-impaired financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment regularly. This requires the exercise of management judgement. The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is credit-impaired. Objective evidence that a financial asset, or a group of financial assets, is credit-impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance

The following tables show reconciliation balances from the opening to the closing balance of the loss allowance by class of financial instrument. Gross carrying amount is the amortised cost before adjusting for loss allowance.

Group

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2024	1,994,919	650	57,891	1,429	32,395	19,829	2,085,205	21,908
Transfer to 12-month ECL	23,020	644	(21,478)	(450)	(1,542)	(194)	-	-
Transfer to lifetime ECL not credit-impaired	(48,302)	(70)	51,971	1,531	(3,669)	(1,461)	-	-
Transfer to lifetime ECL credit-impaired	(6,405)	(278)	(4,922)	(305)	11,327	583	-	-
Net remeasurement of loss allowance	-	(627)	-	(940)	-	2,771	-	1,204
New financial assets acquired	186,632	55	-	-	-	-	186,632	55
Financial assets derecognised other than write-offs	(147,149)	(14)	(3,047)	(64)	(3,967)	(1,804)	(154,163)	(1,882)
Balance at 31 December 2024	2,002,715	360	80,415	1,201	34,544	19,724	2,117,674	21,285

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Group
	12-month ECL		**Lifetime ECL not credit-impaired**		**Lifetime ECL credit-impaired**		**Total**	
	Gross carrying amount RM'000	**Loss allowance RM'000**	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Gross carrying amount RM'000**	**Loss allowance RM'000**
Loans and deposits measured at amortised cost								
Balance at 1 January 2023	2,001,122	581	42,865	1,111	32,757	20,421	2,076,744	22,113
Transfer to 12-month ECL	20,023	755	(19,216)	(497)	(807)	(258)	-	-
Transfer to lifetime ECL not credit-impaired	(38,315)	(64)	41,172	1,147	(2,857)	(1,083)	-	-
Transfer to lifetime ECL credit-impaired	(8,542)	(18)	(1,840)	(45)	10,382	63	-	-
Net remeasurement of loss allowance	-	(631)	-	(235)	-	3,468	-	2,602
New financial assets acquired	189,118	53	-	-	-	-	189,118	53
Financial assets derecognised other than write-offs	(168,487)	(26)	(5,090)	(52)	(7,079)	(2,782)	(180,656)	(2,860)
Write-offs	-	-	-	-	(1)	-	(1)	-
Balance at 31 December 2023	1,994,919	650	57,891	1,429	32,395	19,829	2,085,205	21,908

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Company
	12-month ECL		**Lifetime ECL not credit-impaired**		**Lifetime ECL credit-impaired**		**Total**	
	Gross carrying amount	**Loss allowance**	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loans and deposits measured at amortised cost								
Balance at 1 January 2024	1,942,541	700	57,891	1,429	30,785	19,564	2,031,217	21,693
Transfer to 12-month ECL	23,020	644	(21,478)	(450)	(1,542)	(194)	-	-
Transfer to lifetime ECL not credit-impaired	(48,302)	(70)	51,971	1,531	(3,669)	(1,461)	-	-
Transfer to lifetime ECL credit-impaired	(6,389)	(278)	(4,922)	(305)	11,311	583	-	-
Net remeasurement of loss allowance	-	(678)	-	(940)	-	2,775	-	1,157
New financial assets acquired	186,616	55	-	-	-	-	186,616	55
Financial assets derecognised other than write-offs	(151,664)	(14)	(3,047)	(64)	(3,592)	(1,671)	(158,303)	(1,749)
Balance at 31 December 2024	1,945,822	359	80,415	1,201	33,293	19,596	2,059,530	21,156

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Company
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2023	1,950,936	582	42,865	1,111	31,305	20,213	2,025,106	21,906
Transfer to 12-month ECL	20,023	755	(19,216)	(497)	(807)	(258)	-	-
Transfer to lifetime ECL not credit-impaired	(38,315)	(64)	41,172	1,147	(2,857)	(1,083)	-	-
Transfer to lifetime ECL credit-impaired	(8,445)	(18)	(1,840)	(45)	10,285	63	-	-
Net remeasurement of loss allowance	-	(582)	-	(235)	-	3,467	-	2,650
New financial assets acquired	186,759	53	-	-	-	-	186,759	53
Financial assets derecognised other than write-offs	(168,417)	(26)	(5,090)	(52)	(7,141)	(2,838)	(180,648)	(2,916)
Balance at 31 December 2023	1,942,541	700	57,891	1,429	30,785	19,564	2,031,217	21,693

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Group
		12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total
	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2024	9,775,077	15,960	22,867	219	-	-	9,797,944	16,179
Net remeasurement of loss allowance	-	1,563	-	(6)	-	-	-	1,557
New financial assets acquired	3,208,373	2,062	-	-	-	-	3,208,373	2,062
Financial assets derecognised other than write-offs	(3,169,816)	(2,260)	-	-	-	-	(3,169,816)	(2,260)
Effects of movements in exchange rates and other movements	(18,859)	428	(563)	(4)	-	-	(19,422)	424
Balance at 31 December 2024	9,794,775	17,753	22,304	209	-	-	9,817,079	17,962

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Group
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2023	9,562,456	29,361	21,941	528	-	-	9,584,397	29,889
Net remeasurement of loss allowance	-	(13,910)	-	(326)	-	-	-	(14,236)
New financial assets acquired	2,476,301	3,186	-	-	-	-	2,476,301	3,186
Financial assets derecognised other than write-offs	(2,260,865)	(2,234)	-	-	-	-	(2,260,865)	(2,234)
Effects of movements in exchange rates and other movements	(2,815)	(443)	926	17	-	-	(1,889)	(426)
Balance at 31 December 2023	9,775,077	15,960	22,867	219	-	-	9,797,944	16,179

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Company
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2024	8,882,137	13,819	22,867	270	-	-	8,905,004	14,089
Net remeasurement of loss allowance	-	1,445	-	(57)	-	-	-	1,388
New financial assets acquired	2,797,531	1,450	-	-	-	-	2,797,531	1,450
Financial assets derecognised other than write-offs	(2,784,444)	(1,721)	-	-	-	-	(2,784,444)	(1,721)
Effects of movements in exchange rates and other movements	(17,360)	341	(563)	(4)	-	-	(17,923)	337
Balance at 31 December 2024	8,877,864	15,334	22,304	209	-	-	8,900,168	15,543

18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

								Company
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Gross carrying amount RM'000	Loss allowance RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2023	8,735,861	25,595	21,941	528	-	-	8,757,802	26,123
Net remeasurement of loss allowance	-	(11,902)	-	(275)	-	-	-	(12,177)
New financial assets acquired	2,116,244	2,445	-	-	-	-	2,116,244	2,445
Financial assets derecognised other than write-offs	(1,968,614)	(1,963)	-	-	-	-	(1,968,614)	(1,963)
Effects of movements in exchange rates and other movements	(1,354)	(356)	926	17	-	-	(428)	(339)
Balance at 31 December 2023	8,882,137	13,819	22,867	270	-	-	8,905,004	14,089

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

Insurance contracts and reinsurance contracts held

			Group
At 31 December 2024	**Assets RM'000**	**Liabilities RM'000**	**Total RM'000**
Insurance contracts liabilities not measured under the PAA	4,422	57,642,358	57,646,780
Insurance contracts liabilities measured under the PAA	-	617,029	617,029
Assets for insurance acquisition cash flows not measured under the PAA	(87,181)	(159,716)	(246,897)
	(82,759)	58,099,671	58,016,912
Reinsurance contracts liabilities not measured under the PAA	(101,007)	246,617	145,610
Reinsurance contracts liabilities measured under the PAA	(51,936)	-	(51,936)
	(152,943)	246,617	93,674

			Group
At 31 December 2023	**Assets RM'000**	**Liabilities RM'000**	**Total RM'000**
Insurance contracts liabilities not measured under the PAA	2,221	52,834,070	52,836,291
Insurance contracts liabilities measured under the PAA	-	616,852	616,852
Assets for insurance acquisition cash flows not measured under the PAA	(30,005)	(204,296)	(234,301)
	(27,784)	53,246,626	53,218,842
Reinsurance contracts liabilities not measured under the PAA	(109,389)	-	(109,389)
Reinsurance contracts liabilities measured under the PAA	(41,538)	-	(41,538)
	(150,927)	-	(150,927)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Insurance contracts and reinsurance contracts held (continued)

	Company		
At 31 December 2024	**Assets RM'000**	**Liabilities RM'000**	**Total RM'000**
Insurance contracts liabilities not measured under the PAA	-	53,963,570	53,963,570
Insurance contracts liabilities measured under the PAA	-	442,843	442,843
Assets for insurance acquisition cash flows not measured under the PAA	-	(17,494)	(17,494)
	-	54,388,919	54,388,919
Reinsurance contracts liabilities not measured under the PAA	(80)	246,617	246,537
Reinsurance contracts liabilities measured under the PAA	(30,656)	-	(30,656)
	(30,736)	246,617	215,881

	Company		
At 31 December 2023	**Assets RM'000**	**Liabilities RM'000**	**Total RM'000**
Insurance contracts liabilities not measured under the PAA	-	49,728,214	49,728,214
Insurance contracts liabilities measured under the PAA	-	431,061	431,061
Assets for insurance acquisition cash flows not measured under the PAA	-	(12,822)	(12,822)
	-	50,146,453	50,146,453
Reinsurance contracts liabilities not measured under the PAA	(4,496)	-	(4,496)
Reinsurance contracts liabilities measured under the PAA	(11,085)	-	(11,085)
	(15,581)	-	(15,581)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the financial year as a result of cash flows and amounts recognised in the income statement and statement of comprehensive income. The Group presents a table separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the income statement and statement of comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin.

The estimates of the present value of the future cash flows from insurance and reinsurance contract assets represent the Group’s maximum exposure to credit risk from these assets.

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

Group		31 December 2024				31 December 2023			
		Liabilities for remaining coverage				Liabilities for remaining coverage			
	Note	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(13,917)	4,499	11,639	2,221	(15,043)	1,522	17,914	4,393
Opening liabilities		50,884,198	79,254	1,870,618	52,834,070	48,030,018	6,458	1,891,421	49,927,897
Net opening balance		50,870,281	83,753	1,882,257	52,836,291	48,014,975	7,980	1,909,335	49,932,290
Insurance revenue	3	(6,605,125)	-	-	(6,605,125)	(5,686,025)	-	-	(5,686,025)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	1,897	5,044,621	5,046,518	-	(13,620)	4,745,453	4,731,833
Amortisation of insurance acquisition cash flows		475,291	-	-	475,291	426,962	-	-	426,962
Losses and reversal of losses on onerous contacts		-	(60,005)	-	(60,005)	-	88,882	-	88,882
Adjustments to liabilities for incurred claims		-	-	(449,590)	(449,590)	-	-	(685,594)	(685,594)
Total insurance service expenses	5	475,291	(58,108)	4,595,031	5,012,214	426,962	75,262	4,059,859	4,562,083

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Group		**31 December 2024**				**31 December 2023**			
		Liabilities for remaining coverage				**Liabilities for remaining coverage**			
	Note	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Investment components		(4,175,379)	-	4,175,379	-	(3,840,385)	-	3,840,385	-
Insurance service result		(10,305,213)	(58,108)	8,770,410	(1,592,911)	(9,099,448)	75,262	7,900,244	(1,123,942)
Net finance expenses from insurance contracts	4c	5,524,022	3,363	23,644	5,551,029	3,298,760	511	32,055	3,331,326
Total changes in the income statement and statement of comprehensive income		(4,781,191)	(54,745)	8,794,054	3,958,118	(5,800,688)	75,773	7,932,299	2,207,384

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Group	**31 December 2024**				**31 December 2023**			
	Liabilities for remaining coverage				**Liabilities for remaining coverage**			
	Excluding loss component	**Loss component**	**Liabilities for incurred claims**	**Total**	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash flows								
Premium received	12,030,550	-	-	12,030,550	11,002,663	-	-	11,002,663
Claims and other insurance service expenses paid, including investment components	-	-	(9,201,801)	(9,201,801)	-	-	(8,253,547)	(8,253,547)
Insurance acquisition cash flows paid	(2,210,114)	-	-	(2,210,114)	(2,326,068)	-	-	(2,326,068)
Other amounts (paid)/received	(45,757)	-	301,551	255,794	-	-	294,170	294,170
Total cash flows	9,774,679	-	(8,900,250)	874,429	8,676,595	-	(7,959,377)	717,218
Adjusted for:								
Allocation from assets for insurance acquisition cash flows	(22,058)	-	-	(22,058)	(20,601)	-	-	(20,601)
Net closing balance	55,841,711	29,008	1,776,061	57,646,780	50,870,281	83,753	1,882,257	52,836,291
Closing assets	(24,342)	-	28,764	4,422	(13,917)	4,499	11,639	2,221
Closing liabilities	55,866,053	29,008	1,747,297	57,642,358	50,884,198	79,254	1,870,618	52,834,070
Net closing balance	55,841,711	29,008	1,776,061	57,646,780	50,870,281	83,753	1,882,257	52,836,291

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Company		31 December 2024				31 December 2023			
		Liabilities for remaining coverage				Liabilities for remaining coverage			
	Note	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		-	-	-	-	-	-	-	-
Opening liabilities		48,234,725	75,929	1,417,560	49,728,214	45,750,239	5,683	1,580,613	47,336,535
Net opening balance		48,234,725	75,929	1,417,560	49,728,214	45,750,239	5,683	1,580,613	47,336,535
Insurance revenue	3	(5,383,140)	-	-	(5,383,140)	(4,566,639)	-	-	(4,566,639)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	2,789	4,179,490	4,182,279	-	(6,376)	3,906,601	3,900,225
Amortisation of insurance acquisition cash flows		312,940	-	-	312,940	266,124	-	-	266,124
Losses and reversal of losses on onerous contacts		-	(60,293)	-	(60,293)	-	76,792	-	76,792
Adjustments to liabilities for incurred claims		-	-	(360,906)	(360,906)	-	-	(602,873)	(602,873)
Total insurance service expenses	5	312,940	(57,504)	3,818,584	4,074,020	266,124	70,416	3,303,728	3,640,268

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Company		**31 December 2024**				**31 December 2023**			
		Liabilities for remaining coverage				**Liabilities for remaining coverage**			
	Note	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Investment components		(3,990,639)	-	3,990,639	-	(3,680,452)	-	3,680,452	-
Insurance service result		(9,060,839)	(57,504)	7,809,223	(1,309,120)	(7,980,967)	70,416	6,984,180	(926,371)
Net finance expenses from insurance contracts	4c	5,171,432	522	16,811	5,188,765	3,114,516	(170)	25,095	3,139,441
Total changes in the income statement and statement of comprehensive income		(3,889,407)	(56,982)	7,826,034	3,879,645	(4,866,451)	70,246	7,009,275	2,213,070

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Company	**31 December 2024**				**31 December 2023**			
	Liabilities for remaining coverage				**Liabilities for remaining coverage**			
	Excluding loss component	**Loss component**	**Liabilities for incurred claims**	**Total**	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash flows								
Premium received	10,096,872	-	-	10,096,872	9,185,954	-	-	9,185,954
Claims and other insurance service expenses paid, including investment components	-	-	(8,240,799)	(8,240,799)	-	-	(7,465,312)	(7,465,312)
Insurance acquisition cash flows paid	(1,758,729)	-	-	(1,758,729)	(1,832,796)	-	-	(1,832,796)
Other amounts (paid)/received	(42,326)	-	301,684	259,358	-	-	292,984	292,984
Total cash flows	8,295,817	-	(7,939,115)	356,702	7,353,158	-	(7,172,328)	180,830
Adjusted for:								
Allocation from assets for insurance acquisition cash flows	(991)	-	-	(991)	(2,221)	-	-	(2,221)
Net closing balance	52,640,144	18,947	1,304,479	53,963,570	48,234,725	75,929	1,417,560	49,728,214
Closing assets	-	-	-	-	-	-	-	-
Closing liabilities	52,640,144	18,947	1,304,479	53,963,570	48,234,725	75,929	1,417,560	49,728,214
Net closing balance	52,640,144	18,947	1,304,479	53,963,570	48,234,725	75,929	1,417,560	49,728,214

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach

Group		31 December 2024						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(8,386)	1,174	9,433	-	117	9,316	2,221
Opening liabilities		40,619,968	1,191,887	11,022,215	3,688,555	2,900,468	4,433,192	52,834,070
Net opening balance		40,611,582	1,193,061	11,031,648	3,688,555	2,900,585	4,442,508	52,836,291
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,444,761)	(397,435)	(333,410)	(713,916)	(1,444,761)
Change in risk adjustment for non-financial risk		-	(19,699)	-	-	-	-	(19,699)
Experience adjustments		503,640	(103)	-	-	-	-	503,537
Others		(144,702)	-	-	-	-	-	(144,702)
Changes that relate to future services								
Contracts initially recognised in the year		(2,284,557)	143,700	2,154,931	-	-	2,154,931	14,074
Changes in estimates that adjust the CSM		438,004	154,563	(592,567)	(105,937)	433,227	(919,857)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(81,288)	31,663	(2,145)	-	-	(2,145)	(51,770)
Changes that relate to past services		(398,896)	(50,694)	-	-	-	-	(449,590)
Total insurance service result		(1,967,799)	259,430	115,458	(503,372)	99,817	519,013	(1,592,911)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Group		31 December 2024						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts	4c	5,326,841	-	224,188	112,666	25,253	86,269	5,551,029
Total changes in the income statement and statement of comprehensive income		3,359,042	259,430	339,646	(390,706)	125,070	605,282	3,958,118
Cash flows		874,429	-	-	-	-	-	874,429
Allocation from assets for insurance acquisition cash flows		(22,058)	-	-	-	-	-	(22,058)
Net closing balance		44,822,995	1,452,491	11,371,294	3,297,849	3,025,655	5,047,790	57,646,780
Closing assets		(50,424)	2,913	51,933	-	19,242	32,691	4,422
Closing liabilities		44,873,419	1,449,578	11,319,361	3,297,849	3,006,413	5,015,099	57,642,358
Net closing balance		44,822,995	1,452,491	11,371,294	3,297,849	3,025,655	5,047,790	57,646,780

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Group		31 December 2023			CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(5,033)	1,486	7,940	-	230	7,710	4,393
Opening liabilities		38,054,361	1,089,162	10,784,374	4,332,953	3,223,447	3,227,974	49,927,897
Net opening balance		38,049,328	1,090,648	10,792,314	4,332,953	3,223,677	3,235,684	49,932,290
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,383,823)	(441,106)	(357,201)	(585,516)	(1,383,823)
Change in risk adjustment for non-financial risk		-	(10,400)	-	-	-	-	(10,400)
Experience adjustments		979,002	-	-	-	-	-	979,002
Others		(133,822)	-	-	-	-	-	(133,822)
Changes that relate to future services								
Contracts initially recognised in the year		(2,551,308)	160,579	2,466,878	-	-	2,466,878	76,149
Changes in estimates that adjust the CSM		1,128,471	21,015	(1,149,486)	(340,552)	(42,589)	(766,345)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		14,544	(1,808)	-	-	-	-	12,736
Changes that relate to past services		(596,811)	(66,973)	-	-	-	-	(663,784)
Total insurance service result		(1,159,924)	102,413	(66,431)	(781,658)	(399,790)	1,115,017	(1,123,942)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Group		31 December 2023						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts	4c	3,025,561	-	305,765	137,260	76,698	91,807	3,331,326
Total changes in the income statement and statement of comprehensive income		1,865,637	102,413	239,334	(644,398)	(323,092)	1,206,824	2,207,384
Cash flows		717,218	-	-	-	-	-	717,218
Allocation from assets for insurance acquisition cash flows		(20,601)	-	-	-	-	-	(20,601)
Net closing balance		40,611,582	1,193,061	11,031,648	3,688,555	2,900,585	4,442,508	52,836,291
Closing assets		(8,386)	1,174	9,433	-	117	9,316	2,221
Closing liabilities		40,619,968	1,191,887	11,022,215	3,688,555	2,900,468	4,433,192	52,834,070
Net closing balance		40,611,582	1,193,061	11,031,648	3,688,555	2,900,585	4,442,508	52,836,291

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company		**31 December 2024**						
					CSM			
	Note	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total CSM**	**Contracts under modified retrospective approach**	**Contracts under fair value approach**	**Other contracts**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets		-	-	-	-	-	-	-
Opening liabilities		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214
Net opening balance		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,149,111)	(397,435)	(289,614)	(462,062)	(1,149,111)
Change in risk adjustment for non-financial risk		-	(22,444)	-	-	-	-	(22,444)
Experience adjustments		399,958	(103)	-	-	-	-	399,855
Others		(138,531)	-	-	-	-	-	(138,531)
Changes that relate to future services								
Contracts initially recognised in the year		(1,849,140)	121,766	1,739,015	-	-	1,739,015	11,641
Changes in estimates that adjust the CSM		528,829	180,411	(709,240)	(105,937)	341,991	(945,294)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(77,540)	30,061	(2,145)	-	-	(2,145)	(49,624)
Changes that relate to past services		(325,639)	(35,267)	-	-	-	-	(360,906)
Total insurance service result		(1,462,063)	274,424	(121,481)	(503,372)	52,377	329,514	(1,309,120)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company		31 December 2024						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts	4c	4,923,976	-	264,789	112,666	25,029	127,094	5,188,765
Total changes in the income statement and statement of comprehensive income		3,461,913	274,424	143,308	(390,706)	77,406	456,608	3,879,645
Cash flows		356,702	-	-	-	-	-	356,702
Allocation from assets for insurance acquisition cash flows		(991)	-	-	-	-	-	(991)
Net closing balance		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570
Closing assets		-	-	-	-	-	-	-
Closing liabilities		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570
Net closing balance		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company		31 December 2023						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		-	-	-	-	-	-	-
Opening liabilities		36,561,110	973,459	9,801,966	4,332,953	2,829,581	2,639,432	47,336,535
Net opening balance		36,561,110	973,459	9,801,966	4,332,953	2,829,581	2,639,432	47,336,535
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,113,592)	(441,106)	(304,514)	(367,972)	(1,113,592)
Change in risk adjustment for non-financial risk		-	(11,162)	-	-	-	-	(11,162)
Experience adjustments		848,734	-	-	-	-	-	848,734
Others		(124,270)	-	-	-	-	-	(124,270)
Changes that relate to future services								
Contracts initially recognised in the year		(2,163,651)	132,630	2,054,822	-	-	2,054,822	23,801
Changes in estimates that adjust the CSM		1,205,997	31,853	(1,237,850)	(340,552)	(105,730)	(791,568)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		55,599	(2,608)	-	-	-	-	52,991
Changes that relate to past services		(553,565)	(49,308)	-	-	-	-	(602,873)
Total insurance service result		(731,156)	101,405	(296,620)	(781,658)	(410,244)	895,282	(926,371)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company		31 December 2023						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts	4c	2,837,776	-	301,665	137,260	76,511	87,894	3,139,441
Total changes in the income statement and statement of comprehensive income		2,106,620	101,405	5,045	(644,398)	(333,733)	983,176	2,213,070
Cash flows		180,830	-	-	-	-	-	180,830
Allocation from assets for insurance acquisition cash flows		(2,221)	-	-	-	-	-	(2,221)
Net closing balance		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214
Closing assets		-	-	-	-	-	-	-
Closing liabilities		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214
Net closing balance		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach.

Group		31 December 2024				31 December 2023			
		Asset for remaining coverage				Asset for remaining coverage			
	Note	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(864,951)	-	974,340	109,389	225,749	-	(138,044)	87,705
Opening liabilities		-	-	-	-	(735,888)	-	545,032	(190,856)
Net opening balance		(864,951)	-	974,340	109,389	(510,139)	-	406,988	(103,151)
Changes in the income statement and statement of comprehensive income									
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(1,618,908)	-	1,513,655	(105,253)	(1,177,480)	-	1,321,723	144,243
Net expenses from reinsurance contracts held		(1,618,908)	-	1,513,655	(105,253)	(1,177,480)	-	1,321,723	144,243
Net finance income from reinsurance contracts held	4d	(3,452)	-	-	(3,452)	(3,851)	-	-	(3,851)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach. (continued)

Group	31 December 2024				31 December 2023			
	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	(1,622,360)	-	1,513,655	(108,705)	(1,181,331)	-	1,321,723	140,392
Cash flows								
Premiums paid	1,463,867	-	-	1,463,867	826,519	-	-	826,519
Amounts received	-	-	(1,612,974)	(1,612,974)	-	-	(792,584)	(792,584)
Other amounts paid	-	-	2,398	2,398	-	-	37,967	37,967
Total cash flows	1,463,867	-	(1,610,576)	(146,709)	826,519	-	(754,617)	71,902
Adjusted for :								
Non-cash operating expenses	-	-	415	415	-	-	246	246
Total non-cash items	-	-	415	415	-	-	246	246
Net closing balance	(1,023,444)	-	877,834	(145,610)	(864,951)	-	974,340	109,389
Closing assets	(15,454)	-	116,461	101,007	(864,951)	-	974,340	109,389
Closing liabilities	(1,007,990)	-	761,373	(246,617)	-	-	-	-
Net closing balance	(1,023,444)	-	877,834	(145,610)	(864,951)	-	974,340	109,389

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach. (continued)

Company		**31 December 2024**				**31 December 2023**			
		Asset for remaining coverage				**Asset for remaining coverage**			
	Note	**Excluding loss-recovery component**	**Loss recovery component**	**Asset for incurred claims**	**Total**	**Excluding loss-recovery component**	**Loss recovery component**	**Asset for incurred claims**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets		(868,417)	-	872,913	4,496	176,370	-	(183,910)	(7,540)
Opening liabilities		-	-	-	-	(735,887)	-	545,031	(190,856)
Net opening balance		(868,417)	-	872,913	4,496	(559,517)	-	361,121	(198,396)
Changes in the income statement and statement of comprehensive income									
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(1,533,078)	-	1,441,946	(91,132)	(1,108,539)	-	1,252,051	143,512
Net expenses from reinsurance contracts held		(1,533,078)	-	1,441,946	(91,132)	(1,108,539)	-	1,252,051	143,512
Net finance income from reinsurance contracts held	4d	(4,875)	-	-	(4,875)	(7,169)	-	-	(7,169)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach. (continued)

Company	31 December 2024				31 December 2023			
	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total	Excluding loss-recovery component	Loss recovery component	Asset for incurred claims	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	(1,537,953)	-	1,441,946	(96,007)	(1,115,708)	-	1,252,051	136,343
Cash flows								
Premiums paid	1,402,739	-	-	1,402,739	806,808	-	-	806,808
Amounts received	-	-	(1,560,179)	(1,560,179)	-	-	(742,476)	(742,476)
Other amounts paid	-	-	2,017	2,017	-	-	1,983	1,983
Total cash flows	1,402,739	-	(1,558,162)	(155,423)	806,808	-	(740,493)	66,315
Adjusted for :								
Non-cash operating expenses	-	-	397	397	-	-	234	234
Total non-cash items	-	-	397	397	-	-	234	234
Net closing balance	(1,003,631)	-	757,094	(246,537)	(868,417)	-	872,913	4,496
Closing assets	4,361	-	(4,281)	80	(868,417)	-	872,913	4,496
Closing liabilities	(1,007,992)	-	761,375	(246,617)	-	-	-	-
Net closing balance	(1,003,631)	-	757,094	(246,537)	(868,417)	-	872,913	4,496

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach

Group		31 December 2024						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		497,675	-	(388,286)	-	(388,286)	-	109,389
Opening liabilities		-	-	-	-	-	-	-
Net opening balance		**497,675**	**-**	**(388,286)**	**-**	**(388,286)**	**-**	**109,389**
Changes that relate to current services								
CSM recognised for services received		-	-	(104,281)	-	(104,281)	-	(104,281)
Change in risk adjustment for non-financial risk		-	14,273	-	-	-	-	14,273
Experience adjustments		121,847	-	-	-	-	-	121,847
Changes that relate to future services		18,705	-	(18,705)	-	(18,705)	-	-
Changes that relate to past services		(137,092)	-	-	-	-	-	(137,092)
Total net income/(expenses) from reinsurance contracts held		3,460	14,273	(122,986)	-	(122,986)	-	(105,253)
Net finance expenses from reinsurance contracts held	4d	1,704	-	(5,156)	-	(5,156)	-	(3,452)
Total changes in the income statement and statement of comprehensive income		5,164	14,273	(128,142)	-	(128,142)	-	(108,705)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Group	31 December 2024						
				CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows	(146,709)	-	-	-	-	-	(146,709)
Non-cash operating expenses	415	-	-	-	-	-	415
Net closing balance	356,545	14,273	(516,428)	-	(516,428)	-	(145,610)
Closing assets	(493,100)	241	593,866	-	593,866	-	101,007
Closing liabilities	849,645	14,032	(1,110,294)	-	(1,110,294)	-	(246,617)
Net closing balance	356,545	14,273	(516,428)	-	(516,428)	-	(145,610)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Group		**31 December 2023**						
					CSM			
	Note	**Estimates of present value of future cash flows RM'000**	**Risk adjustment for non-financial risk RM'000**	**Total CSM RM'000**	**Contracts under modified retrospective approach RM'000**	**Contracts under fair value approach RM'000**	**Other contracts RM'000**	**Total RM'000**
Opening assets		158,288	-	(70,583)	-	(70,583)	-	87,705
Opening liabilities		(288,311)	-	97,455	-	97,455	-	(190,856)
Net opening balance		(130,023)	-	26,872	-	26,872	-	(103,151)
Changes that relate to current services								
CSM recognised for services received		-	-	(55,252)	-	(55,252)	-	(55,252)
Experience adjustments		396,196	-	-	-	-	-	396,196
Changes that relate to future services		359,930	-	(359,930)	-	(359,930)	-	-
Changes that relate to past services		(196,701)	-	-	-	-	-	(196,701)
Total net income/(expenses) from reinsurance contracts held		559,425	-	(415,182)	-	(415,182)	-	144,243
Net finance expenses from reinsurance contracts held	4d	(3,875)	-	24	-	24	-	(3,851)
Total changes in the income statement and statement of comprehensive income		555,550	-	(415,158)	-	(415,158)	-	140,392

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Group	31 December 2023						
				CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows	71,902	-	-	-	-	-	71,902
Non-cash operating expenses	246	-	-	-	-	-	246
Net closing balance	**497,675**	**-**	**(388,286)**	**-**	**(388,286)**	**-**	**109,389**
Closing assets	497,675	-	(388,286)	-	(388,286)	-	109,389
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	**497,675**	**-**	**(388,286)**	**-**	**(388,286)**	**-**	**109,389**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Company		31 December 2024						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		259,488	-	(254,992)	-	(254,992)	-	4,496
Opening liabilities		-	-	-	-	-	-	-
Net opening balance		259,488	-	(254,992)	-	(254,992)	-	4,496
Changes that relate to current services								
CSM recognised for services received		-	-	(113,556)	-	(113,556)	-	(113,556)
Change in risk adjustment for non-financial risk		-	14,033	-	-	-	-	14,033
Experience adjustments		146,618	-	-	-	-	-	146,618
Changes that relate to future services		(14,004)	-	14,004	-	14,004	-	-
Changes that relate to past services		(138,227)	-	-	-	-	-	(138,227)
Total net (expenses)/income from reinsurance contracts held		(5,613)	14,033	(99,552)	-	(99,552)	-	(91,132)
Net finance expenses from insurance contracts held	4d	(4,613)	-	(262)	-	(262)	-	(4,875)
Total changes in the income statement and statement of comprehensive income		(10,226)	14,033	(99,814)	-	(99,814)	-	(96,007)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Company	**31 December 2024**						
				CSM			
	Estimates of present value of future cash flows RM'000	**Risk adjustment for non-financial risk RM'000**	**Total CSM RM'000**	**Contracts under modified retrospective approach RM'000**	**Contracts under fair value approach RM'000**	**Other contracts RM'000**	**Total RM'000**
Cash flows	(155,423)	-	-	-	-	-	(155,423)
Non-cash operating expenses	397	-	-	-	-	-	397
Net closing balance	94,236	14,033	(354,806)	-	(354,806)	-	(246,537)
Closing assets	(755,407)	-	755,487	-	755,487	-	80
Closing liabilities	849,643	14,033	(1,110,293)	-	(1,110,293)	-	(246,617)
Net closing balance	94,236	14,033	(354,806)	-	(354,806)	-	(246,537)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Company		31 December 2023						
					CSM			
	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(7,540)	-	-	-	-	-	(7,540)
Opening liabilities		(288,312)	-	97,456	-	97,456	-	(190,856)
Net opening balance		(295,852)	-	97,456	-	97,456	-	(198,396)
Changes that relate to current services								
CSM recognised for services received		-	-	(61,276)	-	(61,276)	-	(61,276)
Experience adjustments		400,298	-	-	-	-	-	400,298
Changes that relate to future services		294,412	-	(294,412)	-	(294,412)	-	-
Changes that relate to past services		(195,510)	-	-	-	-	-	(195,510)
Total net income/(expenses) from reinsurance contracts held		499,200	-	(355,688)	-	(355,688)	-	143,512
Net finance expenses from insurance contracts held	4d	(10,409)	-	3,240	-	3,240	-	(7,169)
Total changes in the income statement and statement of comprehensive income		488,791	-	(352,448)	-	(352,448)	-	136,343

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Company	31 December 2023						
				CSM			
	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	Total RM'000
Cash flows	66,315	-	-	-	-	-	66,315
Non-cash operating expenses	234	-	-	-	-	-	234
Net closing balance	259,488	-	(254,992)	-	(254,992)	-	4,496
Closing assets	259,488	-	(254,992)	-	(254,992)	-	4,496
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	259,488	-	(254,992)	-	(254,992)	-	4,496

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach

Group		31 December 2024				
		Liabilities for remaining coverage		Liabilities for incurred claims		
	Note	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		-	-	-	-	-
Opening liabilities		301,967	20,071	273,859	20,955	616,852
Net opening balance		301,967	20,071	273,859	20,955	616,852
Insurance revenue	3	(1,829,511)	-	-	-	(1,829,511)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	1,451,022	19,047	1,470,069
Amortisation of insurance acquisition cash flows		202,012	-	-	-	202,012
Losses and reversal of losses on onerous contract		-	(14,975)	-	-	(14,975)
Adjustments to liabilities for incurred claims		-	-	15,409	(18,909)	(3,500)
Total insurance service expenses		202,012	(14,975)	1,466,431	138	1,653,606
Investment components		(390)	-	390	-	-
Insurance service result		(1,627,889)	(14,975)	1,466,821	138	(175,905)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Group	31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	(1,627,889)	(14,975)	1,466,821	138	(175,905)
Cash flows					
Premium received	1,827,298	-	-	-	1,827,298
Claims and other insurance service expenses paid, including investment components	-	-	(1,455,470)	-	(1,455,470)
Insurance acquisition cash flows paid	(186,091)	-	-	-	(186,091)
Total cash flows	1,641,207	-	(1,455,470)	-	185,737
Adjusted for:					
Non-cash operating expenses	(5,532)	-	(4,123)	-	(9,655)
Net closing balance	309,753	5,096	281,087	21,093	617,029

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Group		31 December 2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		
	Note	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		-	-	-	-	-
Opening liabilities		259,404	-	276,433	19,000	554,837
Net opening balance		259,404	-	276,433	19,000	554,837
Insurance revenue	3	(1,538,628)	-	-	-	(1,538,628)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	1,329,165	18,518	1,347,683
Amortisation of insurance acquisition cash flows		168,240	-	-	-	168,240
Losses and reversal of losses on onerous contract		-	20,071	-	-	20,071
Adjustments to liabilities for incurred claims		-	-	(86,941)	(16,563)	(103,504)
Total insurance service expenses		168,240	20,071	1,242,224	1,955	1,432,490
Investment components		(690)	-	690	-	-
Insurance service result		(1,371,078)	20,071	1,242,914	1,955	(106,138)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Group	31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total changes in the income statement and statement of comprehensive income	(1,371,078)	20,071	1,242,914	1,955	(106,138)
Cash flows					
Premium received	1,594,470	-	-	-	1,594,470
Claims and other insurance service expenses paid, including investment components	-	-	(1,241,539)	-	(1,241,539)
Insurance acquisition cash flows paid	(176,450)	-	-	-	(176,450)
Total cash flows	1,418,020	-	(1,241,539)	-	176,481
Adjusted for:					
Non-cash operating expenses	(4,379)	-	(3,949)	-	(8,328)
Net closing balance	301,967	20,071	273,859	20,955	616,852

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company		**31 December 2024**				
		Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Note	**Excluding loss component**	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets		-	-	-	-	-
Opening liabilities		243,484	-	175,707	11,870	431,061
Net opening balance		243,484	-	175,707	11,870	431,061
Insurance revenue	3	(1,612,742)	-	-	-	(1,612,742)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	1,299,963	10,989	1,310,952
Amortisation of insurance acquisition cash flows		160,921	-	-	-	160,921
Adjustments to liabilities for incurred claims		-	-	7,685	(11,613)	(3,928)
Total insurance service expenses		160,921	-	1,307,648	(624)	1,467,945
Investment components		(390)	-	390	-	-
Insurance service result		(1,452,211)	-	1,308,038	(624)	(144,797)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company	**31 December 2024**				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Excluding loss component	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total changes in the income statement and statement of comprehensive income	(1,452,211)	-	1,308,038	(624)	(144,797)
Cash flows					
Premium received	1,634,903	-	-	-	1,634,903
Claims and other insurance service expenses paid, including investment components	-	-	(1,318,257)	-	(1,318,257)
Insurance acquisition cash flows paid	(150,923)	-	-	-	(150,923)
Total cash flows	1,483,980	-	(1,318,257)	-	165,723
Adjusted for:					
Non-cash operating expenses	(5,255)	-	(3,889)	-	(9,144)
Net closing balance	269,998	-	161,599	11,246	442,843

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company		**31 December 2023**				
		Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Note	**Excluding loss component**	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets		-	-	-	-	-
Opening liabilities		213,640	-	187,856	10,040	411,536
Net opening balance		213,640	-	187,856	10,040	411,536
Insurance revenue	3	(1,357,756)	-	-	-	(1,357,756)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	1,186,583	11,752	1,198,335
Amortisation of insurance acquisition cash flows		131,893	-	-	-	131,893
Adjustments to liabilities for incurred claims		-	-	(78,072)	(9,922)	(87,994)
Total insurance service expenses		131,893	-	1,108,511	1,830	1,242,234
Investment components		(690)	-	690	-	-
Insurance service result		(1,226,553)	-	1,109,201	1,830	(115,522)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company	**31 December 2023**				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Excluding loss component	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total changes in the income statement and statement of comprehensive income	(1,226,553)	-	1,109,201	1,830	(115,522)
Cash flows					
Premium received	1,393,803	-	-	-	1,393,803
Claims and other insurance service expenses paid, including investment components	-	-	(1,117,645)	-	(1,117,645)
Insurance acquisition cash flows paid	(133,347)	-	-	-	(133,347)
Total cash flows	1,260,456	-	(1,117,645)	-	142,811
Adjusted for:					
Non-cash operating expenses	(4,059)	-	(3,705)	-	(7,764)
Net closing balance	243,484	-	175,707	11,870	431,061

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach

Group		31 December 2024				
		Assets for remaining coverage		Assets for incurred claims		
	Note	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(198,640)	-	240,178	-	41,538
Opening liabilities		-	-	-	-	-
Net opening balance		(198,640)	-	240,178	-	41,538
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(177,126)	127	140,884	823	(35,292)
Net (expenses)/income from reinsurance contracts held		(177,126)	127	140,884	823	(35,292)
Net finance income from reinsurance contracts held	4d	27	-	-	-	27
Total changes in the income statement and statement of comprehensive income		(177,099)	127	140,884	823	(35,265)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Group	31 December 2024				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows					
Premiums paid	262,269	-	-	-	262,269
Amounts received	-	-	(216,788)	-	(216,788)
Other amounts paid	-	-	234	-	234
Total cash flows	262,269	-	(216,554)	-	45,715
Adjusted for:					
Non-cash operating expenses	-	-	(52)	-	(52)
Net closing balance	(113,470)	127	164,456	823	51,936
Closing assets	(113,470)	127	164,456	823	51,936
Closing liabilities	-	-	-	-	-
Net closing balance	(113,470)	127	164,456	823	51,936

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Group	Note	31 December 2023				
		Assets for remaining coverage		Assets for incurred claims		
		Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		(98,731)	-	136,729	-	37,998
Opening liabilities		-	-	-	-	-
Net opening balance		(98,731)	-	136,729	-	37,998
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(199,375)	-	175,970	-	(23,405)
Net (expenses)/income from reinsurance contracts held		(199,375)	-	175,970	-	(23,405)
Net finance expense from reinsurance contracts held	4d	(15)	-	-	-	(15)
Total changes in the income statement and statement of comprehensive income		(199,390)	-	175,970	-	(23,420)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Group	31 December 2023				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows					
Premiums paid	99,481	-	-	-	99,481
Amounts received	-	-	(73,195)	-	(73,195)
Other amounts paid	-	-	634	-	634
Total cash flows	99,481	-	(72,561)	-	26,920
Adjusted for:					
Non-cash operating expenses	-	-	40	-	40
Net closing balance	(198,640)	-	240,178	-	41,538
Closing assets	(198,640)	-	240,178	-	41,538
Closing liabilities	-	-	-	-	-
Net closing balance	(198,640)	-	240,178	-	41,538

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Company		**31 December 2024**				
		Assets for remaining coverage		**Assets for incurred claims**		
	Note	**Excluding loss recovery component**	**Loss recovery component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets		(202,549)	-	213,634	-	11,085
Opening liabilities		-	-	-	-	-
Net opening balance		(202,549)	-	213,634	-	11,085
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(153,957)	-	142,117	209	(11,631)
Net (expenses)/income from reinsurance contracts held		(153,957)	-	142,117	209	(11,631)
Net finance income from reinsurance contracts held	4d	27	-	-	-	27
Total changes in the income statement and statement of comprehensive income		(153,930)	-	142,117	209	(11,604)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Company	**31 December 2024**				
	Assets for remaining coverage		**Assets for incurred claims**		
	Excluding loss recovery component	**Loss recovery component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash flows					
Premiums paid	238,730	-	-	-	238,730
Amounts received	-	-	(207,461)	-	(207,461)
Other amounts paid	-	-	(39)	-	(39)
Total cash flows	238,730	-	(207,500)	-	31,230
Adjusted for :					
Non-cash operating expenses	-	-	(55)	-	(55)
Net closing balance	(117,749)	-	148,196	209	30,656
Closing assets	(117,749)	-	148,196	209	30,656
Closing liabilities	-	-	-	-	-
Net closing balance	(117,749)	-	148,196	209	30,656

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Company		**31 December 2023**				
		Assets for remaining coverage		**Assets for incurred claims**		
	Note	**Excluding loss recovery component**	**Loss recovery component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Opening assets		(88,462)	-	99,798	-	11,336
Opening liabilities		-	-	-	-	-
Net opening balance		(88,462)	-	99,798	-	11,336
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(182,960)	-	163,700	-	(19,260)
Net (expenses)/income from reinsurance contracts held		(182,960)	-	163,700	-	(19,260)
Net finance expense from reinsurance contracts held	4d	(15)	-	-	-	(15)
Total changes in the income statement and statement of comprehensive income		(182,975)	-	163,700	-	(19,275)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach (continued)

Company	**31 December 2023**				
	Assets for remaining coverage		**Assets for incurred claims**		
	Excluding loss recovery component	**Loss recovery component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash flows					
Premiums paid	68,888	-	-	-	68,888
Amounts received	-	-	(50,201)	-	(50,201)
Other amounts paid	-	-	299	-	299
Total cash flows	68,888	-	(49,902)	-	18,986
Adjusted for :					
Non-cash operating expenses	-	-	38	-	38
Net closing balance	(202,549)	-	213,634	-	11,085
Closing assets	(202,549)	-	213,634	-	11,085
Closing liabilities	-	-	-	-	-
Net closing balance	(202,549)	-	213,634	-	11,085

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(g) Analysis of assets for insurance acquisition cash flows not measured under the premium allocation approach

	Group		Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Opening balance	234,301	209,609	12,822	9,123
Assets recognised for insurance acquisition cash flows paid during the period	34,654	45,293	5,663	5,920
Allocation to groups of insurance contracts	(22,058)	(20,601)	(991)	(2,221)
Net closing balance	246,897	234,301	17,494	12,822
Closing assets	87,181	30,005	-	-
Closing liabilities	159,716	204,296	17,494	12,822
Net closing balance	246,897	234,301	17,494	12,822

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis of assets for insurance acquisition cash flows (continued)

The following table illustrates when the Group expects to derecognise the assets for insurance acquisition cash flows and include those cash flows in the measurement of the group of insurance contracts to which they are allocated.

				Group
	Total RM'000	Five year or less RM'000	After five years through ten years RM'000	After ten years RM'000
31 December 2024				
Assets for insurance acquisition cash flows	246,897	82,816	54,641	109,440
31 December 2023				
Assets for insurance acquisition cash flows	234,301	80,240	52,185	101,876

				Company
	Total RM'000	Five year or less RM'000	After five years through ten years RM'000	After ten years RM'000
31 December 2024				
Assets for insurance acquisition cash flows	17,494	7,699	4,708	5,087
31 December 2023				
Assets for insurance acquisition cash flows	12,822	5,552	3,437	3,833

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis of contractual service margin

The following table illustrates when the Group expects to recognise the remaining contractual service margin as revenue for contracts not measured under the premium allocation approach.

				Group
	Total RM'000	Five year or less RM'000	After five years through ten years RM'000	After ten years RM'000
31 December 2024				
Insurance contracts	11,371,294	5,122,745	2,893,471	3,355,078
Reinsurance contracts held	(516,428)	314,336	(227,773)	(602,991)
31 December 2023				
Insurance contracts	11,031,648	4,912,896	2,801,812	3,316,940
Reinsurance contracts held	(388,286)	(45,081)	(51,878)	(291,327)

				Company
	Total RM'000	Five year or less RM'000	After five years through ten years RM'000	After ten years RM'000
31 December 2024				
Insurance contracts	9,950,319	4,405,556	2,530,734	3,014,029
Reinsurance contracts held	(354,806)	331,891	(194,835)	(491,862)
31 December 2023				
Insurance contracts	9,807,011	4,292,971	2,495,546	3,018,494
Reinsurance contracts held	(254,992)	(20,528)	(28,325)	(206,139)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components of insurance contracts and reinsurance contracts held arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognised in the financial year.

Insurance contracts

	Group		
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Year ended 31 December 2024			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,991,462	25,264	2,016,726
Claims payable and other expenses	7,548,032	70,631	7,618,663
Total estimates of present value of future cash outflows	9,539,494	95,895	9,635,389
Estimates of present value of future cash inflows	(11,836,355)	(83,591)	(11,919,946)
Risk adjustment for non-financial risk	141,930	1,770	143,700
Contractual service margin	2,154,931	-	2,154,931
Losses recognised on initial recognition	-	14,074	14,074

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Insurance contracts

			Group
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Year ended 31 December 2023			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	2,374,826	33,789	2,408,615
Claims payable and other expenses	8,744,968	193,010	8,937,978
Total estimates of present value of future cash outflows	11,119,794	226,799	11,346,593
Estimates of present value of future cash inflows	(13,744,822)	(153,079)	(13,897,901)
Risk adjustment for non-financial risk	158,150	2,429	160,579
Contractual service margin	2,466,878	-	2,466,878
Losses recognised on initial recognition	-	76,149	76,149

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Insurance contracts

	Company		
	Profitable contracts issued RM'000	**Onerous contracts issued RM'000**	**Total RM'000**
Year ended 31 December 2024			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,618,214	10,646	1,628,860
Claims payable and other expenses	6,426,268	54,843	6,481,111
Total estimates of present value of future cash outflows	8,044,482	65,489	8,109,971
Estimates of present value of future cash inflows	(9,904,347)	(54,764)	(9,959,111)
Risk adjustment for non-financial risk	120,850	916	121,766
Contractual service margin	1,739,015	-	1,739,015
Losses recognised on initial recognition	-	11,641	11,641

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Insurance contracts

	Company		
	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
Year ended 31 December 2023			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,890,099	6,685	1,896,784
Claims payable and other expenses	7,275,531	41,454	7,316,985
Total estimates of present value of future cash outflows	9,165,630	48,139	9,213,769
Estimates of present value of future cash inflows	(11,352,656)	(24,764)	(11,377,420)
Risk adjustment for non-financial risk	132,204	426	132,630
Contractual service margin	2,054,822	-	2,054,822
Losses recognised on initial recognition	-	23,801	23,801

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows

Estimates of future cash flows

The Group's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows are within the boundary of a contract if they arise from substantive right and obligations that existing during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Methodology and assumptions

Mortality

Assumptions have been developed by the Group based on recent historical experience, and expectations of current and expected future experience including mortality improvement. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Group.

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Methodology and assumptions (continued)

Morbidity

Assumptions have been developed by the Group based on recent historical experience, and expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

Persistency

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender), premium persistency, premium holidays, partial withdrawals, policy loan take up and repayment and retirement rates for pension products.

Assumptions have been developed by the Group based on recent historical experience, and best estimate expectations of expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions.

In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

Expenses

The expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition, maintenance and other activities, and then to allocate these acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expenses assumptions have been determined for acquisition and maintenance activities that can be directly attributed to the portfolio of insurance contracts, split by product type, and unit costs expressed as a percentage of premiums, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy administration and claims handling efficiency. Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Methodology and assumptions (continued)

Reinsurance

Reinsurance assumptions have been developed by the Group based on the reinsurance arrangements in-force as at the reporting date and the recent historical and expected future experience.

Policyholder dividends, profit sharing and interest crediting

The projected policyholder dividends, profit sharing and interest crediting assumptions set by the Group reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and the Group's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

Participating funds surpluses have been assumed to be distributed between policyholders and shareholders via future final bonuses or at the end of the projection period so that there are no residual assets at the end of the projection period.

The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. The crediting rates applied vary between products; in the current economic environment, the amounts credited are often determined by interest rate guarantees.

An adjustment to reflect the time value of money and the financial risks related to future cash flows

The Group adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The top-down approach has been primarily adopted for the derivation of discount rates. A top-down approach starts with considering a yield curve that reflects the current market rates of return of a reference portfolio of assets that have similar characteristic of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contract (primarily the allowance for credit risk). The assessment of credit risk premium is done on external and internal ratings when the reference portfolio contains assets which are rated. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable and also relevant in reflecting the characteristic of the insurance contracts. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method etc.

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

The tables below set out the spot rates used to discount the cash flows of insurance contracts. To reflect the liquidity characteristics of the insurance contracts, the risk-free spot rates are adjusted by an illiquidity premium.

As at 31 December 2024

	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
Spot rates	3.28%	3.71%	3.66%	3.97%	3.86%	4.10%	4.03%	4.31%	4.11%	4.49%

As at 31 December 2023

	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
Spot rates	3.30%	3.75%	3.65%	3.94%	3.74%	4.11%	4.05%	4.50%	4.18%	4.70%

For the insurance contracts with cash flows that vary based on the returns on any financial underlying items, the Group applies risk-neutral measurement techniques. Stochastic modelling is applied for insurance contracts with significant financial options and guarantees to estimate the expected present value. A large number of possible economic scenarios for market variables such as interest rates and equity returns are considered using risk neutral approach and consistent with market observable price.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows.

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Contractual service margin

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

Investment components

The Group identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. Investment components are excluded from insurance revenue and insurance service expenses. Generally, for relevant contracts, surrender value would be determined as an investment component.

20 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets/liabilities shown in the statements of financial position are determined after appropriate offsetting.

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	2,473,159	1,952,271	2,199,535	1,715,542
Deferred tax assets	(1,639)	(1,666)	-	-
	2,471,520	1,950,605	2,199,535	1,715,542
Current	171,894	52,483	164,391	51,172
Non-current	2,299,626	1,898,122	2,035,144	1,664,370
	2,471,520	1,950,605	2,199,535	1,715,542
At 1 January	1,950,605	1,544,610	1,715,542	1,351,155
Recognised in:				
Income statements (Note 6)	532,552	354,937	495,106	318,316
Other comprehensive loss	(11,637)	51,058	(11,113)	46,071
At 31 December	2,471,520	1,950,605	2,199,535	1,715,542

20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Group	Fair value of properties RM'000	Insurance contract liabilities RM'000	Revaluation of investments RM'000	Accelerated depreciation RM'000	Total RM'000
At 31 December 2024					
Deferred tax liabilities at 1 January 2024	(1,183)	1,748,570	194,241	10,643	1,952,271
Recognised in:					
Income statements	-	250,592	274,431	7,502	532,525
Other comprehensive income	1,863	(20,713)	7,213	-	(11,637)
Deferred tax liabilities at 31 December 2024 (before offsetting)	680	1,978,449	475,885	18,145	2,473,159
Offsetting					(1,639)
Deferred tax liabilities at 31 December 2024 (after offsetting)					2,471,520

	Untilised capital allowance and tax losses RM'000	Revaluation of investments RM'000	Unrealised amortisation RM'000	Total RM'000
Deferred tax assets at 1 January 2024	-	(317)	(1,349)	(1,666)
Recognised in:				
Income statements	(2,942)	4,606	(1,637)	27
Other comprehensive income	-	-	-	-
Deferred tax assets at 31 December 2024 (before offsetting)	(2,942)	4,289	(2,986)	(1,639)
Offsetting				1,639
Deferred tax assets at 31 December 2024 (after offsetting)				-

20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Group	Fair value of properties RM'000	Insurance contract liabilities RM'000	Revaluation of investments RM'000	Accelerated depreciation RM'000	Total RM'000
At 31 December 2023					
Deferred tax liabilities at 1 January 2023	(1,715)	1,586,462	(44,432)	8,467	1,548,782
Recognised in:					
Income statements	-	197,022	153,234	2,176	352,432
Other comprehensive income	532	(34,914)	85,439	-	51,057
Deferred tax liabilities at 31 December 2023 (before offsetting)	(1,183)	1,748,570	194,241	10,643	1,952,271
Offsetting					(1,666)
Deferred tax liabilities at 31 December 2023 (after offsetting)					1,950,605

	Revaluation of investments RM'000	Unrealised amortisation RM'000	Total RM'000
Deferred tax assets at 1 January 2023	(2,932)	(1,240)	(4,172)
Recognised in:			
Income statements	2,615	(109)	2,506
Other comprehensive income	-	-	-
Deferred tax assets at 31 December 2023 (before offsetting)	(317)	(1,349)	(1,666)
Offsetting			1,666
Deferred tax assets at 31 December 2023 (after offsetting)			-

20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Company	**Fair value of properties RM'000**	**Insurance contract liabilities RM'000**	**Revaluation of investments RM'000**	**Accelerated depreciation RM'000**	**Total RM'000**
At 31 December 2024					
Deferred tax liabilities at 1 January 2024	(1,183)	1,553,218	165,390	10,046	1,727,471
Recognised in:					
Income statements	-	227,867	261,855	6,435	496,157
Other comprehensive income	1,863	(20,622)	7,646	-	(11,113)
Deferred tax liabilities at 31 December 2024 (before offsetting)	680	1,760,463	434,891	16,481	2,212,515
Offsetting					(12,980)
Deferred tax liabilities at 31 December 2024 (after offsetting)					2,199,535

	Unrealised amortisation RM'000	**Total RM'000**
Deferred tax assets at 1 January 2024	(11,929)	(11,929)
Recognised in:		
Income statements	(1,051)	(1,051)
Other comprehensive income		
Deferred tax assets at 31 December 2024 (before offsetting)	(12,980)	(12,980)
Offsetting		12,980
Deferred tax assets at 31 December 2024 (after offsetting)		-

20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Company	Fair value of properties RM'000	Insurance contract liabilities RM'000	Revaluation of investments RM'000	Accelerated depreciation RM'000	Total RM'000
At 31 December 2023					
Deferred tax liabilities at 1 January 2023	(1,715)	1,392,507	(36,417)	8,490	1,362,865
Recognised in:					
Income statements	-	195,650	121,328	1,556	318,534
Other comprehensive income	532	(34,939)	80,479	-	46,072
Deferred tax liabilities at 31 December 2023 (before offsetting)	(1,183)	1,553,218	165,390	10,046	1,727,471
Offsetting					(11,929)
Deferred tax liabilities at 31 December 2023 (after offsetting)					1,715,542

	Unrealised amortisation RM'000	Total RM'000
Deferred tax assets at 1 January 2023	(11,711)	(11,711)
Recognised in:		
Income statements	(218)	(218)
Other comprehensive income	-	-
Deferred tax assets at 31 December 2023 (before offsetting)	(11,929)	(11,929)
Offsetting		11,929
Deferred tax assets at 31 December 2023 (after offsetting)		-

21 DERIVATIVE FINANCIAL INSTRUMENTS

		Group and Company		
			Fair Value	
	Notional amount RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
At 31 December 2024				
Foreign exchange contracts:				
Cross-currency swaps	556,607	34,223	(960)	33,263
Foreign exchange forwards	1,633,720	3,714	(2,281)	1,433
Total	2,190,327	37,937	(3,241)	34,696
At 31 December 2023				
Foreign exchange contracts:				
Cross-currency swaps	757,327	3,275	(37,417)	(34,142)
Foreign exchange forwards	1,159,167	16,234	-	16,234
Total	1,916,494	19,509	(37,417)	(17,908)

The column "notional amount" in the above table represents the pay leg of derivative transactions. The derivatives in the table above are over-the-counter ("OTC") derivatives which consists of cross currency swaps. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

Derivative assets and derivative liabilities are recognized at fair value through profit or loss. The Group's derivative contracts are established to economic hedge financial exposures. The Group adopts hedge accounting in limited circumstances. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the statement of financial position as they do not represent the fair value of these transactions. The notional amounts in the table above reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of derivative transactions.

Foreign exchange forward contracts represent agreements to exchange one currency for another currency at an agreed price and settlement date.

Currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gains and losses on these foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatilities of the underlying indices and the timing of payments.

22 OTHER LIABILITIES

	Group	
	31.12.2024	31.12.2023
	RM'000	RM'000
Amount due to ultimate holding company	4,288	4,286
Amount due to penultimate holding company	10,669	3,363
Provision	50,461	41,226
Accruals	380,474	364,279
Other payables	281,534	229,042
Lease liabilities	94,089	92,422
	821,515	734,618

	Company	
	31.12.2024	31.12.2023
	RM'000	RM'000
Amount due to ultimate holding company	4,175	4,177
Amount due to penultimate holding company	8,731	3,363
Provision	50,461	41,226
Accruals	379,112	362,656
Other payables	139,801	107,368
Lease liabilities	94,089	92,375
	676,369	611,165

Other payables are generally expected to be settled within 12 months after the end of the reporting period.

23 SHARE CAPITAL

	Number of shares		Amount	
	31.12.2024 '000	31.12.2023 '000	31.12.2024 RM'000	31.12.2023 RM'000
Group and Company				
Issued and paid up share capital				
At beginning and end of financial year	191,860	191,860	810,000	810,000

	Group	
	31.12.2024	31.12.2023
Profit after tax attributable to the shareholders (RM'000)	1,937,500	1,371,937
Number of shares in issue as at 31 December ('000)	191,860	191,860
Basic earnings per share (sen)	1,010	715

24 RETAINED EARNINGS

Under the single tier system, there are no restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the date of the statements of financial position.

The Company may distribute single tier exempt dividend to its shareholders out of its retained earnings. 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 with effect from financial year beginning 1 December 2016. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio ("CAR") position is less than its internal target capital level or if the payment of dividend would impair its CAR position to below its internal target.

25 CAPITAL COMMITMENTS

	Group and Company	
	31.12.2024	**31.12.2023**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	4,906	18,630
Investment properties	4,189	5,510
Intangible assets	15,608	25,054
Investments	69,574	61,964
	94,277	111,158
Approved but not contracted for:		
Property, plant and equipment	6,715	2,741
Investment properties	-	50
Intangible assets	41,617	33,172
	48,332	35,963
Total	142,609	147,121

26 OPERATING LEASE ARRANGEMENTS

(a) The Company as lessee

The Company has entered into operating lease agreements for the use of buildings, computers and printers.

The Company has recognised right- of- use assets for these lease, except for short term lease and lease of low value assets. The related information are disclosed in Note 3 and Note 5.

(b) The Company as lessor

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	31.12.2024	**31.12.2023**
	RM'000	**RM'000**
Not later than 1 year	14,835	17,504
Later than 1 year and not later than 6 years	12,757	22,720
	27,592	40,224

	Company	
	31.12.2024	**31.12.2023**
	RM'000	**RM'000**
Not later than 1 year	21,158	20,636
Later than 1 year and not later than 6 years	14,978	26,784
	36,136	47,420

Rental income recognised in the income statements during the financial year are disclosed in Note 4 to the financial statements.

27 RISK MANAGEMENT

Risk Management Framework

The Group recognises the importance of sound risk management in every aspect of the Group's business and for all stakeholders. The Group's Risk Management Framework ("RMF") does not seek to eliminate all risk but rather to identify, understand and manage them within acceptable limits in order to support the creation of long-term value.

The Group's RMF is built around developing an appropriate and mindful risk culture at every level of the organisation in support of our strategic objectives. The RMF provides the business with appropriate tools, processes and capabilities for the identification, assessment and, where required, upward referral of identified material risks for further evaluation.

Capital Management Framework

The Company and its insurance/takaful subsidiaries actively manage its capital adequacy by taking into account the potential impact of business strategies on the Company's risk profile and overall resilience. This is in line with BNM Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for Insurers/Takaful Operators and the Risk-Based Capital Framework for Insurers/Takaful Operators ("RBC Framework").

Under the RBC Framework, the Company and its insurance/takaful subsidiaries have to maintain a capital adequacy level that is commensurate with its risk profiles at all times. The Capital Adequacy Ratio of the Company and its insurance/takaful subsidiaries remained well above the minimum capital requirement of 130% under the RBC Framework, regulated by BNM.

The ICAAP is the overall process (including oversight and operational frameworks and processes) by which the Company and its insurance/takaful subsidiaries ensure adequate capital to meet their capital requirements on an ongoing basis. The key elements of ICAAP includes Board and senior management oversight; comprehensive risk assessment; Individual Target Capital Level ("ITCL") and stress testing; sound capital management and ongoing monitoring, reporting and review of the ICAAP.

A Capital Management Plan has been established which lists the thresholds that act as triggers for actions to ensure maintenance of appropriate capital levels at all times as well as the corresponding corrective actions that are required for different scenarios and at each specified thresholds. Results of stress tests shall be considered when evaluating the appropriateness of capital thresholds and corrective actions with consideration of the particular stage of the business cycle in which the Company and its insurance/takaful subsidiaries are operating, given the potential changes in its operating environment that could affect the risk profile.

The Company and its insurance/takaful subsidiaries set an ITCL that reflects the overall risk tolerance and risk appetite set by the Board, its own risk profile and risk management practices. The Company and its insurance/takaful subsidiaries shall operate at capital levels above ITCL at all times. The ITCL provides a robust threshold in the management of capital adequacy, where a breach of this level would trigger timely responses by management to restore capital to the ITCL and heighten the Board's scrutiny based on the Capital Management Plan.

The planning and assessment of capital and ITCL will be formally conducted by senior management at least annually or as and when the need arises. The result will be reported to the Board and/or the Board's RMC.

27 RISK MANAGEMENT (CONTINUED)

Capital Management Framework (continued)

The Group has complied with the capital requirements prescribed by the respective regulators during the reported financial year.

Governance and Regulatory Framework

The Group's risk governance framework is built on the "Three Lines of Defence" model. With regard to risk management, the objective is to ensure that an appropriate framework is in place, including an independent system of checks and balances to provide assurance that risks are identified, assessed, managed and governed properly. The framework clearly defines roles and responsibilities for the management of risks between the executive management ("First Line"), Risk and Compliance ("Second Line") and Internal Audit ("Third Line") functions. Whilst each line of defence is independent from the others, they work closely to ensure effective oversight.

The Group is required to comply with the requirements of the Financial Services Act 2013, relevant laws and guidelines including those from BNM, Securities Commission, Life Insurance Association of Malaysia ("LIAM"), Persatuan Insurans Am Malaysia ("PIAM") and Malaysian Takaful Association ("MTA").

28 INSURANCE RISK

Insurance risk relates to changes in claims experience, business expenses, and the acquisition and persistency of insurance business. This also includes changes to assumption regarding future experience for these risks.

Persistency (Lapse)

Persistency (Lapse) risk arises from policies lapsing, on average, differently to that assumed in the pricing or reserving assumptions. Persistency risk is assessed as part of the product development process and monitored through regular experience studies.

Ensuring customers buy products that sustainably meet their needs is central to the Group's Operating Philosophy. Through effective implementation of the Business Quality Framework, comprehensive sales training programmes and active monitoring of sales activities and persistency, the Group seeks to ensure that appropriate products are sold by qualified sales representatives and that standards of service consistently meet our customers' needs.

Expense

Expense risk is the risk of greater than expected trends in, or sudden shocks to, the amount or timing of expenses, incurred by the business.

Operations follow a disciplined budgeting and control process that allows for the management of expenses.

28 INSURANCE RISK (CONTINUED)

Morbidity and Mortality

Morbidity and mortality risks are the risks that the incidence and/or amount of medical, critical illness, disability, death or survival claims are higher than the assumptions made in pricing and/or reserving.

The Group adheres to well-defined market-oriented underwriting and claims guidelines and practices that have been developed based on extensive historical experience and with the assistance of professional reinsurers.

The Group conducts regular experience studies of all the insurance risk factors in its portfolio. These internal studies together with external data are used to identify the impact of emerging trends which can then be used to inform product design, pricing, underwriting, claims management and reinsurance needs.

The Group limits its exposure to new risks and large claims on any single insured life by applying retention limits that vary by insurance benefit type to the amount of insurance coverage per insured. The exposure in excess of these limits is ceded to reinsurers / retakaful operators.

Sensitivity analysis on insurance risk

The table below sets out the sensitivity analysis in respect of insurance contracts and reinsurance contracts held to key variables affecting insurance risk exposures. This analysis assumes that all other variables remain constant. Information below presents the sensitivities both before and after risk mitigation by reinsurance, and illustrates the estimated impact on profits and equity arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are mainly as below:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in insurance finance income or expenses that are recognised in profit or loss.
- The effects on equity are the effects on profit and loss and other comprehensive income arising from changes in insurance finance income or expenses.

28 INSURANCE RISK (CONTINUED)

Sensitivity analysis on insurance risk (continued)

Sensitivity analysis before risk mitigation by reinsurance

	Group	
	Impact on profit before tax	**Impact on total equity (before the effects of taxation)**
	RM'000	**RM'000**
31 December 2024		
10% increase in attributable expenses	(23,856)	(26,529)
10% decrease in attributable expenses	30,139	32,429
10% increase in mortality/morbidity rates	(408,405)	(412,418)
10% decrease in mortality/morbidity rates	339,908	362,039
10% increase in lapse/discontinuance rates	(40,262)	(41,366)
10% decrease in lapse/discontinuance rates	48,839	50,034
31 December 2023		
10% increase in attributable expenses	(27,600)	(29,567)
10% decrease in attributable expenses	22,622	24,590
10% increase in mortality/morbidity rates	(303,186)	(321,118)
10% decrease in mortality/morbidity rates	294,566	312,689
10% increase in lapse/discontinuance rates	(40,661)	(44,752)
10% decrease in lapse/discontinuance rates	37,011	41,632

	Company	
	Impact on profit before tax	**Impact on total equity (before the effects of taxation)**
	RM'000	**RM'000**
31 December 2024		
10% increase in attributable expenses	(21,961)	(24,634)
10% decrease in attributable expenses	28,248	30,540
10% increase in mortality/morbidity rates	(383,907)	(387,915)
10% decrease in mortality/morbidity rates	315,532	337,671
10% increase in lapse/discontinuance rates	(39,644)	(40,747)
10% decrease in lapse/discontinuance rates	47,501	48,697
31 December 2023		
10% increase in attributable expenses	(25,432)	(27,413)
10% decrease in attributable expenses	19,547	21,528
10% increase in mortality/morbidity rates	(272,367)	(290,464)
10% decrease in mortality/morbidity rates	264,483	282,776
10% increase in lapse/discontinuance rates	(39,678)	(43,767)
10% decrease in lapse/discontinuance rates	35,080	39,697

28 INSURANCE RISK (CONTINUED)

Sensitivity analysis after risk mitigation by reinsurance

	Group	
	Impact on profit before tax	**Impact on total equity (before the effects of taxation)**
	RM'000	**RM'000**
31 December 2024		
10% increase in attributable expenses	(23,856)	(26,529)
10% decrease in attributable expenses	30,139	32,429
10% increase in mortality/morbidity rates	(408,405)	(412,418)
10% decrease in mortality/morbidity rates	339,908	362,039
10% increase in lapse/discontinuance rates	(40,262)	(41,366)
10% decrease in lapse/discontinuance rates	48,839	50,034
31 December 2023		
10% increase in attributable expenses	(27,600)	(29,567)
10% decrease in attributable expenses	22,622	24,590
10% increase in mortality/morbidity rates	(303,186)	(321,118)
10% decrease in mortality/morbidity rates	294,566	312,689
10% increase in lapse/discontinuance rates	(40,661)	(44,752)
10% decrease in lapse/discontinuance rates	37,011	41,632

	Company	
	Impact on profit before tax	**Impact on total equity (before the effects of taxation)**
	RM'000	**RM'000**
31 December 2024		
10% increase in attributable expenses	(21,961)	(24,634)
10% decrease in attributable expenses	28,248	30,540
10% increase in mortality/morbidity rates	(383,907)	(387,915)
10% decrease in mortality/morbidity rates	315,532	337,671
10% increase in lapse/discontinuance rates	(39,644)	(40,747)
10% decrease in lapse/discontinuance rates	47,501	48,697
31 December 2023		
10% increase in attributable expenses	(25,432)	(27,413)
10% decrease in attributable expenses	19,547	21,528
10% increase in mortality/morbidity rates	(272,367)	(290,464)
10% decrease in mortality/morbidity rates	264,483	282,776
10% increase in lapse/discontinuance rates	(39,678)	(43,767)
10% decrease in lapse/discontinuance rates	35,080	39,697

29 FINANCIAL RISKS

Financial risk means the potential loss resulting from adverse movements in financial markets, changes in the financial condition of counterparties, in market liquidity to buy and sell investments as well as the changes to tax legislations and regulations. Financial risk also includes the risk of adverse market movements resulting in reduction in assets value and/or increase in liabilities value. This includes the sensitivity of the balance sheet to market movements, such as foreign exchange and interest rates, as well as the ability to meet financial commitments as they fall due.

The Group manages its financial investments in two distinct categories: unit-linked investments and policyholder and shareholder investments. The investment risk in respect of investment-linked investments are generally borne by the unit-link policyholders/ participants, and the investment return gains or losses are largely offset by the change in fair value of underlying items. Policyholder and shareholder investments include all financial investments other than unit-linked investments. The investment risk in respect of policyholder and shareholder investments is partially or wholly borne by the Group and directly affects the profit before tax.

Credit risk

Credit risk arises from third parties failing to meet their obligations to the Group when they fall due. Although the primary source of credit risk is the Group's investment portfolio, such risk can also arise through reinsurance, operational and treasury activities.

Fundamental to AIA's credit risk management is adherence to a well-controlled underwriting process especially for its significant credit risk exposure. Credit risk limits are applied to control concentrations in individual exposures, sector and cross-border investments. A detailed analysis of each key counterparties is performed and a rating determined by the investment team according to an internal rating framework. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

The Group monitors concentrations of credit arising from investment in debt securities by type, nature and rating.

The following table sets out information about the credit quality of reinsurance contract assets and financial assets.

The table below provides information on the credit risk exposure of the Group and the Company by classifying assets according to Rating Agency of Malaysia and Malaysian Rating Corporation Berhad's and other equivalent rating agencies. AAA is the highest possible rating.

Reinsurance contract assets

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
AA	10,685	35,701	-	24,068
A	119,956	(134,734)	30,639	(203,117)
BBB	24,662	221,926	-	195,061
Not rated	(2,360)	28,034	97	(431)
Total	152,943	150,927	30,736	15,581

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through profit or loss

Group

31 December 2024	Policyholder and shareholder RM'000	Unit-linked RM'000	Consolidated investment funds RM'000	Total RM'000
Government bonds				
Not rated	8,898,689	1,370,566	844,931	11,114,186
Subtotal	8,898,689	1,370,566	844,931	11,114,186
Corporate bonds				
AAA	6,270,701	1,239,224	-	7,509,925
AA	1,996,168	1,067,514	-	3,063,682
A	439,730	362,597	-	802,327
BBB	49,783	25,459	-	75,242
Not rated	6,828,265	294,228	30,079	7,152,572
Subtotal	15,584,647	2,989,022	30,079	18,603,748
Total	24,483,336	4,359,588	875,010	29,717,934

31 December 2023	Policyholder and shareholder RM'000	Unit-linked RM'000	Consolidated investment funds RM'000	Total RM'000
Government bonds				
Not rated	6,891,216	1,191,965	928,385	9,011,566
Subtotal	6,891,216	1,191,965	928,385	9,011,566
Corporate bonds				
AAA	6,651,791	1,161,405	-	7,813,196
AA	2,551,963	1,012,706	-	3,564,669
A	378,560	451,380	-	829,940
BBB	147,065	11,155	-	158,220
Not rated	7,370,516	278,865	34,272	7,683,653
Subtotal	17,099,895	2,915,511	34,272	20,049,678
Total	23,991,111	4,107,476	962,657	29,061,244

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through profit or loss (continued)

Company

31 December 2024	**Policyholder and shareholder RM'000**	**Unit-linked RM'000**	**Total RM'000**
Government bonds			
Not rated	8,382,239	1,302,921	9,685,160
Subtotal	8,382,239	1,302,921	9,685,160
Corporate bonds			
AAA	5,363,671	1,139,333	6,503,004
AA	1,735,232	1,018,080	2,753,312
A	439,730	330,847	770,577
BBB	49,783	25,459	75,242
Not rated	6,356,094	268,486	6,624,580
Subtotal	13,944,510	2,782,205	16,726,715
Total	22,326,749	4,085,126	26,411,875

31 December 2023	**Policyholder and shareholder RM'000**	**Unit-linked RM'000**	**Total RM'000**
Government bonds			
Not rated	6,498,449	1,138,737	7,637,186
Subtotal	6,498,449	1,138,737	7,637,186
Corporate bonds			
AAA	5,928,519	1,075,890	7,004,409
AA	2,327,002	949,805	3,276,807
A	373,537	436,847	810,384
BBB	147,065	11,155	158,220
Not rated	6,813,956	266,222	7,080,178
Subtotal	15,590,079	2,739,919	18,329,998
Total	22,088,528	3,878,656	25,967,184

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through other comprehensive income

Group

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2024				
Debt securities				
AAA	2,629,686	-	-	2,629,686
AA	835,472	-	-	835,472
A	133,907	-	-	133,907
BBB	74,252	-	-	74,252
Not rated	6,465,700	20,019	-	6,485,719
Carrying amount – fair value	10,139,017	20,019	-	10,159,036

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2023				
Debt securities				
AAA	2,577,290	-	-	2,577,290
AA	773,920	-	-	773,920
A	133,238	-	-	133,238
BBB	156,404	-	-	156,404
Not rated	6,447,895	19,962	-	6,467,857
Carrying amount – fair value	10,088,747	19,962	-	10,108,709

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through other comprehensive income (continued)

Company

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2024				
Debt securities				
AAA	2,246,560	-	-	2,246,560
AA	584,521	-	-	584,521
A	115,755	-	-	115,755
BBB	74,252	-	-	74,252
Not rated	6,191,407	20,019	-	6,211,426
Carrying amount – fair value	9,212,495	20,019	-	9,232,514

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2023				
Debt securities				
AAA	2,226,334	-	-	2,226,334
AA	587,054	-	-	587,054
A	110,210	-	-	110,210
BBB	156,403	-	-	156,403
Not rated	6,104,690	19,962	-	6,124,652
Carrying amount – fair value	9,184,691	19,962	-	9,204,653

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at amortised cost

Group

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2024				
Loans and deposits				
Not rated	2,002,715	80,415	34,544	2,117,674
Total gross carrying amount	2,002,715	80,415	34,544	2,117,674
Loss allowance	(360)	(1,201)	(19,724)	(21,285)
Amortised cost	2,002,355	79,214	14,820	2,096,389

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2023				
Loans and deposits				
Not rated	1,994,919	57,891	32,395	2,085,205
Total gross carrying amount	1,994,919	57,891	32,395	2,085,205
Loss allowance	(650)	(1,429)	(19,829)	(21,908)
Amortised cost	1,994,269	56,462	12,566	2,063,297

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at amortised cost (continued)

Company

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2024				
Loans and deposits				
Not rated	1,945,822	80,415	33,293	2,059,530
Total gross carrying amount	1,945,822	80,415	33,293	2,059,530
Loss allowance	(359)	(1,201)	(19,596)	(21,156)
Amortised cost	1,945,463	79,214	13,697	2,038,374

	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
31 December 2023				
Loans and deposits				
Not rated	1,942,541	57,891	30,785	2,031,217
Total gross carrying amount	1,942,541	57,891	30,785	2,031,217
Loss allowance	(700)	(1,429)	(19,564)	(21,693)
Amortised cost	1,941,841	56,462	11,221	2,009,524

The Group's maximum exposure to credit risk of accrued investment income and cash and cash equivalents is limited to the carrying amounts of the assets, majority of which is arising from the financial assets rated as investment grade and deposits with reputable financial institutions.

29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

The financial assets are classified according to the credit rating assessed by rating agencies approved by BNM.

The financial assets comprise Malaysian Government Securities and certain corporate debt securities which are not rated as these investments are issued by the government or guaranteed by government which were exempted from the need of getting rating from rating agencies. Other financial assets which are not rated comprise fixed and call deposits with licensed bank, and loans and receivables as the issuer did not obtain any credit rating from the respective rating agencies. Such financial assets although not rated are issued by companies which have sound financial and high creditworthiness. The creditworthiness of the issuer is monitored on any downgrade news related to any investment in the debt portfolio.

Liquidity risk

Liquidity risk is defined as the risk of failure to meet current and future financial commitments as they fall due. This incorporates the risks arising from the timing mismatch of cash inflows and outflows in day-to-day operations, including policyholder and third-party payments, collateral requirements, as well as insufficient market liquidity of assets required for policyholder and other liabilities.

Liquidity risk is managed in accordance with the Group’s approved liquidity framework. This framework contains the standards, procedures and tools used by the Group to monitor and manage liquidity risk on a forward-looking basis in base and stressed conditions across multiple time horizons. The forward-looking management of liquidity over short to longer-term horizons allows for the early detection of risks and enables management to action the pre-defined liquidity contingency plans.

29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Contractual maturities of financial liabilities

Group	Carrying Value RM'000	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2024							
Other liabilities excluding lease liabilities	727,426	727,426	727,426	-	-	-	-
Lease liabilities	94,089	105,768	23,570	68,571	10,895	2,732	-
Derivative financial instruments	3,241	3,241	2,281	960	-	-	-
Total	824,756	836,435	753,277	69,531	10,895	2,732	-

	Carrying Value RM'000	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2023							
Other liabilities excluding lease liabilities	642,196	642,196	642,196	-	-	-	-
Lease liabilities	92,422	100,419	24,012	72,425	3,982	-	-
Derivative financial instruments	37,417	37,417	20,067	-	17,350	-	-
Total	772,035	780,032	686,275	72,425	21,332	-	-

29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Contractual maturities of financial liabilities (continued)

Company	Carrying Value RM'000	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2024							
Other liabilities excluding lease liabilities	582,280	582,280	582,280	-	-	-	-
Lease liabilities	94,089	105,768	23,570	68,571	10,895	2,732	-
Derivative financial instruments	3,241	3,241	2,281	960	-	-	-
Total	679,610	691,289	608,131	69,531	10,895	2,732	-

	Carrying Value RM'000	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2023							
Other liabilities excluding lease liabilities	518,790	518,790	518,790	-	-	-	-
Lease liabilities	92,375	100,419	24,012	72,425	3,982	-	-
Derivative financial instruments	37,417	37,417	20,067	-	17,350	-	-
Total	648,582	656,626	562,869	72,425	21,332	-	-

29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities

Group	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
At 31 December 2024	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Insurance contract liabilities	45,452,922	3,616,144	984,858	1,278,374	1,592,510	1,922,564	36,058,472
Reinsurance contract liabilities	-	-	-	-	-	-	-
At 31 December 2023							
Insurance contract liabilities	41,283,147	3,162,284	521,789	816,061	1,177,446	1,513,755	34,091,812
Reinsurance contract liabilities	-	-	-	-	-	-	-

29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities (continued)

Company	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
At 31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contract liabilities	43,095,559	3,106,183	1,094,038	1,334,510	1,606,832	1,897,476	34,056,520
Reinsurance contract liabilities	-	-	-	-	-	-	-
At 31 December 2023							
Insurance contract liabilities	39,265,529	2,708,131	712,407	939,687	1,237,067	1,520,202	32,148,035
Reinsurance contract liabilities	-	-	-	-	-	-	-

29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity profile of debt securities, loans and deposits

The table below shows the maturity profile of debt securities, loans and deposits based on contractual maturity dates. The maturity profile below excludes unit-linked investments as the investment risk is generally wholly borne by policyholders.

Group	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2024						
Debt securities	35,517,382	837,590	7,627,410	9,977,130	17,075,252	-
Loans and deposits	2,096,389	179,844	452,482	478,907	967,053	18,103
Total	37,613,771	1,017,434	8,079,892	10,456,037	18,042,305	18,103

	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2023						
Debt securities	35,062,478	777,787	7,063,962	9,901,084	17,319,645	-
Loans and deposits	2,063,297	163,361	460,275	472,280	953,310	14,071
Total	37,125,775	941,148	7,524,237	10,373,364	18,272,955	14,071

29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity profile of debt securities, loans and deposits (continued)

Company	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2024						
Debt securities	31,559,263	709,823	6,071,350	8,944,831	15,833,259	-
Loans and deposits	2,038,374	122,994	451,841	478,582	966,854	18,103
Total	33,597,637	832,817	6,523,191	9,423,413	16,800,113	18,103

	Total RM'000	Due in one year or less RM'000	Due after one year through five years RM'000	Due after five years through ten years RM'000	Due after ten years RM'000	No fixed maturity RM'000
At 31 December 2023						
Debt securities	31,293,182	691,788	5,891,630	8,814,826	15,894,938	-
Loans and deposits	2,009,524	122,478	447,906	471,871	953,198	14,071
Total	33,302,706	814,266	6,339,536	9,286,697	16,848,136	14,071

29 FINANCIAL RISKS (CONTINUED)

Interest rate risk

Interest rate risk is the risk arising from the impact of interest rate movements on the value of future asset and liability cash flows.

Interest rate risk is primarily measured through the duration gap, which provides an understanding of the implications of interest rate movements on surplus. Since most markets do not have assets of sufficient tenor to match its insurance contract liabilities, an uncertainty arises around the reinvestment of maturing assets to match the Group's insurance contract liabilities.

The Group manages its interest rate risk by investing in financial instruments with tenors that match the duration of its liabilities as much as practicable and appropriate. The Group also considers the effect of interest rate risk in its overall product strategy. Certain products such as investment-linked, universal life and participating business, inherently have lower interest rate risk as their design provides flexibility as to crediting interest rates and policyholder dividend scales. For new products, the Group emphasises flexibility in product design and generally designs products to avoid excessive long-term interest rate guarantees. For in-force policies, bonus payout and crediting interest rates applicable to policyholders' account balances are regularly adjusted by considering, amongst others, the earned yields and policyholders' communications and reasonable expectations.

Equity risk

Equity risk refers to the risk of adverse market movement in equity investments leading to a reduction in surplus, or current and future fee income share.

The Group manages equity risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regard also to such limits stipulated by BNM. The Group complies with BNM's stipulated limits during the financial year and has no significant concentration risk.

29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis

Sensitivity analysis to the key variables, namely interest rate and equity risk, affecting insurance contracts and reinsurance contracts held, and financial instruments held by the Group is set out below. The carrying values of other financial assets are not subject to changes in response to movements in interest rates or equity prices. In calculating the sensitivity to changes in interest rates and equity prices, the Group has made assumptions about the corresponding impact of asset valuations on liabilities to policyholders.

Information is presented to illustrate the estimated impact on profits, total equity and CSM arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are as mainly as follows:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in investment return, insurance finance income or expenses and foreign exchange differences that are recognised in profit or loss.
- The effects on equity are the effects on profit or loss, and the effects on other comprehensive income arising from net changes in net investment results and net insurance finance income or expenses.
- The effects on CSM reflects the change of the corresponding market risks that impacts CSM.

The impact of any impairments of financial assets has been ignored for the purpose of illustrating the sensitivity of profit before tax, total equity and CSM before the effects of taxation to changes in interest rates and equity prices on the grounds that default events reflect the characteristics of individual issuers.

29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on interest rate risk

An analysis of the Group's sensitivity to 50 basis points parallel increase or decrease in yield curves at the reporting date, assuming that all other variables remain constant, is presented below.

Group **At 31 December 2024**	**Impact on profit before tax** **RM'000**	**Impact on total equity (before the effects of taxation)** **RM'000**	**Impact on CSM** **RM'000**
+ 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	936,468	1,058,547	37,461
Financial instruments	(1,031,054)	(1,407,403)	-
- 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	(998,632)	(1,131,860)	(59,392)
Financial instruments	1,107,597	1,511,658	-

At 31 December 2023	**Impact on profit before tax** **RM'000**	**Impact on total equity (before the effects of taxation)** **RM'000**	**Impact on CSM** **RM'000**
+ 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	859,284	857,077	(94,707)
Financial instruments	(984,096)	(1,402,458)	-
- 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	(929,366)	(932,708)	51,354
Financial instruments	1,057,517	1,508,326	-

29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on interest rate risk (continued)

Company **At 31 December 2024**	**Impact on profit before tax** **RM'000**	**Impact on total equity (before the effects of taxation)** **RM'000**	**Impact on CSM** **RM'000**
+ 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	937,405	1,059,456	48,544
Financial instruments	(933,391)	(1,290,255)	-
- 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	(999,428)	(1,132,626)	(68,902)
Financial instruments	1,002,167	1,385,968	-

At 31 December 2023	**Impact on profit before tax** **RM'000**	**Impact on total equity (before the effects of taxation)** **RM'000**	**Impact on CSM** **RM'000**
+ 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	861,737	859,510	(70,103)
Financial instruments	(897,611)	(1,292,456)	-
- 50 basis points shift in yield curves:			
Insurance contracts and reinsurance contracts held	(931,931)	(935,253)	25,631
Financial instruments	964,040	1,390,048	-

Sensitivity analysis on equity risk

An analysis of the Group's sensitivity to 10 % increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on equity risk (continued)

Group At 31 December 2024	Impact on profit before tax RM'000	Impact on total equity (before the effects of taxation) RM'000	Impact on CSM RM'000
10 per cent increase in equity prices:			
Insurance contracts and reinsurance contracts held	(635,363)	(635,066)	219,037
Financial instruments	965,395	965,395	-
10 per cent decrease in equity prices:			
Insurance contracts and reinsurance contracts held	640,388	639,714	(232,928)
Financial instruments	(965,395)	(965,395)	-

At 31 December 2023	Impact on profit before tax RM'000	Impact on total equity (before the effects of taxation) RM'000	Impact on CSM RM'000
10 per cent increase in equity prices:			
Insurance contracts and reinsurance contracts held	(532,062)	(532,062)	230,945
Financial instruments	752,946	752,946	-
10 per cent decrease in equity prices:			
Insurance contracts and reinsurance contracts held	523,857	523,857	(264,042)
Financial instruments	(752,946)	(752,946)	-

29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on equity risk (continued)

Company **At 31 December 2024**	**Impact on profit before tax** **RM'000**	**Impact on total equity (before the effects of taxation)** **RM'000**	**Impact on CSM** **RM'000**
10 per cent increase in equity prices:			
Insurance contracts and reinsurance contracts held	(635,363)	(635,066)	219,037
Financial instruments	943,413	943,413	-
10 per cent decrease in equity prices:			
Insurance contracts and reinsurance contracts held	640,388	639,714	(232,928)
Financial instruments	(943,413)	(943,413)	-

At 31 December 2023	**Impact on profit before tax** **RM'000**	**Impact on total equity (before the effects of taxation)** **RM'000**	**Impact on CSM** **RM'000**
10 per cent increase in equity prices:			
Insurance contracts and reinsurance contracts held	(532,062)	(532,062)	230,945
Financial instruments	737,909	737,909	-
10 per cent decrease in equity prices:			
Insurance contracts and reinsurance contracts held	523,857	523,857	(264,042)
Financial instruments	(737,909)	(737,909)	-

29 FINANCIAL RISKS (CONTINUED)

Foreign Exchange risk

Foreign exchange risk is the risk arising from foreign exchange rate movements on the relative value of asset and liability cash flows. The Group's primary transactions are carried out in RM and its exposure to foreign exchange risk arises principally with respect to United State Dollar ("USD") and Hong Kong Dollar ("HKD"). The Group manages foreign exchange risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments. Cross-currency swaps and foreign exchange forward contracts are commonly used to hedge exposures that are subject to foreign exchange risks.

Foreign currency transactions risk arising from the underlying items of participating contracts is generally borne by policyholders except to the extent of the Group's share of the performance of the underlying items.

Assets, liabilities and local regulatory and stress capital are generally currency matched except for holdings of equities and other non-fixed income assets denominated in currencies other than the functional currency. Selected assets denominated in currencies other than the functional currency are hedged with cross-currency swaps or foreign exchange forward contracts.

Sensitivity analysis on foreign exchange rate risk

A reasonably possible strengthening or weakening of the following currencies against all other currencies at the reporting date would have affected the measurement of insurance contracts and reinsurance contracts held and financial instruments denominated in foreign currency and affected the profit before tax, total equity and CSM by the amounts shown below. This analysis assumes that all other variables remain constant.

Group	**Impact on profit before tax RM'000**	**Impact on total equity (before the effects of taxation) RM'000**	**Impact on CSM RM'000**
At 31 December 2024			
5% strengthening of USD			
Financial instruments	38,606	38,606	9,274
5% strengthening of HKD			
Financial instruments	2,879	2,879	697
At 31 December 2023			
5% strengthening of USD			
Financial instruments	33,705	33,705	7,750
5% strengthening of HKD			
Financial instruments	1,666	1,666	1,208

29 FINANCIAL RISKS (CONTINUED)

Foreign Exchange risk (continued)

Sensitivity analysis on foreign exchange rate risk (continued)

Company	**Impact on profit before tax**	**Impact on total equity (before the effects of taxation)**	**Impact on CSM**
At 31 December 2024	**RM'000**	**RM'000**	**RM'000**
5% strengthening of USD			
Financial instruments	38,606	38,606	9,274
5% strengthening of HKD			
Financial instruments	2,879	2,879	697
At 31 December 2023			
5% strengthening of USD			
Financial instruments	33,705	33,705	7,750
5% strengthening of HKD			
Financial instruments	1,666	1,666	1,208

30 NON FINANCIAL RISKS

Operational risk

Operational risk is the risk arising from internal processes, people, systems or external events which may result in a direct or indirect business impact. This includes potential legal or regulatory sanctions, financial loss, or loss of reputation the Group may suffer as a result of a failure (or perceived failure) to comply with applicable laws, regulations or industry standards.

The Group protects itself against financial losses by establishing controls for day-to-day management of the business' Operational and Compliance Risks as per the Internal Control Framework, which is set out in part of the Directors' Report.

31 SHARE-BASED PAYMENT

During the financial year, the AIA Group made further grants of share options, restricted share units and restricted share purchase units to certain employees, Directors and Officers of the Group under the Share Option ("SO") Scheme, the Restricted Share Unit ("RSU") Scheme and Employee Share Purchase Plan ("ESPP").

(a) RSU Scheme

Under the RSU Schemes, the vesting of the granted RSUs is conditional upon the eligible participants remaining in employment with the Group during the respective vesting periods. Time-vesting RSU grants are vested either entirely after a specific period of time or in tranches over the vesting period during which, the eligible participants are required to remain in employment with the Group. For RSU grants that are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the respective vesting period. For performance-vesting RSUs, performance conditions are also attached which include both market and non-market conditions. Performance-vesting RSUs subject to performance conditions are released to the participants at the end of the vesting period depending on the actual achievement of the performance conditions. During the vesting period, the participants are not entitled to dividends of the underlying shares. Except in jurisdictions where restrictions apply, the granted RSUs are expected to be settled in equity.

	Group		Company	
	31.12.2024 Number of shares	31.12.2023 Number of shares	31.12.2024 Number of shares	31.12.2023 Number of shares
Outstanding in the beginning of financial year	1,286,636	1,249,563	1,176,291	1,239,218
Granted	868,750	488,670	868,750	488,670
Vested	(124,914)	(173,769)	(124,914)	(173,769)
Transferred in	35,673	10,044	35,673	10,044
Transferred out	(38,251)	(35,010)	(38,251)	(35,010)
Forfeited or expired	(245,508)	(252,862)	(245,508)	(252,862)
Outstanding at the end of financial year	1,782,386	1,286,636	1,672,041	1,176,291

31 SHARE-BASED PAYMENT (CONTINUED)

(b) SO Scheme

The objectives of the SO Scheme are to align eligible participants' interests with those of the shareholders of AIA Group by allowing eligible participants to share in the value created at the point they exercise their options. SO grants are vested either entirely after a specific period of time or in tranches over the vesting period approximately three to five years, during which, the eligible participants are required to remain in employment with the AIA Group. For SO grants are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period. The granted SOs expire ten years from the date of grant and each SO entitles the eligible participant to subscribe for one ordinary share. Subject to restrictions in the applicable laws, regulations and rules of the relevant jurisdictions, the granted SOs are expected to be settled in equity.

Information about options outstanding and options exercisable by the Group's employees and Directors as at the end of the reporting period are as follows:

	31 December 2024		31 December 2023	
	Number of share options	Weighted average exercise price (HK$)	Number of share options	Weighted average exercise price (HK$)
Group and Company				
Outstanding in the beginning of financial year	335,266	65.13	314,930	64.12
Granted	28,890	62.33	20,336	80.73
Exercise	(54,285)	47.73	-	-
Outstanding at the end of financial year	309,871	67.92	335,266	65.13

31 SHARE-BASED PAYMENT (CONTINUED)

(b) SO Scheme (continued)

The range of exercise prices for the share options outstanding as of 31 December 2024 is summarised in the table below.

	31 December 2024		31 December 2023	
	Number of share options outstanding	**Weighted average remaining contractual life (years)**	**Number of share options outstanding**	**Weighted average remaining contractual life (years)**
Range of exercise price				
HK$46 – HK$55	73,388	2.18	127,673	2.34
HK$56 – HK$65	28,890	9.21	-	-
HK$66 – HK$75	99,287	4.18	99,287	5.19
HK$76 - HK$85	89,388	5.93	89,388	6.94
HK$86 - HK$98	18,918	6.22	18,918	7.23
Outstanding at end of financial year	309,871	4.81	335,266	4.68

(c) ESPP

Under ESPPs, eligible employees of the Group can purchase ordinary shares of AIA Group with qualified employees' contributions and the AIA Group will award one matching restricted stock purchase unit to them at the end of the vesting period for each two shares purchased through the qualified employees' contributions (contribution shares). Contribution shares are purchased from the open market. During the vesting period, the eligible employees must hold the contribution shares purchased during the plan cycle and remain employed by the AIA Group in order to qualify to receive the matching shares upon the vesting of the matching RSPUs. Under the 2020 ESPP, the level of qualified employee contribution is subject to a maximum amount equal to 10 per cent of the monthly base salary or HK$12,500 (or local currency equivalent) per month, whichever is lower. For the financial year ended 31 December 2024, eligible employees paid RM7,767,766 (2023: RM8,248,622) to purchase 237,411 (2023: 187,358) ordinary shares of AIA Group under ESPP.

Valuation methodology

The Company utilises a binomial lattice model to calculate the fair value of the share options grant, a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU and ESPP, taking into account the terms and conditions upon which the grant were made. The price volatility is estimated on the basis of implied volatility of AIA Group's shares which is based on an analysis of historical data since they are traded in the Stock Exchange of Hong Kong and takes into consideration the historical volatility of peer companies. The expected life of the options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees. The estimate of market condition for performance based RSUs is based on one-year historical data preceding the grant date.

31 SHARE-BASED PAYMENT (CONTINUED)

Valuation methodology (continued)

Group and Company	Share Options	Restricted Share Units	ESPP Restricted Stock Purchase Units
Assumptions			
31 December 2024			
Risk free interest rate	3.67%	3.69%*	2.54% - 3.87%
Volatility	29%	29%	N/A
Dividend yield	1.70%	1.70%	1.70% - 1.80%
Option life (in years)	10	N/A	N/A
Exercise price (HK$)	62.33	N/A	N/A
Expected life (in years)	7.74	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK$)	17.37	39.90	49.64
31 December 2023			
Risk free interest rate	3.19%	3.27%*	3.16% - 4.17%
Volatility	28%	28%	N/A
Dividend yield	1.60%	1.60%	1.60% - 1.70%
Option life (in years)	10	N/A	N/A
Exercise price (HK$)	80.73	N/A	N/A
Expected life (in years)	7.47	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK$)	23.97	63.37	61.45

* *Applicable to RSU with market condition.*

The weighted average share price for share option valuation is HK$62.33 (2023: HK$80.73).

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation awards granted under the RSU Scheme, SO Scheme and ESPP by the Group and the Company for the financial year ended 31 December 2024 are RM13,751,000 (2023: RM12,234,000) and RM13,477,000 (2023: RM11,961,000) respectively.

32 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

(i) The Directors' remuneration and other emoluments are as follows:

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Non-Executive Directors: Directors' fees				
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	265	220	265	220
Ching Yew Chye @ Chng Yew Chye	-	282	-	121
Dr. Chong Su-Lin	190	190	190	190
Ching Neng Shyan	195	195	195	195
Mahani binti Amat	355	340	195	191
	1,005	1,227	845	917
Non-Executive Directors: Other remuneration or emoluments				
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	69	57	69	57
Ching Yew Chye @ Chng Yew Chye	-	61	-	32
Dr. Chong Su-Lin	71	60	71	60
Ching Neng Shyan	71	57	71	57
Mahani binti Amat	117	97	71	57
	328	332	282	263
Total	1,333	1,559	1,127	1,180

(ii) The number of Executive and Non-Executive Directors whose total remuneration received during the financial year that fall within the following bands are as follows:

	Number of Directors			
	Group		Company	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Executive Director:				
RM0 – RM100,000	1	1	1	1
Non-Executive Directors:				
RM 0 – RM100,000	-	-	-	-
RM100,001 – RM200,000	-	-	-	1
RM200,001 – RM300,000	2	3	3	4
RM300,001 – RM400,000	1	1	1	-
RM400,001 – RM500,000	1	1	-	-
RM500,001 – RM600,000	-	-	-	-

Total staff costs of the Group and Company (including the Executive Directors) is RM566,705,000 and RM491,640,000 respectively (2023 : RM549,183,000 and RM472,768,000).

32 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

(iii) Compensation of key management personnel

Members of key management personnel comprise those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of the Group and the Company.

Compensation of key management personnel during the financial year are as follows:

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Short-term employee benefits	31,761	36,029	21,236	25,311
Post-employment benefits				
- Defined contribution plan	4,103	4,518	2,538	2,987
Share-based payments	2,849	4,503	2,471	3,941
Allowances	2,404	2,456	1,856	1,977
	41,117	47,506	28,101	34,216

Included in the compensation of key management personnel are:

	Group and Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**
Chief Executive Officer:		
Ben Ng		
- Remuneration	5,408	6,351
- Share-based payments	695	1,194
- Other remuneration or emoluments	294	314
	6,397	7,859

33 RELATED PARTY DISCLOSURES (CONTINUED)

In the normal course of business, the Group and the Company undertake various transactions with the immediate holding company and other related corporations deemed related parties by virtue of them being members of AIA Group Limited and its subsidiaries ("AIA Group"). These transactions were carried out on terms and conditions negotiated between the related parties.

(a) Significant related party transactions

The following are the significant transactions held by the Group and the Company with the related parties during the financial year:

	Group		Company	
	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Ultimate holding company:				
AIA Group Ltd.				
Hong Kong				
Employee benefits	(13,751)	(12,067)	(13,477)	(11,961)
Managerial, Secretarial or like services	(292)	(173)	(292)	(173)
Penultimate holding company:				
AIA Company Ltd.				
Hong Kong				
Group service fee	(94,074)	(85,784)	(91,807)	(85,784)
IT related expenses:				
- Paid	(2,800)	(12,305)	(2,800)	(12,305)
- Received	199	114	199	114
Reinsurance	(6,559)	(12,205)	(6,559)	(12,205)
Technical consultation services	-	4	-	4
Fellow related companies:				
AIA Shared Services (Hong Kong) Ltd.				
Hong Kong				
IT related expenses	(33,572)	(44,267)	(33,572)	(34,242)
AIA Information Technology (Guangzhou) Co. Ltd				
China				
IT related expenses	(27,455)	(34,347)	(27,299)	(34,242)
AIA Information Technology (Beijing) Co. Ltd.				
China				
IT related expenses	(19,234)	(25,340)	(18,986)	(25,338)

33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Group and the Company with the related parties during the financial year: (continued)

	Group		Company	
Fellow related companies: (cont.)	**31.12.2024 RM'000**	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
AIA Information Technology (Chengdu) Co. Ltd.				
China				
IT related expenses	(9,916)	(5,068)	(9,916)	(5,068)
AIA IT(M) SDN BHD				
Malaysia				
Rental received	2,786	1,706	2,786	1,706
Insurance premiums received	1,449	577	1,449	577
IT related expenses paid	(16,305)	(8,887)	(16,305)	(8,887)
Group applications support services	(11,436)	(7,321)	(11,436)	(7,321)
AIA Investment management Private Limited				
Singapore				
Managerial, secretarial or like services paid	(7,535)	(6,720)	(7,535)	(6,720)
IT related expenses paid	(387)	-	(387)	-
Amplify Health Asia Pte. Limited (HK)				
Hong Kong				
IT related expenses	(23,611)	(16,369)	(6,253)	(4,218)
Amplify Health Asia Pte. Limited (SG)				
Singapore				
IT related expenses	(7,400)	(3,066)	(7,400)	(2,964)
AIDA Technologies Ptd. Ltd.				
Singapore				
IT related expenses	-	(608)	-	(608)
AIA Reinsurance Ltd.				
Bermuda				
Reinsurance arrangement	67,727	37,476	67,727	37,476

33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Group and the Company with the related parties during the financial year: (continued)

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Fellow related companies: (cont.)				
AIA Information Technology Philippines Inc				
Philippines				
IT related expenses paid	(29)	-	(29)	-
AIA Shared Services Sdn. Bhd. (MY)				
Malaysia				
IT related expenses paid	(398)	(266)	(398)	(266)
IT related expenses received	199	-	199	-
Rental income	434	290	434	290
Premium income	1,075	1,087	1,068	1,079
Managerial, secretarial or like services				
Paid	(387)	(250)	-	-
Received	145	145	145	145
Technical consultation services	(1,685)	(1,474)	(1,685)	(1,474)
Group applications support services	-	159	-	159
Investment related services	(698)	(763)	(698)	(763)
Internal audit	(430)	(548)	(430)	(548)
Subsidiary companies:				
AIA General Berhad				
Malaysia				
Managerial, secretarial or like service received	-	-	45,715	45,871
Rental income	-	-	364	420
Premium income	-	-	58	4
Premium expense	-	-	(248)	(449)
IT related expenses received	-	-	3,411	4,319
Group service fee recharge	-	-	-	1,582

33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Group and the Company with the related parties during the financial year: (continued)

	Group		Company	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Fellow related companies: (cont.)				
AIA Health Services Sdn. Bhd. *Malaysia*				
Claims administration fee	-	-	(49,327)	(45,817)
Managerial, secretarial or like services received	-	-	6,882	7,324
Rental income	-	-	1,781	1,771
Premium income	-	-	359	322
Vitality fee	-	-	(2,002)	(1,777)
Vitality IT platform fees	-	-	(13,760)	(12,254)
IT related expenses received	-	-	110	-
AIA PUBLIC Takaful Bhd. *Malaysia*				
Managerial, secretarial or like services received	-	-	88,823	76,616
Rental income	-	-	806	813
IT related expenses received	-	-	11,949	8,598
Premium income	-	-	15	11
AIA Pension and Asset Management Sdn. Bhd. *Malaysia*				
Rental income	-	-	259	261
Managerial, secretarial or like services received	-	-	1,883	1,617
Premium income	-	-	32	31
IT related expenses received	-	-	88	-

33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

	Group		Company	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amount due from related parties	48,765	101,038	47,684	124,291
Amount due to related parties	(331,995)	(197,777)	(246,494)	(210,883)

The amounts due from/(to) related parties are unsecured, interest free and repayable within 30 days.

34 REGULATORY CAPITAL REQUIREMENT

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 the minimum requirement.

The capital structure of the Company as at 31 December 2024, as prescribed under the RBC Framework is provided below:

	Company	
	31.12.2024	**31.12.2023**
	RM'000	**RM'000**
Eligible Tier 1 Capital		
Share capital (paid up)	810,000	810,000
Reserves, including retained earnings	10,966,561	10,502,952
	11,776,561	11,312,952
Tier 2 Capital		
Revaluation reserves	218,974	206,914
Fair value reserves	318,410	285,321
	537,384	492,235
Amount deducted from capital	(1,042,580)	(1,043,039)
Total capital available	11,271,365	10,762,148

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events to or from the reporting date that require disclosures or adjustments to the financial statements.

36 OPERATING SEGMENTS

The Group's principal activities are life insurance business, general insurance business, family takaful business and others.

The life insurance/family takaful business offers a wide range of participating and non-participating whole life, term assurance, endowment as well as investment-linked products.

The general insurance business offers general insurance products which include personal accident, motor, fire and other classes.

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS YEAR ENDED 2024

Group	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Insurance revenue	6,995,882	354,528	1,084,226	-	8,434,636
Insurance service expenses	(5,541,965)	(281,933)	(841,922)	-	(6,665,820)
Net expenses from reinsurance contracts	(102,763)	(25,101)	(12,681)	-	(140,545)
Insurance service result	1,351,154	47,494	229,623	-	1,628,271
Investment return	6,498,776	28,632	423,141	(14,610)	6,935,939
Net finance expenses	(5,081,816)	(8,337)	(352,124)	-	(5,442,277)
Net Investment result	1,416,960	20,295	71,017	(14,610)	1,493,662
Other operating revenue	148,652	14	113	(85,771)	63,008
Other operating expenses	(375,199)	(35,149)	(36,161)	96,666	(349,843)
Share of profit from associate	-	-	-	84	84
Profit before tax	2,541,567	32,654	264,592	(3,631)	2,835,182
Tax (expense)/credit	(763,971)	1,376	(75,358)	(2,959)	(840,912)
Profit after tax for the year	1,777,596	34,030	189,234	(6,590)	1,994,270
Profit attributable to:					
Owners of the parent	1,777,596	34,030	132,464	(6,590)	1,937,500
Non-controlling interest	-	-	56,770	-	56,770
	1,777,596	34,030	189,234	(6,590)	1,994,270

36 OPERATING SEGMENTS (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Group	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Other comprehensive income:					
Total other comprehensive expense- net of tax for the year	(63,767)	(1,248)	413	-	(64,602)
Total comprehensive income for the year	1,713,829	32,782	189,647	(6,590)	1,929,668
Total comprehensive income attributable to:					
Owners of the parent	1,713,829	32,782	132,753	(6,590)	1,872,774
Non-controlling interest	-	-	56,894	-	56,894
	1,713,829	32,782	189,647	(6,590)	1,929,668

36 OPERATING SEGMENTS (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Group	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Insurance revenue	5,924,395	337,995	962,263	-	7,224,653
Insurance service expenses	(4,882,502)	(294,442)	(794,127)	(23,502)	(5,994,573)
Net expenses from reinsurance contracts	124,252	3,289	6,629	(13,332)	120,838
Insurance service result	1,166,145	46,842	174,765	(36,834)	1,350,918
Investment return	3,695,622	31,671	230,886	(24,721)	3,933,458
Net finance expenses	(2,947,718)	(8,205)	(163,290)	(17,184)	(3,136,397)
Net Investment result	747,904	23,466	67,596	(41,905)	797,061
Other operating revenue	137,108	-	64	(86,540)	50,632
Other operating expenses	(331,992)	(33,043)	(26,975)	124,718	(267,292)
Share of losses from associate	-	-	-	(145)	(145)
Profit before tax	1,719,165	37,265	215,450	(40,706)	1,931,174
Tax expense	(453,849)	(3,616)	(60,438)	1,635	(516,268)
Profit after tax for the year	1,265,316	33,649	155,012	(39,071)	1,414,906
Profit attributable to:					
Owners of the parent	1,265,316	33,649	112,043	(39,071)	1,371,937
Non-controlling interest	-	-	42,969	-	42,969
	1,265,316	33,649	155,012	(39,071)	1,414,906

36 OPERATING SEGMENTS (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Group	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Other comprehensive income:					
Total other comprehensive expense- net of tax for the year	75,828	4,855	9,588	-	90,271
Total comprehensive income for the year	1,341,144	38,504	164,600	(39,071)	1,505,177
Total comprehensive income attributable to:					
Owners of the parent	1,341,144	38,504	118,755	(39,071)	1,459,332
Non-controlling interest	-	-	45,845	-	45,845
	1,341,144	38,504	164,600	(39,071)	1,505,177

36 OPERATING SEGMENTS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY REPORTABLE SEGMENTS

As at 31 December 2024

Group	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Total Assets	68,203,240	713,104	5,038,334	(448,014)	73,506,664
Total Liabilities	57,514,681	301,578	3,739,561	89,230	61,645,050
Total Equity	10,688,559	411,526	1,298,773	(537,244)	11,861,614
Total equity and liabilities	68,203,240	713,014	5,038,334	(448,014)	73,506,664

As at 31 December 2023

Group	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Total Assets	62,129,307	694,010	4,200,014	(476,438)	66,546,893
Total Liabilities	52,510,577	295,264	3,090,888	74,218	55,970,947
Total Equity	9,618,730	398,746	1,109,126	(550,656)	10,575,946
Total equity and liabilities	62,129,307	694,010	4,200,014	(476,438)	66,546,893

37 COMPARATIVE FIGURES

The Group and the Company have made changes during the year to present interest revenue on financial assets separately into two (2) lines “Interest revenue from financial assets not measured at FVTPL” and “Interest revenue from financial assets measured at FVTPL” in the Income Statement to comply with the requirements of MFRS 101 Presentation of Financial Statement. The breakdown of the interest revenue was previously presented in the notes of the financial statements. Presenting the interest revenues from different categories of financial assets separately in the Income Statement (which was detailed in Note 4 to financial statements) would better assist financial statement users in understanding the financial investment performance of the Group and the Company.

The above changes in comparatives have no impact to the Statement of Financial Position, Profit before tax, Profit after tax, Statement of Cash Flows nor Statement of Changes in Equity of the Group and the Company for the financial year ended 31 December 2023.

Income Statements

Group	Note	As previously reported RM’000	Reclassification RM’000	As restated RM’000
Interest revenue on financial assets:	4a	1,877,174	(1,877,174)	-
Financial assets not measured at FVTPL		-	615,583	615,583
Financial assets measured at FVTPL		-	1,261,591	1,261,591

Company	Note	As previously reported RM’000	Reclassification RM’000	As restated RM’000
Interest revenue on financial assets:	4a	1,711,032	(1,711,032)	-
Financial assets not measured at FVTPL		-	568,356	568,356
Financial assets measured at FVTPL		-	1,142,676	1,142,676