



AMMETLIFE INSURANCE BERHAD
197301002252 (15743 - P)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2021

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**AmMetLife Insurance Berhad
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Directors' report

The directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

Principal activities

The principal activity of the Company is the underwriting of life and investment-linked insurance businesses. The principal activity of the subsidiary is set out in Note 7(b) to the financial statements.

Results

	Group RM'000	Company RM'000
Net profit for the financial year	<u>78,354</u>	<u>83,672</u>

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

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment in respect of the current financial year.

Issuance of shares and debentures

The Company has not issued any new shares or debentures during the financial year.

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Share options

There were no options granted during the financial year by the Company to any parties to take up unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no options to take up unissued shares of the Company.

Directors

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Mr Cho Horng Fatt	(Non-Independent Non-Executive Director)
Dato' Abdullah Bin Mat Zaid	(Independent Non-Executive Director)
Mr Phoon Soon Keong	(Independent Non-Executive Director)
Mr Sathasivan A/L Kunchambo	(Independent Non-Executive Director)
Dato' Sulaiman Bin Mohd Tahir	(Non-Independent Non-Executive Director)
Mr Leung Ka Keung, Tony	(Non-Independent Executive Director)
Mr Alan Ronald Goon Hock Lee	(Independent Non-Executive Director)
Dato' Seow Thiam Fatt (Resigned w.e.f. 30 April 2020)	(Independent Non-Executive Director)

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by the directors as shown in Note 19(b) and Note 25(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a Company in which the director has a substantial financial interest.

Neither at the end of the financial year nor at any time during that year, did there subsist any arrangements to which the Company was a party with the object of enabling the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the scheme shares and options granted pursuant to the Executives' Share Scheme ("ESS") of AMMB Holdings Berhad ("AMMB"), the holding company of one of the Company's shareholders.

A director and officer's liability insurance has been entered into by the Company for the financial year ended 31 March 2021 pursuant to Section 289 of the Companies Act, 2016. The cost of insurance affected for the Director and officer of the Company amounted to RM41,199.

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Directors' interests

According to the Register of Directors' Shareholdings, the interests in shares and options in the holding company of Directors in office at the end of the financial year were as follows:

Direct interest:

In the ultimate holding company, AMMB Holdings Berhad ("AMMB")

Shares	Number of ordinary shares			Balance at 31.03.2021
	Balance at 01.04.2020	Bought	Sold	
Dato' Sulaiman Bin Mohd Tahir	68,500	249,100	-	317,600

Scheme shares	Number of ordinary shares pursuant to AMMB Executives' Share Scheme				Balance at 31.03.2021
	Balance at 01.04.2020	Granted*	Vested ^o	Forfeited [^]	
Dato' Sulaiman Bin Mohd Tahir	1,401,800	1,627,400	249,100	-	2,780,100

Notes:

- * Granted pursuant to the Executives' Share Scheme of AMMB Holdings Berhad ("AMMB"), the Company's ultimate holding company. The vesting of the Scheme Shares is conditional upon the satisfaction of service condition and the performance targets of AMMB Group, and all other conditions as set out in the By-Laws of AMMB ESS.
- ^o Vesting of Scheme Shares.
- [^] Forfeited due to non-vesting of Long Term Incentive Award pursuant to the By-Laws of AMMB ESS.

Other than as disclosed, the Directors in office at the end of the financial year had no interest in the shares of the Company or its related corporations during the financial year.

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Corporate governance

The Group and the Company have complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under BNM/RH/PD029-9 Corporate Governance as issued by Bank Negara Malaysia ("BNM").

The Board of Directors ("the Board") remains fully committed in ensuring that the principles and best practices in corporate governance are observed by the Group. The Board supervises the management of the Group in business policies and affairs with the goal of enhancing shareholders' value.

The Board meets regularly to carry out its duties and responsibilities, with additional board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business development, human resource and establishes guidelines for overall business, risk and control policies, capital allocation as well as approves all key business developments.

Board activities

The Board currently comprises seven (7) directors with wide-ranging skills and experience. The Board is represented by two (2) non-independent non-executive director, one (1) non-independent executive director and four (4) independent non-executive directors of calibre, and with necessary skills and diverse corporate experience to ensure that strategies proposed by the management are fully discussed and examined, as well as to take into account the long term interests of various stakeholders. During the year, the Board met nine (9) times.

All directors review board reports prior to the board meetings. The reports are issued with sufficient time to enable the directors to obtain further explanations, where necessary, before the meetings.

In addition, the Board decides on matters reserved specifically for its decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group and the Company, major investments, changes to the management and control structure of the Group and of the Company, including key policies, procedures and authority limits.

The Board has also adopted a policy for induction and education of directors. The program is to provide essential and comprehensive information to a new director in order for him to be familiar with relevant insurance industry regulatory requirements and the Company's nature of business. The directors may also request independent professional advice, at the Group's expense. The Company Secretary, to whom the directors have independent access, assists the Board and keeps it apprised of relevant laws and regulations.

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Corporate governance (cont'd.)

Profile of Directors

**Mr Cho Horng Fatt
Non-Independent Non-Executive Director, Chairman of the Board**

Mr Cho Horng Fatt, aged 67, was appointed to the Board of the Company on 15 July 2010. He was appointed as the Chairman on 1 January 2018.

Before Mr Cho's appointment as the Chairman, he was the Chairman of the Risk Management Committee and a member of the Audit and Examination Committee and Nomination and Remuneration Committee of the Company.

Mr Cho has more than 35 years of experience in the Life and General Insurance Industry. Before he was appointed to the Board, Mr Cho had served in Universal Life and General Insurance Sdn Bhd, Aetna Insurance Bhd ('Aetna') and subsequently ING Insurance Bhd ('ING'). Under Aetna and ING, Mr Cho was a member of the Senior Management Team. Over the year, he took on different roles and responsibilities as Head of Agency Distribution, Head Marketing Services, Head of Life Operations and Head of Life Strategic Business Unit (Life SBU). After his retirement from active management in December 2006, he served as a Consultant to ING in 2007 and again as Consultant to the Office of the President from April to September 2009.

Mr Cho holds a Bachelor of Science degree with Honours from the University of London and a Postgraduate Diploma in Education from University of Malaya. He is a Member of the Malaysia Institute of Management.

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Corporate governance (cont'd.)

Profile of Directors (cont'd.)

**Mr Phoon Soon Keong
Independent Non-Executive Director**

Mr Phoon Soon Keong, aged 66, was appointed to the Board of the Company on 30 April 2014.

Mr Phoon is the Chairman of Risk Management Committee and a member of Nomination and Remuneration Committee of the Company.

Mr Phoon is a qualified Certified Public Accountant, Malaysia and is a member of the Malaysian Institute of Accountants ("MIA"). He started his career with Pricewaterhouse (currently known as PricewaterhouseCoopers ("PwC")) as an audit clerk in 1975. He left PwC and started his own practice in 1980 and was a partner in PC Chan & Partners from 1981 to 1986. He rejoined PwC in December 1986. He was the Executive Director in the Corporate Finance Practice in PwC from 1996 until his retirement in 2010. During his tenure as Executive Director, he was the leader of the Valuation and Strategy Practice of PricewaterhouseCoopers Capital Sdn. Bhd.

He has extensive experience in Audit, Corporate Finance, Business Regeneration, Strategic Management and Corporate and Debt Restructuring. He is a specialist in the General Insurance industry. Other industries which he has provided his consultancy services include Insurance, Manufacturing, Plantations, Oil & Gas, Property Development, Construction and Electricity.

He is the Chairman of AmGeneral Insurance Berhad.

**Dato' Abdullah bin Mat Zaid
Independent Non-Executive Director**

Dato' Abdullah Mat Zaid, aged 74, was appointed to the Board the Company on 30 April 2014.

Dato' Abdullah is the Chairman of Nomination and Remuneration Committee and a member of the Audit and Examination Committee and the Risk Management Committee of the Company. He ceased as a member of Risk Management Committee with effect from 1 April 2020.

Dato' Abdullah holds a Master of Business Administration ("MBA") from the International Management Centre, Buckingham, England and a Bachelor of Arts from University of Malaya, Kuala Lumpur. He had also undergone the Program for Management Development at Harvard Business School, Boston, USA in 1981. He retired as Executive Vice President of Malaysia Airlines Berhad in 2001 after serving the airline for over 29 years. He has served as Chairman and Director of many related and affiliated companies of Malaysia Airlines Berhad until his retirement in November 2001. He had also served as Chairman and Director of ING Public Takaful Ehsan Sdn. Bhd. and as a Director of ING Funds Berhad.

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Corporate governance (cont'd.)

Profile of Directors (cont'd.)

**Mr Sathasivan A/L Kunchambo
Independent Non-Executive Director**

Mr Sathasivan Kunchambo, aged 63, was appointed to the Board of the Company on 19 September 2016. Mr Sathasivan is also a member of the Risk Management Committee and the Audit and Examination Committee of the Company.

Mr Sathasivan holds a Master in Business Administration from University of Birmingham, United Kingdom and Bachelor of Business Administration from National University of Malaysia. He also holds Bachelor of Law from the University of London and Certificate of Legal Practice from Legal Profession Qualifying Board, Malaysia.

Mr Sathasivan has over 17 years of experience in regulation and supervision of the Insurance industry of Malaysia, in particular General Insurance, Offshore Insurance, Reinsurance and Takaful.

Mr Sathasivan joined Bank Negara Malaysia ("BNM") from 1982 to 2013. From December 2005 to November 2013, Mr Sathasivan held the position of Senior General Manager in Credit Guarantee Corporation Malaysia Berhad, a subsidiary of BNM. Prior to that, Mr Sathasivan held various positions in Insurance Regulation Department namely, Deputy Director of Strategic Planning Division, Deputy Director of General Insurance Division, Senior Manager of Motor Insurance Unit, Senior Manager of Reinsurance Unit and Manager of Labuan Offshore Insurance Unit. He also held positions as Manager of Legal Department, Senior Executive of Personnel Department and Training Officer of Staff Training Centre.

Mr. Sathasivan is also an Independent Non-Executive Director of AmGeneral Insurance Berhad.

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Corporate governance (cont'd.)

Profile of Directors (cont'd.)

**Mr Alan Ronald Goon Hock Lee
Independent Non-Executive Director**

Mr Alan Ronald Goon Hock Lee, aged 59, was appointed to the Board of the Company on 18 February 2020. Mr Alan Goon is the Chairman of the Audit and Examination Committee and a member of the Risk Management Committee of the Company.

Mr Alan Goon holds a Bachelor of Commerce majoring in Accounting, Finance & Information Systems from the University of New South Wales, Australia. He is also a Certified Practising Accountant (CPA), as well as a member of the Australia Society of CPAs and the Certified Financial Planner (FPAM).

Mr Alan Goon has strong technical knowledge and vast experience in the area of digital business strategy and transformation. He also has more than 15 years of experience in the life insurance industry from his previous employment at ING Insurance Berhad and Aetna Universal Insurance Berhad. His core skills are in digital business strategy, IT strategy, customer experience management, cost optimization, culture change and digital business transformation.

Mr Alan Goon is currently running a technology start-up (self-employed) building online technology platform for retail. He is also a much sought after public speaker and subject matter expert on Digital Business strategy and transformation to many organisations.

**Mr Leung Ka Keung, Tony
Non-Independent Executive Director**

Mr Leung Ka Keung, Tony ("Mr Tony Leung"), aged 42, has been appointed as the Non-Independent Executive Director of AmMetLife Insurance Berhad with effect from 20 September 2018.

Mr Tony Leung is Head of Capital, Sub-Regional Chief Finance Officer ("CFO") Asia ex-Japan in MetLife. He was appointed to this position in June 2020. Mr Tony Leung has been with MetLife since October 2016.

Mr Tony Leung is responsible for capital management work covering solvency, liquidity, dividend, rating agency and reinsurance management. Regional CFO's oversight for the MetLife's operations in Bangladesh, Malaysia (Life and Takaful), Nepal and Vietnam.

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Corporate governance (cont'd.)

Profile of Directors (cont'd.)

**Mr Leung Ka Keung, Tony (cont'd.)
Non-Independent Executive Director (cont'd.)**

Mr Tony Leung has over 20 years of experience in the life insurance industry. Prior to joining MetLife, he worked in Swiss Re heading the business development team in Hong Kong. Prior to that, he worked in various actuarial and finance roles in AXA, AIA, PricewaterhouseCoopers and MLC Management Limited in Hong Kong and Australia with experience in product development, financial reporting, reinsurance and capital management.

He is a Fellow of the Institute of Actuaries of Australia and he holds a Bachelor of Commerce degree (actuarial studies) from the Macquarie University in Australia.

He is also a Non-Independent Executive Director of AmMetLife Takaful Berhad.

**Dato' Sulaiman Bin Mohd Tahir
Non-Independent Non-Executive Director**

Dato' Sulaiman Mohd Tahir, aged 58, was appointed to the Board of the Company on 20 September 2016. Dato' Sulaiman is also a member of the Nomination and Remuneration Committee of the Company.

Dato' Sulaiman is the Group Chief Executive Officer of AMMB Holdings Berhad and Chief Executive Officer of AmBank (M) Berhad ("AmBank"), the commercial banking arm of AmBank Group, positions he has held since November 2015. He has a wealth of experience backed by 31 years of managing and spearheading growth in consumer banking, as well as in commercial and corporate banking in Malaysia.

Dato' Sulaiman holds a Bachelor of Business in Accountancy from the Royal Melbourne Institute of Technology (RMIT University) in Australia. Prior to joining AmBank Group, he has held many prominent positions at one of the largest banks in Malaysia before his appointment as Chief Executive Officer/Executive Director of the Bank.

He is also a Non-Independent Non-Executive Director of AmMetLife Takaful Berhad and AmGeneral Insurance Berhad, a Director of AmGeneral Holdings Berhad and AMAB Holdings Sdn. Bhd.

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Corporate governance (cont'd.)

Directors' training

The Board recognises the importance of ensuring that directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new directors appointed to the Board would attend a formal induction programme to familiarise themselves with the Company's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the Chief Executive Officer/Heads of the business units as well as Senior Management, organised by the Group Learning and Development unit. The Company Secretary would also provide new directors with an information kit regarding disclosure obligations of a director, Board Charter, Code of Ethics, and the Constitution of the Company, Board Committees' Terms of Reference, amongst others.

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by International Centre for Leadership in Finance ("ICLIF"), all directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Company. The directors also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the Company's strategic direction. In addition, the directors are constantly updated on information relating to the Company's development and industry development through discussion at board meetings with the Senior Management team.

Membership and Board Meetings for the Financial Year Ended 31 March 2021

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Mr Cho Horng Fatt	9/9
Dato' Abdullah Bin Mat Zaid	9/9
Mr Phoon Soon Keong	9/9
Mr Sathasivan A/L Kunchambo	9/9
Dato' Sulaiman Bin Mohd Tahir	9/9
Mr Leung Ka Keung, Tony	9/9
Mr Alan Ronald Goon Hock Lee	9/9
Dato' Seow Thiam Fatt (Resigned w.e.f. 30 April 2020)	1/1

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Corporate governance (cont'd.)

Board Committees

The Board delegates certain responsibilities to Board Committees. The Committees which were set up to assist the Board in certain areas of deliberation are:

- (1) Nomination and Remuneration Committee
- (2) Risk Management Committee
- (3) Audit and Examination Committee

Nomination and Remuneration Committee

The Committee currently comprises of two (2) independent non-executive directors and one (1) non-independent non-executive director.

The functions of the Committee are:

- (a) regularly reviewing the Board structure, size and composition, as well as making recommendations to the Board of the Company with regard to any changes that are deemed necessary;
- (b) recommending the appointment of directors to the Board and Committees of the Board as well as annually reviewing the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board;
- (c) on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each director to the effectiveness of the Board;
- (d) recommending the appointments of Chief Executive Officer and his direct reports, and the Company Secretary to the Board;
- (e) recommending the removal of Director/Chief Executive Officer and his direct reports/Company Secretary if the Director/Chief Executive Officer and his direct reports/Company Secretary is ineffective, errant and negligent in discharging his responsibilities; and
- (f) recommending to the Board the framework/methodology for the remuneration of the directors, Chief Executive Officer and other Senior Management staff, benchmarked against the industry. Remuneration is determined at levels, which enable the Company to attract and retain the directors, Chief Executive Officer and Senior Management staff with the relevant experience and expertise needed to assist in managing the Company effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

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Corporate governance (cont'd.)

Membership and Meetings of the Nomination and Remuneration Committee for the Financial Year Ended 31 March 2021

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Dato' Abdullah Bin Mat Zaid (Chairman)	3/3
Mr Phoon Soon Keong	3/3
Dato' Sulaiman Mohd Tahir	3/3

Risk Management Committee

The Committee currently comprises three (3) independent non-executive directors. The primary objective of the Risk Management Committee is to oversee senior management's activities in managing the key risk areas of the Group and to determine that the risk management process is in place and functioning effectively.

The functions of the Committee are:

- (a) reviewing and recommending Risk Management strategies, policies and risk tolerance for the Board's approval;
- (b) reviewing and assessing the adequacy of Risk Management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (c) ensuring that adequate infrastructure, resources and systems are in place for an effective Risk Management i.e., ensuring that the staff responsible for implementing Risk Management systems perform those duties independently of the insurer's risk taking activities; and
- (d) reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

Membership and Meetings of the Risk Management Committee for the Financial Year Ended 31 March 2021

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Mr Phoon Soon Keong (Chairman)	6/6
Mr Sathasivan A/L Kunchambo	6/6
Mr Alan Ronald Goon Hock Lee	6/6

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Corporate governance (cont'd.)

Audit and Examination Committee

The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Group's assets and shareholders' investments. The Committee currently comprises three (3) independent non-executive directors.

The primary objective of the AEC is to provide assistance to, review and report to the Board in relation to:

- (a) fulfilling the statutory and fiduciary responsibilities of the Board; and
- (b) monitoring of the accounting and financial reporting practices of the Group.

The AEC also determines that the Group has adequate established policies, procedures and guidelines as well as operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct including protection of the assets of the Group.

Membership and Meetings of the Audit and Examination Committee for the Financial Year Ended 31 March 2021

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Mr Alan Ronald Goon Hock Lee (Chairman) (Appointed Chairman w.e.f 1 May 2020)	6/6
Dato' Abdullah Bin Mat Zaid	6/6
Mr Sathasivan A/L Kunchambo	6/6
Dato' Seow Thiam Fatt (Resigned w.e.f. 30 April 2020)	1/1

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Corporate governance (cont'd.)

Compensation philosophy and its objectives

AmMetLife Insurance Berhad's compensation program is designed to provide competitive total compensation opportunities that will attract, retain, engage and motivate high performing employees; align the Company's compensation plans with its short and long-term business strategies; align the financial interests of the Company's employees with those of its shareholders through stock-based incentives; and reinforce the Company's pay for performance culture by making a material portion of Total Compensation variable, and differentiating awards based on Company and individual performance.

AmMetLife uses competitive tool compensation guidelines that consist of base salary, annual incentive awards, and stock-based long-term incentive awards opportunities.

Each employee's total compensation reflects an assessment of the Company's and the employee's performance as well as competitive market. The Compensation Philosophy is approved by the Board and is subject to annual review.

The compensation of the CEO and Key Management Personnel ("KMPs") of the Company are reviewed annually by Nomination and Remuneration Committee ("NRC"), based on the overall Compensation Philosophy approved by the Board. KMPs comprise of Appointed Actuary, Chief Financial Officer, Chief Risk Officer, Chief Internal Audit, Head of Compliance, Chief Agency Officer, Chief Bancassurance & Direct Channel Officer, Chief Corporate Solutions Officer, Chief Marketing Officer, Chief Investment Officer, Head of IT, Head of Operations and Head of HR.

Employees engaged in control functions including Actuarial, Compliance, Risk and Audit do not carry and are not assessed on business financial targets in their yearly appraisal. Their performance are reviewed by relevant Board Committee (i.e. NRC, Risk Management Committee of Directors ("RMCD") and Audit and Examination Committee ("AEC") and their compensation are purely based on their achievement against set KPIs within their respective area.

Other Material Risk Takers ("MRTs") in the Company has been identified as an employee who is not a member of the KRPs and Senior Management that his/her actions may have material impact on the Company's risk profile. There are two MRTs identified and they are subject to performance and compensation review by relevant Board Committee commencing 2017.

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Corporate governance (cont'd.)

Compensation philosophy and its objectives (cont'd.)

Description	Strategic Role
<p>Base Salary - is determined based on position, scope of responsibilities, individual performance, and competitive data.</p>	<ul style="list-style-type: none"> ▪ Provides fixed compensation for services during the year.
<p>Annual Incentive Awards are:</p> <ul style="list-style-type: none"> ▪ variable based on performance relative to Company and individual goals and additional business challenges or opportunities that arose during the year; and ▪ determined using management's assessment of performance as a whole, and not by a formula. 	<ul style="list-style-type: none"> ▪ Provides fixed compensation for services during the year. ▪ Motivate employees to achieve strong annual business results that will contribute to the Company's long-term success, without creating an incentive to take excessive risk.
<p>Stock-Based Long-Term Incentive Awards are:</p> <ul style="list-style-type: none"> ▪ a core component of compensation for Senior Management, with progressively higher opportunities at levels with greater influence on strategy and decision-making. ▪ based on the assessment of individual responsibility, performance, relative contribution, and potential for assuming increased responsibilities and future contributions. ▪ dependent on the value of Shares (Restricted Stock Units), increases in the price of Shares (Stock Options), or a combination of performance as well as the value of Shares (Performance Shares). 	<ul style="list-style-type: none"> ▪ Ensure that management level employees have a significant continuing stake in the long-term financial success of the Company. ▪ Align executives' interests with those of shareholders. ▪ Encourage decisions and reward performance that contribute to the long-term growth of the Company's business and enhance shareholder value. ▪ Encourage executives to remain with AmMetLife.
<p>Benefits – in form of cash or in-kind that reflect, to a certain extent, the industry norm. Benefits schemes are structured to vary according to job level, nature of work and give basic assistance to employees at various stages in their life.</p>	<ul style="list-style-type: none"> ▪ Ensure the Company remains its competitiveness within the Insurance Industry to attract, retain and engage employees.

Variable compensation such as annual incentives awards and stock-based long-term incentive awards are generally paid/awarded once a year approved by NRC and the Board. NRC takes into consideration factors such as market competitiveness, market benchmark and the time horizon of risks.

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Corporate governance (cont'd.)

Compensation philosophy and its objectives (cont'd.)

The Company does not have any share option scheme or share plan in place. Instead, the Company leverages on its primary shareholder, MetLife, who grants deferred share options to eligible senior management in the form of cash-paid equivalents.

Details of sixteen (16) KMPs including CEO's compensation are disclosed in the table below.

	Unrestricted RM'000	Deferred RM'000
Fixed Compensation		
▪ Cash-based	7,477	-
▪ Shares and share-linked instruments	-	-
▪ Others	1,506	-
Variable Compensation		
▪ Cash-based (Stock-based LTI)	768	413
▪ Shares and share-linked instruments	-	-
▪ Others	-	-

Other statutory information

- (a) Before the statements of financial position, income statements and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of the business had been written down to an amount which they might be expected to realise.
- (b) At the date of this report, the directors are not aware of any circumstances that have arisen which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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Other statutory information (cont'd.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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

- (g) Before the statements of financial position, income statements and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital ("RBC") Framework for Insurers issued by BNM.

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Auditors

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

Auditors' remuneration are disclosed in Note 19 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 June 2021.



Cho Horng Fatt

Kuala Lumpur, Malaysia



Alan Ronald Goon Hock Lee

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(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Cho Horng Fatt and Alan Ronald Goon Hock Lee, being two of the directors of AmMetLife Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 24 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 June 2021.



Cho Horng Fatt



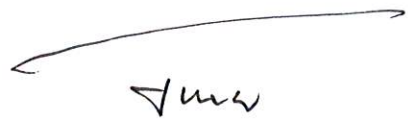
Alan Ronald Goon Hock Lee

Kuala Lumpur, Malaysia

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Jeevan A/L Parinpanayagam, being the officer primarily responsible for the financial management of AmMetLife Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Jeevan A/L Parinpanayagam
at Kuala Lumpur in Federal Territory
on ~~23 June 2021~~. **3 AUG 2021**



Jeevan A/L Parinpanayagam



Before me,

Lot 333, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur



197301002252 (15743 - P)

**Independent auditors' report to the members of
AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmMetLife Insurance Berhad, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 24 to 157.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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Independent auditors' report to the members of
AmMetLife Insurance Berhad (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibility for the audit of the financial statements

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

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Independent auditors' report to the members of
AmMetLife Insurance Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibility for the audit of the financial statements (cont'd.)

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:

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

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Independent auditors' report to the members of
AmMetLife Insurance Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibility for the audit of the financial statements (cont'd.)

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
23 June 2021



Yeo Beng Yean
No. 03013/10/2022 J
Chartered Accountant

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 March 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property and equipment	4(a)	11,575	12,349	11,575	12,349
Right-of-use assets	4(b)	26,753	33,933	26,753	33,933
Investment properties	5	50,150	50,200	50,150	50,200
Intangible assets	6	55,206	51,632	55,206	51,632
Investments	7	3,615,401	3,445,179	3,618,948	3,448,749
Reinsurance assets	8	40,531	31,991	40,531	31,991
Insurance receivables	9	156,630	173,104	156,630	173,104
Other receivables	10	54,737	53,660	51,141	50,062
Cash and bank balances		74,528	64,667	74,518	64,666
Total assets		4,085,511	3,916,715	4,085,452	3,916,686
Equity					
Share capital	11	200,000	200,000	200,000	200,000
Retained profits		425,188	346,834	422,629	338,957
Available-for-sale fair value reserves		281	264	2,213	6,262
Total equity		625,469	547,098	624,842	545,219
Liabilities					
Insurance contract liabilities	12	3,098,998	3,074,145	3,098,998	3,074,145
Deferred tax liabilities	13	86,090	68,157	86,699	70,050
Insurance payables	14	93,988	91,118	93,988	91,118
Provision for taxation		-	280	-	280
Lease liabilities	4(c)	28,652	35,017	28,652	35,017
Other payables	15	152,314	100,900	152,273	100,857
Total liabilities		3,460,042	3,369,617	3,460,610	3,371,467
Total equity and liabilities		4,085,511	3,916,715	4,085,452	3,916,686

The Statements of Financial Position of the Group and of the Company by funds are disclosed in Note 30.

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

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

Income statements
For the year ended 31 March 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross earned premiums		591,006	608,129	591,006	608,129
Premiums ceded to reinsurers		(76,152)	(64,055)	(76,152)	(64,055)
Net earned premiums		514,854	544,074	514,854	544,074
Investment income	16	157,251	164,587	161,555	170,317
Realised gains	17	5,016	13,973	1,046	9,870
Fair value losses	18	(24,979)	(18,317)	(20,385)	(21,341)
Other operating income		47	43	47	43
Other revenue		137,335	160,286	142,263	158,889
Gross benefits and claims		(392,265)	(424,674)	(392,265)	(424,674)
Claims recoveries from reinsurers		48,824	42,399	48,824	42,399
Gross change in contract liabilities		(28,110)	(153,419)	(28,110)	(153,419)
Change in contract liabilities ceded to reinsurers		3,870	1,182	3,870	1,182
Net benefits and claims		(367,681)	(534,512)	(367,681)	(534,512)
Fee and commission expenses		(44,751)	(47,712)	(44,751)	(47,712)
Finance costs	4(c)	(1,274)	(1,546)	(1,274)	(1,546)
Management expenses	19	(133,979)	(145,657)	(133,589)	(145,256)
Taxation of life insurance business	20	(6,491)	(7,631)	(6,491)	(7,631)
Other expenses		(186,495)	(202,546)	(186,105)	(202,145)
Profit/(loss) before taxation		98,013	(32,698)	103,331	(33,694)
Taxation	20	(19,659)	10,940	(19,659)	10,940
Net profit/(loss) for the year		78,354	(21,758)	83,672	(22,754)
Earnings/(loss) per share (sen)					
Basic and diluted	21	39.2	(10.9)	41.8	(11.4)

The Income Statements of the Group and of the Company by funds are disclosed in Note 30.

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

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**AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

**Statements of comprehensive income
For the year ended 31 March 2021**

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the year	78,354	(21,758)	83,672	(22,754)
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net change in available-for-sale ("AFS") reserves:				
Net gains/(losses) arising during the year	987	873	(4,363)	1,868
Net realised gains transferred to profit or loss	(964)	(2,198)	(964)	(2,198)
	23	(1,325)	(5,327)	(330)
Tax effects thereon	(6)	79	1,278	(160)
	17	(1,246)	(4,049)	(490)
Total comprehensive income/(loss) for the year	78,371	(23,004)	79,623	(23,244)

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

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AmMetLife Insurance Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 March 2021

Group	Share Capital RM'000	-----Non-Distributable-----			Distributable			Total Equity RM'000
		Available-for-sale Fair Value Reserves			Retained Earnings			
		Shareholders' Funds RM'000	Non- participating Funds RM'000	Group RM'000	Non- participating Funds RM'000	Shareholders' Funds RM'000	Group RM'000	
At 1 April 2019	200,000	2,289	1,510	1,510	203,267	162,369	368,592	570,102
Total comprehensive loss for the year	-	(1,112)	(1,246)	(1,246)	(13,240)	(7,055)	(21,758)	(23,004)
At 31 March 2020	200,000	1,177	264	264	190,027	155,314	346,834	547,098
At 1 April 2020	200,000	1,177	264	264	190,027	155,314	346,834	547,098
Total comprehensive income for the year	-	1,861	17	17	62,251	13,655	78,354	78,371
At 31 March 2021	200,000	3,038	281	281	252,278	168,969	425,188	625,469

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

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AmMetLife Insurance Berhad
(Incorporated in Malaysia)

Statements of changes in equity (cont'd.)
For the year ended 31 March 2021

Company	Share Capital RM'000	-----Non-Distributable-----			Distributable			Total Equity RM'000
		Available-for-sale Fair Value Reserves			Retained Earnings			
		Shareholders' Funds RM'000	Non- participating Funds RM'000	Company RM'000	Non- participating Funds RM'000	Shareholders' Funds RM'000	Company RM'000	
At 1 April 2019	200,000	7,531	1,510	6,752	203,267	155,488	361,711	568,463
Total comprehensive loss for the year	-	(356)	(1,246)	(490)	(13,240)	(8,051)	(22,754)	(23,244)
At 31 March 2020	200,000	7,175	264	6,262	190,027	147,437	338,957	545,219
At 1 April 2020	200,000	7,175	264	6,262	190,027	147,437	338,957	545,219
Total comprehensive (loss)/income for the year	-	(2,205)	17	(4,049)	62,251	18,973	83,672	79,623
At 31 March 2021	200,000	4,970	281	2,213	252,278	166,410	422,629	624,842

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

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 March 2021

Note	Group		Company		
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	
Operating activities					
Cash used in operating activities	22	(57,434)	(122,555)	(34,732)	(139,385)
Interest received		128,334	128,785	132,636	134,122
Dividend received		25,279	30,052	25,279	30,052
Rental received		3,731	5,108	3,731	5,108
Tax refunded		-	4,999	-	4,999
Interest paid	4(c)	(1,274)	(1,546)	(1,274)	(1,546)
Gain on contract modification	4(c)	(8)	-	(8)	-
Income tax paid		(9,186)	(9,518)	(9,186)	(9,518)
Net cash flows from operating activities		89,442	35,325	116,446	23,832
Investing activities					
Proceeds from disposal of property and equipment		(12)	-	(12)	-
Proceeds from disposal of non-current assets held for sale		-	57,000	-	57,000
Purchase of property and equipment	4(a)	(1,242)	(2,696)	(1,242)	(2,696)
Purchase of intangible assets	6	(15,587)	(18,921)	(15,587)	(18,921)
Net cash flows used in investing activities		(16,841)	35,383	(16,841)	35,383
Financing activity					
Payment of principal portion of lease liabilities		(6,916)	(6,688)	(6,916)	(6,688)
Net cash flows used in financing activity		(6,916)	(6,688)	(6,916)	(6,688)
Net increase in cash and cash equivalents		65,685	64,020	92,689	52,527
Cash and cash equivalents at beginning of year		272,298	208,278	244,135	191,608
Cash and cash equivalents at end of year		337,983	272,298	336,824	244,135
Cash and cash equivalents comprise:					
Short term deposits	7(a)	263,455	207,631	262,306	179,469
Cash and bank balances		74,528	64,667	74,518	64,666
		337,983	272,298	336,824	244,135

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

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**AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

Notes to the financial statements - 31 March 2021

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is at 24th Floor, Menara One Sentrum, No. 201 Jalan Tun Sambanthan, 50470 Kuala Lumpur.

The principal activity of the Company is the underwriting of life and investment-linked insurance businesses. The principal activity of the subsidiary is set out in Note 7(b) to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and its subsidiary during the financial year. The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 June 2021.

The shareholders of the Company are AMAB Holdings Sdn. Bhd. ("AMAB"), a company incorporated in Malaysia which is also a wholly-owned subsidiary of AMMB Holdings Berhad, a public listed company incorporated in Malaysia and MetLife International Holdings LLC. ("MetLife"), a wholly owned subsidiary of MetLife Inc., a public listed company incorporated in the United States of America.

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, unless otherwise stated in the accounting policies below.

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency, and all values are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

**AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.2 Statement of compliance

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital ("RBC") Framework as at the reporting date.

2.3 New and amended standards and interpretations

On 1 April 2020, the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 April 2020.

Revised Conceptual Framework for Financial Reporting:

- (i) Amendment to MFRS 3 - *Definition of a Business*
- (ii) Amendment to MFRS 101 and MFRS 108 - *Definition of Material*
- (iii) Amendment to MFRS 9, MFRS 139 and MFRS 7 - *Interest Rate Benchmark Reform*
- (iv) MFRS 16 Leases (Amendment to MFRS 16): *Covid - 19 Related Rent Concessions*

The adoption of the above amended MFRSs did not have any financial impacts to the Company's financial statements.

2.4 Standards issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2021

- Amendments to MFRS 7, MFRS 9, MFRS 139, MFRS 4, MFRS 16:
Interest Rate Benchmark Reform - Phase 2
- MFRS 116 *Property, Plant and Equipment* (Amendments to MFRS 116): *Property, Plant and Equipment - Proceed before intended use*
- MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*
(Amendments to MFRS 137): *Onerous Contracts - Cost of Fulfilling a Contract*
- Reference to the Conceptual Framework: Amendment to MFRS 3 *Business Combination*
- Annual Improvements to MFRSs 2018 - 2020:
 - *MFRS 1 First-time Adoption of MFRSs*
 - *MFRS 9 Financial Instruments*
 - *MFRS 141 Agriculture*
- MFRS 17 *Insurance Contracts*

**AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2021 (cont'd.)

- Amendments to MFRS 17 *Insurance Contracts*
- MFRS 101 *Presentation of Financial Statements* (Amendment to MFRS 101)
Classification of Liabilities as Current or Non-current
- MFRS 10 *Consolidated Financial Statements* (Amendments to MFRS 10) and MFRS 128
Investment in Associates and Joint Ventures (Amendments to MFRS 128): *Sale or Contribution of Assets between an investor and its Associate or Joint Venture* (Amendments to MFRS 128)

Management expects that the adoption of the above Standards, Amendments to Standards and improvements to published standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 *Financial Instruments*

In July 2014, the MASB issued the final version of MFRS 9 *Financial Instruments* that replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised on the following pages.

(a) Classification and measurement

The Company expects to have mixed business models. The Company intends to hold its loans and receivables ("LAR") to collect contractual cash flows, and accordingly measure at amortised cost when it applies MFRS 9. The Company intends to hold debt securities either to collect contractual cash flows and to sell or to hold for trading, and this is accordingly measured either at fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVTPL") respectively. The Company may make an election to measure its debt securities currently measured as available-for-sale ("AFS") at FVTPL if by doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases.

**AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 9 *Financial Instruments* (cont'd.)

(a) Classification and measurement (cont'd.)

For equity securities, the Group and Company will continue to measure its currently held-for-trading equity securities at FVTPL. The Group and Company may make an election to measure its AFS equity securities that are not held for trading at FVOCI. In addition, the Group and Company currently measures its investments in unquoted securities whose fair value cannot be reliably measured at cost less impairment losses. Under MFRS 9, the Group and Company will be required to measure such investments at fair value. Any difference between the previous carrying amount under MFRS 139 and the fair value would be recognised in the opening retained earnings when the Group and Company applies MFRS 9.

The estimated impact on classification of financial assets on the adoption of the change in accounting standard is presented in the table on the following pages.

(b) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") that replaces the incurred loss model under the current accounting standard. The Group and Company will be generally required to recognise either 12-month or lifetime ECL, depending on whether there has been significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and Company. MFRS 9 will change the Group's and Company's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(c) Hedge Accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes. The Company does not expect a significant impact to the financial statements on applying the hedge accounting.

(d) Temporary exemption from adopting MFRS 9

In December 2016, the MASB issued Amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard, MFRS 17. Amendments to MFRS 4 is issued by the MASB in respect of its application in Malaysia. It is equivalent to the Amendments to IFRS 4 as issued by the IASB.

**AmMetLife Insurance Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 9 *Financial Instruments* (cont'd.)

(d) Temporary exemption from adopting MFRS 9 (cont'd.)

The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2023 at the latest. An entity may apply the temporary exemption from MFRS 9 if:

- (i) it has not previously applied any version of MFRS 9 before; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income, an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied MFRS 139 to these designated financial assets.

An entity can apply the temporary exemption from MFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

The Company concluded that it continues to qualify for the temporary exemption from MFRS 9 as the Company has not previously applied any versions of MFRS 9 and its activities are predominantly connected with insurance at annual reporting date that immediately precedes 1 April 2016. Since 31 March 2016, there has been no change in the activities of the Company that requires reassessment of the use of the temporary exemption.

AmMetLife Insurance Berhad
(Incorporated in Malaysia)

2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 9 *Financial Instruments* (cont'd.)

The table below presents an analysis of the fair value of classes of financial assets as at 31 March 2021, as well as the corresponding change in fair value during the financial year. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest ("SPPI"), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and
- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

In the table below, the amortised cost of loans and receivables, other receivables and cash and cash equivalents has been used as a reasonable approximation to fair value. Similarly, unquoted equities have been reflected at cost less impairment loss as it approximates the fair value.

Company	Fair value as at 1 April 2020 RM'000	Change in fair value* RM'000	Fair value as at 31 March 2021 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
Financial Assets					
Loans and receivables ("LAR")	354,442	(22,963)	331,479	SPPI	Amortised cost
Available-for-sale ("AFS") financial assets	1,234,199	72,342	1,306,541		
- Quoted equities	37,333	21,217	58,550	Non-SPPI	FVTPL
- Unquoted equities	2,147	-	2,147	Non-SPPI	FVTPL
- Malaysian government securities	186,819	(39,462)	147,357	SPPI	FVOCI
- Unquoted corporate bonds	990,603	99,718	1,090,321	SPPI	FVOCI
- Unquoted corporate bonds	5,001	(5,001)	-	Non-SPPI	FVTPL
- Quoted unit and property trust funds	12,296	(4,130)	8,166	Non-SPPI	FVTPL

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2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 9 *Financial Instruments* (cont'd.)

Company (cont'd.)	Fair value as at 1 April 2020 RM'000	Change in fair value* RM'000	Fair value as at 31 March 2021 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
Financial Assets (cont'd.)					
Fair value through profit or loss ("FVTPL")	1,494,974	119,035	1,614,009		
- Quoted equities	41,951	34,399	76,350	Non-SPPI	FVTPL
- Malaysian government securities	119,705	(3,224)	116,481	SPPI	FVOCI
- Unquoted corporate bonds	1,287,174	92,043	1,379,217	SPPI	FVOCI
- Unquoted corporate bonds	10,002	(10,002)	-	Non-SPPI	FVTPL
- Quoted unit and property trust funds	6,769	(3,721)	3,048	Non-SPPI	FVTPL
- Unquoted unit and property trust funds	29,373	9,540	38,913	Non-SPPI	FVTPL
Other receivables	30,475	(1,232)	29,243	SPPI	Amortised cost
Cash and bank balances	64,666	9,852	74,518	SPPI	Amortised cost

* Includes purchases, disposals, maturities and unrealised gains/(losses)

Note 28 further discloses the carrying amount of the SPPI assets included in the table above by credit risk rating grades. The carrying amount is measured in accordance with MFRS 139 although this is prior to any impairment allowance for those measured at amortised cost.

As at 31 March 2021, all SPPI assets meet the characteristics of low credit risk financial instruments.

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2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

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

The Company has completed the initial assessment to assess the financial implications for adopting the new MFRS 9 and MFRS 17 and presented to Board in February 2018. The Company has engaged an external consultant to carry out the implementation of MFRS 9 and MFRS 17 based on the master plan derived from initial gap assessment.

MFRS 17 *Insurance Contracts*

MFRS 17 was issued by MASB in August 2017. The standard will replace the existing MFRS 4 and establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts. MFRS 17 is effective for annual periods beginning on or after 1 January 2023. The Malaysian Accounting Standard Board has issued the amendments to MFRS 17 Insurance Contracts on 17 August 2020.

The Company plans to adopt the new standard on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with the Company's financial statements' presentation and disclosures. The implementation of MFRS 9 and MFRS 17 based on the master plan derived from identified business requirements is ongoing. The Company is working closely with the external consultant and system vendor for this implementation to ensure it meets the effective date of the standards.

2.5 Basis of consolidation

A subsidiary is consolidated from the date of acquisition or date of incorporation, being the date on which the Company obtains control and continues to be consolidated until the date that such control effectively ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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2. Significant accounting policies (cont'd.)

2.5 Basis of consolidation (cont'd.)

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

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

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

2.6 Summary of significant accounting policies

(a) Investment in subsidiary

A subsidiary is an entity over which the Company has or is deemed to have control. Control is achieved when the criteria disclosed in Note 2.5 are met.

The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing if the Company has such power over an investee.

In the Company's separate financial statements, investment in a subsidiary, which relates to investment in a collective investment scheme, is carried at fair value.

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in the income statements.

(b) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(b) Property and equipment (cont'd.)

All other repair and maintenance costs are recognised in the income statements as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6(k).

Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates for the various classes of property and equipment are as follows:

Buildings - owner occupied properties	2%
Motor vehicles	20%
Office and computer equipment	20%
Furniture and fittings	25%
Renovation	10% - 20%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statements when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, to ensure the amount, method and period of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

(c) Investment properties

Investment properties are initially stated at cost including related and incidental expenditure incurred. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statements in the year in which they arise. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(c) Investment properties (cont'd.)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group and the Company account for the property in accordance with the policy under property, plant and equipment up to the date of the change in use.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6(l). Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statements in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic 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 is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statements in the expense category consistent with the function of the intangible assets.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(d) Intangible assets (cont'd.)

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These software are amortised over their estimated useful lives of five years.

Software development cost is not amortised and is stated at cost, until such time when such software is completed and is ready for active use. Software development costs are tested for impairment annually and represent development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. During the period of which the asset is not yet in use, it is tested for impairment annually.

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

(e) Financial instruments – initial recognition and subsequent measurement

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group and Company become a party to the contractual provisions of the instrument. This includes “regular way trades”: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, available-for-sale financial assets, or loans and receivables, as appropriate. Financial liabilities of the Group and Company are classified as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate.

The classification of financial instruments at initial recognition depends on the purpose and the management’s intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(e) Financial instruments – initial recognition and subsequent measurement (cont'd.)

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

(i) Financial assets and financial liabilities at fair value through profit or loss: held-for-trading

Financial assets and financial liabilities held-for-trading are recorded in the statements of financial position at fair value. Changes in fair value are recognised in “Fair value gains and losses”. Interest and dividend income or expense are recorded in “Investment income” or “Interest expense”, as appropriate and in accordance with the terms of the contract, or when the right to the payment has been established.

(ii) Financial assets and financial liabilities designated at fair value through profit or loss: fair value option

Financial assets and financial liabilities classified in this category are those that have been designated by management as at fair value through profit or loss on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and the designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(e) Financial instruments - initial recognition and subsequent measurement (cont'd.)

Subsequent measurement (cont'd.)

(ii) Financial assets and financial liabilities designated at fair value through profit or loss: fair value option (cont'd.)

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statements of financial position at fair value. Changes in fair value are recognised in "Fair value gains and losses". Interest and dividend income or expense are recorded in "Investment income" or "Interest income" or "Interest expense", as appropriate and in accordance with the terms of the contract, or when the right to the payment has been established.

(iii) Available-for-sale ("AFS") financial assets

AFS financial assets include equity and debt securities. Equity investments classified as AFS are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised through other comprehensive income in the "Available-for-sale fair value reserve" until the investment is derecognised, at which time the cumulative gains or losses recognised in the income statements, are reclassified from "Available-for-sale fair value reserve" to the income statements.

The Group and the Company evaluate whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group and the Company are unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group and Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group and Company have the intent and ability to hold these assets for the foreseeable future or until maturity.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(e) Financial instruments - initial recognition and subsequent measurement (cont'd.)

Subsequent measurement (cont'd.)

(iii) Available-for-sale ("AFS") financial assets (cont'd.)

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that had been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate ("EIR") method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, any gain or loss that had been previously recorded in equity is reclassified to the income statements.

(iv) Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Amortisation or accretion arising from the EIR method is included in "Interest income" in the income statements. The losses arising from impairment are recognised in the income statements.

(f) Financial liabilities at amortised cost

Financial liabilities issued by the Group and the Company, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group and the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(f) Financial liabilities at amortised cost (cont'd.)

After initial measurement, the financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in profit or loss.

(g) Reclassification of financial assets

The Group and Company may reclassify a non-derivative trading asset out of the "Held-for-trading" category and "Available-for-sale" category under rare circumstances and into the "Loans and receivables" category if it meets the definition of loans and receivables and the Group and Company have the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

If a financial asset is reclassified, and if the Group and Company subsequently increase its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

For a financial asset reclassified out of the "Available-for-sale" category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statements.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(g) Reclassification of financial assets (cont'd.)

Reclassification, where permitted, is at the election of management, and is determined on an instrument by instrument basis. The Group and Company do not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

(h) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement;
- the Group and the Company have transferred substantially all the risks and rewards of the asset; or
- the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(h) Derecognition of financial assets and financial liabilities (cont'd.)

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(i) Fair value measurement

The Group and the Company measure certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(i) Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which all inputs that are significant to the fair value measurement are directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant valuation models.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(j) Impairment of financial assets

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

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Company first assess individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statements. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Investment income". Financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(j) Impairment of financial assets (cont'd.)

(i) Financial assets carried at amortised cost (cont'd.)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statements to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

(k) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(k) Impairment of non-financial assets (cont'd.)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statements.

(l) Intangible assets - impairment

Intangible assets with finite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(m) Equity instruments

Ordinary share capital

Ordinary shares issued by the Company are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised and accounted for in the statements of changes in equity in the period in which they are declared.

(n) Product classification

The Group and Company issue contracts that transfer insurance risks or financial risks or both.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(n) Product classification (cont'd.)

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

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Group and the Company (the insurer) have accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group and the Company determine whether it has significant insurance risks, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk.

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

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

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

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(n) Product classification (cont'd.)

Under the terms of the contracts, surpluses in the DPF funds can be distributed to the policyholders and the shareholders respectively. The Group and the Company have the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

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

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

For the purpose of product classification under MFRS 4, the Group and the Company adopt maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Group and Company define insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force.

(o) Reinsurance

The Group and the Company cede insurance risks in the normal course of business for all of its businesses. Reinsurance assets represent amount recoverable from reinsurance companies which have yet to be settled at the reporting date. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(o) Reinsurance (cont'd.)

Ceded reinsurance arrangements do not relieve the Group and the Company from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group and the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group and the Company will receive from the reinsurer. The impairment loss is recorded in the income statements.

The Group and the Company also assume reinsurance risk in the normal course of business for life insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent amount payable to reinsurance companies which have yet settled at the reporting date. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

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

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statements of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

(p) Life insurance underwriting results

The surplus transferable from the life fund to the income statements is based on the surplus determined by an annual actuarial valuation of the long-term liabilities to policyholders.

2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(p) Life insurance underwriting results (cont'd.)

Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First year premium is recognised from the inception date and subsequent premiums are recognised when due. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in income statements and are reported as outstanding premiums in the statements of financial position.

Reinsurance premiums

Gross reinsurance premiums on ceded reinsurance are recognised as an expense when payable or on the date on which the policy is effective.

Creation of units

Net creation of units which represents premium paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract are reflected in the income statements of the investment linked funds. Net creation of units is recognised on a receipt basis.

Benefits, claims and expenses

Benefits and claims that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified. Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

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

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(p) Life insurance underwriting results (cont'd.)

Commission and agency expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, and income derived from reinsurers in the course of cession of premiums to reinsurers, are charged to the income statements in the period in which they are incurred.

(q) Insurance receivables

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

If there is objective evidence that the insurance receivable is impaired, the Group and the Company reduce the carrying amount of the insurance receivable accordingly and recognise that impairment loss in the income statements. The Group and the Company gather the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.6(j).

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.6(h), have been met.

(r) Life insurance contract liabilities

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies, and the non-unit liabilities of investment-linked policies.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(r) Life insurance contract liabilities (cont'd.)

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

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

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zeroisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group and the Company.

Adjustments to the liabilities at each reporting date are recorded in the income statements. Profits originating from margins of adverse deviations on run-off contracts are recognised in the income statements over the life of the contract, whereas losses are fully recognised in the income statements during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of the present value of in-force business ("PVIF") by using an existing liability adequacy test. Any deficiency is charged to the income statements.

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4 *Insurance Contracts*. The valuation of insurance contract liabilities based on the RBC Framework for Insurers issued by BNM meets the requirements of a Liability Adequacy Test under MFRS 4.

2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Realised gains and losses on investments

Gains or losses arising on disposal of investments are credited or charged to the income statements. Gains and losses are calculated as the difference between net sales proceeds and the original for amortised cost and are recorded on occurrence of the sale transaction.

Dividend income

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the right to receive payment is established.

Fee income

Insurance contract policyholders are charged for policy administration services, investment management services, surrender and other contract fees. These fees are recognised as revenue in the period in which the related services are performed.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(t) Income taxes

(i) Current tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax is recognised in income statements except to the extent that the tax relates to items recognised outside income statements, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(t) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside income statements is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(u) Provisions

Provisions are recognised when the Group and the Company have 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 reporting date 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 a finance cost.

(v) Employee benefits

Short-term benefits

Wages, salaries and other salary related expenses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution pension plan

As required by law, companies within the Group and Company make contributions to the Employees Provident Fund ("EPF") in Malaysia. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Share-based compensation

AMMB, the holding company of one of the Company's shareholders, operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the AMMB Group based on certain financial and performance criteria and such conditions as it may deem fit. Prior to the share sale agreement with MetLife, when AMMB was still the ultimate holding company, eligible directors and employees of the Company were also granted the abovementioned share-based compensation.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(v) Employee benefits (cont'd.)

Share-based compensation (cont'd.)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the ultimate holding company's best estimate of the number of equity instruments that will ultimately vest. The income statements expense or credit for a period is recorded in "Personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

(w) Foreign currencies transactions

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Group and the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are recognised in the income statements.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(x) Insurance payables

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

2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(y) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as lessee

Finance leases, that transfer to the Group and Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reductions of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "Interest expense" in the income statements.

Capitalised leased assets are depreciated over the useful life of the assets. However, if there is no reasonable certainty that the Group and Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statements on a straight-line basis over the lease term. The aggregate benefits or incentives provided by the lessor are recognised as a reduction of rental expenses over the lease term on a straight line basis.

Company as lessor

Leases where the Group and Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(y) Leases (cont'd.)

At the inception of a contract, the Group and Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration - i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

(i) As Lessee

The Group and Company recognise a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use assets are initially measured at cost, which comprises the amount of lease liabilities, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and Company's incremental borrowing rate.

Subsequently, the right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease terms. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment (see Note 2.6(b)). In addition, the carrying amount of the right-of-use assets is reduced by any impairment losses and adjusted for certain remeasurements of these liabilities.

The lease liabilities are subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

The Group and Company present its right-of-use assets in 'right-of-use assets' and 'lease liabilities' in the statements of financial position.

2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(y) Leases (cont'd.)

(i) As Lessee (cont'd.)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As Lessor

The Company classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are reported as rental income. The accounting policy for rental income is set out in Note 2.6(s).

(z) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand and at banks, and short term deposits with original maturity periods of three months or less, which have an insignificant risk of changes in value and are readily convertible to a known amount.

The statements of cash flows have been prepared using the indirect method.

(aa) Non-current assets held for sale

The Group and Company classify non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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2. Significant accounting policies (cont'd.)

2.6 Summary of significant accounting policies (cont'd.)

(aa) Non-current assets held for sale (cont'd.)

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment properties held for sale continue to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statements of financial position.

3. Significant accounting estimates and assumptions

3.1 Key sources of estimation uncertainty and assumptions

In the process of applying the Group's and the Company's accounting policies, management has exercised judgement and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgement and estimates are as follows:

(a) Valuation of life insurance contract liabilities (Note 12 and Note 27)

The liability for life insurance contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a Liability Adequacy Test ("LAT"), which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group and Company base mortality and morbidity on established industry and Malaysian tables which reflect historical experiences, adjusted when appropriate to reflect the Group's and Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements.

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3. Significant accounting estimates and assumptions (cont'd.)

3.1 Key sources of estimation uncertainty and assumptions (cont'd.)

(a) Valuation of life insurance contract liabilities (Note 12 and Note 27) (cont'd.)

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4 Insurance Contracts. The RBC Framework for Insurers issued by BNM meets the requirement of Liability Adequacy Test under MFRS 4.

According to this framework, valuation of non-participating life insurance liabilities, participating life insurance liabilities on guaranteed benefits only, and the non-unit investment-linked liabilities with the prescribed valuation bases aim to secure an overall level of sufficiency of policy reserves at the 75% confidence level. To secure this level of adequacy, the Group and Company are required to calculate the best estimate value of their insurance liabilities and apply a "Provision of Risk Margin for Adverse Deviation" ("PRAD").

Estimates are also made for future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate. Lapse and surrender rates are based on the Group's and Company's historical experience of lapses and surrenders.

The discount rate for non-participating policies, guaranteed benefits of participating policies and the non-unit liability of investment-linked policies accord a level of guarantee which is no less certain than that accorded by Malaysian Government Securities ("MGS"). In the case of the total benefit liabilities of participating policies, the discount rate is based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the Life Fund.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method.

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3. Significant accounting estimates and assumptions (cont'd.)

3.1 Key sources of estimation uncertainty and assumptions (cont'd.)

(a) Valuation of life insurance contract liabilities (Note 12 and Note 27) (cont'd.)

The liability is determined as the sum of the present value of future guarantees and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rates. The liability is based on the best estimate assumptions and with due regard to significant recent experiences. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

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

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group and Company.

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4(a). Property and equipment

Group and Company	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture, fittings and renovation RM'000	Total RM'000
2021						
Cost						
At 1 April 2020	787	557	4,298	31,123	38,505	75,270
Additions	-	-	218	808	216	1,242
Disposals	-	-	-	(1,384)	-	(1,384)
Reclass from intangible assets (Note 6)	-	-	-	1,569	-	1,569
At 31 March 2021	<u>787</u>	<u>557</u>	<u>4,516</u>	<u>32,116</u>	<u>38,721</u>	<u>76,697</u>
Accumulated depreciation						
At 1 April 2020	323	526	4,005	26,599	31,468	62,921
Charge for the year (Note 19)	16	12	139	2,221	1,196	3,584
Disposals	-	-	-	(1,383)	-	(1,383)
At 31 March 2021	<u>339</u>	<u>538</u>	<u>4,144</u>	<u>27,437</u>	<u>32,664</u>	<u>65,122</u>
Net carrying amount						
At 31 March 2021	<u>448</u>	<u>19</u>	<u>372</u>	<u>4,679</u>	<u>6,057</u>	<u>11,575</u>

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4(a). Property and equipment (cont'd.)

Group and Company	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture, fittings and renovation RM'000	Total RM'000
2020						
Cost						
At 1 April 2019	787	557	4,251	29,937	37,271	72,803
Additions	-	-	47	1,186	1,463	2,696
Disposals	-	-	-	-	(229)	(229)
At 31 March 2020	<u>787</u>	<u>557</u>	<u>4,298</u>	<u>31,123</u>	<u>38,505</u>	<u>75,270</u>
Accumulated depreciation						
At 1 April 2019	307	465	3,871	24,183	29,938	58,764
Charge for the year (Note 19)	16	61	134	2,416	1,759	4,386
Disposals	-	-	-	-	(229)	(229)
At 31 March 2020	<u>323</u>	<u>526</u>	<u>4,005</u>	<u>26,599</u>	<u>31,468</u>	<u>62,921</u>
Net carrying amount						
At 31 March 2020	<u>464</u>	<u>31</u>	<u>293</u>	<u>4,524</u>	<u>7,037</u>	<u>12,349</u>

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4(a). Property and equipment (cont'd.)

Included in property and equipment of the Group and of the Company are the costs of fully depreciated assets which are still in use as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
Motor vehicles	497	497
Office equipment	3,711	3,625
Computer equipment	24,106	17,709
Furniture, fittings and renovation	26,450	25,552
	<u>54,764</u>	<u>47,383</u>

4(b). Right-of-use assets

	Group and Company	
	2021	2020
	RM'000	RM'000
Cost		
Long term leasehold premises	42,264	41,705
Accumulated depreciation	(15,511)	(7,772)
Total net book value of right-of-use assets	<u>26,753</u>	<u>33,933</u>

The following are the amounts recognised in profit or loss:

	Group and Company	
	2021	2020
	RM'000	RM'000
Depreciation expense of right-of-use assets	7,739	7,772
Finance costs on lease liabilities	1,274	1,546
Gain on contract modification	8	-
Total amount recognised in profit or loss	<u>9,021</u>	<u>9,318</u>

4(c). Lease liabilities

	Group and Company	
	2021	2020
	RM'000	RM'000
Lease liabilities: premises	35,568	41,705
Payment of lease liabilities	(8,198)	(8,234)
Finance costs on lease liabilities	1,274	1,546
Gain on contract modification	8	-
Total lease liabilities: premises	<u>28,652</u>	<u>35,017</u>

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5. Investment properties

	Group and Company	
	2021	2020
	RM'000	RM'000
At beginning of year	50,200	50,380
Fair value losses (Note 18)	(50)	(180)
At end of year	<u>50,150</u>	<u>50,200</u>

Investment properties consist of the following:

Leasehold land and buildings	28,390	28,440
Freehold land and buildings	<u>21,760</u>	<u>21,760</u>
	<u>50,150</u>	<u>50,200</u>

Included in investment properties are land and buildings with a total fair value amounting to RM12,800,000 (2020: RM12,800,000) for which the title deeds were still in the process of being transferred to the Company at the end of the financial year.

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer. The independent valuer is a specialist in valuing these types of investment properties. The valuation model is in accordance with that recommended by the International Valuation Standards Council and Malaysian Valuation Standards and meets the requirements of MFRS 13: *Fair Value Measurement*. The valuations were based on the Market Approach method which makes reference to comparable properties which have been sold or are being offered for sale.

The Market Approach method entails comparisons of the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions (if any), occupancy status, built-up area, building construction, finishes and services, age and condition of building and other relevant characteristics.

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5. Investment properties (cont'd.)

The Group has determined that the highest and best use of the properties is its current use.

The fair value gains are recorded in the income statements and are disclosed in Note 18. Fair value hierarchy disclosures for investment properties have been provided in Note 28(4)(a).

The amount of rental income and expenses recorded in profit or loss are as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
Rental income derived from investment properties (Note 16)	4,018	4,759
Direct operating expenses (including repairs and maintenance) incurred in generating rental income	(1,077)	(2,254)
Profit arising from investment properties	<u>2,941</u>	<u>2,505</u>

The Group has no restriction on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Reconciliation of investment properties fair value movement

	Leasehold land and buildings RM'000	Freehold land and buildings RM'000	Total RM'000
At 31 March 2020	28,440	21,760	50,200
Fair value losses	(50)	-	(50)
At 31 March 2021	<u>28,390</u>	<u>21,760</u>	<u>50,150</u>

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6. Intangible assets

Group and Company	Development costs RM'000	Software RM'000	Total RM'000
2021			
Cost			
At 1 April 2020	15,315	121,473	136,788
Additions	5,265	10,322	15,587
Reclass to property and equipment (Note 4)	(1,569)	-	(1,569)
Reclassification	(11,776)	11,776	-
At 31 March 2021	<u>7,235</u>	<u>143,571</u>	<u>150,806</u>
Accumulated amortisation			
At 1 April 2020	-	85,156	85,156
Charge for the year (Note 19)	-	10,444	10,444
At 31 March 2021	<u>-</u>	<u>95,600</u>	<u>95,600</u>
Net carrying amount			
At 31 March 2021	<u>7,235</u>	<u>47,971</u>	<u>55,206</u>

Group and Company	Development costs RM'000	Software RM'000	Total RM'000
2020			
Cost			
At 1 April 2019	5,912	111,955	117,867
Additions	11,047	7,874	18,921
Reclassification	(1,644)	1,644	-
At 31 March 2020	<u>15,315</u>	<u>121,473</u>	<u>136,788</u>
Accumulated amortisation			
At 1 April 2019	-	76,054	76,054
Charge for the year (Note 19)	-	9,102	9,102
At 31 March 2020	<u>-</u>	<u>85,156</u>	<u>85,156</u>
Net carrying amount			
At 31 March 2020	<u>15,315</u>	<u>36,317</u>	<u>51,632</u>

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7. Investments

Group	2021				2020			
	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000
Malaysian government securities	-	262,799	1,039	263,838	29,606	305,736	788	336,130
Corporate bonds	362,223	2,420,442	49,096	2,831,761	303,796	2,249,150	43,630	2,596,576
Equity securities	-	60,697	76,350	137,047	-	39,480	41,951	81,431
Unit and property trust funds	-	8,166	41,961	50,127	-	12,296	36,142	48,438
Loans	-	69,173	-	69,173	-	174,973	-	174,973
Deposits with licensed banks	13,476	247,097	2,882	263,455	52,847	152,792	1,992	207,631
Seed capital in Investment-linked funds	10,264	-	-	-	7,815	-	-	-
	385,963	3,068,374	171,328	3,615,401	394,064	2,934,427	124,503	3,445,179
Loans and receivables ("LAR")	13,476	316,270	2,882	332,628	52,847	327,765	1,992	382,604
Available-for-sale financial assets ("AFS")	10,264	1,306,541	-	1,306,541	7,815	1,234,199	-	1,234,199
Fair value through profit or loss ("FVTPL")	362,223	1,445,563	168,446	1,976,232	333,402	1,372,463	122,511	1,828,376
	385,963	3,068,374	171,328	3,615,401	394,064	2,934,427	124,503	3,445,179

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7. Investments (cont'd.)

Company	2021				2020			
	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000
Malaysian government securities	-	262,799	1,039	263,838	-	305,736	788	306,524
Corporate bonds	-	2,420,442	49,096	2,469,538	-	2,249,150	43,630	2,292,780
Equity securities	-	60,697	76,350	137,047	-	39,480	41,951	81,431
Unit and property trust funds	-	8,166	41,961	50,127	-	12,296	36,142	48,438
Investment in subsidiary - Wholesale unit trust fund (Note 7(b))	366,919	-	-	366,919	365,134	-	-	365,134
Loans	-	69,173	-	69,173	-	174,973	-	174,973
Deposits with licensed banks	12,327	247,097	2,882	262,306	24,685	152,792	1,992	179,469
Seed capital in Investment-linked funds	10,264	-	-	-	7,815	-	-	-
	389,510	3,068,374	171,328	3,618,948	397,634	2,934,427	124,503	3,448,749
Loans and receivables ("LAR")	12,327	316,270	2,882	331,479	24,685	327,765	1,992	354,442
Available-for-sale financial assets ("AFS")	377,183	1,306,541	-	1,673,460	372,949	1,234,199	-	1,599,333
Fair value through profit or loss ("FVTPL")	-	1,445,563	168,446	1,614,009	-	1,372,463	122,511	1,494,974
	389,510	3,068,374	171,328	3,618,948	397,634	2,934,427	124,503	3,448,749

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7. Investments (cont'd.)

(a) LAR

Group	2021				2020			
	Shareholders'				Shareholders'			
	Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000	Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000
At amortised cost:								
Deposits with licensed banks	13,476	247,097	2,882	263,455	52,847	152,792	1,992	207,631
Loans	-	70,203	-	70,203	-	176,565	-	176,565
Malaysian government guaranteed loans	-	-	-	-	-	101,435	-	101,435
Policy loans	-	69,909	-	69,909	-	74,734	-	74,734
Mortgage loans	-	294	-	294	-	391	-	391
Vehicle loans	-	-	-	-	-	5	-	5
Allowance impairment for LAR	-	(1,030)	-	(1,030)	-	(1,592)	-	(1,592)
	<u>13,476</u>	<u>316,270</u>	<u>2,882</u>	<u>332,628</u>	<u>52,847</u>	<u>327,765</u>	<u>1,992</u>	<u>382,604</u>

The carrying values of the LAR are reasonable approximations of fair value due to the insignificant impact of discounting.

Included in deposits with licensed banks of the Group are short term deposits with original maturity periods of less than 3 months amounting to RM263,455,000 (2020: RM207,631,000) which have been classified as cash and cash equivalents for the purpose of the statements of cash flows.

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7. Investments (cont'd.)

(a) LAR (cont'd.)

Company	2021				2020			
	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000
At amortised cost:								
Deposits with licensed banks	12,327	247,097	2,882	262,306	24,685	152,792	1,992	179,469
Loans	-	70,203	-	70,203	-	176,565	-	176,565
Malaysian government guaranteed loans	-	-	-	-	-	101,435	-	101,435
Policy loans	-	69,909	-	69,909	-	74,734	-	74,734
Mortgage loans	-	294	-	294	-	391	-	391
Vehicle loans	-	-	-	-	-	5	-	5
Allowance impairment for LAR	-	(1,030)	-	(1,030)	-	(1,592)	-	(1,592)
	<u>12,327</u>	<u>316,270</u>	<u>2,882</u>	<u>331,479</u>	<u>24,685</u>	<u>327,765</u>	<u>1,992</u>	<u>354,442</u>

The carrying values of the LAR are reasonable approximations of fair value due to the insignificant impact of discounting.

Included in deposits with licensed banks of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM262,306,000 (2020: RM179,469,000) which have been classified as cash and cash equivalents for the purpose of the statements of cash flows.

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7. Investments (cont'd.)

(b) AFS

Group	2021				2020			
	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000
At fair value:								
Equity securities								
Quoted in Malaysia	-	58,550	-	58,550	-	37,333	-	37,333
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Malaysian government securities	-	147,357	-	147,357	-	186,819	-	186,819
Unquoted corporate bonds in Malaysia	-	1,090,321	-	1,090,321	-	995,604	-	995,604
Quoted unit and property trust funds in Malaysia	-	8,166	-	8,166	-	12,296	-	12,296
Seed capital in Investment-linked funds	10,264	-	-	-	7,815	-	-	-
	<u>10,264</u>	<u>1,306,541</u>	<u>-</u>	<u>1,306,541</u>	<u>7,815</u>	<u>1,234,199</u>	<u>-</u>	<u>1,234,199</u>

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7. Investments (cont'd.)

(b) AFS (cont'd.)

Company	2021				2020			
	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000	Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000
At fair value:								
Equity securities								
Quoted in Malaysia	-	58,550	-	58,550	-	37,333	-	37,333
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Malaysian government securities	-	147,357	-	147,357	-	186,819	-	186,819
Unquoted corporate bonds in Malaysia	-	1,090,321	-	1,090,321	-	995,604	-	995,604
Quoted unit and property trust funds in Malaysia	-	8,166	-	8,166	-	12,296	-	12,296
Investment in subsidiary - Wholesale unit trust fund	366,919	-	-	366,919	365,134	-	-	365,134
Seed capital in Investment-linked funds	10,264	-	-	-	7,815	-	-	-
	377,183	1,306,541	-	1,673,460	372,949	1,234,199	-	1,599,333

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7. Investments (cont'd.)

(b) AFS (cont'd.)

Investment in a subsidiary - Wholesale unit trust fund:

In July 2013, the Company invested RM300 million in a collective investment scheme in Malaysia, namely AmIncome Institutional 5 ("the Fund"). The Fund's investment strategy is to invest 40% to 100% of its Net Asset Value ("NAV") in fixed income securities and up to 60% of its NAV in money market instruments. As at 31 March 2021, the investments of the Fund are mainly in fixed income instruments.

AmInvestment Management Sdn Bhd ("the Fund Manager") invests in a portfolio of assets which is adequately suited to potentially achieve the expected return objective of the Fund, while at the same time minimising the risk of portfolio of assets through careful asset allocation or security selection and diversification. The Fund manager invests into permitted investments and adheres to the investment limits set for the Fund under the Trust Deed.

The Company has determined that it has control over the Fund, based on the following rationale:

By virtue of clause 17.1.2 of the Master Deed signed between Deutsche Trustees Malaysia Berhad ("the Trustee") and the Fund Manager, the Unitholders of the Fund may apply to the Fund Manager to summon a meeting for any purpose, without limitation, for the purpose of requiring the retirement or removal of the Fund Manager. As at 31 March 2021, all units in the Fund are held by the Company (2020: 100%).

Being the sole holder of the units in the Fund, the Company is entitled to all the distributions by the Fund, when the Fund Manager declares the distributions. The distributions of the Fund are based on performance and market value i.e., Net Asset Value ("NAV") of the Fund.

The Company has determined that it is able to exert its power in order to influence returns from its investment in the Fund by virtue of the abovementioned clause 17.1.2 and, accordingly, the Fund is a subsidiary of the Company.

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7. Investments (cont'd.)

(c) FVTPL - Held for trading purposes

Group	2021				2020			
	Shareholders'				Shareholders'			
	Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000	Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000
At fair value:								
Quoted equity securities in Malaysia	-	-	76,350	76,350	-	-	41,951	41,951
Malaysian government securities	-	115,442	1,039	116,481	29,606	118,917	788	149,311
Unquoted corporate bonds in Malaysia	362,223	1,330,121	49,096	1,741,440	303,796	1,253,546	43,630	1,600,972
Unit and property trust funds								
Quoted in Malaysia	-	-	3,048	3,048	-	-	6,769	6,769
Unquoted in Malaysia	-	-	38,913	38,913	-	-	29,373	29,373
	362,223	1,445,563	168,446	1,976,232	333,402	1,372,463	122,511	1,828,376

Company	2021				2020			
	Shareholders'				Shareholders'			
	Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000	Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000
At fair value:								
Quoted equity securities in Malaysia	-	-	76,350	76,350	-	-	41,951	41,951
Malaysian government securities	-	115,442	1,039	116,481	-	118,917	788	119,705
Unquoted corporate bonds in Malaysia	-	1,330,121	49,096	1,379,217	-	1,253,546	43,630	1,297,176
Unit and property trust funds								
Quoted in Malaysia	-	-	3,048	3,048	-	-	6,769	6,769
Unquoted in Malaysia	-	-	38,913	38,913	-	-	29,373	29,373
	-	1,445,563	168,446	1,614,009	-	1,372,463	122,511	1,494,974

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8. Reinsurance assets

	Group and Company	
	2021	2020
	RM'000	RM'000
Reinsurance of insurance contracts (Note 12)	40,531	31,991

This relates to reinsurers' share of insurance contract liabilities.

9. Insurance receivables

	Group and Company	
	2021	2020
	RM'000	RM'000
Due from reinsurers and cedents	34,662	40,991
Due premiums including agents/brokers and co-insurers balances	159,570	168,938
Allowance for impairment	(37,602)	(36,825)
	156,630	173,104

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

Details of movement in the allowance for impairment account have been disclosed in Note 28(1).

10. Other receivables

	2021	2020
	RM'000	RM'000
Group		
Income due and accrued	31,007	31,100
Other receivables, deposits and prepayments	7,882	7,559
Tax recoverable	14,805	13,761
Amount due from related companies (Note 25(a))	1,043	1,240
	54,737	53,660

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10. Other receivables (cont'd.)

Company	2021 RM'000	2020 RM'000
Income due and accrued	27,411	27,502
Other receivables, deposits and prepayments	7,882	7,559
Tax recoverable	14,805	13,761
Amount due from related companies (Note 25(a))	1,043	1,240
	<u>51,141</u>	<u>50,062</u>

The carrying amounts (excluding non-financial assets) approximate fair values due to the relatively short-term maturity of these balances.

The amount due from related companies is unsecured, non-trade related, interest-free and is repayable on demand.

11. Share capital

Group and Company	2021		2020	
	No. of Shares '000	Amount RM'000	No. of Shares '000	Amount RM'000
Authorised:				
Ordinary shares:				
At beginning and end of the year	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Issued and paid-up:				
Ordinary shares:				
At beginning and end of the year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

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12. Insurance contract liabilities

	-----Group and Company-----					
	2021			2020		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Actuarial liabilities	2,473,312	(28,397)	2,444,915	2,494,989	(24,527)	2,470,462
Provision for outstanding claims	349,391	(12,134)	337,257	351,142	(7,464)	343,678
Unallocated surplus	57,450	-	57,450	40,030	-	40,030
Available-for-sale fair value reserve*	44,052	-	44,052	45,558	-	45,558
Net asset value attributable to unitholders	174,793	-	174,793	142,426	-	142,426
	<u>3,098,998</u>	<u>(40,531)</u>	<u>3,058,467</u>	<u>3,074,145</u>	<u>(31,991)</u>	<u>3,042,154</u>

	←-----Gross-----→			←-----Reinsurance-----→			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
Group and Company							
At 1 April 2020	1,094,619	1,979,526	3,074,145	(5,660)	(26,331)	(31,991)	3,042,154
Premiums received	100,037	490,969	591,006	(1,879)	(74,273)	(76,152)	514,854
Liabilities paid for death, maturities, surrenders, benefits and claims	(150,502)	(241,763)	(392,265)	134	48,690	48,824	(343,441)
Benefits and claims experience variation	(9,422)	(131,090)	(140,512)	-	31,228	31,228	(109,284)
Adjustments due to changes in assumptions:							
Mortality/morbidity/month lag/loss ratio	(358)	(8,603)	(8,961)	-	(14,976)	(14,976)	(23,937)
Expenses	(962)	847	(115)	-	-	-	(115)
Lapse and surrender rates	(77)	1,962	1,885	-	(61)	(61)	1,824
Asset share	(4,310)	-	(4,310)	-	-	-	(4,310)
Discount rate	(7,295)	(55,165)	(62,460)	-	2,597	2,597	(59,863)
Model enhancement	(7,585)	(111)	(7,696)	-	-	-	(7,696)
Net asset value refunded to unitholders	-	32,367	32,367	-	-	-	32,367
Surplus for the year	17,420	-	17,420	-	-	-	17,420
Fair value gains on AFS financial assets*	(1,637)	-	(1,637)	-	-	-	(1,637)
Deferred tax effects							
on changes in AFS reserves (Note 13)	131	-	131	-	-	-	131
At 31 March 2021	<u>1,030,059</u>	<u>2,068,939</u>	<u>3,098,998</u>	<u>(7,405)</u>	<u>(33,126)</u>	<u>(40,531)</u>	<u>3,058,467</u>

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12. Insurance contract liabilities (cont'd.)

Group and Company	←-----Gross-----→			←-----Reinsurance-----→			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
At 1 April 2019	1,126,846	1,748,544	2,875,390	(3,649)	(34,178)	(37,827)	2,837,563
Premiums received	113,040	495,089	608,129	(1,779)	(62,276)	(64,055)	544,074
Liabilities paid for death, maturities, surrenders, benefits and claims	(144,112)	(280,562)	(424,674)	(232)	42,631	42,399	(382,275)
Benefits and claims experience variation	20,120	(63,858)	(43,738)	-	27,715	27,715	(16,023)
Adjustments due to changes in assumptions:							
Mortality/morbidity/month lag/loss ratio	(54)	(4,744)	(4,798)	-	(172)	(172)	(4,970)
Expenses	3,430	861	4,291	-	-	-	4,291
Lapse and surrender rates	584	1,089	1,673	-	5	5	1,678
Discount rate	18,960	71,442	90,402	-	(56)	(56)	90,346
Model enhancement	38,629	(85)	38,544	-	-	-	38,544
Net asset value refunded to unitholders	-	11,750	11,750	-	-	-	11,750
Surplus for the year	(83,935)	-	(83,935)	-	-	-	(83,935)
Fair value gains on AFS financial assets*	1,208	-	1,208	-	-	-	1,208
Deferred tax effects							
on changes in AFS reserves (Note 13)	(97)	-	(97)	-	-	-	(97)
At 31 March 2020	1,094,619	1,979,526	3,074,145	(5,660)	(26,331)	(31,991)	3,042,154

* The available-for-sale fair value reserve of the Participating fund is treated as part of insurance contract liabilities because it is held in respect of assets backing the insurance contract liabilities of the Participating fund.

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13. Deferred taxation

	2021	2020
	RM'000	RM'000
Group		
At beginning of year	68,157	74,319
Recognised in:		
Income statements (Note 20):	18,058	(6,180)
Taxation of life insurance business	(1,601)	(1,998)
Taxation	19,659	(4,182)
Other comprehensive income	6	(79)
Insurance contract liabilities (Note 12)	(131)	97
At end of year	<u>86,090</u>	<u>68,157</u>
Company		
At beginning of year	70,050	75,973
Recognised in:		
Income statements (Note 20):	18,058	(6,180)
Taxation of life insurance business	(1,601)	(1,998)
Taxation	19,659	(4,182)
Other comprehensive income	(1,278)	160
Insurance contract liabilities (Note 12)	(131)	97
At end of year	<u>86,699</u>	<u>70,050</u>

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13. Deferred taxation (cont'd.)

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

Deferred tax liabilities

Group	Accelerated capital allowances RM'000	AFS reserves RM'000	Investments RM'000	Unallocated Surplus of Non- Participating Funds RM'000	Total RM'000
2021					
At 1 April 2020	1,009	4,691	3,039	60,010	68,157
Recognised in:					
Income statements:	(353)	-	(1,248)	19,659	18,058
Taxation of life insurance business Taxation	(353)	-	(1,248)	-	(1,601)
Taxation	-	-	-	19,659	19,659
Other comprehensive income	-	6	-	-	6
Insurance contract liabilities	-	(131)	-	-	(131)
At 31 March 2021	656	4,566	1,791	79,669	86,090
2020					
At 1 April 2019	1,096	4,673	4,950	64,192	74,319
Recognised in:					
Income statements:	(87)	-	(1,911)	(4,182)	(6,180)
Taxation of life insurance business Taxation	(87)	-	(1,911)	-	(1,998)
Taxation	-	-	-	(4,182)	(4,182)
Other comprehensive income	-	(79)	-	-	(79)
Insurance contract liabilities	-	97	-	-	97
At 31 March 2020	1,009	4,691	3,039	60,010	68,157

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13. Deferred taxation (cont'd.)

Deferred tax liabilities (cont'd.)

Company	Accelerated capital allowances RM'000	AFS reserves RM'000	Investments RM'000	Unallocated Surplus of Non- Participating Funds RM'000	Total RM'000
2021					
At 1 April 2020	1,009	6,304	3,039	60,010	70,050
Recognised in:					
Income statements:	(353)	-	(1,248)	19,659	18,058
Taxation of life insurance business Taxation	(353)	-	(1,248)	-	(1,601)
Taxation	-	-	-	19,659	19,659
Other comprehensive income	-	(690)	-	-	(1,278)
Insurance contract liabilities	-	(131)	-	-	(131)
At 31 March 2021	656	5,483	1,791	79,669	86,699
2020					
At 1 April 2019	1,096	6,398	4,950	64,192	75,973
Recognised in:					
Income statements:	(87)	-	(1,911)	(4,182)	(6,180)
Taxation of life insurance business Taxation	(87)	-	(1,911)	-	(1,998)
Taxation	-	-	-	(4,182)	(4,182)
Other comprehensive income	-	(191)	-	-	160
Insurance contract liabilities	-	97	-	-	97
At 31 March 2020	1,009	6,304	3,039	60,010	70,050

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14. Insurance payables

	Group and Company	
	2021	2020
	RM'000	RM'000
Amount due to agents, brokers, co-insurers and insured	49,787	47,502
Amount due to reinsurers and cedents	44,201	43,616
	<u>93,988</u>	<u>91,118</u>

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

15. Other payables

	2021	2020
	RM'000	RM'000
Group		
Accruals	31,526	25,909
Advance premium	28,097	29,667
Premium deposits	14,989	12,614
Sundry payables	66,644	25,247
Deposits	1,625	1,626
Amount due to related companies (Note 25(a))	9,433	5,837
	<u>152,314</u>	<u>100,900</u>
Company		
Accruals	31,526	25,909
Advance premium	28,097	29,667
Premium deposits	14,989	12,614
Sundry payables	66,603	25,204
Deposits	1,625	1,626
Amount due to related companies (Note 25(a))	9,433	5,837
	<u>152,273</u>	<u>100,857</u>

The carrying amounts (excluding non-financial liabilities) approximate fair values due to the relatively short-term maturity of these balances.

The amount due to related companies is unsecured, interest free, trade and non-trade related and is repayable on demand.

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16. Investment income

Group	Note	2021 RM'000	2020 RM'000
Rental income from investment properties	5	4,018	4,759
Financial assets at FVTPL - held for trading purposes:			
Dividend/distribution income			
- Quoted equity securities in Malaysia		2,169	2,431
- Unit and property trusts		1,145	978
Interest income			
- Malaysian government securities		4,901	6,665
- Corporate bonds		76,689	72,221
AFS financial assets:			
Dividend/distribution income			
- Quoted equity securities in Malaysia		1,775	2,269
- Unquoted equity securities in Malaysia		292	909
- Unit and property trusts		553	884
Interest income			
- Malaysian government securities		6,895	5,518
- Corporate bonds		46,198	48,030
Interest income from LAR		12,616	19,923
		<u>157,251</u>	<u>164,587</u>
Company			
Rental income from investment properties	5	4,018	4,759
Financial assets at FVTPL - held for trading purposes:			
Dividend/distribution income			
- Quoted equity securities in Malaysia		2,169	2,431
- Unit and property trusts		1,145	978
Interest income			
- Malaysian government securities		4,901	6,665
- Corporate bonds		62,000	55,834
AFS financial assets:			
Dividend/distribution income			
- Quoted equity securities in Malaysia		1,775	2,269
- Unquoted equity securities in Malaysia		292	909
- Unit and property trusts		19,866	23,767
Interest income			
- Malaysian government securities		6,895	5,518
- Corporate bonds		46,198	48,030
Interest income from LAR		12,296	19,157
		<u>161,555</u>	<u>170,317</u>

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17. Realised gains

Group	2021 RM'000	2020 RM'000
Financial assets at FVTPL - held for trading purposes:		
- Quoted equity securities in Malaysia	(3,564)	(2,209)
- Unit and property trusts	(924)	31
- Malaysian government securities	84	4,065
- Corporate bonds	4,791	9,961
AFS financial assets:		
- Quoted equity securities in Malaysia	3,194	(1,493)
- Unit trust and property trusts	(800)	-
- Malaysian government securities	2,222	928
- Corporate bonds	-	7,641
Property and equipment	13	-
Investment properties	-	(4,951)
	<u>5,016</u>	<u>13,973</u>

Company

Financial assets at FVTPL - held for trading purposes:		
- Quoted equity securities in Malaysia	(3,564)	(2,209)
- Unit and property trusts	(924)	31
- Malaysian government securities	84	4,065
- Corporate bonds	-	3,660
AFS financial assets:		
- Quoted equity securities in Malaysia	3,194	(1,493)
- Unit trust and property trusts	21	2,198
- Malaysian government securities	2,222	928
- Corporate bonds	-	7,641
Property and equipment	13	-
Investment properties	-	(4,951)
	<u>1,046</u>	<u>9,870</u>

18. Fair value losses

Group	2021 RM'000	2020 RM'000
Financial assets at FVTPL - held for trading purposes:		
- Quoted equity securities in Malaysia	24,642	(12,707)
- Unit and property trusts	9,492	(5,468)
- Malaysian government securities	(3,546)	1,234
- Corporate bonds	(52,265)	9,918
	<u>(21,677)</u>	<u>(7,023)</u>
Fair value losses on investment properties (Note 5)	(50)	(180)
Fair value losses (Note 22)	(21,727)	(7,203)
Impairment on:	(3,395)	(11,114)
- Quoted equities	(2,499)	(9,522)
- Unit and property trusts	(896)	(1,592)
Write back of impairment loss of corporate bonds	143	-
	<u>(24,979)</u>	<u>(18,317)</u>

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18. Fair value losses (cont'd.)

Company	2021 RM'000	2020 RM'000
Financial assets at FVTPL - held for trading purposes:		
- Quoted equity securities in Malaysia	24,642	(12,707)
- Unit and property trusts	9,492	(5,468)
- Malaysian government securities	(3,546)	1,234
- Corporate bonds	(47,671)	6,894
	<u>(17,083)</u>	<u>(10,047)</u>
Fair value losses on investment properties (Note 5)	(50)	(180)
Fair value losses (Note 22)	(17,133)	(10,227)
Impairment on:	(3,395)	(11,114)
- Quoted equities	(2,499)	(9,522)
- Unit and property trusts	(896)	(1,592)
Write back of impairment loss of corporate bonds	143	-
	<u>(20,385)</u>	<u>(21,341)</u>

19. Management expenses

Group	Note	2021 RM'000	2020 RM'000
Employee benefits expense	19(a)	59,085	59,640
Directors' remuneration	19(b)	882	879
CEO's remuneration including benefits-in-kind	19(b)	2,638	2,790
Auditors' remuneration:			
- audit fees		925	375
- regulatory related fees		107	138
Depreciation of property and equipment	4(a)	3,584	4,386
Amortisation of intangible assets	6	10,444	9,102
Reversal of impairment on insurance receivables		777	(169)
Allowance for impairment on loans and receivables		1,030	1,592
Rental of office from third parties		5,794	5,839
Rental of office from other related companies	25(a)	210	270
Establishment cost		1,754	1,716
Marketing expenses		20,919	27,226
Communication expenses		2,548	3,123
Goods and Services Tax ("GST")		214	8
Policy processing expenses and others		870	652
Administration and general expenses		22,198	28,090
		<u>133,979</u>	<u>145,657</u>

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19. Management expenses (cont'd.)

	Note	2021 RM'000	2020 RM'000
Company			
Employee benefits expense	19(a)	59,085	59,640
Directors' remuneration	19(b)	882	879
CEO's remuneration including benefits-in-kind	19(b)	2,638	2,790
Auditors' remuneration:			
- audit fees		920	370
- regulatory related fees		107	138
Depreciation of property and equipment	4(a)	3,584	4,386
Amortisation of intangible assets	6	10,444	9,102
Reversal of impairment on insurance receivables		777	(169)
Allowance for impairment on loans and receivables		1,030	1,592
Rental of office from third parties		5,794	5,839
Rental of office from other related companies	25(a)	210	270
Establishment cost		1,754	1,716
Marketing expenses		20,919	27,226
Communication expenses		2,548	3,123
Goods and Services Tax ("GST")		214	8
Policy processing expenses and others		870	652
Administration and general expenses		21,813	27,694
		<u>133,589</u>	<u>145,256</u>

(a) Employee benefits expense

	2021 RM'000	2020 RM'000
Group and Company		
Wages, salaries and bonuses	45,851	44,795
Contributions to social security ("SOCSSO")	354	363
Contributions to EPF	7,596	7,323
Other benefits	5,284	7,159
Total employee benefits expenses	<u>59,085</u>	<u>59,640</u>

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19. Management expenses (cont'd.)

(b) Directors' remuneration

The details of remuneration receivable by directors during the year are as follows:

Group and Company	2021 RM'000	2020 RM'000
CEO's remuneration (including benefits-in-kind):		
Salaries	2,181	2,203
Contribution to EPF	226	352
Other benefits-in-kind	231	235
	<u>2,638</u>	<u>2,790</u>
Non-executive directors:		
Fees	533	537
Allowances and other emoluments	349	342
	<u>882</u>	<u>879</u>
Total directors' remuneration	<u>882</u>	<u>879</u>

Fees and allowances of non-executive directors comprise:

Name	2021 RM'000	2020 RM'000
Mr Cho Horng Fatt (Chairman)	215	212
Dato' Abdullah Bin Mat Zaid	163	189
Mr Phoon Soon Keong	163	163
Mr Sathasivan A/L Kunchambo	162	160
Mr Alan Ronald Goon Hock Lee	167	17
Dato' Seow Thiam Fatt (Resigned w.e.f. 30 April 2020)	12	138
Total non-executive directors' remuneration	<u>882</u>	<u>879</u>
Total directors' remuneration	<u>882</u>	<u>879</u>

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20. Taxation

Group and Company	2021 RM'000	2020 RM'000
Current income tax:		
Malaysian income tax	-	(6,758)
Deferred tax (Note 13):		
Relating to origination and reversal of temporary differences	19,659	(4,182)
	<u>19,659</u>	<u>(10,940)</u>

Domestic income tax for shareholders' fund is calculated at the Malaysian statutory rate of 24% on the estimated assessable profit for the financial year.

A reconciliation of income tax expenses applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the shareholders' fund is as follows:

Group	2021 RM'000	2020 RM'000
Profit/(loss) before taxation	98,013	(32,698)
Taxation at Malaysian statutory tax rate of 24%	23,523	(7,848)
Income not subject to tax	(5,779)	(5,297)
Expenses not deductible for tax purpose	1,915	2,205
Tax expense/(credit) for the year	<u>19,659</u>	<u>(10,940)</u>
Company		
Profit/(loss) before taxation	103,331	(33,694)
Taxation at Malaysian statutory tax rate of 24%	24,799	(8,087)
Income not subject to tax	(6,961)	(4,962)
Expenses not deductible for tax purpose	1,821	2,109
Tax expense/(credit) for the year	<u>19,659</u>	<u>(10,940)</u>

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20. Taxation (cont'd.)**Taxation of life insurance business**

Group and Company	2021 RM'000	2020 RM'000
Current income tax:		
Malaysian income tax	8,915	10,266
Over provision in prior year	<u>(823)</u>	<u>(637)</u>
	8,092	9,629
Deferred tax (Note 13):		
Relating to origination and reversal of temporary differences	<u>(1,601)</u>	<u>(1,998)</u>
	<u>6,491</u>	<u>7,631</u>

The amount of tax charged on the life fund is based on the method prescribed under the Income Tax Act, 1967 for life business. The statutory tax rate for the life insurance business is 8%.

21. Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the earning for the year attributed to ordinary equity holder of the Group and the Company by the number of ordinary shares in issue during the year.

Group	2021	2020
Profit/(loss) attributable to ordinary equity holder (RM'000)	78,354	(21,758)
Number of ordinary shares in issue ('000)	200,000	200,000
Basic and diluted earnings/(loss) per share (sen)	<u>39.2</u>	<u>(10.9)</u>
Company		
Profit/(loss) attributable to ordinary equity holder (RM'000)	83,672	(22,754)
Number of ordinary shares in issue ('000)	200,000	200,000
Basic and diluted earnings/(loss) per share (sen)	<u>41.8</u>	<u>(11.4)</u>

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

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22. Cash flows

Group	Note	2021 RM'000	2020 RM'000
Profit/(loss) before taxation		98,013	(32,698)
Adjustment for non-cash items:			
Taxation of life fund	20	6,491	7,631
Investment income	16	(157,251)	(164,587)
Realised gains recorded in the income statements	17	(5,016)	(13,973)
Fair value losses recorded in income statement	18	21,727	7,203
Purchases of FVTPL financial investments		(318,670)	(510,700)
Purchases of AFS financial assets		(186,263)	(254,854)
Maturities of FVTPL financial investments		25,000	37,702
Maturities of AFS financial assets		40,320	50,917
Proceeds from sale of FVTPL financial investments		122,423	351,244
Proceeds from sale of AFS financial assets		75,374	170,844
Increase in LAR		105,800	9,535
Accretion of discounts - net		2,800	250
Depreciation of property and equipment	19	3,584	4,386
Amortisation of intangible assets	19	10,444	9,102
Fair value adjustments		2,193	19,297
Allowance for impairment on insurance receivables	19	777	(169)
Depreciation of right-of-use assets		7,731	7,772
Interest on lease liabilities		1,282	1,546
Changes in working capital:			
Reinsurance assets		(8,540)	5,836
Insurance receivables		15,697	(16,450)
Other receivables		(356)	(2,604)
Insurance contract liabilities		24,722	198,852
Insurance payables		2,870	2,764
Other payables		51,414	(11,401)
Cash used in operating activities		(57,434)	(122,555)

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22. Cash flows (cont'd.)

Company	Note	2021 RM'000	2020 RM'000
Profit/(loss) before taxation		103,331	(33,694)
Adjustment for non-cash items:			
Taxation of life fund	20	6,491	7,631
Investment income	16	(161,555)	(170,317)
Realised gains recorded in the income statements	17	(1,046)	(9,870)
Fair value losses recorded in income statement	18	17,133	10,227
Purchases of FVTPL financial investments		(199,223)	(362,972)
Purchases of AFS financial assets		(205,576)	(277,737)
Maturities of FVTPL financial investments		25,000	30,013
Maturities of AFS financial assets		40,320	50,917
Proceeds from sale of FVTPL financial investments		37,064	183,036
Proceeds from sale of AFS financial assets		87,553	208,646
Increase in LAR		105,800	9,535
Accretion of discounts - net		2,126	374
Depreciation of property and equipment	19	3,584	4,386
Amortisation of intangible assets	19	10,444	9,102
Fair value adjustments		(1,777)	15,194
Allowance for impairment on insurance receivables	19	777	(169)
Depreciation of right-of-use assets		7,731	7,772
Interest on lease liabilities		1,282	1,546
Changes in working capital:			
Reinsurance assets		(8,540)	5,836
Insurance receivables		15,697	(16,450)
Other receivables		(356)	(2,604)
Insurance contract liabilities		24,722	198,852
Insurance payables		2,870	2,764
Other payables		51,416	(11,403)
Cash used in operating activities		(34,732)	(139,385)

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23. Operating lease arrangements

The Company as Lessor

The Company has entered into operating lease agreements on its investment properties portfolio. These leases have remaining lease terms ranging between 1 to 3 years. These leases generally include a clause to enable revision of rental charge upon expiry of the initial term based on prevailing market rates.

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2021	2020
Group and Company	RM'000	RM'000
Not later than 1 year	3,531	3,738
Later than 1 year and not later than 3 years	1,001	3,811
	<u>4,532</u>	<u>7,549</u>

Rental income recognised in the income statements during the financial year are disclosed in Note 16.

24. Capital commitments

As of 31 March 2021, capital expenditure approved by directors but not provided for in the financial statements are as follows:

	2021	2020
Group and Company	RM'000	RM'000
Authorised and contracted for software development	1,281	9,219
	<u>1,281</u>	<u>9,219</u>

25. Related party disclosures

(a) Related parties

The related parties and their relationship with the Company as of 31 March 2021 are as follows:

Name	Relationship
AMAB Holdings Sdn. Bhd. ("AMAB")	Shareholders
MetLife International Holdings Inc ("MIH")	Shareholders

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25. Related party disclosures (cont'd.)

(a) Related parties (cont'd.)

The related parties and their relationship with the Company as of 31 March 2021 are as follows: (cont'd.)

Name	Relationship
AMMB Holdings Berhad ("AMMB")	Immediate holding company of AMAB
MetLife Inc	Immediate holding company of MIH
AmIncome Institutional 5 ("AmII5")	Subsidiary
AmMetLife Takaful Berhad	Fellow subsidiary company
Metlife Asia Service Sdn. Bhd.	Fellow subsidiary company
AmGeneral Holdings Berhad	Other related company
AmInvestment Bank Berhad	Other related company
AMFB Holdings Berhad	Other related company
AmBank (M) Berhad	Other related company
AmInvestment Management Sdn. Bhd.	Other related company
AmFunds Management Berhad	Other related company
AmSecurities Sdn. Bhd.	Other related company
Arab-Malaysian Credit Berhad	Other related company
Mtrustee Berhad	Other related company
Amcorp Properties Berhad	Other related company
Amcorp Group Berhad	Other related company
AmIslamic Bank Berhad	Other related company

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25. Related party disclosures (cont'd.)

(a) Related parties (cont'd.)

The related parties and their relationship with the Company as of 31 March 2021 are as follows: (cont'd.)

Name	Relationship
MetLife Global Operations Support Center Pvt Ltd	Other related company
RCE Capital Berhad	Other related company
RCE Factoring	Other related company
RCE Marketing	Other related company
AMDB Berhad	Other related company
Lumenlab Malaysia Sdn. Bhd.	Other related company
MAXIS Global Benefits Network (GBN)	Other related company
Medan Delima Sdn. Bhd.	Other related company
Syarikat Kompleks Damai Sdn. Bhd.	Other related company
AMDB Property Management Company Sdn. Bhd.	Other related company
AMDB Realty Sdn. Bhd.	Other related company
Insurance Australia Group Ltd. ("IAG Ltd")	Corporate shareholder of AmGeneral Holdings Berhad and past corporate shareholder of the Company
MCM Consulting Sdn. Bhd.	Other related company
MCM Horizon Sdn. Bhd.	Other related company

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25. Related party disclosures (cont'd.)

(a) Related parties (cont'd.)

In the normal course of business, the Group and the Company undertakes various transactions with subsidiary and associated companies of its holding, and other companies deemed related parties by virtue of common director's shareholdings and corporate shareholders' interests in its holding companies. The directors are of the opinion that the Company sold insurance policies to the related companies and related parties on terms and conditions no more favourable than those available on similar transactions to its other customers or employees, and other related party transactions were also carried out on terms and conditions no more favourable than those available on similar transactions to its unrelated parties, unless otherwise stated.

Related party balances

Significant related party balances as at the end of financial year are as follows:

Group and Company	Note	2021 RM'000	2020 RM'000
Included in other receivables:			
Income due and accrued:			
AmBank (M) Berhad		39	114
Amount due from related companies:	10		
MetLife International Holdings Inc		-	120
AmMetLife Takaful Berhad		1,043	1,120
		<u>1,043</u>	<u>1,240</u>
Included in other payables:			
Amount due to related companies:			
AmBank (M) Berhad	15	9,193	5,616
AMMB Holdings Berhad		240	221
		<u>9,433</u>	<u>5,837</u>
Amount due to other related companies:			
MAXIS Global Benefits Network (GBN)		8,215	-
		<u>8,215</u>	<u>-</u>
Investment in bonds:			
AmBank (M) Berhad		-	30,011
		<u>-</u>	<u>30,011</u>
Short term deposits placements:			
AmBank (M) Berhad		62,236	111,950
		<u>62,236</u>	<u>111,950</u>

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25. Related party disclosures (cont'd.)

(a) Related parties (cont'd.)

Related party transactions

The significant transactions of the Company with related parties during the financial year are as follows:

Group and Company	2021 RM'000	2020 RM'000
Income/(expenses)		
Premium income:		
Amcorp Properties Berhad	53	243
Amcorp Group Berhad	400	838
AMMB Holdings Berhad	-	23
AmInvestment Bank Berhad	1,413	1,594
AmBank (M) Berhad	23,011	22,625
AmGeneral Holdings Berhad	4,634	4,730
RCE Capital Berhad	(1)	330
Metlife Solutions Pte Ltd	432	638
Metlife Asia Service Sdn. Bhd.	394	10
Lumenlab Malaysia Sdn. Bhd.	3	6
	<u>30,339</u>	<u>31,037</u>
Interest income:		
AmBank (M) Berhad	1,482	4,048
	<u>1,482</u>	<u>4,048</u>
Rental income:		
AmBank (M) Berhad	1,854	1,927
AmInvestment Bank Berhad	236	236
AmGeneral Holdings Berhad	-	20
RCE Factoring	-	21
RCE Marketing	-	154
	<u>2,090</u>	<u>2,358</u>
Reimbursement of rental expense:		
AmMetLife Takaful Berhad	782	805
MetLife International Holdings Inc	1,079	1,110
	<u>1,861</u>	<u>1,915</u>
Reimbursement of general and administrative expenses:		
AmMetLife Takaful Berhad	6,094	2,625
MetLife International Holdings Inc	197	283
	<u>6,291</u>	<u>2,908</u>

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25. Related party disclosures (cont'd.)

(a) Related parties (cont'd.)

Related party transactions (cont'd.)

Group and Company (cont'd.)	Note	2021 RM'000	2020 RM'000
Income/(expenses) (cont'd.)			
General and administrative income:			
AmMetLife Takaful Berhad		<u>2,868</u>	<u>3,271</u>
Commission expenses:			
AmBank (M) Berhad		(15,731)	(10,752)
Amcorp Properties Berhad		(5)	-
Amcorp Group Berhad		(40)	-
MAXIS Global Benefits Network (GBN)		<u>(404)</u>	<u>-</u>
		<u>(16,180)</u>	<u>(10,752)</u>
General and administrative expenses:			
AMAB Holdings Sdn. Bhd.		<u>(1,058)</u>	<u>(1,195)</u>
		<u>(1,058)</u>	<u>(1,195)</u>
Rental expenses:			
AmBank (M) Berhad		(170)	(190)
AmGeneral Holdings Berhad		(40)	(80)
	19	<u>(210)</u>	<u>(270)</u>
Management fees:			
AmFunds Management Berhad		(1,851)	(1,733)
Mtrustee Berhad		(3)	(4)
		<u>(1,854)</u>	<u>(1,737)</u>
Reinsurance ceded and claim recovery:			
MAXIS Global Benefits Network (GBN)		<u>(8,185)</u>	<u>(392)</u>

(b) Key management personnel

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility in planning, directing and controlling the activities of the Company directly or indirectly.

The key management personnel of the Group and the Company include the directors, Chief Executive Officer and Management Committee Members.

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25. Related party disclosures (cont'd.)

(b) Key management personnel (cont'd.)

Compensation of key management personnel (cont'd.)

The remuneration of key management personnel during the year are as follows:

	Note	2021 RM'000	2020 RM'000
Key management personnel's remuneration			
Salaries (including benefits-in-kind)		8,537	5,503
Defined contribution plan - EPF		1,214	845
		<u>9,751</u>	<u>6,348</u>
Executive and Non-Executive Directors' remuneration	19(b)	<u>882</u>	<u>879</u>
		<u>10,633</u>	<u>7,227</u>

* The increase in key management personnel ("KMP") compensation in 2021 is due to revision of KMP definition in 2021 resulting in 13 KMP identified during the year (2020: 7 KMP)

26. Risk management framework

The Group and the Company is exposed to market risk, credit risk and liquidity risk from its use of financial instruments. Correspondingly, through the issuance of insurance contracts, the Group and the Company is exposed to the above risks as well as insurance risk. This note presents information about the Group's and the Company's exposure to each of the above risks and the Group's and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

(a) Risk management framework

The Group and the Company has in place an integrated risk management framework adopted from the local regulatory requirements and industry best practice which is implemented across the organisation and designed to support the identification, assessment, mitigation, recording, monitoring and control of significant risks and translate the impact on both earnings and capital.

The Group and the Company has established an Enterprise Risk Management Framework ("ERMF") where it sets out a formal framework of how risks affecting insurance operations are to be managed. It also establishes the objectives/principles and the methodology/reporting through which risks in the Group and the Company will be escalated for management and oversight by AmBank Group Risk and MetLife Regional Risk Management Function.

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26. Risk management framework (cont'd.)

(a) Risk management framework (cont'd.)

All identified risks will be subject to continuous monitoring and review in alignment with the assessed residual level of the risks. Enterprise risk management is a process designed to identify potential and actual events that may affect the Group and the Company and manage the risk to be within its risk appetite. ERMF will be supported by detailed risk processes and documented by the Group's and Company's Risk Management team. As an integral part of the overall ERMF, the Group and the Company also develops Risk Appetite Statement ("RAS") and Operational Risk Appetite Statement ("ORAS") which are in compliance with the regulatory requirements as set by BNM and with MetLife's requirements. The RAS is a comprehensive written expression of the types and aggregate level of risks that the Group and the Company wishes to assume. It establishes guardrails for managerial risk taking as the Group and the Company pursues its strategic objectives and business plan. The ORAS is developed to supplement the RAS and focuses on four areas: Internal process, People, System and External Events.

(b) Capital management objectives, policies and approach

The Group and the Company has established the following capital management objectives, policies and approach to the risks that affect its capital position.

The capital management objectives are:

- To maintain the level of capital as required by the Individual Target Capital Level ("ITCL") set by the Group and the Company as well as the Regulatory Capital Adequacy Ratio ("CAR") as required by BNM;
- To allocate capital efficiently and support the development of the Group's and the Company's businesses by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining a strong liquidity position for the Group and the Company and ensuring access to a range of capital market instruments, particularly in the event that the Internal ITCL and/or Regulatory ITCL are/is breached;
- To align the profile of assets and liabilities taking account of risks inherent in the business and, thereby providing a strong and effective Asset Liability Management Framework;
- To maintain financial strength ratings and healthy capital ratios in order to support its business objectives and maximise shareholders' value; and
- To provide shareholders with a predictable and sustainable dividend return as targeted in the Group's and the Company's dividend policy.

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26. Risk management framework (cont'd.)

(b) Capital management objectives, policies and approach (cont'd.)

Approach to capital management

The Group and the Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Group's and the Company's approach on managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group and the Company in the light of changes in economic conditions and risk characteristics. In managing the capital, the Group and the Company considers a number of key factors including:

- the level of ITCL;
- the dividend policy;
- the cost of capital; and
- business strategies and expansion plan.

Stress testing

The Group and the Company uses regular stress testing and sensitivity analysis to monitor the robustness of the Group's and the Company's capital position. Stress testing has been carried out to assess:

- The extent by which capital will be eroded by the threats identified and the impact on the Group's and the Company's financial health and CAR; and
- The actions that will be required to mitigate the threats identified.

The Group and the Company also tests the impact of event-driven scenarios on capital adequacy. The Group and the Company has taken the approach to conduct at least 3 stress scenarios that project over multi-year period to test the robustness of the Group's and the Company's financial health and impacts arising from adverse but plausible events as well as to assess the vulnerability of the key risks parameter.

(c) Risk governance and regulatory framework

Risk management is an integral part of the organisational process that creates value through enabling conscious decision making around understanding the Group's and the Company's risk profile. It occurs through a structured process of risk identification, risk analysis, risk evaluation and risk treatment. This process is supported by a dynamic and interactive consultation and communication of risks with all levels of management. Risks are addressed with experience, transparency and in a systematic manner such that the level of risk the Group and the Company is willing to take is clearly aligned with its risk appetite.

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26. Risk management framework (cont'd.)

(c) Risk governance and regulatory framework (cont'd.)

Issues arising from the ERMF, RAS and ORAS will be subject to oversight by the MetLife Regional Risk Management Function and AmBank Group Risk, and reviewed by the Risk Management Committee of Directors. The Chief Risk Officer ("CRO") of the Group and the Company has a distinct responsibility for the risk management function and does not possess any role with other executive functions and does not have any management or financial responsibility in respect of any business lines or revenue-generating functions. In addition, to preserve the independence function, the CRO has a direct and unimpeded access to the Board, Risk Management Committee of Directors ("RMCD") and MetLife Asia CRO (Ex. Japan).

The Board is ultimately responsible for the management of risks for the Group and the Company and the Risk Management Committee of Directors will assist the Board in discharging its duties in overseeing the overall management of all risks. The Board has also established various management committees to assist in the management of risk: one of which is the Governance Risk Compliance Committee ("GRCC"). The GRCC will oversee the Group's and the Company's aggregate risk exposure and the management of all risks, ensuring that the risk profile of the Group and the Company is within the approved risk appetite. The GRCC will also recommend the risk appetite related to the relevant risk category and will compare the aggregate risk profile, both current and emerging, against risk appetite and tolerance levels.

(d) Asset-Liability Management ("ALM") Framework

The main risk that the Group and the Company faces due to the nature of its investments and liabilities is interest rate risk. The Group and the Company manages these positions within the ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's and the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. Amongst the mechanisms to manage the ALM framework is the assessment and monitoring of the portfolio duration as well as duration for specific products. Asset liability mismatch risk is managed and monitored by the Asset Liability Committee ("ALCO").

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27. Insurance risk

Life insurance contracts

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Accordingly, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation programme. The majority of proportional reinsurance is surplus and quota-share reinsurances, which are taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurances, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer.

Life insurance contracts offered by the Group include a range of participating and non-participating term, whole life, term assurance, endowment, investment-linked and mortgage endowment products.

The Group's participating products provide savings and protection where the basic sum assured can be enhanced by a profit share (or bonus) from the underlying fund as determined at the discretion of the Group. The Group's non-participating term, whole life and endowment products offer savings and/or protection where the benefits are guaranteed or determined by a set of defined market-related parameters. Investment-linked products combine savings with protection where the cash value of the policy depends on the value of the underlying unitised funds. Medical policies provide mortality or morbidity benefits and include total and permanent disability and critical illness. Medical riders are commonly offered as supplements to main life policies but can be sold separately.

Participating products have both guaranteed and non-guaranteed elements. Non-participating long-term products are the only ones where the insurer is contractually obliged to provide guarantees on all benefits. Investment-linked products have the lowest level of guarantee if any.

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27. Insurance risk (cont'd.)

Life insurance contracts (cont'd.)

The main risks that the Group is exposed to are as follows:

- mortality risk – risk of loss arising due to policyholders' death experience being different from expectations; and
- morbidity risk – risk of loss arising due to policyholders' health experience being different from expectations.

Other risks include:

- policyholder decision risk – risk of loss arising from the experience of actual policyholder behaviour (i.e. lapses, option take-up) being different from expectations; and
- expense risk – risk of loss due to expense experience being different from expectations.

Underpinning the Group's management of insurance risk are:

- adherence to an approved underwriting policy that takes into account the level of risk that the Group is prepared to accept;
- controls around the development of products and their pricing as outlined in the Product Management Framework as approved by RMCD; and
- regular analysis of actual mortality, morbidity and lapse experience, which feeds into the development of products and policies. If the analysis changes expectations of future liability cash flows, periodic adjustments are made to asset cash flows to maintain the asset liability match.

The Group's Underwriting Committee establishes, reviews and monitors the underwriting and reinsurance policies and strategies. As part of the underwriting strategy, risks in excess of agreed underwriting limits may be reinsured. The Group's objective is to purchase reinsurance in the most cost-effective manner from reinsurers whose creditworthiness is deemed appropriate.

The Group utilises reinsurance to manage the mortality and morbidity risks. Retention limits for death, total and permanent disability ("TPD") or critical illness claims per life are limited to a maximum of RM100,000 except for certain products.

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27. Insurance risk (cont'd.)

Life insurance contracts (cont'd.)

In order to protect against an aggregation of claims due to one event, the Group is protected by catastrophe reinsurance. On ordinary and group life business, the Group will need to meet the first RM300,000. Any amount over RM300,000 up to a maximum of RM30 million per catastrophe event will be met by the reinsurer.

The table below shows the concentration of actuarial liabilities by type of contract as at the reporting date, net of reinsurance:

Group and Company	Net of reinsurance		Total RM'000
	With DPF RM'000	Without DPF RM'000	
2021			
Whole life	469,590	366,345	835,935
Endowment	529,918	257,664	787,582
Term plans - Mortgage	-	375,683	375,683
Term plans - Others	40,477	256,530	297,007
Medical and health	-	79,809	79,809
Riders and others	6,127	62,772	68,899
Total life insurance (Note 12)	1,046,112	1,398,803	2,444,915
2020			
Whole life	483,755	387,412	871,167
Endowment	512,732	223,005	735,737
Term plans - Mortgage	-	387,911	387,911
Term plans - Others	74,280	239,585	313,865
Medical and health	-	85,270	85,270
Riders and others	5,352	71,160	76,512
Total life insurance (Note 12)	1,076,119	1,394,343	2,470,462

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia.

Key assumptions

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

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27. Insurance risk (cont'd.)

Key assumptions (cont'd.)

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

Mortality rates:

Assumptions are based on a standard industry table, which is the M9903, for lives assured in Malaysia. A percentage is applied to the table to allow for the Group's internal experience on its policyholders. Assumptions are differentiated by sex and underwriting class. For critical illness rates, reinsurer's rates are adopted.

An increase in rates will lead to larger number of claims benefits being paid out sooner than anticipated, which will increase expenditure and reduce profits for shareholders.

Type of business	2021	2020
Life insurance - male	60% - 115% of M9903	63% - 120% of M9903
Life insurance - female	66% - 107% of M9903	71% - 113% of M9903

Investment return:

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. The rate of returns is excluding the investment linked fund growth rate and net of investment expenses.

An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

Type of business	2021	2020
Life insurance	4.24% - 4.75%	4.02% - 4.56%

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27. Insurance risk (cont'd.)

Key assumptions (cont'd.)

Expenses:

Management expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses are based on the expense analysis conducted yearly under the Group's Financial Condition Report, and adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for shareholders.

Lapse and surrender rates:

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type and policy duration.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Type of business	2021	2020
Term plans	6.0% - 68.0%	6.0% - 68.0%
Whole life	3.0% - 46.0%	3.0% - 46.0%
Endowment	2.0% - 47.0%	2.0% - 39.0%
Reducing term assurance	1.0%	1.0%

Discount rates:

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on zero-coupon spot yield of the MGS for non-participating policies and Fund-based yield for participating policy.

A decrease in discount rate will increase the value of the insurance liability, therefore profits for shareholders will be reduced. The discount rates applied for the year-end valuations are as follows:

Type of business	2021	2020
Life Insurance - Fund Base Yield	4.75%	4.53%
- MGS Yield	1.84% - 4.22%	2.58% - 3.72%

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27. Insurance risk (cont'd.)

Sensitivities

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions have to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Sensitivity information will also vary according to the current economic assumptions.

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 liabilities, surplus before taxation of the Life Insurance Fund and Shareholders' equity.

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus RM'000	Impact on profit or loss and equity* RM'000
Group and Company					
Life Insurance Contracts					
Increase/(decrease):					
31 March 2021					
Mortality/morbidity	+10	36,673	18,945	(18,945)	(17,359)
Investment return	-1	36,765	36,765	(36,765)	320
Expenses	+10	16,372	16,372	(16,372)	(12,544)
Lapse and surrender rates	+10	(8,589)	(9,398)	9,398	3,914
Discount rate	-1	195,716	202,688	(202,688)	(192,874)
31 March 2020					
Mortality/morbidity	+10	37,522	18,794	(18,794)	(17,169)
Investment return	-1	36,578	36,578	(36,578)	405
Expenses	+10	17,106	17,106	(17,106)	(12,793)
Lapse and surrender rates	+10	(12,907)	(13,649)	13,649	6,943
Discount rate	-1	207,158	213,569	(213,569)	(198,393)

* After considering tax effects

The method used and significant assumptions made for deriving sensitivity information did not change from the previous period.

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28. Financial risk

(1) Credit risk

Credit risk is the risk of loss arising from a counterparty with a direct or contingent financial obligation to the Company that is either unable or unwilling to meet its obligation in full or on a timely basis.

Credit risk includes the following five elements:

- Investment credit risk – financial loss arising from a change in the value of an investment due to a rating downgrade, default or widening of credit spreads.
- Reinsurance counterparty risk – financial loss arising from a reinsurer's default, or the deterioration of the reinsurer's financial position.
- Deposit risk – financial loss arising from a deposit institution's default, or the deterioration of the deposit institution's financial position.
- Loan risk – financial loss arising from a debtor's inability to repay all, or part, of its loan obligations to the Group or the deterioration of the debtor's financial position.
- Settlement risk – financial loss arising from the failure or substantial delay of an expected settlement in a transfer system to take place, due to the party other than the Group defaulting/not delivering on its settlement obligations.

The Group's primary exposure to credit risk arises primarily through its investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers to the Group and/or the Company through reinsurance contracts. The Group has put in place credit policies and investment guidelines as a part of its overall credit risk management framework. The Group manages individual exposures as well as concentration of credit risks.

The Group is exposed to investment credit risk on its investment portfolio, primarily from investments in corporate bonds. Creditworthiness assessment for new and existing investments is undertaken by the Group in accordance with the Investment Policy as approved by the RMCD and Board of Directors ("BOD"). In addition, the credit ratings of the Group's investment portfolio are regularly monitored and any downgrade in credit rating will be evaluated to determine the actions required. The Group's investment portfolio is highly rated, with no material exposure below investment grade.

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28. Financial risk (cont'd.)

(1) Credit risk (cont'd.)

The Group is exposed to reinsurance counterparty risk in three ways:

- As a result of debt arising from claims made by the Group and/or the Company but not yet paid by the reinsurer;
- From reinsurance premium payments made to the reinsurer in advance; and
- As a result of reserves held by the reinsurer which would have to be met by the Group in the event of default.

In order to mitigate reinsurance counterparty risk, the Group will give due consideration to the credit quality of a reinsurer before entering into a reinsurance treaty. To facilitate this process, a list of acceptable reinsurers is maintained within the Group.

The Group is exposed to deposit risk on the balances deposited with banks in the form of cash and money market instruments. The deposit risk for cash deposit and money market instruments is managed by placing only in financial institutions governed by BNM.

The Group is exposed to loan credit risk in relation to the Malaysian government guaranteed loans, policy loans, mortgage loans and staff loans.

Settlement risk is a form of credit risk that arises at the settlement of a transaction, as a result of a counterparty failing to fulfil its obligations to the Group. The Group is exposed to settlement risk in the following key areas:

- The purchase or sale of investments; and
- The purchase or sale of properties

Objectives in managing credit risk

To mitigate credit risk:

- Investment policies will have a prescribed minimum credit rating of bonds that will be held by the Group. Investing in a diversified portfolio reduces the financial impact to the Group arising from individual bond issuers defaulting;
- Counterparty limits are set for investments, cash deposits, foreign exchange trade exposure and stock lending; and
- The Group regularly reviews the financial security of its reinsurers.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure**

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

Group	Note	2021			
		Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000
Investments:					
LAR:	7(a)				
Deposits with licensed banks		13,476	247,097	2,882	263,455
Loans					
Policy loans		-	69,909	-	69,909
Mortgage loans		-	294	-	294
AFS:	7(b)				
Malaysian government securities		-	147,357	-	147,357
Corporate bonds		-	1,090,321	-	1,090,321
FVTPL - held for trading purposes:	7(c)				
Malaysian government securities		-	115,442	1,039	116,481
Corporate bonds		362,223	1,330,121	49,096	1,741,440
Reinsurance assets	8	-	40,531	-	40,531
Insurance receivables	9	-	156,630	-	156,630
Other receivables*		4,654	28,091	1,438	34,183
Cash and bank balances		10	59,777	14,741	74,528
		<u>380,363</u>	<u>3,285,570</u>	<u>69,196</u>	<u>3,735,129</u>

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure (cont'd.)**

Group	Note	2020			
		Shareholders' Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Group RM'000
Investments:					
LAR:	7(a)				
Deposits with licensed banks		52,847	152,792	1,992	207,631
Loans					
Malaysian government guaranteed loans		-	101,435	-	101,435
Policy loans		-	74,734	-	74,734
Mortgage loans		-	391	-	391
Staff loans		-	5	-	5
AFS:	7(b)				
Malaysian government securities		-	186,819	-	186,819
Corporate bonds		-	995,604	-	995,604
FVTPL - held for trading purposes:	7(c)				
Malaysian government securities		29,606	118,917	788	149,311
Corporate bonds		303,796	1,253,546	43,630	1,600,972
Reinsurance assets	8	-	31,991	-	31,991
Insurance receivables	9	-	173,104	-	173,104
Other receivables*		4,751	28,582	793	34,126
Cash and bank balances		1	44,109	20,557	64,667
		<u>391,001</u>	<u>3,162,029</u>	<u>67,760</u>	<u>3,620,790</u>

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure (cont'd.)**

		2021			
Company	Note	Shareholders'			
		Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000
Investments:					
LAR:	7(a)				
Deposits with licensed banks		12,327	247,097	2,882	262,306
Loans					
Policy loans		-	69,909	-	69,909
Mortgage loans		-	294	-	294
AFS:	7(b)				
Malaysian government securities		-	147,357	-	147,357
Corporate bonds		-	1,090,321	-	1,090,321
FVTPL - held for trading purposes:	7(c)				
Malaysian government securities		-	115,442	1,039	116,481
Corporate bonds		-	1,330,121	49,096	1,379,217
Reinsurance assets	8	-	40,531	-	40,531
Insurance receivables	9	-	156,630	-	156,630
Other receivables*		1,058	28,091	1,438	30,587
Cash and bank balances		-	59,777	14,741	74,518
		<u>13,385</u>	<u>3,285,570</u>	<u>69,196</u>	<u>3,368,151</u>

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)

(1) Credit risk (cont'd.)

Credit exposure (cont'd.)

		2020			
Company	Note	Shareholders'			
		Fund RM'000	Life Fund RM'000	Unit-linked RM'000	Company RM'000
Investments:					
LAR:	7(a)				
Deposits with licensed banks		24,685	152,792	1,992	179,469
Loans					
Malaysian government guaranteed loans		-	101,435	-	101,435
Policy loans		-	74,734	-	74,734
Mortgage loans		-	391	-	391
Staff loans		-	5	-	5
AFS:	7(b)				
Malaysian government securities		-	186,819	-	186,819
Corporate bonds		-	995,604	-	995,604
FVTPL - held for trading purposes:	7(c)				
Malaysian government securities		-	118,917	788	119,705
Corporate bonds		-	1,253,546	43,630	1,297,176
Reinsurance assets	8	-	31,991	-	31,991
Insurance receivables	9	-	173,104	-	173,104
Other receivables*		1,153	28,582	793	30,528
Cash and bank balances		-	44,109	20,557	64,666
		<u>25,838</u>	<u>3,162,029</u>	<u>67,760</u>	<u>3,255,627</u>

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure (cont'd.)****Credit exposure by credit rating**

The table below provides information regarding the credit risk exposures of the Group and the Company by classifying financial and insurance assets according to the Group's credit ratings of counterparties.

Group 2021	Neither past due nor impaired				Not rated RM'000	Unit- Linked RM'000	Past due but not impaired* RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	GG RM'000				
Investments:								
LAR:								
Deposits with licensed banks	145,281	115,292	-	-	-	2,882	-	263,455
Loans								
Malaysian government guaranteed loans	-	-	-	-	-	-	-	-
Policy loans	-	-	-	-	68,879	-	-	68,879
Mortgage loans	-	-	-	-	294	-	-	294
Staff loans	-	-	-	-	-	-	-	-
AFS:								
Malaysian government securities	-	-	-	147,357	-	-	-	147,357
Corporate bonds	371,777	71,996	-	646,548	-	-	-	1,090,321
FVTPL - held for trading purposes:								
Malaysian government securities	-	-	-	115,442	-	1,039	-	116,481
Corporate bonds	348,250	344,864	-	999,230	-	49,096	-	1,741,440
Reinsurance assets	-	39,949	582	-	-	-	-	40,531
Insurance receivables	-	30,978	3,684	-	121,968	-	-	156,630
Other receivables**	7,345	4,899	-	17,304	3,197	1,438	-	34,183
Cash and bank balances	48,527	11,233	-	-	27	14,741	-	74,528
	921,180	619,211	4,266	1,925,881	194,365	69,196	-	3,734,099

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure (cont'd.)****Credit exposure by credit rating (cont'd.)**

Group 2020	Neither past due nor impaired				Not rated RM'000	Unit- Linked RM'000	Past due but not impaired* RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	GG RM'000				
Investments:								
LAR:								
Deposits with licensed banks	65,526	140,113	-	-	-	1,992	-	207,631
Loans								
Malaysian government guaranteed loans	-	-	-	101,435	-	-	-	101,435
Policy loans	-	-	-	-	73,142	-	-	73,142
Mortgage loans	-	-	-	-	391	-	-	391
Staff loans	-	-	-	-	5	-	-	5
AFS:								
Malaysian government securities	-	-	-	186,819	-	-	-	186,819
Corporate bonds	307,034	111,758	-	576,812	-	-	-	995,604
FVTPL - held for trading purposes:								
Malaysian government securities	-	-	-	148,523	-	788	-	149,311
Corporate bonds	329,851	325,619	-	901,872	-	43,630	-	1,600,972
Reinsurance assets	-	31,450	541	-	-	-	-	31,991
Insurance receivables	-	32,829	8,162	-	132,113	-	-	173,104
Other receivables**	6,903	5,944	-	17,097	3,389	793	-	34,126
Cash and bank balances	34,137	9,879	-	-	94	20,557	-	64,667
	743,451	657,592	8,703	1,932,558	209,134	67,760	-	3,619,198

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure (cont'd.)****Credit exposure by credit rating (cont'd.)**

Company 2021	Neither past due nor impaired				Not rated RM'000	Unit- Linked RM'000	Past due but not impaired* RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	GG RM'000				
Investments:								
LAR:								
Deposits with licensed banks	145,281	114,143	-	-	-	2,882	-	262,306
Loans								
Malaysian government guaranteed loans	-	-	-	-	-	-	-	-
Policy loans	-	-	-	-	68,879	-	-	68,879
Mortgage loans	-	-	-	-	294	-	-	294
Staff loans	-	-	-	-	-	-	-	-
AFS:								
Malaysian government securities	-	-	-	147,357	-	-	-	147,357
Corporate bonds	371,777	71,996	-	646,548	-	-	-	1,090,321
FVTPL - held for trading purposes:								
Malaysian government securities	-	-	-	115,442	-	1,039	-	116,481
Corporate bonds	224,172	135,424	-	970,525	-	49,096	-	1,379,217
Reinsurance assets	-	39,949	582	-	-	-	-	40,531
Insurance receivables	-	30,978	3,684	-	121,968	-	-	156,630
Other receivables**	6,169	2,930	-	16,854	3,196	1,438	-	30,587
Cash and bank balances	48,517	11,233	-	-	27	14,741	-	74,518
	795,916	406,653	4,266	1,896,726	194,364	69,196	-	3,367,121

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(1) Credit risk (cont'd.)****Credit exposure (cont'd.)****Credit exposure by credit rating (cont'd.)**

Company 2020	Neither past due nor impaired				Not rated RM'000	Unit- Linked RM'000	Past due but not impaired* RM'000	Total RM'000
	AAA RM'000	AA RM'000	A RM'000	GG RM'000				
Investments:								
LAR:								
Deposits with licensed banks	65,526	111,951	-	-	-	1,992	-	179,469
Loans								
Malaysian government guaranteed loans	-	-	-	101,435	-	-	-	101,435
Policy loans	-	-	-	-	73,142	-	-	73,142
Mortgage loans	-	-	-	-	391	-	-	391
Staff loans	-	-	-	-	5	-	-	5
AFS:								
Malaysian government securities	-	-	-	186,819	-	-	-	186,819
Corporate bonds	307,034	111,758	-	576,812	-	-	-	995,604
FVTPL - held for trading purposes:								
Malaysian government securities	-	-	-	118,917	-	788	-	119,705
Corporate bonds	225,224	161,020	-	867,302	-	43,630	-	1,297,176
Reinsurance assets	-	31,450	541	-	-	-	-	31,991
Insurance receivables	-	32,829	8,162	-	132,113	-	-	173,104
Other receivables**	5,815	4,227	-	16,304	3,389	793	-	30,528
Cash and bank balances	34,136	9,879	-	-	94	20,557	-	64,666
	637,735	463,114	8,703	1,867,589	209,134	67,760	-	3,254,035

* An ageing for assets past due is provided below.

** Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)

(1) Credit risk (cont'd.)

Age analysis of assets past-due and impaired assets

Group and Company	Past due but not impaired			Total RM'000	Past due and impaired RM'000	Total RM'000
	< 6 months RM'000	6 months to 12 months RM'000	> 12 months RM'000			
<u>2021</u>						
Loans and receivables	-	-	-	-	13,050	13,050
Insurance receivables	-	-	-	-	37,602	37,602
	-	-	-	-	50,652	50,652
<u>2020</u>						
Loans and receivables	-	-	-	-	12,020	12,020
Insurance receivables	-	-	-	-	36,825	36,825
	-	-	-	-	48,845	48,845

Past due but not impaired assets

Receivables have been arranged to be settled in the near future and there is no indication that clients will not be able to meet their payment obligations.

Past due and impaired assets

Impairment means the Group and the Company consider it is probable that it will suffer a loss on the loans and insurance receivables as a result of debtors' inability to meet their commitments according to the contractual terms and the absence of any alternative means of repayment or recovery.

Evidences of impairment are, where possible, assessed at individual account level, in particular, those that are individually significant.

Insurance receivables that are individually not significant and that are individually significant but no evidence that impairment is present are included in a pool of insurance receivables with similar credit risk characteristics for assessment on a collective basis.

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28. Financial risk (cont'd.)

(1) Credit risk (cont'd.)

Past due and impaired assets (cont'd.)

Collective impairment is assessed using historical relationships between identified loss events and eventual evidence of impairment occurring in portfolios of similar risk characteristics.

At 31 March 2021, based on a collective assessment of receivables, there are impaired loans and receivables of RM13,050,000 (2020: RM12,020,000) and insurance receivables of RM37,602,000 (2020: RM36,825,000). A reconciliation of the allowance for impairment losses for loans and receivables and insurance receivables is as follows:

	--Loans and receivables--		--Insurance receivables--	
	Group and Company		Group and Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At beginning of year	12,020	10,428	36,825	36,994
Charge for the year	1,030	1,592	777	(169)
At end of year	<u>13,050</u>	<u>12,020</u>	<u>37,602</u>	<u>36,825</u>

Collateral

Credit risk is mitigated by entering into collateral agreements. For staff mortgage loans, the legal title of the properties is held as collateral, whilst policy loans are collateralised on the cash value of the related policies.

The Group's and the Company's loans portfolio are generally secured by collateral with maximum loan to value ratio of 90%:

		-----Group and Company-----					
		2021			2020		
	Type of collateral	Financial effect of collateral RM'000	Maximum exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000	Financial effect of collateral RM'000	Maximum exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000
Policy loans	Cash value of policies	69,909	69,909	-	74,734	74,734	-
Secured loans	Properties	294	294	-	391	391	-

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28. Financial risk (cont'd.)

(2) Liquidity risk

Liquidity risk is the risk that an entity, although solvent, either does not have sufficient financial resources available to it in order to meet its obligations when they fall due, or can secure them only at excessive cost.

Shareholder liquidity risk (liquidity within funds managed for the benefit of shareholders, including shareholders' interests in long-term funds)

The overall objective of shareholder liquidity risk management is to ensure there are sufficient funds available to meet the cash flow needs of the business. The overall objective of policyholder liquidity risk is to ensure that sufficient liquid funds are available to meet cash flow requirements under all except for the most extreme scenarios (the exception being the property funds where a six months notice period may be imposed for switches and withdrawals). The same is true for liquidity risk in its investors' funds.

The Group and the Company will meet shareholder liquidity needs arising in a number of key areas as described below:

- The ability to support the liquidity requirements arising from new business;
- The capacity to maintain dividend payments/loan repayments and interest payables;
- The ability to cope with the liquidity implications of strategic initiatives, such as merger and acquisition activity;
- The capacity to provide financial support across the Group; and
- The ability to fund its day-to-day cash flow requirements.

Policyholder liquidity risk (liquidity within funds managed for the benefit of policyholders)

For policyholders' funds, liquidity needs arise from a number of potential areas, including:

- A short-term mismatch between cash flows of assets and cash flow requirements of liabilities;
- Having to realise assets to meet liabilities during stressed market conditions;
- Investments in illiquid assets such as property and private placement debt;
- Higher than expected level of lapses/surrenders caused by economic shock, adverse reputational issues or other events;
- Higher than expected payments of claims on insurance contracts; and
- The implementation of temporary restrictions for the withdrawal of funds, as recently applied by extending the notice periods of switches and withdrawals from property funds.

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28. Financial risk (cont'd.)

(2) Liquidity risk (cont'd.)

Exposure to policyholder liquidity risk can be split between non-linked and linked funds. As a general rule, the Group is more likely to be significantly impacted by policyholder liquidity risk on non-linked funds, as opposed to linked funds where policyholder benefits are expressed directly as units held in an underlying fund.

Liquidity risk is managed in the following ways:

- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium-term;
- A credit facility with a syndicate of banks exists to enable cash to be raised in a relatively short time-span;
- Assets of a suitable maturity and marketability are held to meet policyholder liabilities as they fall due; and
- Limits and internal asset classes on the level of investments held are set by BNM to ensure amongst other objectives, an appropriate level of exposure to non-liquid assets.

Expected utilisation or settlement of assets

The table below summarises the expected utilisation or settlement of assets:

Group	Current* RM'000	Non-current RM'000	Unit-linked RM'000	Total RM'000
2021				
Financial instruments:				
LAR	260,573	69,173	2,882	332,628
AFS	16,121	1,290,420	-	1,306,541
FVTPL	31,901	1,775,885	168,446	1,976,232
Reinsurance assets	40,531	-	-	40,531
Insurance receivables	156,630	-	-	156,630
Other receivables**	32,745	-	1,438	34,183
Cash and bank balances	59,787	-	14,741	74,528
Total assets	598,288	3,135,478	187,507	3,921,273
2020				
Financial instruments:				
LAR	207,074	173,538	1,992	382,604
AFS	67,978	1,166,221	-	1,234,199
FVTPL	78,902	1,626,963	122,511	1,828,376
Reinsurance assets	31,991	-	-	31,991
Insurance receivables	173,104	-	-	173,104
Other receivables**	33,333	-	793	34,126
Cash and bank balances	44,110	-	20,557	64,667
Total assets	636,492	2,966,722	145,853	3,749,067

* Expected utilisation or settlement within 12 months from the reporting date.

** Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)

(2) Liquidity risk (cont'd.)

Expected utilisation or settlement of assets (cont'd.)

Company	Current*	Non-current	Unit-linked	Total
	RM'000	RM'000	RM'000	RM'000
2021				
Financial instruments:				
LAR	259,424	69,173	2,882	331,479
AFS	16,121	1,657,339	-	1,673,460
FVTPL	26,845	1,418,718	168,446	1,614,009
Reinsurance assets	40,531	-	-	40,531
Insurance receivables	156,630	-	-	156,630
Other receivables**	29,149	-	1,438	30,587
Cash and bank balances	59,777	-	14,741	74,518
Total assets	588,477	3,145,230	187,507	3,921,214
2020				
Financial instruments:				
LAR	178,912	173,538	1,992	354,442
AFS	67,978	1,531,355	-	1,599,333
FVTPL	64,533	1,307,930	122,511	1,494,974
Reinsurance assets	31,991	-	-	31,991
Insurance receivables	173,104	-	-	173,104
Other receivables**	29,735	-	793	30,528
Cash and bank balances	44,109	-	20,557	64,666
Total assets	590,362	3,012,823	145,853	3,749,038

* Expected utilisation or settlement within 12 months from the reporting date.

** Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)

(2) Liquidity risk (cont'd.)

Maturity profiles

The table below summarises the maturity profile of the assets and liabilities of the Group and the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unit-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

Group	Carrying value	Up to a year	1-3 years	3-5 years	5-15 years	Over 15 years	No maturity date	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial instruments:								
LAR	332,628	263,685	59	39	236	-	68,879	332,898
AFS	1,306,541	70,895	257,282	196,403	935,717	417,228	68,863	1,946,388
FVTPL	1,976,232	121,501	280,339	220,516	1,355,737	1,202,754	118,311	3,299,158
Reinsurance assets	40,531	44,086	224	124	127	-	-	44,561
Insurance receivables	156,630	156,630	-	-	-	-	-	156,630
Other receivables*	34,183	34,183	-	-	-	-	-	34,183
Cash and bank balances	74,528	74,528	-	-	-	-	-	74,528
Total financial assets	3,921,273	765,508	537,904	417,082	2,291,817	1,619,982	256,053	5,888,346
Insurance contract liabilities	3,098,998	401,641	259,952	263,406	1,533,292	1,539,431	-	3,997,722
Insurance payables	93,988	93,988	-	-	-	-	-	93,988
Other payables	152,314	152,314	-	-	-	-	-	152,314
Lease liabilities	28,652	7,619	16,578	4,350	105	-	-	28,652
Total financial liabilities	3,373,952	655,562	276,530	267,756	1,533,397	1,539,431	-	4,272,676

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)

(2) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Group	Carrying	Up to	1-3 years	3-5 years	5-15 years	Over 15	No maturity	Total
2020	value	a year	RM'000	RM'000	RM'000	years	date	RM'000
	RM'000	RM'000				RM'000	RM'000	RM'000
Financial instruments:								
LAR	382,604	310,726	65	21	345	-	73,142	384,299
AFS	1,234,199	120,804	140,057	241,153	867,429	445,807	51,776	1,867,026
FVTPL	1,828,376	160,156	216,857	193,043	1,267,496	1,175,845	78,093	3,091,490
Reinsurance assets	31,991	39,750	346	85	59	1,250	-	41,490
Insurance receivables	173,104	173,104	-	-	-	-	-	173,104
Other receivables*	34,126	34,126	-	-	-	-	-	34,126
Cash and bank balances	64,667	64,667	-	-	-	-	-	64,667
Total financial assets	3,749,067	903,333	357,325	434,302	2,135,329	1,622,902	203,011	5,656,202
Insurance contract liabilities	3,074,145	370,194	335,245	258,723	1,414,584	1,593,387	-	3,972,133
Insurance payables	91,118	91,118	-	-	-	-	-	91,118
Other payables	100,900	100,900	-	-	-	-	-	100,900
Lease liabilities	35,017	6,949	15,906	12,067	95	-	-	35,017
Total financial liabilities	3,301,180	569,161	351,151	270,790	1,414,679	1,593,387	-	4,199,168

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(2) Liquidity risk (cont'd.)****Maturity profiles (cont'd.)**

Company	Carrying value	Up to a year	1-3 years	3-5 years	5-15 years	Over 15 years	No maturity date	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial instruments:								
LAR	331,479	262,536	59	39	236	-	68,879	331,749
AFS	1,673,460	70,895	257,282	196,403	935,717	417,228	435,782	2,313,307
FVTPL	1,614,009	100,186	238,463	139,961	1,037,357	1,154,544	118,311	2,788,822
Reinsurance assets	40,531	46,530	224	124	127	-	-	47,005
Insurance receivables	156,630	156,630	-	-	-	-	-	156,630
Other receivables*	30,587	30,587	-	-	-	-	-	30,587
Cash and bank balances	74,518	74,518	-	-	-	-	-	74,518
Total financial assets	3,921,214	741,882	496,028	336,527	1,973,437	1,571,772	622,972	5,742,618
Insurance contract liabilities	3,098,998	404,085	259,952	263,406	1,533,292	1,539,431	-	4,000,166
Insurance payables	93,988	93,988	-	-	-	-	-	93,988
Other payables	152,273	152,273	-	-	-	-	-	152,273
Lease liabilities	28,652	7,619	16,578	4,350	105	-	-	28,652
Total financial liabilities	3,373,911	657,965	276,530	267,756	1,533,397	1,539,431	-	4,275,079

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)**(2) Liquidity risk (cont'd.)****Maturity profiles (cont'd.)**

Company	Carrying value	Up to a year	1-3 years	3-5 years	5-15 years	Over 15 years	No maturity date	Total
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial instruments:								
LAR	354,442	282,503	65	21	345	-	73,142	356,076
AFS	1,599,333	120,804	140,057	241,153	867,429	445,807	416,910	2,232,160
FVTPL	1,494,974	130,397	179,209	154,032	954,038	1,088,455	78,093	2,584,224
Reinsurance assets	31,991	39,750	346	85	59	1,250	-	41,490
Insurance receivables	173,104	173,104	-	-	-	-	-	173,104
Other receivables*	30,528	30,528	-	-	-	-	-	30,528
Cash and bank balances	64,666	64,666	-	-	-	-	-	64,666
Total financial assets	3,749,038	841,752	319,677	395,291	1,821,871	1,535,512	568,145	5,482,248
Insurance contract liabilities	3,074,145	370,194	335,245	258,723	1,414,584	1,593,387	-	3,972,133
Insurance payables	91,118	91,118	-	-	-	-	-	91,118
Other payables	100,857	100,857	-	-	-	-	-	100,857
Lease liabilities	35,017	6,949	15,906	12,067	95	-	-	35,017
Total financial liabilities	3,301,137	569,118	351,151	270,790	1,414,679	1,593,387	-	4,199,125

* Excluded prepayments and tax recoverable.

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28. Financial risk (cont'd.)

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the values of, or the income from, assets or in interest or exchange rates. Market risk includes the following four elements:

- Equity risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in equity prices or income.
- Foreign exchange risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in exchange rates.
- Interest rate risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in interest rates.
- Property risk – the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change of or volatility in real estate values or income.

(a) Foreign exchange risk (currency risk)

The Group was exposed to foreign exchange risk in prior years through its investment in foreign operations, fee income derived from financial instruments denominated in currencies other than its functional currency (Ringgit Malaysia), and revenues receivable in foreign currency.

At the end of the current reporting date, the Group has no direct exposure to foreign exchange risk.

The Group does not engage in derivative transactions for speculative purposes.

(b) Interest rate risk

The Group is exposed to fair value interest rate risk where changes to interest rates result in changes to fair values rather than cash flows, for example fixed interest rate bonds. Conversely, floating rate loans expose the Group to cash flow interest rate risk.

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28. Financial risk (cont'd.)

(3) Market risk (cont'd.)

(b) Interest rate risk (cont'd.)

Bond related performance benchmarks within fund mandates are set so that asset profiles match liability profiles as closely as possible. This mitigates against interest rate risk.

Day-to-day investment decisions around the management of interest rate risk and its impact on the value of the Group's investments are largely undertaken on behalf of the Group by a related company, AmFunds Management Berhad ("AmFunds"), within the boundaries set by fund mandates. In its decision making on fixed income investments, AmFunds will assess the extent of interest rate risk allowed by the fund as set out in the fund objectives and relative to the defined performance benchmarks. The methodology followed by the Group to manage interest rate risk within each specific fund is an integral part of the asset management approach adopted. Investment policy takes account amongst others the Basis-Point Value ("BPV") to measure the maximum loss of a fixed income portfolio of a 0.01 parallel movement in the yield curve.

The following table demonstrates the sensitivity to a reasonable change in interest rates on the fair value on the debt securities and negotiable instruments of deposits:

	Impact on profit before tax RM'000	Impact on net liabilities RM'000	Impact on equity* RM'000
Group	----- (Decrease) / Increase -----		
Changes in interest rates:			
2021			
+100 bps	(178,706)	(242,596)	(239)
-100 bps	178,706	294,248	239
	<u>178,706</u>	<u>294,248</u>	<u>239</u>

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28. Financial risk (cont'd.)

(3) Market risk (cont'd.)

(b) Interest rate risk (cont'd.)

Group (cont'd.)	Impact on profit before tax RM'000	Impact on net liabilities RM'000	Impact on equity* RM'000
	----- (Decrease) / Increase -----		
Changes in interest rates: (cont'd.)			
2020			
+100 bps	(176,176)	(250,348)	(335)
-100 bps	176,176	305,111	335
	<u>176,176</u>	<u>305,111</u>	<u>335</u>
Company			
Changes in interest rates:			
2021			
+100 bps	(154,450)	(242,596)	(239)
-100 bps	154,450	294,248	239
	<u>154,450</u>	<u>294,248</u>	<u>239</u>
2020			
+100 bps	(149,648)	(250,348)	(335)
-100 bps	149,648	305,111	335
	<u>149,648</u>	<u>305,111</u>	<u>335</u>

* After considering tax effects.

(c) Equity risk

Equity risk, as defined above, is accepted in accordance with agreed risk appetite in order to achieve the desired level of return from policyholders' assets.

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28. Financial risk (cont'd.)

(3) Market risk (cont'd.)

(c) Equity risk (cont'd.)

The management of equity investments is undertaken by the Group. In its decision-making on equity investments, the Group will assess the extent of equity risk required or allowed by the fund as set out in the fund objectives and relative to defined performance benchmarks. The methodology followed by the Group to manage equity risk within each fund is an integral part of the asset management approach adopted. Investment policy takes account amongst others the Value at Risks ("VaR") to measure the maximum loss in market value of an equity portfolio within a given time span and at a given confidence level.

(d) Price risk

Price risk is the risk of fluctuations in fair value or future cash flows of a financial instrument arising from a change in volatility in market indices.

The following table demonstrates the sensitivity to a reasonable change in market indices on the equity securities, as well as unit and property trust funds:

Group and Company	Impact on profit before taxation RM'000	Impact on net liabilities RM'000	Impact on equity RM'000
	----- (Decrease) / Increase -----		
Changes in market indices:			
2021			
KLCI + 15%	-	21,117	-
KLCI - 15%	-	(21,117)	-
	<hr/>	<hr/>	<hr/>
2020			
KLCI + 15%	-	14,157	-
KLCI - 15%	-	(14,157)	-
	<hr/>	<hr/>	<hr/>

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28. Financial risk (cont'd.)

(3) Market risk (cont'd.)

(e) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. The Board Risk Management Committee ("BRMC") aims to maintain an appropriate control environment to keep the exposure to operational risks in line with the agreed risk appetite, recognising that operational risks may arise in the normal course of business even when carried out in line with the Group's policies and BNM's regulation.

(4) Fair value of assets

(a) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of its assets by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The tables on the following pages show an analysis of assets recorded at fair value by level of the fair value hierarchy.

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28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

Group	2021				2020			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets measured at fair value:</u>								
<u>Financial assets:</u>								
AFS:								
Equity securities:								
Quoted in Malaysia	58,550	-	-	58,550	37,333	-	-	37,333
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Malaysian government securities	-	147,357	-	147,357	-	186,819	-	186,819
Corporate bonds:								
Unquoted in Malaysia	-	1,090,321	-	1,090,321	-	995,604	-	995,604
Unit and property trust funds:								
Quoted in Malaysia	8,166	-	-	8,166	12,296	-	-	12,296
	66,716	1,239,825	-	1,306,541	49,629	1,184,570	-	1,234,199

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28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

	2021				2020			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group (cont'd.)								
<u>Assets measured at fair value: (cont'd.)</u>								
<u>Financial assets: (cont'd.)</u>								
FVTPL - Held for trading purposes:								
Equity securities:								
Quoted in Malaysia	76,350	-	-	76,350	41,951	-	-	41,951
Malaysian government securities	-	116,481	-	116,481	-	149,311	-	149,311
Corporate bonds:								
Unquoted in Malaysia	-	1,741,440	-	1,741,440	-	1,600,972	-	1,600,972
Unit and property trust funds:								
Quoted in Malaysia	3,048	-	-	3,048	6,769	-	-	6,769
Unquoted in Malaysia	-	38,913	-	38,913	-	29,373	-	29,373
	79,398	1,896,834	-	1,976,232	48,720	1,779,656	-	1,828,376
<u>Non-financial assets:</u>								
Investment properties	-	-	50,150	50,150	-	-	50,200	50,200

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AmMetLife Insurance Berhad
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28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

Company	2021				2020			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets measured at fair value:</u>								
<u>Financial assets:</u>								
AFS:								
Equity securities:								
Quoted in Malaysia	58,550	-	-	58,550	37,333	-	-	37,333
Unquoted in Malaysia	-	2,147	-	2,147	-	2,147	-	2,147
Malaysian government securities	-	147,357	-	147,357	-	186,819	-	186,819
Corporate bonds:								
Unquoted in Malaysia	-	1,090,321	-	1,090,321	-	995,604	-	995,604
Unit and property trust funds:								
Quoted in Malaysia	8,166	-	-	8,166	12,296	-	-	12,296
Wholesale fund	-	366,919	-	366,919	-	365,134	-	365,134
	66,716	1,606,744	-	1,673,460	49,629	1,549,704	-	1,599,333

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AmMetLife Insurance Berhad
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28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(a) Fair value hierarchy (cont'd.)

	2021				2020			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company (cont'd.)								
<u>Assets measured at fair value: (cont'd.)</u>								
<u>Financial assets: (cont'd.)</u>								
FVTPL - Held for trading purposes:								
Equity securities:								
Quoted in Malaysia	76,350	-	-	76,350	41,951	-	-	41,951
Malaysian government securities	-	116,481	-	116,481	-	119,705	-	119,705
Corporate bonds:								
Unquoted in Malaysia	-	1,379,217	-	1,379,217	-	1,297,176	-	1,297,176
Unit and property trust funds:								
Quoted in Malaysia	3,048	-	-	3,048	6,769	-	-	6,769
Unquoted in Malaysia	-	38,913	-	38,913	-	29,373	-	29,373
	<u>79,398</u>	<u>1,534,611</u>	<u>-</u>	<u>1,614,009</u>	<u>48,720</u>	<u>1,446,254</u>	<u>-</u>	<u>1,494,974</u>
<u>Non-financial assets:</u>								
Investment properties	-	-	50,150	50,150	-	-	50,200	50,200

28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(b) Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 2021 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	50,150	Comparison approach	Estimated value p.s.f	RM111 – RM500
<u>Investment properties</u>				
Description	Fair value as at 2020 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Commercial properties	50,200	Comparison approach	Estimated value p.s.f	RM115 - RM500

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28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(c) Movements in Level 3 assets and liabilities measured at fair value:

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3).

Group and Company

	Investment properties Fair value measurement using significant unobservable inputs (Level 3)	
	2021	2020
	RM'000	RM'000
Opening balance	50,200	50,380
Total fair value losses for the year	(50)	(180)
Closing balance	<u>50,150</u>	<u>50,200</u>

For investments properties, a significant increase/(decrease) in unobservable inputs would result in a significantly (lower)/higher fair value measurement.

	Investment properties Fair value measurement using significant unobservable inputs (Level 3)	
	2021	2020
	RM'000	RM'000
Total losses for the year included in:		
Income statements		
- Losses on changes in fair value	<u>(50)</u>	<u>(180)</u>

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28. Financial risk (cont'd.)

(4) Fair value of assets (cont'd.)

(d) Determination of fair value

The following methods and assumptions were used to estimate the fair value:

- The fair value of financial assets such as equity securities, that are actively traded in organised financial markets is determined by reference to quoted prices for assets at the close of business on the reporting date;
- For investments in unit, real estate investment trusts and wholesale unit trust fund, fair value is determined by reference to published net asset values. Investments in equity that do not have quoted market price in an active market and whose fair value cannot be reliably measured will be stated at cost less impairment losses;
- For financial instruments where there is no active market such as unquoted fixed income securities i.e., unquoted bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM");
- If the fair value cannot be measured reliably, financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instruments or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment;
- The fair value of Negotiable Instruments of Deposit ("NID") are based on broker quotes, whereas the fair value of fixed interest/yield bearing deposits is the principal itself; and
- The fair value of investment properties are determined using the bases disclosed in Note 5.

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29. Regulatory capital requirements

The total capital available of the Company as at 31 March 2021 as prescribed under the RBC framework is provided below:

Company	2021 RM'000	2020 RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	200,000	200,000
Reserves, including retained earnings	793,912	689,338
	<u>993,912</u>	<u>889,338</u>
Tier 2 Capital		
Eligible reserves	<u>47,499</u>	<u>51,189</u>
Amount deducted from capital	(55,206)	(51,632)
Total capital available	<u>986,205</u>	<u>888,895</u>

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30. Insurance funds

The Group's and the Company's activities are organised by funds and segregated into the Shareholders', Life and Investment-linked funds in accordance with the Financial Services Act, 2013. The Statements of Financial Position and Income Statements by funds are presented as follows:

Statements of financial position by funds
As at 31 March 2021

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Group	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group										
Assets										
Property and equipment	47	57	11,528	12,292	-	-	-	-	11,575	12,349
Right-of-use assets	-	-	26,753	33,933	-	-	-	-	26,753	33,933
Investment properties	-	-	50,150	50,200	-	-	-	-	50,150	50,200
Intangible assets	1,302	1,274	53,904	50,358	-	-	-	-	55,206	51,632
Investments	385,963	394,064	3,068,374	2,934,427	171,328	124,503	(10,264)	(7,815)	3,615,401	3,445,179
Reinsurance assets	-	-	40,531	31,991	-	-	-	-	40,531	31,991
Insurance receivables	-	-	156,630	173,104	-	-	-	-	156,630	173,104
Other receivables	16,918	17,015	36,234	35,852	1,585	793	-	-	54,737	53,660
Cash and bank balances	10	1	59,777	44,109	14,741	20,557	-	-	74,528	64,667
Interfund balances	-	-	12,109	28,196	-	3,508	(12,109)	(31,704)	-	-
Total assets	404,240	412,411	3,515,990	3,394,462	187,654	149,361	(22,373)	(39,519)	4,085,511	3,916,715

* Refers to elimination of interfund balances.

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30. Insurance funds (cont'd.)

**Statements of financial position by funds
As at 31 March 2021 (cont'd.)**

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Group	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group										
Equity										
Share capital	200,000	200,000	-	-	-	-	-	-	200,000	200,000
Retained profits	168,969	155,314	252,278	190,027	-	-	3,941	1,493	425,188	346,834
AFS fair value reserves	3,038	1,177	281	264	-	-	(3,038)	(1,177)	281	264
Total equity	372,007	356,491	252,559	190,291	-	-	903	316	625,469	547,098
Liabilities										
Insurance contract liabilities	18,379	20,684	2,905,826	2,911,035	185,057	150,241	(10,264)	(7,815)	3,098,998	3,074,145
Deferred tax liabilities	904	317	84,774	69,539	1,315	(1,383)	(903)	(316)	86,090	68,157
Insurance payables	-	-	93,988	91,118	-	-	-	-	93,988	91,118
Provision for taxation	-	-	-	-	-	280	-	-	-	280
Lease liabilities	-	-	28,652	35,017	-	-	-	-	28,652	35,017
Other payables	1,870	3,215	150,191	97,462	253	223	-	-	152,314	100,900
Interfund balances	11,080	31,704	-	-	1,029	-	(12,109)	(31,704)	-	-
Total liabilities	32,233	55,920	3,263,431	3,204,171	187,654	149,361	(23,276)	(39,835)	3,460,042	3,369,617
Total equity and liabilities	404,240	412,411	3,515,990	3,394,462	187,654	149,361	(22,373)	(39,519)	4,085,511	3,916,715

* Refers to elimination of interfund balances.

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**AmMetLife Insurance Berhad
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30. Insurance funds (cont'd.)

**Statements of financial position by funds
As at 31 March 2021 (cont'd.)**

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Company										
Assets										
Property and equipment	47	57	11,528	12,292	-	-	-	-	11,575	12,349
Right-of-use assets	-	-	26,753	33,933	-	-	-	-	26,753	33,933
Investment properties	-	-	50,150	50,200	-	-	-	-	50,150	50,200
Intangible assets	1,302	1,274	53,904	50,358	-	-	-	-	55,206	51,632
Investments	389,510	397,634	3,068,374	2,934,427	171,328	124,503	(10,264)	(7,815)	3,618,948	3,448,749
Reinsurance assets	-	-	40,531	31,991	-	-	-	-	40,531	31,991
Insurance receivables	-	-	156,630	173,104	-	-	-	-	156,630	173,104
Other receivables	13,322	13,417	36,234	35,852	1,585	793	-	-	51,141	50,062
Cash and bank balances	-	-	59,777	44,109	14,741	20,557	-	-	74,518	64,666
Interfund balances	-	-	12,109	28,196	-	3,508	(12,109)	(31,704)	-	-
Total assets	404,181	412,382	3,515,990	3,394,462	187,654	149,361	(22,373)	(39,519)	4,085,452	3,916,686

* Refers to elimination of interfund balances.

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30. Insurance funds (cont'd.)

**Statements of financial position by funds
As at 31 March 2021 (cont'd.)**

	Shareholders' Fund		Life Fund		Unit-linked		Elimination*		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Company										
Equity										
Share capital	200,000	200,000	-	-	-	-	-	-	200,000	200,000
Retained profits	166,410	147,437	252,278	190,027	-	-	3,941	1,493	422,629	338,957
AFS fair value reserves	4,970	7,175	281	264	-	-	(3,038)	(1,177)	2,213	6,262
Total equity	371,380	354,612	252,559	190,291	-	-	903	316	624,842	545,219
Liabilities										
Insurance contract liabilities	18,379	20,684	2,905,826	2,911,035	185,057	150,241	(10,264)	(7,815)	3,098,998	3,074,145
Deferred tax liabilities	1,513	2,210	84,774	69,539	1,315	(1,383)	(903)	(316)	86,699	70,050
Insurance payables	-	-	93,988	91,118	-	-	-	-	93,988	91,118
Provision for taxation	-	-	-	-	-	280	-	-	-	280
Lease liabilities	-	-	28,652	35,017	-	-	-	-	28,652	35,017
Other payables	1,829	3,172	150,191	97,462	253	223	-	-	152,273	100,857
Interfund balances	11,080	31,704	-	-	1,029	-	(12,109)	(31,704)	-	-
Total liabilities	32,801	57,770	3,263,431	3,204,171	187,654	149,361	(23,276)	(39,835)	3,460,610	3,371,467
Total equity and liabilities	404,181	412,382	3,515,990	3,394,462	187,654	149,361	(22,373)	(39,519)	4,085,452	3,916,686

* Refers to elimination of interfund balances.

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30. Insurance funds (cont'd.)

Income statements by funds
For the year ended 31 March 2021

Group	Shareholders' Fund		Life Fund		Unit-linked		Group	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross earned premiums	-	-	527,011	526,632	63,995	81,497	591,006	608,129
Premiums ceded to reinsurers	-	-	(76,152)	(64,055)	-	-	(76,152)	(64,055)
Net earned premiums	-	-	450,859	462,577	63,995	81,497	514,854	544,074
Investment income	15,373	17,348	136,178	141,747	5,700	5,492	157,251	164,587
Realised gains and losses	4,791	6,301	4,628	9,518	(4,403)	(1,846)	5,016	13,973
Fair value gains and losses	(4,594)	3,024	(54,289)	(2,801)	33,904	(18,540)	(24,979)	(18,317)
Other operating income	-	-	6	3	41	40	47	43
Other revenue	15,570	26,673	86,523	148,467	35,242	(14,854)	137,335	160,286
Gross benefits and claims	-	-	(361,275)	(396,059)	(30,990)	(28,615)	(392,265)	(424,674)
Claims ceded to reinsurers	-	-	48,824	42,399	-	-	48,824	42,399
Gross change to contract liabilities	2,305	3,567	1,951	(145,236)	(34,815)	(10,287)	(28,110)	(153,419)
Change in contract liabilities ceded to reinsurers	-	-	3,870	1,182	-	-	3,870	1,182
Net benefits and claims	2,305	3,567	(306,630)	(497,714)	(65,805)	(38,902)	(367,681)	(534,512)
Fee and commission expenses	(702)	(746)	(13,235)	(17,825)	(30,814)	(29,141)	(44,751)	(47,712)
Finance costs	-	-	(1,274)	(1,546)	-	-	(1,274)	(1,546)
Management expenses	(10,283)	(12,755)	(123,629)	(132,838)	(67)	(64)	(133,979)	(145,657)
Taxation of life insurance business	-	-	(3,940)	(9,095)	(2,551)	1,464	(6,491)	(7,631)
Other expenses	(10,985)	(13,501)	(142,078)	(161,304)	(33,432)	(27,741)	(186,495)	(202,546)

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30. Insurance funds (cont'd.)

Income statements by funds
For the year ended 31 March 2021 (cont'd.)

Group	Shareholders' Fund		Life Fund		Unit-linked		Group	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(loss) from operations	6,890	16,739	88,674	(47,974)	-	-	98,013	(32,698)
Transfer from Shareholder Fund	6,764	(30,552)	(6,764)	30,552	-	-	-	-
Profit/(loss) from operations after transfer	13,654	(13,813)	81,910	(17,422)	-	-	98,013	(32,698)
Transfer from Life Insurance Fund*	81,910	(17,422)	(81,910)	17,422	-	-	-	-
Profit/(loss) before taxation	95,564	(31,235)	-	-	-	-	98,013	(32,698)
Taxation	(19,659)	10,940	-	-	-	-	(19,659)	10,940
Net profit/(loss) for the year	75,905	(20,295)	-	-	-	-	78,354	(21,758)

* The amount transferred from the Life Insurance Fund to the Shareholders' Fund is net of tax.

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30. Insurance funds (cont'd.)

Income statements by funds
For the year ended 31 March 2021 (cont'd.)

Company	Shareholders' Fund		Life Fund		Unit-linked		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross earned premiums	-	-	527,011	526,632	63,995	81,497	591,006	608,129
Premiums ceded to reinsurers	-	-	(76,152)	(64,055)	-	-	(76,152)	(64,055)
Net earned premiums	-	-	450,859	462,577	63,995	81,497	514,854	544,074
Investment income	19,677	23,078	136,178	141,747	5,700	5,492	161,555	170,317
Realised gains and losses	821	2,198	4,628	9,518	(4,403)	(1,846)	1,046	9,870
Fair value gains and losses	-	-	(54,289)	(2,801)	33,904	(18,540)	(20,385)	(21,341)
Other operating income	-	-	6	3	41	40	47	43
Other revenue	20,498	25,276	86,523	148,467	35,242	(14,854)	142,263	158,889
Gross benefits and claims	-	-	(361,275)	(396,059)	(30,990)	(28,615)	(392,265)	(424,674)
Claims ceded to reinsurers	-	-	48,824	42,399	-	-	48,824	42,399
Gross change to contract liabilities	2,305	3,567	1,951	(145,236)	(34,815)	(10,287)	(28,110)	(153,419)
Change in contract liabilities ceded to reinsurers	-	-	3,870	1,182	-	-	3,870	1,182
Net benefits and claims	2,305	3,567	(306,630)	(497,714)	(65,805)	(38,902)	(367,681)	(534,512)
Fee and commission expenses	(702)	(746)	(13,235)	(17,825)	(30,814)	(29,141)	(44,751)	(47,712)
Finance costs	-	-	(1,274)	(1,546)	-	-	(1,274)	(1,546)
Management expenses	(9,893)	(12,354)	(123,629)	(132,838)	(67)	(64)	(133,589)	(145,256)
Taxation of life insurance business	-	-	(3,940)	(9,095)	(2,551)	1,464	(6,491)	(7,631)
Other expenses	(10,595)	(13,100)	(142,078)	(161,304)	(33,432)	(27,741)	(186,105)	(202,145)

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30. Insurance funds (cont'd.)

Income statements by funds
For the year ended 31 March 2021 (cont'd.)

Company	Shareholders' Fund		Life Fund		Unit-linked		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(loss) from operations	12,208	15,743	88,674	(47,974)	-	-	103,331	(33,694)
Transfer from Shareholder Fund	6,764	(30,552)	(6,764)	30,552	-	-	-	-
Profit/(loss) from operations after transfer	18,972	(14,809)	81,910	(17,422)	-	-	103,331	(33,694)
Transfer from Life Insurance Fund*	81,910	(17,422)	(81,910)	17,422	-	-	-	-
Profit/(loss) before taxation	100,882	(32,231)	-	-	-	-	103,331	(33,694)
Taxation	(19,659)	10,940	-	-	-	-	(19,659)	10,940
Net profit/(loss) for the year	81,223	(21,291)	-	-	-	-	83,672	(22,754)

* The amount transferred from the Life Insurance Fund to the Shareholders' Fund is net of tax.

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30. Insurance funds (cont'd.)
Information on cash flows by funds
For the year ended 31 March 2021

Group	Shareholders' Fund		Life Fund		Unit-linked		Group	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net cash flows from:								
Operating activities	(39,058)	32,902	133,426	(2,491)	(4,926)	4,914	89,442	35,325
Investing activities	(304)	(217)	(16,537)	35,600	-	-	(16,841)	35,383
Financing activities	-	-	(6,916)	(6,688)	-	-	(6,916)	(6,688)
Net increase/(decrease) in cash and cash equivalents	(39,362)	32,685	109,973	26,421	(4,926)	4,914	65,685	64,020
Cash and cash equivalents at beginning of year	52,848	20,163	196,901	170,480	22,549	17,635	272,298	208,278
Cash and cash equivalents at end of year	13,486	52,848	306,874	196,901	17,623	22,549	337,983	272,298
Short term deposits	13,476	52,847	247,097	152,792	2,882	1,992	263,455	207,631
Cash and bank balances	10	1	59,777	44,109	14,741	20,557	74,528	64,667
	13,486	52,848	306,874	196,901	17,623	22,549	337,983	272,298

Company	Shareholders' Fund		Life Fund		Unit-linked		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net cash flows from:								
Operating activities	(12,054)	21,409	133,426	(2,491)	(4,926)	4,914	116,446	23,832
Investing activities	(304)	(217)	(16,537)	35,600	-	-	(16,841)	35,383
Financing activities	-	-	(6,916)	(6,688)	-	-	(6,916)	(6,688)
Net increase/(decrease) in cash and cash equivalents	(12,358)	21,192	109,973	26,421	(4,926)	4,914	92,689	52,527
Cash and cash equivalents at beginning of year	24,685	3,493	196,901	170,480	22,549	17,635	244,135	191,608
Cash and cash equivalents at end of year	12,327	24,685	306,874	196,901	17,623	22,549	336,824	244,135
Short term deposits	12,327	24,685	247,097	152,792	2,882	1,992	262,306	179,469
Cash and bank balances	-	-	59,777	44,109	14,741	20,557	74,518	64,666
	12,327	24,685	306,874	196,901	17,623	22,549	336,824	244,135

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31. Significant event

The evolving COVID-19 pandemic situation and uncertainty over the global economic outlook could impact the performance of the Group and the Company. The Group and the Company expect continued volatility in the financial markets and the low interest rate environment to continue, resulting in fluctuations in the mark-to-market valuation of our assets and liabilities, which will impact our profit. Key factors are the direction of interest rates, credit spreads and equity prices. As our bonds are mostly investment grade, the default risk is likely to be low.

The Group and the Company has assessed, based on available information, of the overall impact of the situation on the Group's and the Company's business and noted that there are no material impact to the financial results for the year ended 31 March 2021.

Given that the national COVID-19 vaccination programme is ongoing in Malaysia, management will continue to monitor and assess the impact of the pandemic on the Group's and the Company's operations and financial results for the next financial year from the date of this report, including the impact of the recent stricter lockdown resulting from the worsening cases.

As the situation continues to progress and evolve, it is challenging at this juncture, to predict the full extent and duration of its business and economic impact. The Group and the Company will measure the impact, if any, on the financial statement as they occur. The management believes that the Group and the Company has sufficient capital to withstand any probable impact COVID-19 might have on the business of the Group and the Company in the next financial year.