

Registration No.

201001040438 (924363-W)

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

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

Registration No.

201001040438 (924363-W)

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

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

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**AIA GENERAL BERHAD**  
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**DIRECTORS' REPORT**

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

**PRINCIPAL ACTIVITIES**

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

**FINANCIAL RESULTS**

	<b>RM'000</b>
Profit after tax for the financial year	<u>34,029</u>

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 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.

**SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR**

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

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**DIRECTORS' REPORT (CONTINUED)**

**DIVIDENDS**

In respect of the financial year ended 31 December 2023:

**RM'000**

Final single tier dividend of RM0.10526 per ordinary share on  
190,000,000 ordinary shares, paid on 11 June 2024

20,000

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

**SHARE CAPITAL**

There were no changes in the issued share capital of the Company during the 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:

Ching Yew Chye @ Chng Yew Chye (Chairman)  
Kang Ah Lai @ Kang Hak Koon  
Chong Kin Leong  
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin  
Heng Zee Wang (resigned on 30 April 2024)  
Leong Chee Soong (appointed on 30 April 2024)

**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 20) 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.

**AIA GENERAL BERHAD**  
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**DIRECTORS' REPORT (CONTINUED)**

**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 holding company or subsidiaries of the holding company during the financial year except as follows:

	<b>Number of ordinary shares</b>			
	<b>As at 1 January 2024/Date of Appointment</b>	<b>Acquired</b>	<b>Disposed</b>	<b>As at 31 December 2024</b>
<b>AIA Group Limited</b>				
<b><u>Direct Interest</u></b>				
Leong Chee Soong	87,257	2,210	-	89,467
<b><u>Indirect Interest</u></b>				
Ching Yew Chye @ Chng Yew Chye	227,000	32,600	-	259,600

	<b>Number of matching restricted stock purchase unit over ordinary shares under Employee Share Purchase Plan</b>			
	<b>As at 1 January 2024/Date of Appointment</b>	<b>Granted</b>	<b>Vested</b>	<b>As at 31 December 2024</b>
<b>AIA Group Limited</b>				
Leong Chee Soong	2,521	784	-	3,305

	<b>Number of restricted share units over ordinary shares</b>			
	<b>As at 1 January 2024/Date of Appointment</b>	<b>Granted</b>	<b>Vested</b>	<b>As at 31 December 2024</b>
<b>AIA Group Limited</b>				
Leong Chee Soong	56,790	-	-	56,790

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 are set out in Note 26 to the financial statements.

**AIA GENERAL BERHAD**  
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**DIRECTORS' REPORT (CONTINUED)**

**IMMEDIATE AND ULTIMATE HOLDING COMPANIES**

The Directors regard AIA Bhd., a company incorporated in Malaysia and AIA Group Limited ("AIAGL"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited, as the Company's immediate holding company and ultimate holding company respectively.

**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. Ching Yew Chye @ Chng Yew Chye (Chairman)  
*Independent Non-Executive Director*

Mr Ching holds a Bachelor of Science (Honours) degree from the University of London, UK. Mr Ching has extensive experience in retail and commercial banking as well as capital markets. Between 1997 and 2007, Mr Ching assumed various regional senior management roles in Accenture, including the roles of Managing Partner of the Financial Services Industry Group-Asia, Geographic Council Chairman-Asia and Managing Partner for the South Asia Region.

2. Kang Ah Lai @ Kang Hak Koon  
*Independent Non-Executive Director*

Mr Kang is a Fellow of The Association of Chartered Certified Accountants, UK, a Member of the Malaysian Institute of Accountants, and a Chartered Insurer of The Chartered Insurance Institute, UK. Between 1979 and 2000, Mr Kang served in various capacities in Finance and Business Operations, his last position being General Manager of the General Insurance Division of Sime AXA Assurance Bhd. He has also served as Chief General Insurance Officer of Prudential Malaysia and was a pioneer in starting Prudential's General Insurance business.

3. Chong Kin Leong  
*Independent Non-Executive Director*

Mr Chong graduated in Accounting from the University of Malaya in 1981 and is a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. Mr Chong has more than 40 years of experience in all aspects of financial and business management in the corporate sector, financial institutions and auditing. His last executive position prior to retirement was Chief Financial Officer of Genting Berhad, where he worked for 16 years.

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**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)

4. Tunku Dato' Mahmood Fawzy bin Tunku Muhyiddin  
*Independent Non-Executive Director*

Tunku Dato' Mahmood Fawzy received his BA (Hons) Business Studies from the Polytechnic of Central London, Masters in Business Administration from the University of Warwick and Diploma in Marketing from the Chartered Institute of Marketing. Tunku Dato' Mahmood Fawzy is a Fellow of the Chartered Institute of Management Accountants and the Institute of Corporate Directors Malaysia. Tunku Dato' Mahmood Fawzy draws on a wealth of experience around strategy, governance, risk management, and cross border activity in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.

5. Heng Zee Wang (resigned on 30 April 2024)  
*Executive Director*

Zee Wang holds a first-class honours degree in Bachelor of Science (Hons) in Actuarial Science from the University of Kent, Canterbury, United Kingdom. He is also a Fellow of the Institute and Faculty of Actuaries, UK.

Zee Wang has been the Chief Marketing Officer of AIA Bhd. since May 2018. He is responsible for building a purpose-led brand for AIA which advocates for "Healthier, Longer, Better Lives". He spearheads the development and implementation of integrated marketing strategies that put AIA Malaysia's customers at the front and centre – this includes delivering the company's distinctive propositions through innovative yet personalised total health and wealth solutions, together with its unique health programme AIA Vitality. He also leads the development of My AIA, the company's dedicated customer digital platform designed to enable customers to self-serve and interact with AIA seamlessly.

In addition, Zee Wang oversees AIA Malaysia's Private Retirement Scheme and General Insurance business as well as developing digital direct business with digital platform partners.

Zee Wang has over 26 years of experience across the Asia Pacific region and in the UK, with roles spanning a number of functions including finance and actuarial, marketing, sales distribution, and business development. He is a member of the Executive Committee of AIA Bhd. and is an Executive Director of AIA Pension and Asset Management Sdn. Bhd. and AIA General Berhad respectively.

**AIA GENERAL BERHAD**  
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**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)

6. Leong Chee Soong (appointed on 30 April 2024)  
*Executive Director*

Leong Chee Soong has over 29 years of experience in the insurance and takaful industry. He started his career as an executive in Corporate Solutions and later transitioned into Agency Training where he conducted various training programmes including agent and leader training. Leong has been involved in Agency Management since 2002 and has held numerous leadership positions including Sales Director at ING Insurance, Executive Vice President at Etiqa Insurance Berhad and Senior Director of Agency at Prudential Assurance Malaysia.

Leong joined AIA in April 2014 where he subsequently took on the role as Head of Agency Strategy and Development. He is currently the Chief Agency Distribution Officer of AIA Bhd. overseeing the company's agency distribution division which comprises of a 20,000-strong Life Planner force. Leong is responsible of driving AIA's Premier Agency strategy in Malaysia with a clear focus on the recruitment of full-time Life Planners to achieve AIA's ambition of creating the largest and most productive sales force in the country.

He is a member of the Executive Committee of AIA Bhd. and is an Executive Director of AIA General Berhad.

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.



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**DIRECTORS' REPORT (CONTINUED)**
**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**
**(A) BOARD OF DIRECTORS (CONTINUED)**

During the financial year, a total number of twenty-two (22) Board and Board Committee Meetings were held, as set out below:

	<b>Audit Committee</b>	<b>Risk Management Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>	<b>Board</b>
<b>Number of meetings</b>	5	4	4	1	8

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

<b>Name of Director</b>	<b>Audit Committee</b>	<b>Risk Management Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>	<b>Board Meeting</b>
Ching Yew Chye @ Chng Yew Chye	5/5	4/4	4/4	1/1	8/8
Kang Ah Lai @ Kang Hak Koon	5/5	4/4	4/4	1/1	8/8
Chong Kin Leong	5/5	4/4	4/4	1/1	8/8
Tunku Dato' Mahmood Fawzy bin Tunku Muhyiddin	5/5	4/4	4/4	1/1	8/8
Heng Zee Wang (Resigned on 30 April 2024)	N/A	N/A	3/3	N/A	3/3
Leong Chee Soong (Appointed on 30 April 2024)	N/A	N/A	1/1	N/A	5/5

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 eight times during the financial year. All Directors in office at the end of the financial year complied with the 75% minimum attendance requirement at such meeting.

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

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**DIRECTORS' REPORT (CONTINUED)**

**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:

No.	Description
1.	Directors Masterclass Series: What Directors Must Know: Recent Developments in Climate Science
2.	AIA Cloud Risk Master Class
3.	In-house Cyberdrill
4.	Preventing Fraud: The Board's Roles and Responsibilities.
5.	E-invoicing briefing
6.	Shariah related Session and Session on Hajah and Darurah
7.	Anti-Money Laundering (AML), Financial Action Task Force (FATF) and the Emerging Risk Landscape
8.	IT Security / Unveiling AIA's Automation and Digital Transformation Journey
9.	Future of Audit (Artificial Intelligence)
10.	Economic Outlook & Post-Budget 2025 Forum
11.	Recent Developments in Climate Science
12.	Malaysian Institute of Accountants Conference 2024
13.	Anti-Money Laundering Act (AMLA)
14.	Global Shifts and risks for banking
15.	Chancellor Tuanku Muhriz Lecture No 6
16.	Navigating the Macroeconomic Terrain in 2024
17.	Breakfast Talk: Leveraging AI in the Fight Against Financial Crime
18.	Environmental, social and governance (ESG) & Internal Audit - Strengthening the Third Line of Defence
19.	Asian Banking School Summer School Programme
20.	Chartered Global Management Accountant (CGMA) Leadership Academy
21.	Cyber Attack Trends and What Can You Do About It?

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**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(A) BOARD OF DIRECTORS (CONTINUED)**

The Members of the Board were also regularly updated on the issuance of new related Acts 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 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 Nominating Committee ("NC") comprises five (5) members as follows:

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Chairman (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Kang Ah Lai @ Kang Hak Koon	Member (Independent Non-Executive)
Chong Kin Leong	Member (Independent Non-Executive)
Leong Chee Soong (Appointed on 30 April 2024)	Member (Executive)

The objective of the NC is to establish a documented, formal and transparent procedure for the appointment of Directors, Chief Executive Officer ("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.

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**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(A) BOARD OF DIRECTORS (CONTINUED)**

**Nominating Committee (continued)**

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) establishing and regularly reviewing succession plans for senior management and the Board to promote the Board's renewal and address any vacancies;
- (c) ensuring that the composition of the Board and the designated board-level committee should include at least a member with technology experience and competencies;
- (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.

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**DIRECTORS' REPORT (CONTINUED)**

**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:

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Chairman (Independent Non-Executive)
Kang Ah Lai @ Kang Hak Koon	Member (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Chong Kin Leong	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, which must be 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.

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**DIRECTORS' REPORT (CONTINUED)**

**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 judgement;
  - (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, claw backs 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.

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**DIRECTORS' REPORT (CONTINUED)**

**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:

Kang Ah Lai @ Kang Hak Koon	Chairman (Independent Non-Executive)
Ching Yew Chye @ Chng Yew Chye	Member (Independent Non-Executive)
Chong Kin Leong	Member (Independent Non-Executive)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	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.

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

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**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)

- (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) establishing and approving the technology risk appetite and risk tolerance;
- (n) overseeing the adequacy of the Company's IT and cybersecurity strategic plans covering a period of no less than three years;
- (o) overseeing the effective implementation of a sound and robust technology risk management framework and cyber resilience framework; and
- (p) 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:

Chong Kin Leong  
Ching Yew Chye @ Chng Yew Chye  
Kang Ah Lai @ Kang Hak Koon  
Tunku Dato' Mahmood Fawzy bin  
Tunku Muhiyiddin

Chairman (Independent Non-Executive)  
Member (Independent Non-Executive)  
Member (Independent Non-Executive)  
Member (Independent Non-Executive)



**AIA GENERAL BERHAD**  
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**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(A) BOARD OF DIRECTORS (CONTINUED)**

**Audit Committee (continued)**

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 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;
- (e) maintaining regular, timely, open and honest communication with the external auditors, and require the external auditors to report to the AC on significant matters;
- (f) 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;
- (g) reviewing with the external auditors on the financial statements 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;
- (h) audit reports, including obligation reports to BNM and discuss the findings and issues arising from the external audit;
- (i) ensuring that management's remediation efforts with respect to all findings and recommendations are resolved effectively and in a timely manner;
- (j) 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;
- (k) reviewing the financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report (where applicable);
- (l) 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;
- (m) ensuring that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes;

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(A) BOARD OF DIRECTORS (CONTINUED)**

**Audit Committee (continued)**

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

- (n) monitoring compliance with the Board's conflict of interest policy;
- (o) reviewing third-party opinions on the design and effectiveness of the Company's internal control framework.

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 and International Financial Reporting Standards.

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(D) INTERNAL CONTROL FRAMEWORK**

The Board assisted by its sub-committees has overall responsibility for ensuring that the Company maintains an adequate system of internal control and risk management and for reviewing its effectiveness. Enterprise Risk Management, Compliance and Internal Audit functions, among others, provide assessment, reporting and assurance on the effectiveness of the Company's policies and operations as well as its compliance with legal and regulatory obligations.

The criteria applied by the Directors in judging the effectiveness of these controls are that they allow the maximisation of shareholders' value by optimising 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.

The Company has a management structure with clear lines of responsibility and accountability, staffed by appropriate personnel. The Board is responsible for setting the overall strategy and reviewing the performance of the Company.

The day to day running of the Company's operations is managed by the Company's Management Committee, chaired by the Chief Executive Officer. This team is also responsible for the recommendation to the Board of the Company's strategy and its subsequent implementation, for ensuring that appropriate internal controls are in place to manage and assess risk and that they are fully complied with.

The company'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 the company's RMF include:

(a) Risk Culture

The Company identifies desired risk behaviours for its employees and to promote the desired risk behaviours and foster mindsets and attitude which influence them, the Company has identified a set of drivers. The desired risk behaviours are promoted through broader culture programmes aligned to 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 the Company to execute its risk strategy and carry out its day-to-day risk management and compliance activities. The Company'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 GENERAL BERHAD**  
(Incorporated in Malaysia)**DIRECTORS' REPORT (CONTINUED)****STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)****(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)****(b) Risk Governance (continued)**

Risk and compliance policies and standards sets out the approach and minimum expectations for managing the Company's risk profile. The Risk Policy Suite which supports the management of risk and establishment of a robust control environment may be owned by the Risk and Compliance functions or other business functions. The following policies have been adopted by the Company:

- (i) AIA Code of Conduct: 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 Group policy connected with AIA Group's business activities.
- (iii) Anti-Fraud Standard: The Company 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, the Company 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 the Company's assets and providing protection from the legal and reputational consequences of fraudulent activities.
- (iv) Anti-Corruption Standard: The Company 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 the Company.
- (v) Anti-money Laundering, Counter Financing of Terrorism, Counter Proliferation Financing and Targeted Financial Sanctions (AML, CFT, CPF & TFS) Policy: The Company is committed to a strict programme of compliance with all applicable 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 the Company's AML, CFT, CPF & TFS Programme, which includes conducting simplified customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. AIA uses a comprehensive monitoring software to screen and monitoring of customer activity. All staff and agents are required to complete internal training requirement.

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)**

**(b) Risk Governance (continued)**

(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 policy prescribes adequate safeguards for our customer and business data as well as compliance with data protection legislation. AIA's Group Information Security Standard is consistent with industry leading standards to ensure that our systems, processes and information are secured.

(vii) Compliance Policy: The Company 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 the Company 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 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 the Company is across its regulatory requirements, has an effective risk management framework and governance structure in place, and sustains an appropriate Compliance Culture.

**(c) Risk Strategy**

Risk Strategy describes the types of risks, how and to what extent they are taken in order to pursue the Company's strategic objectives. The Company's risk appetite framework establishes the quantum and nature of risks the Company is prepared to take to achieve its strategic objectives.

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

**(d) Risk Underwriting and Risk Control**

The Company has a robust process that provides sufficient information, capability and tools to manage its key risks. Risks which the Company proactively accepts are identified, quantified and managed to support the creation of long-term value, while risks which the Company 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, quantify, manage and monitor the risk exposures. This ensures that risk reviews undertaken by the Company are appropriate and contributes to optimisation of business decisions.

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)**

(e) Risk Disclosure

Risk disclosure represents the internal and external risk and compliance reporting processes which support an ongoing evaluation of the Company's risk profile, compliance status, and overall effectiveness of the RMF.

**(E) REMUNERATION POLICY**

The AIA Group's Remuneration Guidelines, Philosophy and Standards applies to the Company and guide the design, operation and management of remuneration programmes. The elements of the remuneration policy applied are compensation (fixed and variable), benefits, performance and recognition.

The Company conducts yearly overall Salary Increment ("SI"), overall Short-Term Incentive ("STI") Payout, Long Term Incentive ("LTI") Scheme Grant and Nominations and Total Compensation Review ("TCR") for the senior management. The yearly exercise was recommended by the CEO (excluding that of the CEO) and consulted with the CEO of AIA Malaysia and the Regional Chief Executive of AIA Group. The proposal is then tabled to the Remuneration Committee and the Board for approval.

The remuneration programmes should be market competitive, transparent and within prudent risk limits to attract and retain best talents in financial services industry. The compensation comprises of fixed pay and variable pay. Variable pay refers to discretionary pay or pay-at-risk which is cash based and does not consist of shares or non-cash instrument. Market competitiveness ensures remuneration is aligned with the relevance of the market movement and the overall target market position of the Company will be at market median.

Remunerations are determined based on individual performance as well as the Company's performance. The Performance Development Dialogue platform used by the Company in assessing the employees' performance include both "What" and "How". "What" refers to results an employee achieved, aligned with strategic priorities which help achieve the Company's business goal. On the other hand, "How" refers to behaviours an employee demonstrated to achieve the results, guided by the Company's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People And the results will come". Both "What" and "How" are equally important and taken into consideration in determining the employees' remuneration for the financial year.

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)**

**(E) REMUNERATION POLICY (CONTINUED)**

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)
Ching Yew Chye @ Chng Yew Chye	164	29	193
Chong Kin Leong	152	29	181
Kang Ah Lai @ Kang Hak Koon	151	29	180
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	154	29	183
<b>TOTAL</b>	<b>621</b>	<b>116</b>	<b>737</b>

The Directors' and Officers' liability insurance is taken and borne by AIA Bhd. covering all Directors and Officers of the Company and its related companies incorporated in Malaysia, collectively.

The senior management's remuneration for the financial year was tabled to the Remuneration Committee and the Board for approval. The breakdown of the total amount of remuneration for the senior management during the financial year are as follows:

Total value of remuneration awards for the financial year	Unrestricted (RM'000)	Deferred (RM'000)
<b>Fixed remuneration</b>		
• Cash-based	3,025	-
• Shares and share-linked instruments	-	-
• Other	508	-
<b>Variable remuneration</b>		
• Cash-based	-	-
• Shares and share-linked instruments	-	143
• Other	-	-

**(F) PUBLIC ACCOUNTABILITY**

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

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements 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 Company have been written down to an amount which the current assets might be expected to realise.
- (b) At the date of this report, the Directors 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 or allowance for doubtful debt 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 Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or the financial statements 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 Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) any contingent liability 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 Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and
  - (iii) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.



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**AIA GENERAL BERHAD**  
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**DIRECTORS' REPORT (CONTINUED)**

**OTHER STATUTORY INFORMATION (CONTINUED)**

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.

Before the income statement and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its insurance contract liabilities in accordance with MFRS 17 Insurance Contracts.

**AUDITORS' REMUNERATION**

The auditor's remuneration are as follow:

	<b>2024</b> <b>RM'000</b>
Auditor's remuneration	
- statutory audit	336
	<u>336</u>

**INSURANCE AND INDEMNITY COST**

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any of act omission in their capacity as auditor 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 20 March 2025. Signed on behalf of the Board of Directors:

CHONG KIN LEONG  
DIRECTOR

LEONG CHEE SOONG  
DIRECTOR

Kuala Lumpur

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**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

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

We, Chong Kin Leong and Leong Chee Soong, two of the Directors of AIA General Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 29 to 151 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and financial performance 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 20 March 2025.

CHONG KIN LEONG  
DIRECTOR

LEONG CHEE SOONG  
DIRECTOR

Kuala Lumpur

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

I, Lai Ann Nee, the officer primarily responsible for the financial management of AIA General Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 29 to 151 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.

LAI ANN NEE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 20 March 2025.

Before me:

COMMISSIONER FOR OATHS



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF AIA GENERAL BERHAD  
(Incorporated in Malaysia)  
Registration No. 201001040438 (924363-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2024, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 30 to 162.

Basis for opinion

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

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

Independence and other ethical responsibilities

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



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF AIA GENERAL BERHAD**  
(Incorporated in Malaysia)  
Registration No. 201001040438 (924363-W)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF AIA GENERAL BERHAD**  
(Incorporated in Malaysia)  
Registration No. 201001040438 (924363-W)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Auditors' responsibilities for the audit of the financial statements (continued)**

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

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

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



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF AIA GENERAL BERHAD**  
(Incorporated in Malaysia)  
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**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  
03252/05/2024 J  
Chartered Accountant

Kuala Lumpur  
20 March 2025

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
Insurance revenue	3	354,529	338,537
Insurance service expenses	5	(281,933)	(294,442)
Net (expenses)/revenue from reinsurance contracts held		(25,101)	3,289
<b>Insurance service results</b>		<u>47,495</u>	<u>47,384</u>
Interest revenue on:	4a	10,625	13,806
Financial asset not measured at fair value through profit or loss		10,545	13,522
Financial asset measured at fair value through profit or loss		80	284
Other investment return	4b	17,986	17,345
Net impairment gain on financial assets		21	518
<b>Investment return</b>		<u>28,632</u>	<u>31,669</u>
Net finance expenses from insurance contract		(8,135)	(7,947)
Net finance expenses from reinsurance contract	4d	(202)	(258)
<b>Net investment result</b>		<u>20,295</u>	<u>23,464</u>
Other operating expenses	5	(35,137)	(33,584)
<b>Profit before tax</b>		<u>32,653</u>	<u>37,264</u>
Tax credit/(expense)	6	1,376	(3,616)
<b>Net profit</b>		<u>34,029</u>	<u>33,648</u>
Basic earnings per share (sen)	7	<u>17.91</u>	<u>17.71</u>

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

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM'000	<u>2023</u> RM'000
<b>Net profit</b>		34,029	33,648
<b>Other comprehensive income/(expense)</b>			
<u>Items that may be subsequently reclassified to profit or loss:</u>			
Net fair value gains on financial assets at fair value through other comprehensive income		981	6,741
Net realised (gains)/losses on financial assets at fair value through other comprehensive income reclassified to profit or loss	4b	(2,503)	29
Deferred taxation		365	(1,208)
Change in fair value reserve		(1,157)	5,562
Change in insurance finance reserve	4c	(380)	(2,870)
Deferred taxation		91	689
		(289)	(2,181)
<b>Total other comprehensive (expense)/income - net of tax, for the year</b>		(1,446)	3,381
<b>Total comprehensive income for the year</b>		<u>32,583</u>	<u>37,029</u>

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



**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM'000	<u>2023</u> RM'000
<b><u>ASSETS</u></b>			
Intangible assets	9	3,337	3,428
Property and equipment	10	804	1,375
Reinsurance contract assets	15	22,152	32,311
Financial investments:	11		
Amortised cost		138	91
Fair value through other comprehensive income		199,706	297,337
Fair value through profit or loss		414,998	254,793
Current tax assets		11,053	7,521
Other assets	12	36,533	41,783
Cash and cash equivalents	13	24,385	55,371
<b>Total assets</b>		<b>713,106</b>	<b>694,010</b>
<b><u>LIABILITIES</u></b>			
Insurance contract liabilities	15	248,948	242,526
Deferred tax liabilities	16	42,364	42,788
Other liabilities	17	10,267	9,752
<b>Total liabilities</b>		<b>301,579</b>	<b>295,066</b>
<b><u>EQUITY</u></b>			
Share capital	18	190,000	190,000
Retained earnings	19	216,824	202,795
Other comprehensive income:			
Fair value reserve		5,484	6,641
Insurance finance reserve		(781)	(492)
<b>Total equity</b>		<b>411,527</b>	<b>398,944</b>
<b>Total equity and liabilities</b>		<b>713,106</b>	<b>694,010</b>

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

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**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

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

		Non-distributable			Distributable	
	Share capital	Fair value reserves	Insurance finance reserves	Share-based reserves	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	190,000	6,641	(492)	-	202,795	398,944
Net profit	-	-	-	-	34,029	34,029
Other comprehensive income for the year	-	(1,157)	(289)	-	-	(1,446)
Share-based compensation:						
- value of employee services	-	-	-	115	-	115
- repayment to ultimate holding company	-	-	-	(115)	-	(115)
Dividend paid during the financial year (Note 8)	-	-	-	-	(20,000)	(20,000)
At 31 December 2024	190,000	5,484	(781)	-	216,824	411,527

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

Registration No.

201001040438 (924363-W)

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

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

		Non-distributable			Distributable	
	Share capital	Fair value reserves	Insurance finance reserves	Share- based reserves	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	190,000	1,079	1,689	-	199,147	391,915
Net profit	-	-	-	-	33,648	33,648
Other comprehensive income for the year	-	5,562	(2,181)	-	-	3,381
Share-based compensation:						
- value of employee services	-	-	-	106	-	106
- repayment to ultimate holding company	-	-	-	(106)	-	(106)
Dividend paid during the financial year (Note 8)	-	-	-	-	(30,000)	(30,000)
At 31 December 2023	190,000	6,641	(492)	-	202,795	398,944

The accompanying notes form an integral part of these financial statements

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM'000	<u>2023</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		32,653	37,264
Interest and dividend income		(22,880)	(23,040)
Realised (gains)/losses		(2,754)	(123)
Fair value (gains)/losses		(3,132)	(8,382)
Foreign exchanges losses		153	398
Depreciation			
- property and equipment		94	105
- right-of-use assets		206	232
Amortisation			
- intangible assets		231	331
Interest expense		46	24
		<u>4,617</u>	<u>6,809</u>
<b>Changes in working capital:</b>			
Decrease in FVOCI and FVTPL financial assets		(47,662)	(3,727)
Increase in reinsurance contract assets		10,159	(4,523)
Decrease in other assets		5,196	(3,356)
Increase/(decrease) in insurance payables		-	8
Increase/(decrease) in insurance contract liabilities		6,423	61,401
Increase in other payables		(171)	6,221
Cash (used in)/generated from operating activities		<u>(21,438)</u>	<u>62,833</u>
Income taxes paid		(1,473)	(5,200)
Interest income received		2,034	2,644
Interest paid		(46)	(24)
Dividend income received		10,221	6,873
Net cash (used in)/generated from operating activities		<u>(10,702)</u>	<u>67,126</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		-	(704)
Purchase of intangible asset		(145)	-
<b>Net cash outflow from investing activities</b>		<u>(145)</u>	<u>(704)</u>

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

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

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

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(139)	(237)
Dividend paid	(20,000)	(30,000)
<b>Net cash outflow from financing activities</b>	<u>(20,139)</u>	<u>(30,237)</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(30,986)	36,185
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	55,371	19,186
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u>24,385</u>	<u>55,371</u>

**Cash and cash equivalents comprised:**

Cash and bank balances	22,615	30,531
Fixed and call deposits with licensed financial institutions with maturity of equal and less than 3 months	1,770	24,840
	<u>24,385</u>	<u>55,371</u>

The 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:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>As at 1 January</b>	1,264	877
<b><u>Non-cash changes:</u></b>		
Addition	(284)	624
Interest expense	46	24
Derecognition on lease liability	-	-
<b><u>Cash changes:</u></b>		
Net cash flows from operating activities	(46)	(24)
Net cash flows from financing activities	(139)	(237)
<b>As at 31 December</b>	<u>841</u>	<u>1,264</u>

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

**AIA GENERAL BERHAD**  
(Incorporated in Malaysia)

**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 all classes of general insurance business.

There has been no significant change in the principal activity during the financial year.

The Company is a public limited liability company, incorporated under the Companies Act 2016 and 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.

The immediate holding company of the Company is AIA Bhd., a company incorporated in Malaysia. The Directors regard AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited, as the ultimate holding company.

The financial statements are authorised for issue by the Board on 20 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 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 year. It also requires Directors to exercise judgement in the process of applying the 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 financial statements, are disclosed in Note 2.16 to the financial statements.

**AIA GENERAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**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 Company'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 Company:
- Amendment to MFRS 16, "Leases" on sale and Leaseback
  - Amendment to MFRS 101 "Classification of liabilities as current or non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2023 amendments')
  - Amendment to MFRS 107 "Statement of Cash Flow" and MFRS 7 "Financial Instruments: Disclosures"

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

The Company 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

**AIA GENERAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held**

The Company 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 Company classifies its contracts written which transfers significant insurance risk as insurance contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Company to pay significant claims 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 Company 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 Company to financial risk. Once a contract has been classified as an insurance and reinsurance contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

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 Company 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 in the same market or the same jurisdiction.

After separating any financial instrument components, the Company 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 Company provides a significant service of integrating the good or service with the insurance component.



**AIA GENERAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**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 Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any 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.

Reinsurance contracts held

Reinsurance contracts held by the Company cover underlying insurance contracts.

A group of reinsurance contracts held is recognised on the following dates:

- Reinsurance contracts held that provide proportionate coverage: 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 Company 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

**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 15.

**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 Company 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 Company 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 Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

**AIA GENERAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

2.3.4 Fulfilment cash flows and contract boundaries (continued)

Reinsurance contracts held

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

A substantive right to receive services from the reinsurer ends when the reinsurer:

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

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

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

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 Company acquires insurance contracts in a transfer of contracts, 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.

**AIA GENERAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

**2.3.5 Insurance acquisition cash flows (continued)**

**Recoverability assessment**

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

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

**2.3.6 Measurement – insurance contracts not measured under PAA**

**2.3.6.1 Initial measurement**

On initial recognition, the Company 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 Company'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.

**AIA GENERAL BERHAD**  
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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.3 Insurance contracts and reinsurance contracts held (continued)****2.3.6 Measurement – insurance contracts not measured under PAA (continued)****2.3.6.1 Initial measurement**

The CSM of a group of contracts represents the unearned profit that the Company 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.

For groups of contracts acquired in a transfer of contracts, 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.

**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.

**AIA GENERAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

2.3.6 Measurement – insurance contracts not measured under PAA (continued)

2.3.6.2 Subsequent measurement (continued)

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.

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

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

2.3.6 Measurement – insurance contracts not measured under PAA (continued)

2.3.6.2 Subsequent measurement (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; and
- changes in the risk adjustment for non-financial risk that relate to future services.

2.3.7 Measurement – insurance contracts measured under the PAA

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

- insurance contracts and reinsurance contracts held where the coverage period of each contract in the group of contracts is one year or less; or
- the Company 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 PAA.

**AIA GENERAL BERHAD**  
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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****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)****2.3.7.1 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 Company has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

**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 liability of incurred claims. On initial recognition of each group of contracts, the Company expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Company 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. 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.

The Company 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.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

**2.3.8 Reinsurance contracts held**

For groups of reinsurance contracts held, the Company applies the same accounting policies as that applied to insurance contracts, 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.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss. The risk adjustment for non-financial risk is the amount of risk being transferred by the Company 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 Company recognizes the cost immediately in profit or loss as an expense.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

**2.3.8 Reinsurance contracts held (continued)**

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 to that group. 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 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.

Reinsurance of onerous underlying insurance contracts

The Company 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 Company expects to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a transfer of contracts 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 Company expects at the date of acquisition to recover from the reinsurance contracts held.

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**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 (continued)

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine a portion of losses 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 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 PAA

The Company applies the same accounting policies to measure a group of reinsurance contracts held. If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Company adjusts the carrying amount of the asset instead of adjusting the CSM.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

**2.3.9 Derecognition and contract modification**

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

The Company 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 Company 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 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 Company 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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

**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 or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Company 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 Company 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.

**a) Insurance revenue — insurance contracts not measured under the PAA**

The Company 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 Company expects to receive consideration, 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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

2.3.10 Presentation (continued)

a) Insurance revenue — insurance contracts not measured under the PAA (continued)

For insurance acquisition cash flows recovery, the Company 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.

b) 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.

c) 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 Company 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.

d) Loss components — insurance contracts not measured under the PAA

For contracts not measured under the PAA, the Company 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 Company'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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

2.3.10 Presentation (continued)

e) 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 year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company 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.

f) Net expenses from reinsurance contracts held

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

The Company recognises a portion of ceding premiums as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Company under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocated ceding premiums, being the total of the changes in the asset for remaining coverage, represent the amount of which the Company expects to pay for the coverage or other services received under groups of reinsurance contracts held.

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.

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

- on recognition of onerous underlying contracts, if the 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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

2.3.10 Presentation (continued)

g) 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 Company 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 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.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Company derecognises a contract 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 Company presents insurance finance income or expenses for all other contracts in profit or loss.



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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial instruments**

**2.4.1 Classification of 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 Company 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 following the change in business model.

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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial instruments (continued)**

**2.4.1 Classification of and designation of financial instruments (continued)**

On initial recognition of an equity security that is not held for trading, the Company 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 through other comprehensive income as described above are measured at fair value through profit or loss. In addition, on initial recognition the Company 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 revenue in the 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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial instruments (continued)**

2.4.1 Classification of and designation of financial instruments (continued)

Financial assets at fair value through other comprehensive income

These principally consist of the Company's debt securities. 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 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 income statement as other investment return. 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 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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial instruments (continued)**

2.4.1 Classification of and designation of financial instruments (continued)

Recognition of financial instruments

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

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 Company has transferred substantially all risks and rewards of ownership. If the Company 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 Company 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 Company 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 Company 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 measured at amortised cost is modified but not substantially, then it is not derecognised.

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

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 income statement using the effective interest method.

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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 Company 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 statement of financial position. The quoted market price used for financial assets held by the Company 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 Company uses a variety of methods and makes assumptions that are based on market conditions at the date of each 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 statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in note 11.

**2.4.3 Impairment of financial assets**

The Company 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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial instruments (continued)**

**2.4.3 Impairment of financial assets (continued)**

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 Company 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 Company 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.

Loss allowances for ECL of financial assets measured at amortised cost are deducted from the gross carrying amount 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 Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. 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 Company's procedures for recovery of amounts due.

**2.4.4 Derivative financial instruments**

**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.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.5 Property and equipment and depreciation**

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

The residual values, useful life and depreciation method are reviewed and adjusted, if applicable, at each date of the statement 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 statement and presented within net realised gains/(losses).

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:

Furniture, fixtures and fittings	5 – 10 years
Office equipment	3 – 5 years

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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 statement of financial position. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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 statement and presented within net realised gains/(losses) when the asset is derecognised.

**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 business is capitalised and recognised as an intangible asset in accordance with MFRS 138. The Company 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.

**2.7 Impairment of non-financial assets**

Property and equipment, 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 statement. 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 statement immediately.



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

**2.9 Leases**

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

**(i) Lease term**

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

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

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.9 Leases (continued)**

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

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

ROU assets that are not investment properties 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 Company 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.

(iii) 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 Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.9 Leases (continued)**

(iii) Lease liabilities (continued)

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

The Company 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 finance cost in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

The Company 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.

(v) 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.

**2.10 Employee benefits**

(i) 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 Company. Short term accumulating compensated absences such as paid annual leaves 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 leaves are recognised when the absences occur.

(ii) Post retirement benefit obligations

Defined contribution plans

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

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AIA Group Limited ("AIAGL") launched a number of share-based compensation plans, under which the Company receives services from the employees, Directors and Officers as consideration for the shares and/or options of AIAGL. These sharebased compensation plans comprise the Share Option Scheme ("SO Scheme"), the Restricted Share Unit Scheme ("RSU Scheme") and the Employee Share Purchase Plan ("ESPP").

The AIA Group's share compensation plans offered to the Company's employees are equity-settled plans. Under the equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of AIAGL's shares and/or options is recognised as an expense in the income statements over the vesting period with a corresponding amount recorded in equity. Any amounts recharged from AIAGL related to equity-settled share-based payment arrangements are offsetted against the amounts recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and/or options granted. Non-market vesting conditions are included in assumptions for the number of shares and/or options that are expected to be vested. At each period end, the Company revises its estimates of the number of shares and/or options that are expected to be vested. Any impact of the revision to original estimates is recognised in income statements with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and therefore the fair value of each tranche is recognised over the applicable vesting period.

The Company estimates the fair value of options using a binomial lattice model. This model requires inputs such as share price, implied volatility, risk free interest rate, expected dividend rate and the expected life of the option.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

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Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the financial statements are presented in thousands of Ringgit Malaysia (“RM”), which is the Company’s presentation currency.

**(ii) Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items carried at fair value are translated at the rates prevailing on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

**2.12 Taxation**

Income tax on income statement 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 statement of financial position.

Deferred tax is provided for, using the liability method, on temporary differences at the date of the statement 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 statement of financial position. Deferred tax is recognised in the income statement, 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.

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Gains and losses on disposal of investments are determined by comparing the sales proceeds and the carrying amounts of the investments and the resulting difference is credited or charged to the income statement. Cost is determined by specific identification.

**2.14 Contingent liabilities and contingent assets**

The Company does not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

**2.15 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hands, deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purposes. The Company classifies the cash flows for purchase and disposal of investments in financial assets in its operating cash flows as the purchases are funded from the cash flows predominantly associated with the origination of insurance contracts, net of the cash flows for payments of insurance benefits and claims benefits.

**2.16 Critical accounting estimates and judgements in applying accounting policies**

The Company 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 and impairment of financial assets.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.16 Critical accounting estimates and judgements in applying accounting policies (continued)**

**2.16.1 Level of aggregation and recognition of group of insurance contracts**

For contracts issued to which the Company 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.

**2.16.2 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 Company exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Company 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 duration. The Company exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts affect the amounts recognised in the financial statements as assets or liabilities of insurance contracts. Further details of the related accounting policies are provided in note 2.3.

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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.16 Critical accounting estimates and judgements in applying accounting policies (continued)**

**2.16.3 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 Company applies judgement in these determinations.

Expected coverage duration 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 duration is judgemental since it involves making an expectation of when claims and lapse will occur.

**2.16.4 Measurement of insurance contracts under the premium allocation approach**

Other than insurance contracts not measured under the premium allocation approach (PAA), the Company applies the PAA for the other short term insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under MFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.16 Critical accounting estimates and judgements in applying accounting policies (continued)**

**2.16.5 Impairment of financial assets**

The Company 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.

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.

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**3 INSURANCE REVENUE**

	<u>Note</u>	<u>2024</u> RM'000	<u>2023</u> RM'000
<b>Contracts not measured under the PAA</b>			
Amounts related to changes in liabilities for remaining coverage			
Contractual service margin recognised for services provided	15(ii)	62,137	75,798
Change in risk adjustment for non-financial risk for risk expired		4,894	5,613
Expected incurred claims and other insurance service expenses		97,692	94,819
Experience adjustment		(4,315)	205
Recovery of insurance acquisition cash flows	15(i)	78,151	74,389
		<u>238,559</u>	<u>250,824</u>
<b>Contracts measured under the PAA</b>		<u>115,970</u>	<u>87,713</u>
<b>Total insurance revenue</b>		<u><u>354,529</u></u>	<u><u>338,537</u></u>

**4 NET INVESTMENT RESULT**

**a. Interest revenue on financial assets**

	<u>2024</u> RM'000	<u>2023</u> RM'000
<b>Interest revenue on financial assets</b>		
Financial assets measured at amortised cost	647	646
Financial assets measured at fair value through other comprehensive income	9,898	12,876
Financial assets mandatory at fair value through profit or loss	80	284
<b>Total interest revenue on financial assets</b>	<u><u>10,625</u></u>	<u><u>13,806</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**4 NET INVESTMENT RESULT (CONTINUED)**

**b. Other investment return**

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>Other investment revenue</b>		
Dividend income	10,222	6,590
Others	2,031	2,648
	<u>12,253</u>	<u>9,238</u>
<b>Net gains/(losses) of financial assets not at fair value through profit or loss</b>		
Net realised gains/(losses) of debt securities measured at fair value through other comprehensive income	<u>2,503</u>	<u>(29)</u>
<b>Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss</b>		
Net (losses)/gains of debt investments	(56)	26
Net gains of equity investments	3,439	8,508
Net foreign exchange losses	(153)	(398)
<b>Net gains in respect of financial instruments at fair value through profit or loss</b>	<u>3,230</u>	<u>8,136</u>
<b>Net gains</b>	<u>5,733</u>	<u>8,107</u>
<b>Total other investment return</b>	<u><u>17,986</u></u>	<u><u>17,345</u></u>

**c. Net finance expenses from insurance contracts**

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>Net finance expenses from insurance contracts</b>		
Interest accreted	(8,130)	(7,971)
Effect of changes in interest rates and other financial assumptions	(385)	(2,845)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition	-	(1)
<b>Total net finance expenses from insurance contracts</b>	<u><u>(8,515)</u></u>	<u><u>(10,817)</u></u>

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**4 NET INVESTMENT RESULT (CONTINUED)**

**d. Net finance income from reinsurance contracts**

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>Net finance income from reinsurance contracts held</b>		
Interest accreted	(202)	(258)
<b>Total net finance income from reinsurance contracts held</b>	<u>(202)</u>	<u>(258)</u>
<b>Net investment result is represented by:</b>		
Amount recognised in income statement	20,295	23,464
Amount recognised in other comprehensive income	(380)	(2,870)
<b>Total net investment result</b>	<u>19,915</u>	<u>20,594</u>

**5 EXPENSES**

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Claims and benefits	164,922	152,964
Commission and other acquisition expenses incurred	88,194	88,785
(Reversal of loss)/losses on onerous insurance contracts	(14,947)	15,155
Employee benefit expenses	8,138	7,444
Depreciation		
- property and equipment (Note 10)	94	105
- right-of-use assets (Note 10)	206	232
Amortisation of intangible assets (Note 9)	231	331
Investment management expenses and others	461	621
Others	70,405	73,041
Directors' remuneration and other emoluments	735	720
	<u>318,439</u>	<u>339,398</u>
Amortisation of acquisition cash flow	107,801	99,774
Amount attributed to insurance acquisition cash flow	(108,826)	(110,947)
<b>Insurance service and other expenses</b>	<u>317,414</u>	<u>328,225</u>

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**5 EXPENSES (CONTINUED)**

Insurance service and other expenses represented by:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Insurance service expenses:		
- Contracts not measured under the PAA	190,821	195,703
- Contracts measured under the PAA	91,112	98,739
	<u>281,933</u>	<u>294,442</u>
Other incurred expenses directly attributable to reinsurance contracts held	344	199
Other expenses	35,137	33,584
<b>Total</b>	<u><u>317,414</u></u>	<u><u>328,225</u></u>

Auditors' remuneration consists of:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Fee payable to PricewaterhouseCoopers PLT		
- statutory audit	336	348
<b>Total</b>	<u><u>336</u></u>	<u><u>348</u></u>

Employee benefit expenses consists of:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Wages and salaries	6,531	6,007
Share-based compensation	115	106
Pension costs – defined contribution plans	1,018	937
Other employee benefit expenses	474	394
<b>Total</b>	<u><u>8,138</u></u>	<u><u>7,444</u></u>

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**6 TAX (CREDIT)/EXPENSE**

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Tax (credit)/expense:		
- current tax	-	-
- over provision in prior financial years	(1,408)	(950)
	<u>(1,408)</u>	<u>(950)</u>
<u>Deferred tax</u>		
Origination and reversal of temporary differences	2,028	4,566
(Over)/under provision in prior financial years	(1,996)	-
	<u>32</u>	<u>4,566</u>
Total	<u>(1,376)</u>	<u>3,616</u>

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 Company are as follows:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Profit before tax	32,653	37,264
Tax at Malaysian statutory tax rate of 24%	7,837	8,943
Income not subject to tax	(6,136)	(6,457)
Expenses not deductible for tax	327	2,080
Over provision of tax expense in prior financial years	(3,404)	(950)
Tax expense	<u>(1,376)</u>	<u>3,616</u>

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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.

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**7 BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<u><b>2024</b></u> <b>RM'000</b>	<u><b>2023</b></u> <b>RM'000</b>
Profit after tax attributable to the Company	34,029	33,648
Weighted average number of shares in issue during the financial year	190,000	190,000
Basic earnings per share (sen)	<u>17.91</u>	<u>17.71</u>

**8 DIVIDENDS**

	<u><b>2024</b></u> <b>RM'000</b>	<u><b>2023</b></u> <b>RM'000</b>
<u>Dividends paid:</u>		
<u>In respect of the financial year ended 31 December 2023:</u>		
Final single tier dividend on 190,000,000 ordinary shares	20,000	-
<u>In respect of the financial year ended 31 December 2022:</u>		
Final single tier dividend on 190,000,000 ordinary shares	-	30,000
	<u>20,000</u>	<u>30,000</u>
Dividend per share (sen)	<u>10.53</u>	<u>15.79</u>

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



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**9 INTANGIBLE ASSETS**

	<u>Software</u> RM'000	<u>Work-in- progress</u> RM'000	<u>Total</u> RM'000
<b><u>Cost</u></b>			
At 1 January 2023	4,377	3,579	7,956
Reclassification	3,203	(3,203)	-
At 31 December 2023/At 1 January 2024	7,580	376	7,956
Additions	-	131	131
Reclassification	367	(367)	-
At 31 December 2024	7,947	140	8,087
<b><u>Accumulated amortisation</u></b>			
At 1 January 2023	(4,197)	-	(4,197)
Amortisation for the financial year (Note 5)	(322)	-	(322)
At 31 December 2023/At 1 January 2024	(4,519)	-	(4,519)
Amortisation for the financial year (Note 5)	(231)	-	(231)
At 31 December 2024	(4,750)	-	(4,750)
<b>Net Book Value at 31 December 2024</b>	3,197	140	3,337
<b>Net Book Value at 31 December 2023</b>	3,052	376	3,428

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**10 PROPERTY AND EQUIPMENT**

	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipment</u> RM'000	<u>Right-of- use assets</u> RM'000	<u>Total</u> RM'000
<b><u>Cost</u></b>				
At 1 January 2023	363	282	2,066	2,711
Additions	-	80	624	704
At 31 December 2023/ At 1 January 2024	363	362	2,690	3,415
Lease modification	-	-	(271)	(271)
At 31 December 2024	363	362	2,419	3,144
<b><u>Accumulated depreciation</u></b>				
At 1 January 2023	262	192	1,249	1,703
Depreciation charge for the financial year (Note 5)	48	57	232	337
At 31 December 2023/ At 1 January 2024	310	249	1,481	2,040
Depreciation charge for the financial year (Note 5)	40	54	206	300
At 31 December 2024	350	303	1,687	2,340
<b>Net Book Value at 31 December 2024</b>	<b>13</b>	<b>59</b>	<b>732</b>	<b>804</b>
<b>Net Book Value at 31 December 2023</b>	<b>53</b>	<b>113</b>	<b>1,209</b>	<b>1,375</b>

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**11 FINANCIAL INVESTMENTS**

**Fair value of financial investments**

The Company classifies all financial assets as either at fair value through profit or loss, 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 Company's financial assets and financial liabilities:

	<b>2024</b>		<b>2023</b>	
	<b><u>FVTPL</u></b>	<b><u>FVOCI</u></b>	<b><u>FVTPL</u></b>	<b><u>FVOCI</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Government bonds	-	-	-	2,145
Corporate bonds	-	199,706	5,023	295,192
Equity shares				
- Unquoted	-	-	2,335	-
Mutual funds	414,998	-	247,435	-
Total	<u>414,998</u>	<u>199,706</u>	<u>254,793</u>	<u>297,337</u>

  

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Current	15,030	7,545
Non current	599,674	544,585
	<u>614,704</u>	<u>552,130</u>

**Loans and deposits**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amortised cost</b>		
<b>Loans</b>		
Other secured loans	267	302
Expected credit loss of loans	(129)	(211)
Total	<u>138</u>	<u>91</u>

Loans are generally expected to be recovered above 12 months after the end of the reporting period.

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**11 FINANCIAL INVESTMENTS (CONTINUED)**

**Fair value measurements on a recurring basis**

A summary of the fair value hierarchy of assets carried at fair value on a recurring basis:

	Fair value hierarchy			<b>Total</b> RM'000
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	
<b>31 December 2024</b>				
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Debt securities	-	199,706	-	199,706
<b>At fair value through profit or loss</b>				
Mutual funds	-	414,998	-	414,998
<b>Total assets on a recurring fair value measurement basis</b>	-	614,704	-	614,704

	Fair value hierarchy			<b>Total</b> RM'000
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	
<b>31 December 2023</b>				
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Debt securities	-	297,337	-	297,337
<b>At fair value through profit or loss</b>				
Debt securities	-	5,023	-	5,023
Equity shares	-	2,335	-	2,335
Mutual funds	-	247,435	-	247,435
<b>Total assets on a recurring fair value measurement basis</b>	-	552,130	-	552,130

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**11 FINANCIAL INVESTMENTS (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.

	<b>Fair value hierarchy</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2024</b>				
<b>Assets for which the fair value is disclosed</b>				
<b>Financial assets</b>				
Loans and deposits	-	-	138	138
Receivables	-	34,387	-	34,387
Accrued investment income	-	2,146	-	2,146
Cash and cash equivalents	24,385	-	-	24,385
<b>Total assets for which the fair value is disclosed</b>	<b>24,385</b>	<b>36,533</b>	<b>138</b>	<b>61,056</b>
<b>Liabilities for which the fair value is disclosed</b>				
<b>Financial liabilities</b>				
Other liabilities (Note 17)	-	-	10,267	10,267
<b>Total liabilities for which the fair value is disclosed</b>	<b>-</b>	<b>-</b>	<b>10,267</b>	<b>10,267</b>
	<b>Fair value hierarchy</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2023</b>				
<b>Assets for which the fair value is disclosed</b>				
<b>Financial assets</b>				
Loans and deposits	-	-	91	91
Receivables	-	38,779	-	38,779
Accrued investment income	-	3,004	-	3,004
Cash and cash equivalents	55,371	-	-	55,371
<b>Total assets for which the fair value is disclosed</b>	<b>55,371</b>	<b>41,783</b>	<b>91</b>	<b>97,245</b>
<b>Liabilities for which the fair value is disclosed</b>				
<b>Financial liabilities</b>				
Other liabilities (Note 17)	-	-	9,752	9,752
<b>Total liabilities for which the fair value is disclosed</b>	<b>-</b>	<b>-</b>	<b>9,752</b>	<b>9,752</b>

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**12 OTHER ASSETS**

	<u><b>2024</b></u> <b>RM'000</b>	<u><b>2023</b></u> <b>RM'000</b>
Accrued investment income	2,146	3,004
Agents' balances	16	13
Deposit and prepayments	117	72
Other receivables	34,254	38,694
<b>Total</b>	<u>36,533</u>	<u>41,783</u>

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

The balance with MMIP as at 31 December 2024 is a net receivable of RM36,464,044 (2023: RM38,351,326) after setting off the amounts receivables from MMIP against the Company's share of MMIP's claims and premium liabilities of RM12,096,157 (2023: RM15,153,953) included in Note 15 to the financial statement.

**13 CASH AND CASH EQUIVALENTS**

	<u><b>2024</b></u> <b>RM'000</b>	<u><b>2023</b></u> <b>RM'000</b>
Cash and bank balances	22,615	30,531
Fixed deposits	1,770	24,840
<b>Total</b>	<u>24,385</u>	<u>55,371</u>

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**14 IMPAIRMENT OF FINANCIAL ASSETS**

**Loss allowance**

	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
<b>Loans and deposits measured at amortised cost</b>								
Balance at 1 January 2024	96	5	-	-	205	205	301	210
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	43	(4)	-	-	-	-	43	(4)
New financial assets acquired	-	-	-	-	-	-	-	-
Financial assets derecognised other than write-offs	-	-	-	-	(77)	(77)	(77)	(77)
Write-offs	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>139</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>128</b>	<b>267</b>	<b>129</b>

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**14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)**

**Loss allowance (continued)**

	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
<b>Loans and deposits measured at amortised cost</b>								
Balance at 1 January 2023	189	34	-	-	205	205	394	239
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(29)	-	-	-	-	-	(29)
New financial assets acquired	-	-	-	-	-	-	-	-
Financial assets derecognised other than write-offs	(93)	-	-	-	-	-	(93)	-
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>96</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>205</b>	<b>205</b>	<b>301</b>	<b>210</b>



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**14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)**

**Loss allowance (continued)**

	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
<b>Debt securities measured at fair value through other comprehensive income</b>								
Balance at 1 January 2024	284,472	897	-	-	-	-	284,472	897
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(86)	90	-	-	-	-	(86)	90
New financial assets acquired	33,584	61	-	-	-	-	33,584	61
Financial assets derecognised other than write-offs	(129,766)	(343)	-	-	-	-	(129,766)	(343)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>188,204</b>	<b>705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188,204</b>	<b>705</b>

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**14 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)**

**Loss allowance (continued)**

	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
<b>Debt securities measured at fair value through other comprehensive income</b>								
Balance at 1 January 2023	293,384	1,783	-	-	-	-	293,384	1,783
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(5,244)	(986)	-	-	-	-	(5,244)	(986)
New financial assets acquired	92,556	347	-	-	-	-	92,556	347
Financial assets derecognised other than write-offs	(96,224)	(247)	-	-	-	-	(96,224)	(247)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>284,472</b>	<b>897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,472</b>	<b>897</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD**

**Insurance contracts and reinsurance contracts held**

	<u>Note</u>	<u>2024</u> <u>RM'000</u>	<u>2023</u> <u>RM'000</u>
Insurance contract liabilities not measured under the PAA	(i), (ii)	246,884	231,167
Insurance contract liabilities measured under the PAA	(v)	144,286	157,207
Assets for insurance acquisition cash flows not measured under the PAA	(vii)	(142,222)	(145,848)
<b>Insurance contract liabilities</b>		<b>248,948</b>	<b>242,526</b>
Reinsurance contracts not measured under the PAA	(iii),(iv)	872	1,858
Reinsurance contracts measured under the PAA	(vi)	21,280	30,453
<b>Reinsurance contract assets</b>		<b>22,152</b>	<b>32,311</b>

**Movement in carrying amounts**

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held in each presentation segment changed during the year as a result of cash flows and amounts recognised in the income statement and statement of comprehensive income. The Company 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.

Portfolio that are measured under PAA are mainly from Motor and Fire line of business, whereas those contracts not measured under PAA relate to Personal Accident line of business.

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

Note	31 December 2024				31 December 2023			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-	-	-	-
Opening liabilities	60,169	9	170,989	231,167	47,218	-	152,266	199,484
<b>Net opening balance</b>	<b>60,169</b>	<b>9</b>	<b>170,989</b>	<b>231,167</b>	<b>47,218</b>	<b>-</b>	<b>152,266</b>	<b>199,484</b>
<b>Insurance revenue</b>	<b>(238,559)</b>	<b>-</b>	<b>-</b>	<b>(238,559)</b>	<b>(250,824)</b>	<b>-</b>	<b>-</b>	<b>(250,824)</b>
<b>Insurance service expenses</b>								
Incurred claims and other insurance service expenses	-	(18)	125,108	125,090	-	(215)	118,057	117,842
Amortisation of insurance acquisition cash flows	78,151	-	-	78,151	74,389	-	-	74,389
Losses and reversal of losses on onerous contracts	-	47	-	47	-	205	-	205
Adjustments to liabilities for incurred claims	-	-	(12,467)	(12,467)	-	-	3,267	3,267
<b>Total insurance service expenses</b>	<b>78,151</b>	<b>29</b>	<b>112,641</b>	<b>190,821</b>	<b>74,389</b>	<b>(10)</b>	<b>121,324</b>	<b>195,703</b>
<b>Insurance service results</b>	<b>(160,408)</b>	<b>29</b>	<b>112,641</b>	<b>(47,738)</b>	<b>(176,435)</b>	<b>(10)</b>	<b>121,324</b>	<b>(55,121)</b>
Net finance expenses from insurance contract	2,177	33	6,305	8,515	2,167	19	8,631	10,817
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(158,231)</b>	<b>62</b>	<b>118,946</b>	<b>(39,223)</b>	<b>(174,268)</b>	<b>9</b>	<b>129,955</b>	<b>(44,304)</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	Note	31 December 2024				31 December 2023			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flows</b>									
Premium received		242,323	-	-	242,323	254,699	-	-	254,699
Claims and other insurance service expenses paid, including investment components		-	-	(105,068)	(105,068)	-	-	(111,064)	(111,064)
Insurance acquisition cash flows paid		(65,405)	-	(151)	(65,556)	(52,207)	-	(168)	(52,375)
<b>Total cash flows</b>		<b>176,918</b>	<b>-</b>	<b>(105,219)</b>	<b>71,699</b>	<b>202,492</b>	<b>-</b>	<b>(111,232)</b>	<b>91,260</b>
Adjusted for:									
Allocation from assets for insurance acquisition cash flows	15(vii)	(16,759)	-	-	(16,759)	(15,273)	-	-	(15,273)
<b>Total non-cash items</b>		<b>(16,759)</b>	<b>-</b>	<b>-</b>	<b>(16,759)</b>	<b>(15,273)</b>	<b>-</b>	<b>-</b>	<b>(15,273)</b>
<b>Net closing balance</b>		<b>62,097</b>	<b>71</b>	<b>184,716</b>	<b>246,884</b>	<b>60,169</b>	<b>9</b>	<b>170,989</b>	<b>231,167</b>
Closing assets		-	-	-	-	-	-	-	-
Closing liabilities		62,097	71	184,716	246,884	60,169	9	170,989	231,167
<b>Net closing balance</b>		<b>62,097</b>	<b>71</b>	<b>184,716</b>	<b>246,884</b>	<b>60,169</b>	<b>9</b>	<b>170,989</b>	<b>231,167</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	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
Opening assets	-	-	-	-	-	-
Opening liabilities	186,972	11,755	32,440	-	-	32,440
<b>Net opening balance</b>	<b>186,972</b>	<b>11,755</b>	<b>32,440</b>	-	-	<b>32,440</b>
<b>Changes that relate to current services</b>	<b>21,467</b>	<b>5,352</b>	<b>(62,137)</b>	-	<b>9</b>	<b>(62,146)</b>
CSM recognised for services provided	-	-	(62,137)	-	9	(62,146)
Change in risk adjustment for non-financial risk	-	5,352	-	-	-	-
Experience adjustments	21,467	-	-	-	-	-
<b>Changes that relate to future services</b>	<b>(58,109)</b>	<b>6,111</b>	<b>52,044</b>	-	<b>(9)</b>	<b>52,053</b>
Contracts initially recognised in the year	(82,011)	4,839	79,440	-	-	79,440
Changes in estimates that adjust the CSM	26,771	625	(27,396)	-	(9)	(27,387)
Changes in estimates that result in losses and reversal of losses on onerous contracts	(2,869)	647	-	-	-	-
<b>Changes that relate to past services</b>	<b>(3,781)</b>	<b>(8,685)</b>	-	-	-	-
<b>Total insurance service result</b>	<b>(40,423)</b>	<b>2,778</b>	<b>(10,093)</b>	-	-	<b>(10,093)</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

		31 December 2024					
		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
Net finance expenses from insurance contracts	4(c) 6,798	-	1,717	-	-	1,717	8,515
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(33,625)</b>	<b>2,778</b>	<b>(8,376)</b>	<b>-</b>	<b>-</b>	<b>(8,376)</b>	<b>(39,223)</b>
Cash flows	71,699	-	-	-	-	-	71,699
Allocation from assets for insurance acquisition cash flows	(16,759)	-	-	-	-	-	(16,759)
<b>Net closing balance</b>	<b>208,287</b>	<b>14,533</b>	<b>24,064</b>	<b>-</b>	<b>-</b>	<b>24,064</b>	<b>246,884</b>
Closing assets	-	-	-	-	-	-	-
Closing liabilities	208,287	14,533	24,064	-	-	24,064	246,884
<b>Net closing balance</b>	<b>208,287</b>	<b>14,533</b>	<b>24,064</b>	<b>-</b>	<b>-</b>	<b>24,064</b>	<b>246,884</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

Note	31 December 2023						
	CSM						Total
	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	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-	-	-
Opening liabilities	155,647	12,966	30,871	-	-	30,871	199,484
<b>Net opening balance</b>	<b>155,647</b>	<b>12,966</b>	<b>30,871</b>	<b>-</b>	<b>-</b>	<b>30,871</b>	<b>199,484</b>
<b>Changes that relate to current services</b>	<b>14,744</b>	<b>2,462</b>	<b>(75,798)</b>	<b>-</b>	<b>(17)</b>	<b>(75,781)</b>	<b>(58,592)</b>
CSM recognised for services provided	-	-	(75,798)	-	(17)	(75,781)	(75,798)
Change in risk adjustment for non-financial risk	-	2,462	-	-	-	-	2,462
Experience adjustments	14,744	-	-	-	-	-	14,744
<b>Changes that relate to future services</b>	<b>(80,697)</b>	<b>5,303</b>	<b>75,597</b>	<b>-</b>	<b>17</b>	<b>75,580</b>	<b>203</b>
Contracts initially recognised in the year	(75,622)	5,879	71,659	-	-	71,659	1,916
Changes in estimates that adjust the CSM	(3,676)	(262)	3,938	-	17	3,921	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,399)	(314)	-	-	-	-	(1,713)
<b>Changes that relate to past services</b>	<b>12,244</b>	<b>(8,976)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,268</b>
<b>Total insurance service result</b>	<b>(53,709)</b>	<b>(1,211)</b>	<b>(201)</b>	<b>-</b>	<b>-</b>	<b>(201)</b>	<b>(55,121)</b>



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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

		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	9,047	-	1,770	-	-	1,770	10,817
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(44,662)</b>	<b>(1,211)</b>	<b>1,569</b>	<b>-</b>	<b>-</b>	<b>1,569</b>	<b>(44,304)</b>
Cash flows	91,260	-	-	-	-	-	91,260
Allocation from assets for insurance acquisition cash flows	(15,273)	-	-	-	-	-	(15,273)
<b>Net closing balance</b>	<b>186,972</b>	<b>11,755</b>	<b>32,440</b>	<b>-</b>	<b>-</b>	<b>32,440</b>	<b>231,167</b>
Closing assets	-	-	-	-	-	-	-
Closing liabilities	186,972	11,755	32,440	-	-	32,440	231,167
<b>Net closing balance</b>	<b>186,972</b>	<b>11,755</b>	<b>32,440</b>	<b>-</b>	<b>-</b>	<b>32,440</b>	<b>231,167</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	31 December 2024				31 December 2023			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding loss-recovery component	Loss recovery component			Excluding loss-recovery component	Loss recovery component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(2,710)	-	4,568	1,858	7,896	-	3,318	11,214
Opening liabilities	-	-	-	-	-	-	-	-
<b>Net opening balance</b>	<b>(2,710)</b>	<b>-</b>	<b>4,568</b>	<b>1,858</b>	<b>7,896</b>	<b>-</b>	<b>3,318</b>	<b>11,214</b>
<b>Changes in the income statement and statement of comprehensive income</b>								
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(1,314)	-	(439)	(1,753)	(908)	-	(1,746)	(2,654)
<b>Net expenses from reinsurance contracts held</b>	<b>(1,314)</b>	<b>-</b>	<b>(439)</b>	<b>(1,753)</b>	<b>(908)</b>	<b>-</b>	<b>(1,746)</b>	<b>(2,654)</b>
Net finance income from reinsurance contracts held	(202)	-	-	(202)	(258)	-	-	(258)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(1,516)</b>	<b>-</b>	<b>(439)</b>	<b>(1,955)</b>	<b>(1,166)</b>	<b>-</b>	<b>(1,746)</b>	<b>(2,912)</b>

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	31 December 2024				31 December 2023			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding loss-recovery component	Loss recovery component			Excluding loss-recovery component	Loss recovery component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flows</b>								
Premium paid	862	-	-	862	(9,440)	-	-	(9,440)
Amounts received	-	-	84	84	-	-	2,952	2,952
Other amounts paid	-	-	23	23	-	-	44	44
<b>Total cash flows</b>	<b>862</b>	<b>-</b>	<b>107</b>	<b>969</b>	<b>(9,440)</b>	<b>-</b>	<b>2,996</b>	<b>(6,444)</b>
<b>Net closing balance</b>	<b>(3,364)</b>	<b>-</b>	<b>4,236</b>	<b>872</b>	<b>(2,710)</b>	<b>-</b>	<b>4,568</b>	<b>1,858</b>
Closing assets	(3,364)	-	4,236	872	(2,710)	-	4,568	1,858
Closing liabilities	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>(3,364)</b>	<b>-</b>	<b>4,236</b>	<b>872</b>	<b>(2,710)</b>	<b>-</b>	<b>4,568</b>	<b>1,858</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(123)	-	1,981	-	1,981	-
Opening liabilities	-	-	-	-	-	-
<b>Net opening balance</b>	<b>(123)</b>	<b>-</b>	<b>1,981</b>	<b>-</b>	<b>1,981</b>	<b>-</b>
<b>Changes that relate to current services</b>	<b>3,185</b>	<b>241</b>	<b>(406)</b>	<b>-</b>	<b>(406)</b>	<b>-</b>
CSM recognised for services received	-	241	(406)	-	(406)	-
Experience adjustments	3,185	-	-	-	-	-
<b>Changes that relate to future services</b>	<b>(1,543)</b>	<b>-</b>	<b>1,543</b>	<b>-</b>	<b>1,543</b>	<b>-</b>
<b>Changes that relate to past services</b>	<b>(4,773)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net (expenses) / income from reinsurance contracts held</b>	<b>(3,131)</b>	<b>241</b>	<b>1,137</b>	<b>-</b>	<b>1,137</b>	<b>-</b>
Net finance expenses from insurance contracts	(308)	-	106	-	106	-
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(3,439)</b>	<b>241</b>	<b>1,243</b>	<b>-</b>	<b>1,243</b>	<b>-</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

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
<b>Cash flows</b>						
Premium paid	862	-	-	-	-	862
Other amount paid	23	-	-	-	-	23
Amount received	84	-	-	-	-	84
<b>Total cash flow</b>	<b>969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>969</b>
<b>Net closing balance</b>	<b>(2,593)</b>	<b>241</b>	<b>3,224</b>	<b>-</b>	<b>3,224</b>	<b>872</b>
Closing assets	(2,593)	241	3,224	-	3,224	872
Closing liabilities	-	-	-	-	-	-
<b>Net closing balance</b>	<b>(2,593)</b>	<b>241</b>	<b>3,224</b>	<b>-</b>	<b>3,224</b>	<b>872</b>

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	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
Opening assets	11,358	-	(144)	-	(144)	-	11,214
Opening liabilities	-	-	-	-	-	-	-
<b>Net opening balance</b>	<b>11,358</b>	<b>-</b>	<b>(144)</b>	<b>-</b>	<b>(144)</b>	<b>-</b>	<b>11,214</b>
<b>Changes that relate to current services</b>	<b>7,585</b>	<b>-</b>	<b>(120)</b>	<b>-</b>	<b>(120)</b>	<b>-</b>	<b>7,465</b>
CSM recognised for services received	-	-	(120)	-	(120)	-	(120)
Experience adjustments	7,585	-	-	-	-	-	7,585
<b>Changes that relate to future services</b>	<b>(2,214)</b>	<b>-</b>	<b>2,214</b>	<b>-</b>	<b>2,214</b>	<b>-</b>	<b>-</b>
<b>Changes that relate to past services</b>	<b>(10,118)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,118)</b>
<b>Total net (expenses) / income from reinsurance contracts held</b>	<b>(4,747)</b>	<b>-</b>	<b>2,094</b>	<b>-</b>	<b>2,094</b>	<b>-</b>	<b>(2,654)</b>
Net finance expenses from insurance contracts	(289)	-	31	-	31	-	(258)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(5,036)</b>	<b>-</b>	<b>2,125</b>	<b>-</b>	<b>2,125</b>	<b>-</b>	<b>(2,911)</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	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							
Premium paid	(9,440)	-	-	-	-	-	(9,440)
Other amount paid	2,952	-	-	-	-	-	2,952
Amount received	43	-	-	-	-	-	43
Total cash flow	(6,445)	-	-	-	-	-	(6,445)
Net closing balance	(123)	-	1,981	-	1,981	-	1,858
Closing assets	(123)	-	1,981	-	1,981	-	1,858
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	(123)	-	1,981	-	1,981	-	1,858

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-
Opening liabilities	44,860	20,071	83,786	8,490	157,207
<b>Net opening balance</b>	<b>44,860</b>	<b>20,071</b>	<b>83,786</b>	<b>8,490</b>	<b>157,207</b>
Insurance revenue	(115,970)	-	-	-	(115,970)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	80,693	7,503	88,196
Amortisation of insurance acquisition cash flows	29,650	-	-	-	29,650
Losses and reversal of losses on onerous contracts	-	(14,975)	-	-	(14,975)
Adjustments to liabilities for incurred claims	-	-	(5,045)	(6,714)	(11,759)
<b>Total insurance service expenses</b>	<b>29,650</b>	<b>(14,975)</b>	<b>75,648</b>	<b>789</b>	<b>91,112</b>
Investment components	-	-	-	-	-
<b>Insurance service result</b>	<b>(86,320)</b>	<b>(14,975)</b>	<b>75,648</b>	<b>789</b>	<b>(24,858)</b>
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(86,320)</b>	<b>(14,975)</b>	<b>75,648</b>	<b>789</b>	<b>(24,858)</b>



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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

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
<b>Cash flows</b>				
Premium received	90,444	-	-	90,444
Claims and other insurance service expenses paid, including investment components	-	(54,234)	-	(54,234)
Insurance acquisition cash flows paid	(24,191)	(82)	-	(24,273)
<b>Total cash flows</b>	<b>66,253</b>	<b>(54,316)</b>	<b>-</b>	<b>11,937</b>
<b>Net closing balance</b>	<b>24,793</b>	<b>5,096</b>	<b>105,118</b>	<b>144,286</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-
Opening liabilities	34,993	4,904	68,356	8,493	116,746
<b>Net opening balance</b>	<b>34,993</b>	<b>4,904</b>	<b>68,356</b>	<b>8,493</b>	<b>116,746</b>
Insurance revenue	(87,713)	-	-	-	(87,713)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	66,121	6,186	72,307
Amortisation of insurance acquisition cash flows	25,386	-	-	-	25,386
Losses and reversal of losses on onerous contracts	-	15,167	-	-	15,167
Adjustments to liabilities for incurred claims	-	-	(7,932)	(6,189)	(14,121)
<b>Total insurance service expenses</b>	<b>25,386</b>	<b>15,167</b>	<b>58,189</b>	<b>(3)</b>	<b>98,739</b>
Investment components	-	-	-	-	-
<b>Insurance service result</b>	<b>(62,327)</b>	<b>15,167</b>	<b>58,189</b>	<b>(3)</b>	<b>11,026</b>
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(62,327)</b>	<b>15,167</b>	<b>58,189</b>	<b>(3)</b>	<b>11,026</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

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
<b>Cash flows</b>				
Premium received	103,107	-	-	103,107
Claims and other insurance service expenses paid, including investment components	-	(42,625)	-	(42,625)
Insurance acquisition cash flows paid	(30,913)	(134)	-	(31,047)
<b>Total cash flows</b>	<b>72,194</b>	<b>(42,759)</b>	<b>-</b>	<b>29,435</b>
<b>Net closing balance</b>	<b>44,860</b>	<b>20,071</b>	<b>8,490</b>	<b>157,207</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach

	31 December 2024				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	3,912	-	26,541	-	30,453
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>3,912</b>	<b>-</b>	<b>26,541</b>	<b>-</b>	<b>30,453</b>
<b>Changes in the income statement and statement of comprehensive income</b>					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(22,855)	127	(1,233)	613	(23,348)
<b>Net expenses from reinsurance contracts held</b>	<b>(22,855)</b>	<b>127</b>	<b>(1,233)</b>	<b>613</b>	<b>(23,348)</b>
Net finance income from reinsurance contracts held	-	-	-	-	-
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(22,855)</b>	<b>127</b>	<b>(1,233)</b>	<b>613</b>	<b>(23,348)</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

	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					
Premium paid	23,225	-	-	-	23,225
Amount received	-	-	(9,327)	-	(9,327)
Other amount paid	-	-	277		277
Total cash flows	23,225	-	(9,050)	-	14,175
Net closing balance	4,282	127	16,258	613	21,280
Closing assets	4,282	127	16,258	613	21,280
Closing liabilities	-	-	-	-	-
Net closing balance	4,282	127	16,258	613	21,280

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

	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	(10,268)	-	26,842	-	16,574
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(10,268)</b>	<b>-</b>	<b>26,842</b>	<b>-</b>	<b>16,574</b>
<b>Changes in the income statement and statement of comprehensive income</b>					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(16,414)	-	22,356	-	5,942
<b>Net expenses from reinsurance contracts held</b>	<b>(16,414)</b>	<b>-</b>	<b>22,356</b>	<b>-</b>	<b>5,942</b>
Net finance income from reinsurance contracts held	-	-	-	-	-
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(16,414)</b>	<b>-</b>	<b>22,356</b>	<b>-</b>	<b>5,942</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

(vi) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

	31 December 2023				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flows</b>					
Premium paid	30,594	-	-	-	30,594
Amount received	-	-	(22,995)	-	(22,995)
Other amount paid	-	-	338	-	338
<b>Total cash flows</b>	<b>30,594</b>	<b>-</b>	<b>(22,657)</b>	<b>-</b>	<b>7,937</b>
<b>Net closing balance</b>	<b>3,912</b>	<b>-</b>	<b>26,541</b>	<b>-</b>	<b>30,453</b>
Closing assets	3,912	-	26,541	-	30,453
Closing liabilities	-	-	-	-	-
<b>Net closing balance</b>	<b>3,912</b>	<b>-</b>	<b>26,541</b>	<b>-</b>	<b>30,453</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

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

	Note	<u>2024</u> RM'000	<u>2023</u> RM'000
<b>Opening balance</b>		<b>145,848</b>	<b>135,106</b>
Assets recognised for insurance acquisition cash flows paid during the period		13,133	26,015
Allocation to groups of insurance contracts	15(i)	(16,759)	(15,273)
<b>Net closing balance</b>		<b>142,222</b>	<b>145,848</b>
Closing assets		-	-
Closing liabilities		142,222	145,848
<b>Net closing balance</b>		<b>142,222</b>	<b>145,848</b>



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**15 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 year.

**Insurance contracts**

	<b>Profitable contracts issued</b>	<b>Onerous contracts issued</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Year ended 31 December 2024</b>			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	52,552	13,375	65,927
Claims payable and other expenses	89,663	10,930	100,593
<b>Total estimates of present value of future cash outflows</b>	<b>142,215</b>	<b>24,305</b>	<b>166,520</b>
Estimates of present value of future cash inflows	(225,720)	(22,811)	(248,531)
Risk adjustment for non-financial risk	4,065	774	4,839
Contractual service margin	79,440	-	79,440
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>2,268</b>	<b>2,268</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Effect of contracts initially recognised in the year (continued)**

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 year. (continued)

**Insurance contracts (continued)**

	<b>Profitable contracts issued</b>	<b>Onerous contracts issued</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Year ended 31 December 2023</b>			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	66,800	3,059	69,859
Claims payable and other expenses	95,153	2,860	98,013
<b>Total estimates of present value of future cash outflows</b>	<b>161,953</b>	<b>5,919</b>	<b>167,872</b>
Estimates of present value of future cash inflows	(239,281)	(4,213)	(243,494)
Risk adjustment for non-financial risk	5,669	210	5,879
Contractual service margin	71,659	-	71,659
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>1,916</b>	<b>1,916</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Effect of contracts initially recognised in the year (continued)**

**Analysis of assets for insurance acquisition cash flows**

	<b>Note</b>	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Opening balance presented in insurance contract assets		-	-
Opening balance presented in insurance contract liabilities		145,848	135,106
<b>Total opening balance</b>		<b>145,848</b>	<b>135,106</b>
Assets recognised for insurance acquisition cash flows paid during the year	15(vii)	13,133	26,015
Allocation to groups of insurance contracts	15(vii)	(16,759)	(15,273)
Impairment losses and reversals		-	-
<b>Total closing balance</b>		<b>142,222</b>	<b>145,848</b>
Closing balance presented in insurance contract assets		-	-
Closing balance presented in insurance contract liabilities		142,222	145,848
<b>Total closing balance</b>		<b>142,222</b>	<b>145,848</b>

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Effect of contracts initially recognised in the year (continued)

Analysis of assets for insurance acquisition cash flows (continued)

	Total	Five year or less	After five years through ten years	After ten years
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2024</b>				
Assets for insurance acquisition cash flows	142,222	57,629	34,865	49,728
<b>31 December 2023</b>				
Assets for insurance acquisition cash flows	145,848	59,711	35,784	50,353

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Effect of contracts initially recognised in the year (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.

	Total	Five year or less	After five years through ten years	After ten years
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2024</b>				
Insurance contracts	24,064	24,064	-	-
Reinsurance contracts held	3,224	791	984	1,449
<b>31 December 2023</b>				
Insurance contracts	32,440	32,440	-	-
Reinsurance contracts held	1,981	813	474	694

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows**

Estimates of future cash flows

The Company's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Company 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 Company'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 Company 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 Company 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 Company 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 Company.

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows (Continued)**

*Morbidity*

Assumptions have been developed by the Company 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) and premium persistency.

Assumptions have been developed by the Company 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.

*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 that, 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.

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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows (Continued)**

*Reinsurance*

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

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

The Company 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.



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**15 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows (Continued)**

**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 Company 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.

**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 duration 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16 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 statement of financial position are determined after appropriate offsetting.

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	(42,364)	(42,788)
Current	(130)	(52)
Non current	(42,234)	(42,736)
	<u>(42,364)</u>	<u>(42,788)</u>
	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
At 1 January/1 December	(42,788)	(37,703)
Recognised in:		
Income statement (Note 6)	(32)	(4,566)
Other comprehensive income/(loss)	456	(519)
At 31 December	<u>(42,364)</u>	<u>(42,788)</u>

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**16 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

	<b>Unutilised tax losses and Capital allowances RM'000</b>				<b>Total RM'000</b>
<b>At 31 December 2024</b>					
Deferred tax assets at 1 January 2024	803				803
Recognised in:					
Income statement	2,942				2,942
Deferred tax assets at 31 December 2024 (before offsetting)	3,745				3,745
Offsetting					(3,745)
Deferred tax assets at 31 December 2024 (after offsetting)					-
	<b>Unrealised amortisation RM'000</b>	<b>Accelerated depreciation RM'000</b>	<b>Revaluation of investments RM'000</b>	<b>Insurance contract liability RM'000</b>	<b>Total RM'000</b>
Deferred tax liabilities at 1 January 2024	49	(180)	(3,494)	(39,966)	(43,591)
Recognised in:					
Income statement	(68)	(146)	(803)	(1,957)	(2,974)
Other comprehensive income	-	-	365	91	456
Deferred tax liabilities at 31 December 2024 (before offsetting)	(19)	(326)	(3,932)	(41,832)	(46,109)
Offsetting					3,745
Deferred tax liabilities at 31 December 2024 (after offsetting)					(42,364)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

	<b><u>Unrealised amortisation</u> RM'000</b>	<b><u>Unutilised tax losses and Capital allowances</u> RM'000</b>	<b><u>Total</u> RM'000</b>	
<b><u>At 31 December 2023</u></b>				
Deferred tax assets at 1 January 2023	197	-	197	
Recognised in:				
Income statement	(148)	803	655	
Deferred tax assets at 31 December 2023 (before offsetting)	49	803	852	
Offsetting			(852)	
Deferred tax assets at 31 December 2023 (after offsetting)			-	
	<b><u>Accelerated depreciation</u> RM'000</b>	<b><u>Revaluation of investments</u> RM'000</b>	<b><u>Insurance contract liability</u> RM'000</b>	<b><u>Total</u> RM'000</b>
Deferred tax liabilities at 1 January 2023	65	(36)	(37,929)	(37,900)
Recognised in:				
Income statement	(245)	(1,413)	(3,563)	(5,221)
Other comprehensive income	-	(2,045)	1,526	(519)
Deferred tax liabilities at 31 December 2023 (before offsetting)	(180)	(3,494)	(39,966)	(43,640)
Offsetting				852
Deferred tax liabilities at 31 December 2023 (after offsetting)				(42,788)

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**17 OTHER LIABILITIES**

	<u>2024</u>	<u>2023</u>
	<u>RM'000</u>	<u>RM'000</u>
Amount due to ultimate holding company (Note 21b)	49	48
Amount due to immediate holding company (Note 21b)	1,781	8,173
Other payables	7,596	267
Lease liabilities	841	1,264
	<u>10,267</u>	<u>9,752</u>

Other payables are generally expected to be settled within 12 months after the end of the reporting period.

**18 SHARE CAPITAL**

	<u>Number of shares</u>		<u>Amount</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>'000</u>	<u>'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Issued and paid-up:</b>				
Ordinary shares at the beginning/end of the financial year	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>

**19 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 statement 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 January 2020. 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.

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**20 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

(a) The remuneration of the Chief Executive Officer and Directors of the Company for the financial year are as follows:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<u>Chief Executive Officer:</u>		
Salaries, allowances and benefits-in-kind	881	1,306
Defined contribution plans	133	181
	<u>1,014</u>	<u>1,487</u>
<u>Non-executive Directors:</u>		
Directors' fee		
- Ching Yew Chye @ Chng Yew Chye	164	161
- Chong Kin Leong	152	152
- Kang Ah Lai @ Kang Hak Koon	151	140
- Tunku Dato' Mohmood Fawzy bin Tunku Muhiyiddin	154	154
	<u>621</u>	<u>607</u>
<u>Allowances</u>		
- Ching Yew Chye @ Chng Yew Chye	29	29
- Chong Kin Leong	29	27
- Kang Ah Lai @ Kang Hak Koon	29	28
- Tunku Dato' Mohmood Fawzy bin Tunku Muhiyiddin	29	29
	<u>116</u>	<u>113</u>
<b>Total</b>	<u><b>1,751</b></u>	<u><b>2,207</b></u>

The number of directors whose total remuneration received during the financial year that fall within the following bands are as follows:

	<b><u>2024</u></b>	<b><u>2023</u></b>
<u>Non-executive Directors:</u>		
RM0 – RM50,000	-	-
RM50,001 – RM100,000	-	-
RM100,001 – RM200,000	<u>4</u>	<u>4</u>

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**21 RELATED PARTY DISCLOSURES**

In the normal course of business, the Company undertakes various transactions with its 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 Company with the related parties during the financial year:

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>Penultimate company:</b>		
<u>AIA Company Ltd.</u>		
Hong Kong		
- Employee benefits	(115)	(106)
<b>Immediate holding company:</b>		
<u>AIA Bhd.</u>		
Malaysia		
- Rental of office premises	(364)	(420)
- Management fees	(47,671)	(47,617)
- Information technology services	(2,165)	(3,286)
- Group insurance premium and vitality	(58)	(4)
- Group service fee recharge	711	(1,582)
- Premium income	248	449

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**21 RELATED PARTY DISCLOSURES (CONTINUED)**

**(a) Significant related party transactions (continued)**

The following are the significant transactions held by the Company with the related parties during the financial year: (continued)

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b>Fellow related companies:</b>		
<u>AIA Shared Services Sdn. Bhd.</u> Malaysia		
- Management fees	(5)	(7)
- Premium income	7	8
<u>AIA Health Services Sdn. Bhd.</u> Malaysia		
- Management fees	(423)	(458)

**(b) Related party balances**

	<b><u>2024</u></b> <b>RM'000</b>	<b><u>2023</u></b> <b>RM'000</b>
<b><u>Payables</u></b>		
Other payables - AIA Bhd.	(1,781)	(8,173)
Other payables - AIA Shared Services Sdn. Bhd.	-	(1)
Other payables - AIA Health Services Sdn. Bhd.	(39)	(37)
Other payables - AIA Group Limited	(49)	(48)
	<u>(1,869)</u>	<u>(8,259)</u>

The amounts due from/(to) related parties are unsecured, interest free and repayable within 30 days.



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The Company recognises the importance of sound risk management in every aspect of its business and for all stakeholders. The Company'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 Company'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 actively manages 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 and the Risk-Based Capital Framework for Insurers ("RBC Framework").

Under the RBC Framework, the Company has to maintain a capital adequacy level that is commensurate with its risk profiles at all times. The Capital Adequacy Ratio of the Company 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 ensures adequate capital to meet its capital requirements on an ongoing basis. The key elements of ICAAP includes Board and senior management oversight; comprehensive risk assessment; individual target capital level and stress testing; sound capital management and ongoing monitoring, reporting and review of the ICAAP.

A capital management plan has been established which list 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 is operating, given the potential changes in the external environment that could affect the risk profile.

The Company sets an Individual Target Capital Level ("ITCL") that reflects the overall risk tolerance and risk appetite set by the Board, its own risk profile and risk management practices. The Company 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.

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**22 RISK MANAGEMENT (CONTINUED)**

**Governance and Regulatory Framework (continued)**

The Company's risk governance framework is built on the "three lines of defence" model. With regards 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. While each line of defence is independent from the others, they work closely to ensure effective oversight.

The Company is required to comply with the requirements of the Financial Services Act ("FSA") 2013, relevant laws and regulations and guidelines including those from BNM and Persatuan Insurans Am Malaysia ("PIAM").

The Company has complied with the capital requirements prescribed by BNM during the reported financial year.

**23 INSURANCE RISK**

Insurance risk is the risk arising from changes in claims experience as well as more general exposure relating to the acquisition and persistency of insurance business.

The Company considers insurance risk to be a combination of the following component risks:

- (a) Product risk;
- (b) Pricing and underwriting risk;
- (c) Lapse risk; and
- (d) Reserving risk

The Company manages its exposure to insurance risk across a spectrum of components. The Company has adequate underwriting and actuarial resources and has implemented well-defined relevant guidelines and practices. The Company has established relevant expertise for the evaluation, pricing and underwriting of its products. The Company's Management Committee ("MC"), Product Governing Committee ("PGC"), Investment Committee ("IC") and Management Risk Management Committee ("MRMC") play an important oversight role in relation to these insurance related risks, as discussed below.

**(a) Product risk**

Product development process is overseen by PGC, which governs the products and pricing related guidelines. The Company seeks to manage this risk by carrying out robust pre-launch risk assessment for product related launches, as appropriate. The Company has adequate experience and has established expertise in identifying potential flaws in product development. The Company monitors closely the performance of products and focus on actively managing each part of the actuarial product control cycle, as necessary.

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**23 INSURANCE RISK (CONTINUED)**

**(b) Pricing and underwriting risk**

The Company seeks to manage pricing and underwriting risk by adhering to its underwriting guidelines.

The Company maintains a team of underwriters who review and select risks consistent with acceptable risk profile and underwriting strategy. A second layer of underwriting review is conducted at the Company level for large risks. In circumstances, such as when the Company enters into new lines of business, products or segments, the Company may leverage the wider Group experience, industry statistics and/or reinsurers to obtain product pricing expertise for informed decision making.

The Company seeks to mitigate pricing risk by conducting regular monitoring and experience studies, reviewing internal and industry data, product design and claims management policies and procedures. The Company engages reinsurance solutions as a mitigation to manage concentration risk, where applicable.

**(c) Lapse risk**

Lapse risk refers to the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced. It includes the potential financial loss incurred due to early termination of policies or contracts in circumstances where the acquisition costs incurred are no longer recoverable from future revenue. The Company carries out regular reviews of persistency experience and the results are assimilated into new and in-force product management.

**(d) Reserving risk**

Reserving risk represent the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves. The Company regularly reviews and establish relevant best practices to ensure the reserving risk is mitigated. The technical reserving to establish best estimates reserves is carried out by the valuation team. From time to time, risk assessment is carried out on the overall reserving practices in the Company.

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**23 INSURANCE RISK (CONTINUED)**

The table below shows the concentration of General insurance contract liabilities excluding asset held for insurance acquisition cash flows by type of contract.

	<u>31 December 2024</u>			<u>31 December 2023</u>		
	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>	<u>Gross</u> <u>RM'000</u>	<u>Reinsurance</u> <u>RM'000</u>	<u>Net</u> <u>RM'000</u>
Personal accident	270,470	(16,162)	254,308	248,373	(28,466)	219,907
Motor	100,608	(1,809)	98,799	120,709	(1,858)	118,851
Fire	12,574	(7,525)	5,049	13,936	(2,979)	10,957
Miscellaneous and liabilities	7,518	3,344	10,862	5,356	992	6,348
Total	391,170	(22,152)	369,018	388,374	(32,311)	356,063

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**23 INSURANCE RISK (CONTINUED)**

**Key assumptions**

The principal assumption underlying the estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claims numbers for each accident year and average claims settlement period. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors may affect the estimates.

**Sensitivity analysis**

The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net claim liabilities included in insurance contract liabilities and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate claim liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

	<b><u>Change in assumption</u></b> %	<b><u>Impact on gross insurance contract liabilities</u></b> RM'000	<b><u>Impact on net insurance contract liabilities</u></b> RM'000	<b><u>Impact on profit after tax</u></b> RM'000
<b><u>2024</u></b>				
Claims	+10	23,090	22,237	(16,900)
Attributable expenses	+10	1,134	1,134	(862)
Risk adjustment	+10	2,014	1,875	(1,425)
<b><u>2023</u></b>				
Claims	+10	20,472	17,913	(13,614)
Attributable expenses	+10	1,207	1,207	(917)
Risk adjustment	+10	1,895	1,636	(1,243)

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**23 INSURANCE RISK (CONTINUED)**

**Key assumptions (continued)**

**Claims development table**

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each date of the statement of financial position, together with cumulative payments to-date.

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

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**23 INSURANCE RISK (CONTINUED)**

Claims development table (continued)

Gross Claims Liabilities as at 31.12.2024:

<u>Accident year</u>	<u>Before 2018 RM'000</u>	<u>2018 RM'000</u>	<u>2019 RM'000</u>	<u>2020 RM'000</u>	<u>2021 RM'000</u>	<u>2022 RM'000</u>	<u>2023 RM'000</u>	<u>2024 RM'000</u>	<u>Total RM'000</u>
At end of accident year		109,160	84,252	68,563	76,214	117,816	135,602	174,084	
One year later		104,021	99,060	82,908	89,636	143,243	156,748	-	
Two years later		104,586	102,000	78,241	92,403	143,323	-	-	
Three years later		104,541	99,589	79,485	90,572	-	-	-	
Four years later		102,596	102,070	79,159	-	-	-	-	
Five years later		103,647	100,487	-	-	-	-	-	
Six years later		95,967	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		95,967	100,487	79,159	90,572	143,323	156,748	174,084	
At end of accident year		(38,549)	(41,337)	(30,941)	(31,848)	(38,647)	(56,217)	(71,332)	
One year later		(66,886)	(64,808)	(52,188)	(65,950)	(90,362)	(100,175)	-	
Two years later		(77,829)	(74,051)	(58,349)	(71,645)	(100,822)	-	-	
Three years later		(79,147)	(77,584)	(59,085)	(74,144)	-	-	-	
Four years later		(81,510)	(78,501)	(60,140)	-	-	-	-	
Five years later		(84,327)	(78,950)	-	-	-	-	-	
Six years later		(85,116)	-	-	-	-	-	-	
Cumulative payments to-date		(85,116)	(78,950)	(60,140)	(74,144)	(100,822)	(100,175)	(71,332)	
Gross claims liabilities	6,503	10,851	21,537	19,019	16,428	42,501	56,573	102,752	276,164
Treaty inwards and MMIP									9,408
Claims handling expenses									11,336
Effect of discounting									(18,883)
Effect of risk adjustment									21,088
Gross LIC for contracts originated									299,113

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**23 INSURANCE RISK (CONTINUED)**

**Claims development table (continued)**

**Net Claims Liabilities as at 31.12.2024:**

<b><u>Accident year</u></b>	<b><u>Before 2018 RM'000</u></b>	<b><u>2018 RM'000</u></b>	<b><u>2019 RM'000</u></b>	<b><u>2020 RM'000</u></b>	<b><u>2021 RM'000</u></b>	<b><u>2022 RM'000</u></b>	<b><u>2023 RM'000</u></b>	<b><u>2024 RM'000</u></b>	<b><u>Total RM'000</u></b>
At end of accident year		103,708	80,574	66,307	70,438	99,498	120,093	167,786	
One year later		97,610	93,984	79,263	80,531	120,653	142,315	-	
Two years later		96,832	94,951	75,222	82,797	122,261	-	-	
Three years later		94,851	93,867	76,655	81,603	-	-	-	
Four years later		93,139	96,052	77,108	-	-	-	-	
Five years later		94,264	95,347	-	-	-	-	-	
Six years later		88,267	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		88,267	95,347	77,108	81,603	122,261	142,315	167,786	
At end of accident year		(35,328)	(38,270)	(30,161)	(30,055)	(37,653)	(49,812)	(69,358)	
One year later		(62,932)	(61,071)	(50,773)	(58,515)	(77,304)	(88,337)	-	
Two years later		(73,598)	(69,968)	(56,781)	(63,258)	(87,210)	-	-	
Three years later		(73,405)	(73,413)	(57,498)	(65,504)	-	-	-	
Four years later		(75,709)	(74,281)	(58,527)	-	-	-	-	
Five years later		(77,938)	(74,700)	-	-	-	-	-	
Six years later		(78,708)	-	-	-	-	-	-	
Cumulative payments to-date		(78,708)	(74,700)	(58,527)	(65,504)	(87,210)	(88,337)	(69,358)	
Net claims liabilities	3,231	9,559	20,648	18,581	16,099	35,051	53,979	98,428	255,576
Treaty inwards and MMIP									9,408
Claims handling expenses									11,336
Effect of discounting									(18,548)
Effect of risk adjustment									20,234
Net LIC for contracts originated									278,006



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**23 INSURANCE RISK (CONTINUED)**

Claims development table (continued)

Gross Claims Liabilities as at 31.12.2023:

<u>Accident year</u>	<u>Before 2017 RM'000</u>	<u>2017 RM'000</u>	<u>2018 RM'000</u>	<u>2019 RM'000</u>	<u>2020 RM'000</u>	<u>2021 RM'000</u>	<u>2022 RM'000</u>	<u>2023 RM'000</u>	<u>Total RM'000</u>
At end of accident year		107,920	109,160	84,252	68,563	76,214	117,816	135,602	
One year later		103,746	104,021	99,060	82,908	89,636	143,243		
Two years later		111,829	104,586	102,000	78,241	92,403			
Three years later		108,742	104,541	99,589	79,485				
Four years later		109,221	102,596	102,070					
Five years later		105,543	103,647						
Six years later		101,391							
Current estimate of cumulative claims incurred		101,391	103,647	102,070	79,485	92,403	143,243	135,602	
At end of accident year		(46,816)	(38,549)	(41,337)	(30,941)	(31,848)	(38,647)	(56,217)	
One year later		(76,252)	(66,886)	(64,808)	(52,188)	(65,950)	(90,362)		
Two years later		(84,379)	(77,829)	(74,051)	(58,349)	(71,645)			
Three years later		(87,724)	(79,147)	(77,584)	(59,085)				
Four years later		(88,282)	(81,510)	(78,501)					
Five years later		(89,762)	(84,327)						
Six years later		(90,109)							
Cumulative payments to-date		(90,109)	(84,327)	(78,501)	(59,085)	(71,645)	(90,362)	(56,217)	
Gross claims liabilities	10,790	11,282	19,320	23,569	20,400	20,758	52,881	79,385	238,385
Treaty inwards and MMIP									12,123
Claims handling expenses									10,531
Effect of discounting									(16,513)
Effect of risk adjustment									18,739
Gross LIC for contracts originated									263,265

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**23 INSURANCE RISK (CONTINUED)**

Claims development table (continued)

Net Claims Liabilities as at 31.12.2023:

<u>Accident year</u>	<u>Before 2017 RM'000</u>	<u>2017 RM'000</u>	<u>2018 RM'000</u>	<u>2019 RM'000</u>	<u>2020 RM'000</u>	<u>2021 RM'000</u>	<u>2022 RM'000</u>	<u>2023 RM'000</u>	<u>Total RM'000</u>
At end of accident year		102,102	103,708	80,574	66,307	70,438	99,498	120,093	
One year later		96,561	97,610	93,984	79,263	80,531	120,653		
Two years later		103,072	96,832	94,951	75,222	82,797			
Three years later		100,958	94,851	93,867	76,655				
Four years later		100,288	93,139	96,052					
Five years later		97,366	94,264						
Six years later		94,174							
Current estimate of cumulative claims incurred		94,174	94,264	96,052	76,655	82,797	120,653	120,093	
At end of accident year		(44,365)	(35,328)	(38,270)	(30,161)	(30,055)	(37,653)	(49,812)	
One year later		(72,595)	(62,932)	(61,071)	(50,773)	(58,515)	(77,304)		
Two years later		(80,519)	(73,598)	(69,968)	(56,781)	(63,258)			
Three years later		(83,585)	(73,405)	(73,413)	(57,498)				
Four years later		(83,129)	(75,709)	(74,281)					
Five years later		(84,572)	(77,938)						
Six years later		(84,910)							
Cumulative payments to-date		(84,910)	(77,938)	(74,281)	(57,498)	(63,258)	(77,304)	(49,812)	
Net claims liabilities	7,138	9,264	16,326	21,771	19,157	19,539	43,349	70,281	206,825
Treaty inwards and MMIP									12,123
Claims handling expenses									10,531
Effect of discounting									(16,061)
Effect of risk adjustment									18,739
Net LIC for contracts originated									232,157

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**24 FINANCIAL RISKS**

The Company is exposed to a range of financial risks, including credit risk, liquidity risk and market risk. The Company applies a consistent risk management philosophy that is embedded in management's processes and controls such that both existing and emerging risks are considered and addressed.

**(a) Credit risk**

Credit risk arises from the possibility of financial loss arising from default by borrowers and transactional counterparties and decrease in the value of financial instruments due to deterioration in credit quality.

The Company only takes risks that it understands and can manage effectively. In credit risk management this means combining a detailed, bottom-up approach to market and credit analysis that considers individual counterparties with a portfolio approach focusing on sectors, countries and concentrations, as necessary.

The Company manages credit risk consistent with the overall Company's investment philosophy and credit risk strategy, as approved by the Board of Directors.

With respect to investing activities, investment objectives including asset allocation limits and permitted variances from such limits ("Investment Guidelines") undergo the governance process which includes the Investment Committee ("IC") and Management Risk Management Committee ("MRMC").

The Group Investment (being the investment team in AIA Bhd. and in Group Office) manages the investment assets of the Company within the Investment Guidelines, utilising a discipline consistent with an outsourced service provider.

Within the investment guidelines, credit risk-based risk tolerances are set by the MRMC. Such tolerances are based on the BNM Guidelines on Credit Risk and Company's internal credit ratings framework as approved by the AIA Group's FRC (the "AIA Credit Ratings Framework").

Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

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**24 FINANCIAL RISKS (CONTINUED)**

**(a) Credit risk (continued)**

**Credit exposure**

The table below shows the maximum exposure to credit risk for the components on the statement of financial position. The maximum exposure is shown at gross, before the effect of mitigation through the use of master netting or collateral agreements.

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value through other comprehensive income	199,706	297,337
Fair value through profit or loss financial assets	414,998	254,793
Amortised cost	138	91
Reinsurance contract assets	22,152	32,311
Insurance receivables	36,533	41,783
Cash and cash equivalents	24,385	55,371
	<u>697,912</u>	<u>681,686</u>

**Financial assets measured at fair value through profit or loss**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate bonds		
AAA	-	-
AA	-	-
A	-	5,023
BBB	-	-
Not rated	-	-
Total	<u>-</u>	<u>5,023</u>

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**24 FINANCIAL RISKS (CONTINUED)**

**(a) Credit risk (continued)**

**Financial assets measured at fair value through other comprehensive income**

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
Government bonds		
AAA	-	-
AA	-	-
A	-	-
BBB	-	-
Not rated	-	2,145
Subtotal	<u>-</u>	<u>2,145</u>
Corporate bonds		
AAA	73,172	120,886
AA	53,296	65,745
A	8,067	13,023
BBB	-	-
Not rated	65,171	95,538
Subtotal	<u>199,706</u>	<u>295,192</u>
Total	<u>199,706</u>	<u>297,337</u>

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.

The Company's loans and receivables include staff loans which are secured by collateral. The amount of loan is based on the valuation of collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented on the acceptability of the types of collateral and the valuation parameters.

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For assets to be classified as “past-due and impaired”, contractual payments must be in arrears for more than three (3) months. The Company records impairment allowance for loan receivables, other receivables and insurance receivables in separate allowance for impairment accounts.

**(b) Liquidity risk**

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet the payment obligations to counterparties when they become due. This can arise when internal funds are insufficient to meet cash outflow obligations and where the Company is unable to obtain funding at market rates or liquidate assets at fair value resulting in the forced liquidation of assets at depressed prices. The Company is exposed to liquidity risk in respect of insurance claims.

The Company’s liquidity position is monitored regularly in compliance with regulatory and internal requirements. To manage liquidity risk, the Company has implemented a variety of measures, including monitoring of Daily Liquidity Adequacy Ratio (LAR) and quarterly monitoring of Structural LAR.

The Company continuously seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of insurance policies issued. The Company constantly monitors its liquidity position and has in place several contingency sources of liquidity in order to minimise the impact of any liquidity risk.

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**24 FINANCIAL RISKS (CONTINUED)**

**(b) Liquidity risk (continued)**

**Maturity analysis of financial liabilities**

	<u>Total</u>	<u>Due in one</u>	<u>Due after</u>	<u>Due after</u>	<u>Due after</u>	<u>Due after</u>	<u>Due after</u>
	<u>RM'000</u>	<u>year or less</u>	<u>one year</u>	<u>two years</u>	<u>three</u>	<u>four years</u>	<u>five years</u>
		<u>RM'000</u>	<u>through two</u>	<u>through</u>	<u>years</u>	<u>through</u>	<u>five years</u>
			<u>years</u>	<u>three years</u>	<u>four years</u>	<u>five years</u>	<u>RM'000</u>
			<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>At 31 December 2024</u></b>							
Other liabilities excluding lease liabilities	9,426	9,426	-	-	-	-	-
Lease Liabilities	912	203	709	-	-	-	-
<b><u>At 31 December 2023</u></b>							
Other liabilities excluding lease liabilities	8,488	8,488	-	-	-	-	-
Lease Liabilities	782	261	521	-	-	-	-

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**24 FINANCIAL RISKS (CONTINUED)**

**(b) Liquidity risk (continued)**

**Maturity analysis of insurance and reinsurance contract liabilities**

	<u>Total</u>	<u>Due in one</u>	<u>Due after</u>	<u>Due after</u>	<u>Due after</u>	<u>Due after</u>	<u>Due after</u>
	<u>RM'000</u>	<u>year or less</u>	<u>one year</u>	<u>two years</u>	<u>three</u>	<u>four years</u>	<u>five years</u>
		<u>RM'000</u>	<u>through two</u>	<u>through</u>	<u>years</u>	<u>through</u>	<u>five years</u>
			<u>years</u>	<u>three years</u>	<u>four years</u>	<u>five years</u>	<u>RM'000</u>
			<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>At 31 December 2024</u></b>							
Insurance contract liabilities	326,863	325,137	616	587	487	36	-
Reinsurance contract liabilities	-	-	-	-	-	-	-
<b><u>At 31 December 2023</u></b>							
Insurance contract liabilities	358,975	358,504	260	94	67	50	-
Reinsurance contract liabilities	-	-	-	-	-	-	-



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**24 FINANCIAL RISKS (CONTINUED)**

**(b) Liquidity risk (continued)**

**Maturity profiles (continued)**

	<b><u>Total</u></b> <b>RM'000</b>	<b><u>Due in one</u></b> <b><u>year or less</u></b> <b>RM'000</b>	<b><u>Due after one</u></b> <b><u>year through</u></b> <b><u>five years</u></b> <b>RM'000</b>	<b><u>Due after five</u></b> <b><u>years through</u></b> <b><u>ten years</u></b> <b>RM'000</b>	<b><u>Due after ten</u></b> <b><u>years</u></b> <b>RM'000</b>	<b><u>No fixed</u></b> <b><u>maturity</u></b> <b>RM'000</b>
<b>At 31 December 2024</b>						
Debt securities	199,706	15,030	91,936	30,602	62,138	-
Loans and deposits	138	-	36	45	57	-
<b>Total</b>	<b>199,844</b>	<b>15,030</b>	<b>91,972</b>	<b>30,647</b>	<b>62,195</b>	<b>-</b>
<b>At 31 December 2023</b>						
Debt securities	302,360	7,545	147,985	72,958	73,873	-
Loans and deposits	91	32	25	7	27	-
<b>Total</b>	<b>302,452</b>	<b>7,577</b>	<b>148,010</b>	<b>72,965</b>	<b>73,900</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**24 FINANCIAL RISKS (CONTINUED)**

**(c) Market risk**

Market risk arises from the possibility of financial losses caused by changes in the financial instruments' fair values or future cash flows due to fluctuations in key variables, including interest rates, equity market prices and foreign exchange rates. The Company manages the risk of market-based fluctuations in the value of the Company's investments, as well as liabilities with exposure to market risk.

The Company uses various quantitative measures to assess market risk, including sensitivity analysis. The level of movements in market factors on which the sensitivity analysis is based were determined based on economic forecasts and historical experience of variations in these factors. The Company routinely conducts sensitivity analysis of its fixed income portfolios to estimate its exposure to movements in interest.

Policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Company's risk management policy after taking cognizance of the regulatory requirements in respect of maintenance of assets and solvency.

**(i) Interest rate risk**

Interest risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest yield.

The Company 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**24 FINANCIAL RISKS (CONTINUED)**

**(c) Market risk (continued)**

**(i) Interest rate risk (continued)**

An analysis of the Company'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.

	<b>Impact on profit before tax RM'000</b>	<b>Impact on total equity (before the effects of taxation) RM'000</b>	<b>Impact on CSM RM'000</b>
<b>At 31 December 2024</b>			
<i>+ 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	27	55	3
Financial instruments	(10,393)	(15,448)	(10,393)
<i>- 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	(31)	(61)	(3)
Financial instruments	10,902	16,185	10,902
<b>At 31 December 2023</b>			
<i>+ 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	8	27	2
Financial instruments	(9,488)	(17,081)	(9,488)
<i>- 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	(8)	(27)	(2)
Financial instruments	10,237	18,227	10,237

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**24 FINANCIAL RISKS (CONTINUED)**

**(c) Market risk (continued)**

**(ii) Equity price risk**

Equity price risk arises from changes in the market value of equity securities and equity funds. Investments in equity securities on a long-term basis are expected to provide diversification benefits and enhance returns. The extent of exposure to equities at any time is subject to the terms of the Company's strategic asset allocations ("SAA").

The Company manages equity price 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 Company has limited exposure to equity risk as guided by the Company's SAA.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after tax (due to changes in fair value of financial assets whose changes in fair values are recorded in income statement). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, the variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	<b>Impact on profit after tax RM'000</b>	<b>Impact on equity RM'000</b>
<b><u>At 31 December 2024</u></b>		
+10% shift in equity price	-	-
- 10% shift in equity price	-	-
<b><u>At 31 December 2023</u></b>		
+10% shift in equity price	233	233
- 10% shift in equity price	(233)	(233)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**25 NON FINANCIAL RISKS**

The Company's non-financial risks comprise operational risk and strategic risk.

**(a) Operational risk**

Operational risk is the risk arising from business processes including inadequate procedures or policies, employee errors, system failures, fraud, criminal activity or from external events which may result in direct or indirect business impact. This includes potential legal or regulatory sanctions, financial loss, or loss of reputation the Company may suffer as a result of a failure (or perceived failure) to comply with applicable laws, regulations or industry standards.

The Company 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. Additionally, the Company protects itself against financial losses by purchasing insurance cover against a range of operational loss events including business disruption, property damage and internal fraud, where applicable.

**(b) Strategic risk**

Strategic risk is the risk of loss, lower than anticipated or forgone business profits arising from greater-than-expected business expenses or a reduced revenue base. This may arise due to internal factors such as the business strategy, or from implications of the wider business environment over the planning horizon.

The Company undertakes an annual 'bottom-up' planning process to develop and set the Company's strategy and corporate objectives. Strategies are reviewed by the senior management and Board to ensure that the Company continues to operate within risk appetite with the selected strategies, from the regulatory capital and liquidity. The expectations for performing risk assessments and other risk considerations as part of the strategic planning process are established through the risk policies and standards. Key business risks inherent in the strategies are identified, with the corresponding risk mitigations.

**AIA GENERAL BERHAD**  
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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****26 SHARE-BASED PAYMENT****Employee Share Purchase Plan (“ESPP”)**

Under the plan, eligible employees of the Company can purchase ordinary shares of AIAGL with qualified employee 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 employee 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. The level of qualified employee contribution is limited to not more than 10% of the monthly basic salary subject to a maximum.

For the financial year ended 31 December 2024, eligible employees paid RM316,906 (2023: RM130,055) to purchase 9,689 (2023: 1,807) ordinary shares of AIAGL.

**Valuation Methodology**

The Company utilises a binomial lattice model to calculate the fair value of the share options grants, a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the ESPP taking into account the terms and conditions upon which the awards were granted. The price volatility is estimated on the basis of implied volatility of AIAGL'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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**26 SHARE-BASED PAYMENT (CONTINUED)**

**Assumptions**

	<b><u>2024</u></b>
Risk free interest rate	2.54%
Volatility	N/A
Dividend yield	1.80%
Weighted average fair value per unit at measurement rate (HK\$)	51.14
	<b><u>2023</u></b>
Risk free interest rate	4.17%
Volatility	N/A
Dividend yield	1.60%
Weighted average fair value per unit at measurement rate (HK\$)	65.26

**Recognised compensation cost**

The total recognised compensation cost (net of expected forfeitures) related to the matching restricted stock purchase unit awards granted under the ESPP by the Company for the financial year ended 31 December 2024 is RM115,430 (2023: RM105,580).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

**27 REGULATORY CAPITAL REQUIREMENTS**

The capital structure of the Company as at 31 December 2024 and 2023, as prescribed under the RBC Framework, is based on the RBC framework and Insurance Companies Statistical System ("ICSS") guidance notes issued by BNM. The financial information to derive the Total Capital Available as at 31 December 2024 and 2023 is in accordance with the statistical returns, comprising ICSS and RBC reporting forms for the financial year 2024 and 2023 respectively.

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b><u>Eligible Tier 1 Capital</u></b>		
Share capital (paid up)	190,000	190,000
Reserves, including retained earnings*	82,042	76,781
	<u>272,042</u>	<u>266,781</u>
<b><u>Tier 2 Capital</u></b>		
Available-for-sale fair value reserves*	5,484	6,641
	<u>5,484</u>	<u>6,641</u>
<b>Amount deducted from capital</b>	<u>(5,279)</u>	<u>(3,435)</u>
<b>Total capital available</b>	<u><u>272,247</u></u>	<u><u>269,987</u></u>

These are based on statistical returns for financial year 2024 and 2023, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns.



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**NOTES TO THE REPORTS AND FINANCIAL STATEMENTS**  
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**28 CONTINGENCIES**

Malaysia Competition Commission ("MyCC") had on 25 September 2020 delivered their decision against the General Insurance Association of Malaysia ("PIAM") and its 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to agreement to fix parts trade discount and labour rates for 6 vehicle makes. MyCC found PIAM and its 22 members companies have infringed Section 4 prohibition by participating in an agreement which has, as its object, the prevention, restriction or distortion in relation to the market of parts trade and labour charge for PIAM approved repairers' scheme (PARS) workshop from 1.1.2012 to 17.2.2017.

MyCC imposed a financial penalty of RM1,837,453.12 on the Company. In view of the impact of COVID-19 pandemic, MyCC granted a reduction of 25% of the financial penalty, accordingly the Company financial penalty has been reduced to RM1,378,089.84. MyCC also granted the Company a moratorium period for the payment of the financial penalty up to 6 months and payment of the financial penalty by equal monthly installment for up to 6 months.

The Company had filed a Notice of Appeal and applied for a stay on the financial penalty in October 2020. The Competition Appeal Tribunal (CAT) has completed the hearing for the appeal at the end of April 2023.

On 2 September 2023, the Malaysian Competition Commission (MyCC) 's Competition Appeal Tribunal (CAT) has decided to allow the appeal of General Insurance Association of Malaysia ("PIAM") and its 22 members' company (including AIA) against the decision of MyCC. With the success of this appeal the decision of MyCC is set aside.

MyCC has filed an application to seek leave to commence judicial review proceedings in the High Court to review the recent decision of CAT. PIAM and its members were given leave from the High Court to appear in MyCC's ex parte application for leave to commence judicial review which has been fixed for hearing on 8 May 2023.

On 8 May 2023, the hearing was converted to case management where the Court fixed the hearing date on 30 November 2023.

Upon the conclusion of the hearing on 30 November 2023, the court dismissed MyCC's application on 16 January 2024, and awarded cost of RM10,000 to each insurer (including AIA) and PIAM. MyCC has filed its notice of appeal to the Court of Appeal on 15 February 2024. The Court of Appeal set 15 May 2024, for the case management.

During the case management on 15 May 2024, the Court scheduled the hearing of appeal on 22 May 2025, to be held at the Court of Appeal. The Court also set the deadline for the parties to submit their written submission on 8 May 2025, with another case management session scheduled for the same date.

**29 SUBSEQUENT EVENT**

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