

**MANULIFE INSURANCE BERHAD**  
**200801013654 (814942-M)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2024**

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

<b>CONTENTS</b>	<b>PAGE</b>
DIRECTORS' REPORT	1 - 27
STATEMENT BY DIRECTORS	28
STATUTORY DECLARATION	28
INDEPENDENT AUDITORS' REPORT	29 - 32
STATEMENT OF FINANCIAL POSITION	33
STATEMENT OF PROFIT OR LOSS	34
STATEMENT OF TOTAL COMPREHENSIVE INCOME	35
STATEMENT OF CHANGES IN EQUITY	36 - 37
STATEMENT OF CASH FLOWS	38
NOTES TO THE FINANCIAL STATEMENTS	39 - 143

**Company No.**

<b>200801013654 (814942-M)</b>
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**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****DIRECTORS' REPORT**

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

**PRINCIPAL ACTIVITY**

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

**FINANCIAL RESULTS**

	<b>RM'000</b>
Net profit for the financial year	<u>108,182</u>

**DIVIDENDS**

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of approximately 14.0 sen per share amounting to RM50,000,000 for the financial year ended 31 December 2023.

No dividend is recommended for the financial year ended 31 December 2024.

**RESERVES AND PROVISIONS**

Material transfers to or from reserves and provisions during the financial year are as disclosed in the financial statements.

**SHARE CAPITAL**

There were no changes in the issued and paid-up capital of the Company during the financial year.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and satisfied themselves that there were no known bad debts to be written off and that adequate allowance for impairment losses had been made.

At the date of this report, the directors are not aware of any circumstances that would render it necessary to write off any bad debts or the amount of allowance for impairment losses in the financial statements of the Company inadequate to any substantial extent.

### **CURRENT ASSETS**

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

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

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

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

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CHANGE OF CIRCUMSTANCES**

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

### **ITEMS OF AN UNUSUAL NATURE**

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

### **SIGNIFICANT EVENTS**

There were no significant events that occurred during the financial year.

### **DIRECTORS**

The directors who have held office during the financial year to the date of this report are:

Arthur Jay Belfer  
Vibha Hamsi Coburn  
Vijayam A/P Nadarajah  
Mary Bernadette James A/P N James  
Renzo Christopher Viegas

In accordance with Clause 20.6 of the Constitution of the Company, Mrs. Vijayam A/P Nadarajah shall retire at the forthcoming Annual General Meeting, and being eligible, offers herself for re-election.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS (CONTINUED)**

#### **Profile of Directors**

The following are the profiles of the directors of the Company:

#### **Arthur Jay Belfer** **Chairman/Independent Non-Executive Director**

Mr. Arthur Jay Belfer ("Mr. Belfer"), aged 68 an American, was appointed to the Board on 3 February 2020. Mr. Belfer has professional qualifications as both an Actuary (FSA) and an Accountant (CPA) from the USA. He is also a Fellow in the Life Management Institute ("FLMI"). He holds a Bachelor of Business Administration (B.B.A.) from the University of Michigan, School of Business Administration with Honors as a University of Michigan Regents Alumni Scholar.

Mr. Belfer has held senior executive positions with Asian branches of global insurance companies and has significant board experience. Mr. Belfer was the Regional Senior Actuary for John Hancock in Asia for 5 years to assist with the establishment of its business presence in the region.

He was a founder for American International Group's ("AIG") Asia Pacific Life Operations Life Insurance Region. Mr. Belfer established and grew the Region for over 15 years, of which 11 years were as the Regional Senior Executive. He also established and led the AIG Enterprise Risk Management for two years in Asia, bringing it out of the New York Headquarters and into the businesses within the Asian Region.

Mr. Belfer was the Chief Executive Officer for Prudential Life Assurance Thailand, and Managing Director for Prudential Corporation Asia from year 2015 to year 2017. Prior to that, he served as Country President (CEO) & Chairman of the Board for the Ace Group's Life Insurance Company in Thailand from year 2010 to year 2013.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS (CONTINUED)**

#### **Profile of Directors (continued)**

##### **Vibha Hamsi Coburn** **Chief Executive Officer/Executive Director**

Ms. Vibha Hamsi Coburn ("Ms. Vibha Coburn"), aged 60 an Australian, was appointed as Chief Executive Officer/Executive Director of Manulife Insurance Berhad on 1 October 2020. Ms. Vibha Coburn holds a Master of Business Administration from the University of Western Australia, post graduate diploma from the Securities Institute of Australia (CFA equivalent) and a Bachelor of Commerce (Hons) from Delhi University. She is also a Graduate member of Australia Institute of Company Directors ("GAICD").

Ms. Vibha Coburn was formerly the Chief Distribution Officer at Manulife Asia, responsible for developing and executing strategy for Manulife distribution across Asia, including championing the adoption of digital channels. Under her leadership, Manulife's agency force grew significantly and became the world's third best amongst international insurers in terms of Million Dollar Round Table ("MDRT") membership. At the same time, she has helped to vastly strengthen Manulife's bancassurance capabilities, delivering strong growth to its regional partnership and renewing or establishing new partnerships in Vietnam, Indonesia and Myanmar. She has also championed the development and adoption of digital tools throughout all channels in distribution.

Prior to joining Manulife, Ms. Vibha Coburn had a wide range of senior roles over thirty (30) years in banking, insurance and management consulting across Asia, Europe and Australia. These included roles in e-business, sales, customer acquisition, finance, wealth management, liabilities, mortgages and credit cards.

Ms. Vibha Coburn also sits on the Boards of Manulife Holdings Berhad, Manulife Investment Management (M) Berhad, Life Insurance Association of Malaysia ("LIAM") Holding Sdn Bhd and LIAM Property Sdn Bhd.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS (CONTINUED)**

#### **Profile of Directors (continued)**

##### **Vijayam A/P Nadarajah** **Independent Non-Executive Director**

Mrs. Vijayam A/P Nadarajah ("Mrs. Vijayam Nadarajah"), aged 62 a Malaysian, was appointed to the Board on 19 April 2019. She holds a Master degree in Business Administration as well as a Bachelor degree in Economics (with a major in accounting) from Monash University in Melbourne, Australia. She has also acquired a Bachelor of Laws from London University, United Kingdom. She is a Fellow Member of CPA Australia, a Chartered Accountant under the Malaysian Institute of Accountants, and a Fellow Member of the Institute of Internal Auditors Malaysia ("IIAM").

Mrs. Vijayam Nadarajah was the president of IIAM from year 1996 to year 1997 and was then reappointed as a governor to the Board of Governors of IIAM in year 2018. She co-chaired the first taskforce on Guidance for Effective Internal Audit Function. From year 2013 to year 2016, Mrs. Vijayam Nadarajah served as a Specialist for the Research and Development/Corporate Program of the Financial Accreditation Agency, which is an initiative supported by Bank Negara Malaysia and the Securities Commission Malaysia. She also served as Financial Controller at CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad, Assistant General Manager of Finance at Oriental Capital Assurance Berhad, as well as senior manager roles in RHB Bank Berhad and Sime Bank Berhad/UMBC Bank Berhad.

Mrs. Vijayam Nadarajah is presently the Independent Non-Executive Director of Monash University Malaysia Sdn Bhd and Matrix Concepts Holdings Berhad; and was Independent Non-Executive Director of The Bank of Nova Scotia Berhad, MPI Generali Insurans Berhad and BNP Paribas Malaysia Berhad. Prior to her appointment to the Board of The Bank of Nova Scotia Berhad, she was with China Construction Bank Malaysia Berhad and assisted with the licensing of the bank and operational readiness audit. She is a consultant and trainer in topics such as risk management, compliance, internal audit and board governance.

Mrs. Vijayam Nadarajah is the Chairman of the Risk Management Committee and is a member of the Audit Committee and Nominating/Remuneration Committee of the Company. She is also a Director and Chairman of the Group Risk Management Committee, and a member of the Group Audit Committee and Group Nominating/Remuneration Committee of Manulife Holdings Berhad.



**Company No.**

<b>200801013654 (814942-M)</b>
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**MANULIFE INSURANCE BERHAD  
(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****DIRECTORS (CONTINUED)****Profile of Directors (continued)****Mary Bernadette James A/P N James  
Independent Non-Executive Director**

Ms. Mary Bernadette James A/P N James ("Ms. James"), aged 65 a Malaysian, was appointed to the Board on 15 October 2020. Ms. Mary James graduated with Bachelor of Business Administration (Finance & International Business) from The University of Texas At Austin, United States of America in 1988.

Ms. James was the Chief Information Officer ("CIO") & Head of Transformation Office for Bank Danamon Indonesia from 2016 to February 2020. In this role, she led digital transformation to meet the digital challenges of a mobile-first world, built digital partnerships with the business, and created new business opportunities, as well as built a consistent experience for customers across different lines of business. She built and implemented bank-wide Big Data Strategy within two years and garnered two global Big Data awards.

Prior to joining Danamon, Ms. James was the Group CIO and Head of Infrastructure for Alliance Bank Berhad, Malaysia from October 2010 to February 2016, and was part of the management team to create new values and culture for the organization and designed and implemented a talent management framework. Ms. James also created a division to take on major Business Process Re-engineering projects, and delivered multiple infrastructure projects, legacy modernization of applications and virtualization.

From year 2009 to year 2010, Ms. James was the Chief Information Officer at NIB Bank, Pakistan on a short-term assignment of two years to bring under control multiple failing projects and manage the cost overrun on these projects. Her major accomplishments were the rollout of Core Banking solutions nationwide across 250 branches within five months and management of IBM and Core Banking vendors to achieve savings of 30%.

Ms. James was also with Bank Danamon Indonesia from year 2004 to year 2009 as Program Manager and subsequently Head of Technology, where she was responsible for transactional systems and technology infrastructure. As program manager, she was responsible for the bank's critical and major IT projects, and also implemented the department organizational strategy, which involved organization realignment and optimization of IT resources.

Ms. James held multiple senior roles in Citigroup from year 1997 to year 2004, such as Senior Project Manager, Equities Technology Group, London, Head of Systems and Expert Group, System Owner, Sales and Marketing and Head of ELC Operations and Technology, Malaysia. She replaced the global middle office system and integrated the Helsinki Exchange across both the equities and derivatives business.

Ms. James presently sits on the Board of Midas Digital Solutions Sdn Bhd.

Ms. James is the Chairperson of the Nominating/Remuneration Committee and a member of the Audit Committee and Risk Management Committee of the Company.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS (CONTINUED)**

#### **Profile of Directors (continued)**

##### **Renzo Christopher Viegas** **Independent Non-Executive Director**

Mr. Renzo Christopher Viegas ("Mr. Renzo Viegas"), aged 63, an Indian, was appointed to the Board on 1 November 2020. Mr. Renzo Viegas holds a Bachelor of Commerce from the University of Bombay, India. He is a Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of India as well as a Chartered Accountant under the Malaysian Institute of Accountant. He also successfully completed the Advance Management Program in Strategic Marketing Planning, Michigan State University, United States of America.

Mr. Renzo Christopher Viegas started his career with Citibank in year 1985, where he progressively held senior positions in various Asia Pacific countries including regional responsibilities until year 2008. His last held position was Chief Operating Officer and Chief Financial Officer of Citibank Malaysia. In year 2008, Mr. Renzo Viegas joined RHB Bank Berhad as Director of Retail Banking where he managed the consumer, insurance, hire purchase, and small and medium enterprises businesses. In year 2011, he was appointed as the Principal Officer overseeing overall operations of RHB Bank Berhad. His last held position was Deputy Chief Executive Officer ("CEO") of the bank with direct responsibility in the Consumer and International businesses. Mr. Renzo Viegas was the Deputy CEO and Executive Director of CIMB Bank from year 2012 to year 2015 with direct oversight over the Consumer and Commercial businesses and CEO of Group Consumer Banking from year 2015 to year 2016. He was responsible for the development of overall business strategies of consumer banking for the smooth implementation of the strategies and transformed the consumer bank of the Group to become its growth engine by leveraging on the regional platform to better reap synergies and accelerate business delivery. He also served as Advisor to the Group CEO of CIMB Bank where he was responsible for the development of overall Group business strategies until March 2019. He was also the Chairman of the CIMB Group Information and Technology Steering Committee. He was a Non-Independent Director for CIMB Bank (Vietnam) Ltd. from August 2018 to July 2019, and Non-Independent Director for CIMB Cambodia Bank PLC from November 2017 to July 2019. He served as Non-Executive Director of Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad from May 2013 to July 2017. He is currently senior independent director of Astro Malaysia Holdings Bhd. He also sits on the Board of Ujjivan Financial Services Limited, a company listed on the National Stock Exchange of India and the holding company of Ujjivan Small Finance Bank.

Mr. Renzo Viegas is the Chairman of Audit Committee and a member of the Risk Management Committee and Nominating/Remuneration Committee of the Company. He is also a Director and Chairman of both the Group Audit Committee and Group Nominating/Remuneration Committee, and a member of the Group Risk Management Committee of Manulife Holdings Berhad.

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS (CONTINUED)**

**Directors' Training**

The Directors have participated in conferences, seminars and training programmes to keep abreast with the development in the business environment, financial sector issues and challenges as well as the new regulatory and statutory requirements.

The training programmes and seminars attended by the directors during the financial year ended 31 December 2024 are, inter-alia, on areas relating to corporate governance, risk management, role of an effective Board, insurance, banking and finance. The talks, conferences, seminars and training programmes attended by the directors during the financial year ended 31 December 2024 are as follows:

- BNM – FIDE FORUM Engagement: Responsibility Mapping with Directors of Financial Institutions (*FIDE Forum*)
- Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023 (*FIDE Forum*)
- Directors' Remuneration Report 2024 Launch (*FIDE Forum*)
- 2024 Code of Business Conduct and Ethics (*Internal*)
- Anti-Bribery & Anti- Corruption (ABC) Compliance Training for Board of Directors 2024 (Internal Training) (*Internal*)
- Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing for Board of Directors 2024 (*Internal*)
- Data Innovation to Drive Financial Inclusion - Pushing New Frontiers (*FIDE Forum*)
- Info Sharing & Engagement Session on Board Culture (*FIDE Forum*)
- United Nations Global Compact: Forward Faster Now I Asia & Oceania (*United Nations*)
- EY Financial Services Organisation (FSO) Insurance Forum 2024 (*Ernst & Young*)
- Distinguished Board Leadership Series 2024: Digital Transformation of the World's Best Bank (*FIDE Forum*)
- InsureTech Connect Asia 2024 (*ITC Asia*)
- Kuala Lumpur International Sustainability Conference: Synergizing Climate Action: Fostering Collaboration Across Regulators, Corporations, and Academia (*Asia School of Business*)
- Climate Risk Management and Scenario Analysis (CRMSA), Climate Change and Principle- based Taxonomy (CCPT) and Climate Risk Stress Testing (CRST) Training for Directors (*LIAM in collaboration with Asia School of Business*)
- ICDM Advocacy Dialogue & Networking Session Post-Budget 2025 Dialogue: Key Highlights & A Conversation with the Ministry of Finance (MoF) (*ICDM*)
- Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (*Securities Commission Malaysia*)
- Masterclass III - Investing in Climate Solutions & Optimizing Action (*FIDE Forum*)
- Leading the Way: Developing Credible Transition Plans for Financial Institutions (*FIDE Forum*)
- Asia Pacific Board Leadership Forum 2024 II Advancing Regional Governance: A Collective Value Proposition (*Russell Reynolds Associates*)
- Malaysia Cloud & Datacenter Convention 2024. Trends, Techniques, Technologies: Unveiling the secrets to achieving world-class data centers (*Malaysia Cloud & Datacenter Convention Center*)
- FIDE FORUM – CGM Masterclass: What Directors Must Know: Recent Developments in Climate Science (*FIDE Forum*)
- Impact of Generative AI on the CEO Agenda (*IBM*)
- Dialogue with The Honourable Lee Hsien Loong, Senior Minister of Singapore
- Launch of the Future Skills Framework for the Malaysian Financial Sector (*Asian Institute of Chartered Bankers*)
- Post-Budget 2025 Fireside Chat with YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II. (*Kuala Lumpur Business Club*)
- EY Webinar: Navigating Climate and Nature-related Financial Disclosures (*Ernst & Young*)

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****DIRECTORS (CONTINUED)****Directors' Training (continued)**

The Board will continue to undergo other relevant training programmes and seminars to ensure that they remain well-equipped with the relevant knowledge as well as emergent strategic directions and ideas to discharge their duties effectively.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as directors' remuneration and benefits as shown in the table below and note 21 to the financial statements) by reason of a contract made by the Company or a related company with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	<b>2024</b>
	<b>RM'000</b>
Salaries	2,324
Contribution to defined contribution plan	191
Bonus	1,365
Share-based payment	962
Fees	408
Total	<u>5,250</u>

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the Executive Stock Option Plan of the ultimate holding company.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year in shares and options on shares in the ultimate holding company are as follows:

	<b>Number of ordinary shares</b>			
	<b>As at 1.1.2024</b>	<b>Acquired/ reinvested dividends</b>	<b>Disposed</b>	<b>As at 31.12.2024</b>
<b>Manulife Financial Corporation</b>				
- Direct interest				
Vibha Hamsi Coburn	9,535	3,050	-	12,585
Renzo Christopher Viegas	3,800	-	(3,800)	-
	<b>Number of options on ordinary shares</b>			
	<b>As at 1.1.2024</b>	<b>Granted</b>	<b>Exercised</b>	<b>As at 31.12.2024</b>
<b>Manulife Financial Corporation</b>				
- Direct interest				
Vibha Hamsi Coburn	45,254	-	(31,243)	14,011

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****DIRECTORS (CONTINUED)****DIRECTORS' INTERESTS (CONTINUED)**

Stock options are granted to selected individuals under Manulife Financial Corporation's ("MFC") Executive Stock Option Plan ("ESOP"). These options provide the holder with the right to purchase common shares of MFC at an exercise price equal to the higher of the prior day or prior five day average closing market price of common shares on the Toronto Stock Exchange on the date the options were granted and are valid for 10 years from the grant date.

	<b>Number of deferred/restricted/performance share units</b>			
	<b>As at 1.1.2024</b>	<b>Granted/ reinvested dividends</b>	<b>Vested</b>	<b>As at 31.12.2024</b>
<b>Manulife Financial Corporation</b>				
- Direct interest				
Vibha Hamsi Coburn	33,495	10,140	(11,406)	32,229

Deferred, restricted and performance share units granted to certain employees under Manulife Financial Corporation's ESOP entitle the holder to receive cash payment equal to the value of the same number of common shares plus credited dividends upon retirement or termination of employment or as they are vested, subject to any performance conditions.

Other than as disclosed above, no other directors in office at the end of the financial year held any interest in the shares in the Company or its related corporations during the financial year.

By virtue of the above directors' interests in the shares of the ultimate holding company, the said directors are deemed to have an interest in the shares of the Company to the extent that the immediate holding company and the ultimate holding company have interest.

**CORPORATE GOVERNANCE****Board Meeting**

There were six (6) Board Meetings held during the year. The details of attendance of the Directors are as follows:-

<b>Name of Board of Directors</b>	<b>Designation</b>
Arthur Jay Belfer	Chairman/Independent Non-Executive Director
Vibha Hamsi Coburn	Chief Executive Officer/Executive Director
Vijayam A/P Nadarajah	Independent Non-Executive Director
Mary Bernadette James A/P N James	Independent Non-Executive Director
Renzo Christopher Viegas	Independent Non-Executive Director

<b>Name of Board of Directors</b>	<b>Attendance</b>
Arthur Jay Belfer	6 out of 6 meetings
Vibha Hamsi Coburn	6 out of 6 meetings
Vijayam A/P Nadarajah	5 out of 6 meetings
Mary Bernadette James A/P N James	6 out of 6 meetings
Renzo Christopher Viegas	6 out of 6 meetings

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**Board responsibility and oversight**

The Board of Directors ("the Board") has generally complied with BNM's Policy Document on Corporate Governance (BNM/RH/PD/029-9). As at the date of this report, the Board comprises four (4) independent non-executive directors and one (1) executive director to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

The Board has overall responsibility for putting in place a framework of good corporate governance within the Company including the processes for financial reporting, risk management and compliance. Board members bring their independent judgement, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct. The overall principal responsibilities of the Board are as follows:

- review and approve the risk appetite, strategic or business plans, and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile;
- monitor and assess development which may affect the Company's strategic plans;
- monitor the management's performance in the implementation of the strategies and provide relevant direction and advice when necessary and/or to ensure the achievement of the Company's objectives;
- oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer, control function heads and other members of senior management, such that it is satisfied with the collective competence of senior management to effectively lead the operations of the Company;
- oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- identify the principal risks of all aspects of the Company's business and ensure the implementation of appropriate systems to effectively monitor and manage these risks with a view to the long-term viability and success of the Company;
- promote, together with senior management, a sound corporate culture within the financial institution which reinforces ethical, prudent and professional behaviour;
- promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- promote timely and effective communication between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company;
- provide clear objectives and policies within which the senior management of the Company is to operate; and
- avoid conflicts of interest and ensuring appropriate disclosure of possible conflicts of interest.

The Board shall in discharging his duties have regard to the Companies Act 2016, Financial Services Act 2013 and the relevant BNM policies and guidelines for licensed insurer as issued from time to time. In addition to matters reserved to the Board by the law or regulator, the following matters are specifically reserved for the Board's approval which include, among others, reviewing and approving the following:

- Strategic/business plans and annual budget
- New investments, divestments, mergers and acquisitions, corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances both locally and abroad
- Acquisition and disposal of significant assets of the Company
- Annual financial statements and the quarterly financial results
- Appointment or removal from the positions of new Directors, CEO, Chief Compliance Officer, Chief Risk Officer, Head of Internal Audit, company secretary and other members of senior management based on the recommendation of the Nominating/Remuneration Committee
- Material related party transactions and capital financing

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD  
(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****CORPORATE GOVERNANCE (CONTINUED)****Board Committees****Nominating/Remuneration Committee**

The members of the Nominating/Remuneration Committee as at 31 December 2024 are as follows:

<b>Name</b>	<b>Designation</b>
Mary Bernadette James A/P N James	Chairman/Independent Non-Executive Director
Vijayam A/P Nadarajah	Member/Independent Non-Executive Director
Renzo Christopher Viegas	Member/Independent Non-Executive Director

A total of seven (7) Nominating/Remuneration Committee Meetings were held on 19 January 2024, 20 February 2024, 26 February 2024, 6 May 2024, 27 May 2024, 29 July 2024 and 12 November 2024, for the financial year ended 31 December 2024. The attendance of the Nominating/Remuneration Committee members are as follows:-

<b>Name of Members</b>	<b>Attendance</b>
Mary Bernadette James A/P N James	7 out of 7 meetings
Vijayam A/P Nadarajah	7 out of 7 meetings
Renzo Christopher Viegas	7 out of 7 meetings

For the financial year ended 31 December 2024, the Nominating/Remuneration Committee has undertaken the following activities:

- Reviewed the annual performance bonus and increment for the Staff
- Reviewed the performance of key senior officers and external company secretaries
- Reviewed the proposed appointment of new senior management team members
- Reviewed the training programmes (and budget) to be attended by the Board
- Reviewed the directors' remuneration
- Reviewed the performance of the Board and Board Committees as a whole
- Reviewed the succession plan for senior management
- Reviewed the proposed appointment of a new Appointed Actuary

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD  
(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****CORPORATE GOVERNANCE (CONTINUED)****Board Committees (continued)****Risk Management Committee**

The members of the Risk Management Committee as at 31 December 2024 are as follows:-

<b>Name</b>	<b>Designation</b>
Vijayam A/P Nadarajah	Chairman/Independent Non-Executive Director
Mary Bernadette James A/P N James	Member/Independent Non-Executive Director
Renzo Christopher Viegas	Member/Independent Non-Executive Director

A total of four (4) Risk Management Committee Meetings were held on 20 February 2024, 21 May 2024, 19 August 2024 and 18 November 2024, for the financial year ended 31 December 2024. The attendance of the Risk Management Committee members are set out as follows:-

<b>Name of Members</b>	<b>Attendance</b>
Vijayam A/P Nadarajah	4 out of 4 meetings
Mary Bernadette James A/P N James	4 out of 4 meetings
Renzo Christopher Viegas	4 out of 4 meetings

The main functions and duties of the Risk Management Committee include but are not limited to the following:

- Support the Board in meeting the expectation on risk management as set out in the Policy Document on Risk Governance issued by Bank Negara Malaysia ("BNM")
- In the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings without prejudice to the tasks of the Remuneration/Nominating Committee
- Review and recommend risk management strategies, policies/frameworks and risk tolerance/appetite for the Board's approval upon consultation with Chief Risk Officer ("CRO")
- Review and assess sufficiency of risk management policies/frameworks for identifying, measuring, monitoring, controlling and reporting risks as well as the extent to which these are operating effectively upon consultation with CRO
- Ensure adequate infrastructure, resources and systems are in place for an effective risk management
- Review Management's periodic reports on risk exposure, risk portfolio composition and risk management activities
- Ensure that all risk management policies/frameworks and risk management strategies undertaken by the Company are in adherence to any laws, rules or regulations outlined by BNM or any relevant authorities in Malaysia
- Advise Audit Committee and the Board on areas of high risks faced by the Company
- Review the risk management policies formulated by Management and with input from CRO, make relevant recommendations to MIB Board for approval.
- Review the climate risk as part of the emerging risk in the quarterly Risk reports and Environmental Risk Supplementary policy or any other policy that needs to be amended or renewed.



**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CORPORATE GOVERNANCE (CONTINUED)**

#### **Board Committees (continued)**

##### **Audit Committee**

The members of the Audit Committee of the Company as at 31 December 2024 are as follows:-

<b>Name</b>	<b>Designation</b>
Renzo Christopher Viegas	Chairman/Independent Non-Executive Director
Vijayam A/P Nadarajah	Member/Independent Non-Executive Director
Mary Bernadette James A/P N James	Member/Independent Non-Executive Director

A total of five (5) Audit Committee Meetings were held on 20 February 2024, 22 March 2024, 21 May 2024, 19 August 2024 and 18 November 2024, for the financial year ended 31 December 2024. The attendance of the Audit Committee members are set out as follows:-

<b>Name of Members</b>	<b>Attendance</b>
Renzo Christopher Viegas	5 out of 5 meetings
Vijayam A/P Nadarajah	5 out of 5 meetings
Mary Bernadette James A/P N James	5 out of 5 meetings

The Audit Committee's main duties and responsibilities include reviewing audit issues concerning internal control and risk management identified by the internal auditors, external auditors and regulatory examiners. The Audit Committee annually reviews and approves the audit plan and budget to ensure that the Internal Audit function operates effectively. The Audit Committee reviews and verifies the related party transactions and conflicts of interest (if any) entered into by the Company and recommends the same to the Board for approval and consideration.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CORPORATE GOVERNANCE (CONTINUED)**

#### **Key Internal Control and Risk Management Process**

##### Enterprise Risk Management Framework

The Company has a strong risk management culture which supports its risk management practices. Overall, the Company's Board of Directors is accountable for the oversight of risk management, and delegates this through a governance framework which is centered on the Three Lines of Defence Model and that includes risk oversight committees, risk managers and risk policies and practices.

The Board provides stewardship and Management oversight to ensure that the Management is qualified and competent. Organisational and procedural controls, and policies and procedures for major activities are reviewed, approved and monitored on a periodic basis.

Senior management directs and oversees the effective management of the Company's institutional operations, which includes developing business objectives, strategies, plans, organisational structure and controls and policies for the Board's review and approval. Senior Management executes and monitors the achievement of the Board approved business objectives, strategies and plans, and the effectiveness of the organisational structure and controls and corporate governance practices, culture and ethics.

The Risk Management Committee ("RMC") meets at least quarterly to review both the key risks identified by Management and plans for the mitigation of these risks. The key risk areas examined are strategic risk, market risk, credit risk, product risk and operational risk. A formal risk assessment is conducted quarterly by the respective risk managers, comprising the heads of business units. For the key risks identified, Management action plans are formulated and implemented. The results of the risk assessments are reviewed by the Enterprise Risk Management Committee ("ERMC") before they are reported to the Board via the RMC, to ensure that the risk management monitoring is independent.

There is a clearly defined assignment of responsibilities to the Committees of the Board and to Management to provide oversight and governance over the Company's activities. The Board, through its Audit Committee ("AC") and RMC, is responsible for overseeing the Company's management of its principal risks. The Company Chief Executive Officer ("CEO") is directly accountable to the Board for all of the Company's risk-taking activities and risk management practices. The Board and RMC delegate accountability for risk-taking and risk management to the Company CEO. The Company CEO, supported by the Chief Risk Officer ("CRO") and ERMC establish risk policies, guide risk-taking activity, monitor material risk exposures, and develop strategic risk management priorities, thereby continuously shaping and promoting our risk culture throughout the Company. The ERMC consists of, CEO, CRO, Chief Financial Officer ("CFO"), Chief Compliance Officer ("CCO"), Chief Information Officer ("CIO"), Appointed Actuary ("AA"), Chief Counsel & Corporate Services Officer ("CCCSO"), Chief Operations Officer ("COO"), Chief Human Resources Officer ("CHRO"), and Chief Marketing Officer ("CMO"), Chief Commercial Officer, Chief Product Officer and Chief Agency Officer ("CAO") and Head of Business Management.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**Key Internal Control and Risk Management Process (continued)**

Internal Audit Services Function

The Charter for Audit Services – Malaysia (“AS-Malaysia”) is reviewed and approved by the AC annually.

The scope of AS-Malaysia’s work encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee and Senior Management on the adequacy and effectiveness of Manulife’s governance, risk management and internal control processes. Internal audit assessments include evaluating:

- The comprehensiveness, reliability, and integrity of financial and operating information, and the means used to identify, measure, analyse, classify, and report such information;
- The comprehensiveness and appropriateness of policies and procedures;
- The processes that ensure compliance with policies, procedures, laws, and regulations that could have a significant impact on operations, management or financial reporting;
- The means of safeguarding assets against accident, theft, malicious damage or other improper or illegal activities;
- The appropriateness and comprehensiveness of operating standards, the extent to which they are communicated and understood, and whether deviations from standards are identified, analysed and communicated, and corrective action taken; and
- Consultation and other services related to audit expertise as needs arise.

The annual audit plan is primarily driven by an independent assessment of inherent risk of the common units across the company and includes consideration of external information published by industry groups, and input from management, Committee members, regulators and other stakeholders. The objective of the inherent risk assessment exercise is to focus annual activity on the most important risks faced by Manulife while providing appropriate audit coverage over other areas over time. The progress of the internal audit plan, a summary of internal audit issues and the status of corrective actions performed to address the internal audit issues are reported to the AC when it meets.

The AC reviews audit issues concerning governance, internal controls and risk management as identified by AS-Malaysia, external auditors and regulatory examiners. The AC annually reviews and approves the internal audit plan and budget to ensure the AS-Malaysia’s function operates effectively. The AC meets at least quarterly to review the internal audit reports tabled by AS-Malaysia. Also, the AC has active oversight on AS-Malaysia’s independence and objectivity in relation to their scope of work.

Other Key Internal Controls

There is a detailed and formalised annual business and budget planning process to ensure that the Group’s business objectives are clearly defined. The Board reviews and approves the Group’s business plans. Comprehensive management reports are submitted to the Board as and when it meets throughout the year. The Board monitors the Group’s performance closely and Management promptly follows up on any variances identified.

An annual review of the current and future financial position of the Group’s insurance business is performed by the AA, as guided by Policy document issued by Bank Negara Malaysia’s (BNM/RH/GL/003-17) Financial Condition Report and (BNM/RH/GL/032-12) Risk Based Capital Framework for Insurers. These include annual assessment on various aspects of the Company’s financial condition, quarterly Capital Adequacy Ratio reporting, annual multi-period stress testing and assessing the Group’s insurance business’ ability to withstand various adverse scenarios as part of the capital assessment procedures. Generally the appointment and duties of the AA is in accordance with BNM/RH/STD 029-5 - Appointed Actuary: Appointment and Duties.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CORPORATE GOVERNANCE (CONTINUED)**

#### **Key Internal Control and Risk Management Process (continued)**

##### Other Key Internal Controls (Continued)

The risk and compliance culture of the Company is driven by a strong tone from the top, complemented by the tone from the middle, to embed the expected values and principles of conduct that shape the behaviour and attitude of staff across the Company. Policies and internal standard operating procedures are clearly defined, consistently communicated and continuously reinforced, to embed a culture that cultivates active identification, assessment and mitigation of risk as part of the responsibility of all staff across the Group. As part of the risk and compliance culture, the Company has instilled a compliance culture where the Board, senior management and every employee of the Company is committed to adhere to the requirement of relevant laws, rules, regulations and regulatory guidelines.

The Board recognises that the compliance function forms an integral part of the Company's risk management and internal controls. These include the compliance function's role to identify, assess, monitor the compliance risk of the entity and educate the business and support units to act in accordance with laws and regulations. In ensuring good governance, the Chief Compliance Officer has direct access to the Board with clear reporting lines to the extent required by relevant regulation.

As it is vital to have a robust and effective compliance framework in place, the Company has in place a Compliance Policy that is driven by the Compliance Department to manage compliance risk within the business. The Policy requires all entities within the group to adopt and implement the compliance policies and procedures which are reviewed on a periodic basis or as and when required to reflect current practices and the applicable regulatory requirements.

Using the Three Lines of Defence Model, all business functions and support units are required to review and assess its established controls to ensure compliance to applicable laws and regulations. The compliance unit, as part of the second line of defence, will carry out scheduled compliance reviews on business and support units to assess the overall effectiveness of a business's compliance practices and protocols. The Board is provided with compliance reports on a regular basis to facilitate a holistic and overall view of all compliance matters across the company.

There are internal policies and procedures within the Company for recruitment, termination, rewards and benefits, and promotion of staff including continuous training programmes and two (2) reviews conducted at mid-year and year end. In addition, other relevant procedures are in place to ensure that staff are competent, adequately trained in carrying out their roles and responsibilities and focused on achieving the desired results and business objectives. Talent Management review is conducted on an annual basis through a robust process via a Talent Review committee which comprises the CEO and Executive Management team. Succession planning is reviewed on an annual basis leveraging on outcomes of the annual talent review. Successors to key roles are identified in consultation with Senior Management team. Identified high potentials are reflected in the succession plans depending on the role, growth opportunity, personal aspirations and mobility. Several other key initiatives in helping the Company to build high performing team include a series of employee engagement and employee retention initiatives and continuous education of effective execution of performance management.

A comprehensive business continuity management programme is established and updated continuously to reflect changes in the operating environment to provide enterprise-wide planning and arrangements of key resources and procedures that enable the Company to respond to and continue to operate mission-critical business functions, while considering all functions across a broad spectrum of interruptions to the business arising from internal and external events. Various business continuity tests are performed on an annual basis and covering alternate site tests, table top exercises, call tree tests, integrated simulation disaster recovery tests, etc. Results of the tests performed are presented to the Board via the Group CEO reports for their review as part of its oversight role.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CORPORATE GOVERNANCE (CONTINUED)**

#### **Key Internal Control and Risk Management Process (continued)**

##### Other Key Internal Controls (Continued)

The Information Risk Management function has in place an existing risk assessment process that covers cyber security risk. The assessment is guided by policies and standards in place, in areas such as network security, encryption standards (for data at rest and in transit), operational security, application security, vulnerability management and logical access control.

There are clearly documented authority limits, policies and procedures that underpin the internal control process, e.g. staff integrity, staff competency, checks and balances, segregation of duties, independent checks and verification processes, system access controls and layers of internal transaction authorisation, which are set out in the policies and procedural manuals, guidelines, and directives issued by the Company and updated from time to time.

##### Risk Policies in Place

The Company's Enterprise Risk Policy sets out the overall ERM framework by defining policies and standards of practice related to risk governance, risk identification, risk measurement, risk monitoring, risk control and mitigation. There are various key risk policies in place to guide specific risk taking and Management activities.

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****CORPORATE GOVERNANCE (CONTINUED)****Senior Management and Material Risk Takers**

The Company's Senior Management that has company-wide management responsibilities as at the date of this report comprised of the following personnel:-

- 1) Chief Executive Officer
- 2) Chief Financial Officer
- 3) Chief Agency Officer
- 4) Chief Commercial Officer
- 5) Appointed Actuary\*
- 6) Chief Risk Officer\*
- 7) Chief Compliance Officer\*

\* Personnel having control function

The Company's Senior Management is also deemed to be Material Risk Takers, who can materially commit or control significant amount of the Company's resources or whose actions are likely to have a significant impact on the Company's risk profile.

Total compensation awarded to the Senior Management (excluding control function) for the financial year is as below:-

<b>Total compensation (RM'000)</b>	<b>Non-Deferred</b>	<b>Deferred</b>			
	Awarded during the year	Granted during the year	Paid during the year	Implicit change in value*	Cumulative outstanding as at 31 December 2024
Fixed remuneration					
• Cash-based	10,192	-	-	-	-
• Shares and share-linked instruments	-	-	-	-	-
• Other	533	-	-	-	-
Variable remuneration					
• Cash-based	3,279	-	-	-	-
• Shares and share-linked instruments	12	1,737	2,494	1,735	11,664
• Other	196	-	-	-	-
	<b>14,212</b>	<b>1,737</b>	<b>2,494</b>	<b>1,735</b>	<b>11,664</b>

\* Implicit change in value represents the change in value of deferred compensation arising from change in share price and performance vesting conditions

All of the Senior Management and Material Risk Takers received variable remuneration for the financial year. There were no guaranteed bonuses, sign-on awards or severance payments paid to this group during the financial year.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (CONTINUED)**

**Senior Management and Material Risk Takers (continued)**

**Remuneration policy**

**(a) Compensation philosophy**

The Group Nominating/Remuneration Committee of the immediate holding company, Manulife Holdings Berhad, has reviewed and adopted the Manulife Global Compensation Policy ("MFC Global policy") with certain amendments to suit Manulife Holdings Berhad and its subsidiaries, and to align with the Corporate Governance standards of Bursa Malaysia and Bank Negara Malaysia. The Company has adopted the same policy as the Group.

Pay for performance is at the core of the Company's compensation approach. Compensation is tied to the achievement of our short-, medium- and long-term goals, so that a significant portion of what our executives earn is variable and not guaranteed.

There are five principles guiding every compensation decision:-

- (i) Compensation aligned with business strategy
  - Incentive compensation is tied to the achievement of key performance measures, prudently balancing time horizons and performance perspectives.
  - Performance measures are tied directly to our business strategy and shareholder value.
  - Performance share units vest and pay out based on relative and absolute Total Shareholders' Return ("TSR").
- (ii) Compensation aligned with long-term shareholder value
  - A significant part of our Senior Management's (excluding control function) compensation is directly affected by our share price.
  - The annual incentive plan incorporates measures tied to our future success.
  - Share ownership guidelines, clawback provisions and stock option exercise restrictions discourage the share recipients from taking undue risk.
- (iii) Compensation and performance benchmarked against peer companies
  - Executive pay is benchmarked against companies with which we compete for business, capital and talent.
- (iv) Compensation aligned with good governance practices
  - Our remuneration policy is aligned with the Financial Stability Board's Principles for Sound Compensation Practices and the Corporate Governance standards of Bursa Malaysia and Bank Negara Malaysia.
  - Employees must annually certify compliance with the Company's Code of Business Conduct and Ethics.
- (v) Compensation aligned with risk management objectives
  - Incentive compensation for the heads of control functions of our business is based on measures that are not directly linked to the business they oversee.
  - The Company carries out stress tests on compensation plan designs.
  - Senior Management compensation may be clawed back for wrongdoing, even when a financial restatement is not required.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CORPORATE GOVERNANCE (CONTINUED)**

#### **Senior Management and Material Risk Takers (continued)**

##### **Remuneration policy (continued)**

##### **(b) Managing compensation risk**

Compensation is aligned with the Company's risk appetite and risk management objectives, and discourages inappropriate risk taking.

The Company uses a compensation risk framework to structure how the Company manages the risks associated with the compensation program and the design features that mitigate these risks. The framework includes four categories, which shape the development of our compensation program. The Company assesses the compensation program against the framework every year.

##### **(i) Business Risk**

Business risk has two aspects:

- the risk that the compensation program encourages behaviour that is not in line with the Company's business strategy, risk appetite statement and goal of generating long-term shareholder value; and
- the risk that the compensation program discourages the taking of healthy risks.

The Company seeks to manage both aspects of business risk by including performance measures in the incentive plans that align compensation with the Company's business strategy and reflect the impact employees have on performance.

##### **(ii) Talent Risk**

Talent risk is the risk that the compensation program will not attract and retain talented employees.

The Company seeks to manage this risk by designing compensation program to be competitive and appealing to the talent.

##### **(iii) Performance Risk**

Performance risk is the risk that the compensation program will not motivate employees to maintain high performance standards.

The Company seeks to manage this risk by including appropriate links between pay and performance and designing compensation to optimize business results.

##### **(iv) Compliance and Ethical Risk**

Compliance and ethical risk is the risk that the compensation program will encourage employees to engage in questionable, unethical or illegal behaviour.

The Company seeks to manage this risk through strong oversight and control mechanisms, and by structuring the compensation program in a way that minimises the potential incentive to breach compliance and ethical guidelines.



**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD  
(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****CORPORATE GOVERNANCE (CONTINUED)****Senior Management and Material Risk Takers (continued)****Remuneration policy (continued)****(c) Mitigating compensation risk**

The Company seeks to manage potential risk through the risk management policies, design of the compensation program and proper oversight of the incentive plans, and integrating the consideration of the Company's risk appetite into the incentive plans and performance assessments.

Risk management policies

- Clawbacks – if a Corporate Vice president or above commits fraud, theft, embezzlement or serious misconduct, whether or not there is a financial restatement, Manulife's board can, at its discretion, cancel some or all of his or her vested or unvested incentive awards, and require repayment of incentive awards that have already been paid.
- Share ownership requirements – Corporate Vice president or above are required to meet share ownership requirements.
- No hedging – executives and directors are not allowed to use strategies (for example, short selling, or buying or selling a call or put option or other derivatives) to hedge or offset a change in price of Manulife Financial Corporation's shares. This policy is incorporated into our Code of Business Conduct and Ethics. All employees and directors are required to certify compliance with the code every year.

Program design

- Compensation award horizons are appropriately balanced between short, medium and long term.
- Incentive plans include several performance measures, combining various performance scenarios.
- Specific risk control and capital adequacy measures are embedded in the performance share unit awards.
- Incentive plan awards depend on both company performance and total shareholder return ("TSR"), which links our strategy and risk appetite with improving shareholder outcomes and capital strength.
- Compensation for control functions is not linked to business performance, to promote unbiased oversight and advice to Manulife's senior management and Board of Directors.
- Annual incentives for divisional control function heads providing oversight are not directly linked to the performance of businesses they oversee.

Incentive plan oversight

- Manulife's management resources and compensation committee oversees all incentive plans, including payout distribution, control and monitoring processes and the potential impact they may have on business risk.
- The Nominating/Remuneration Committee of the Company reviews and approves the compensation decisions for Senior Management and Material Risk Taker.

Risk perspective in performance assessment

- Individual risk management objectives are included in annual goals for all senior leaders.
- The Company assesses employees against risk management criteria to make sure that the employees are mindful of the risks inherent in their jobs and are working within the boundaries of the Company's policies and practices, while still providing appropriate incentives for material risk takers to achieve the Company's objectives.
- Performance assessments are expected to reflect how the employee contributed to manage the Company's risk profile within the Company's risk appetite and also take into account any signals from Internal Audit, Compliance or Risk Management highlighting inappropriate actions.

**Company No.**

**200801013654 (814942-M)**

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

## **DIRECTORS' REPORT (CONTINUED)**

### **CORPORATE GOVERNANCE (CONTINUED)**

#### **Senior Management and Material Risk Takers (continued)**

#### **Remuneration policy (continued)**

#### **(d) Compensation program**

The Senior Management compensation program has six key components:-

Key components	Description of compensation	Details of remuneration
Base Salary	Fixed compensation based on role, performance, qualifications and experience.	Each executive's salary depends on: <ul style="list-style-type: none"><li>• qualifications, experience and role</li><li>• performance in the role</li><li>• past promotions and career progression</li><li>• salaries paid for comparable roles at peer companies</li><li>• salaries of comparable roles within Manulife</li></ul> <p>The Company benchmark salaries and salary ranges at least once a year against comparable roles in peer companies and other executives within the Manulife Group.</p>
Annual incentive • annual cash-based incentive  Awarded in February of the following year for the preceding year's performance	Variable compensation designed to reward executives for meeting the Company's objectives and individual performance goals over a calendar year where performance is assessed based on "what" was achieved (contribution) and "how" they were achieved (exhibiting the Company's cultural behaviours).  Ties compensation to short-term priorities that will result in sustainable performance over time.	We set a target award for each executive (a percentage of base salary) based on competitive market data and the executive's level.  The amount we actually pay depends on a combination of company and individual performance.  Company performance objectives are tied to the achievement of performance targets that position the company for future success.  Individual performance objectives are aligned with our company strategy and fall into three categories: <ul style="list-style-type: none"><li>• business objectives</li><li>• leadership objectives</li><li>• risk management objectives</li></ul>

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****CORPORATE GOVERNANCE (CONTINUED)****Senior Management and Material Risk Takers (continued)****Remuneration policy (continued)****(d) Compensation program (continued)**

The Senior Management compensation program has six key components:- (continued)

Key components	Description of compensation	Details of remuneration
Medium- and long-term incentives (Equity-based incentives) <ul style="list-style-type: none"> <li>• restricted share units</li> <li>• performance share units</li> <li>• stock options</li> </ul> Awarded at the beginning of each year to executives.	Variable compensation designed to reward executives for meeting company objectives and individual performance goals over a multi-year period.  Ties compensation to company and share price performance over both the medium and long term.  Strengthens retention and reinforces alignment with shareholder value, especially for more senior executives.	The Company sets awards for each executive based on level, contribution, potential and market competitiveness, and benchmark the award levels every year against comparable roles in peer companies.  The amount each executive ultimately receives depends on Manulife Group's performance: <ul style="list-style-type: none"> <li>• the value of restricted share units depends on the price of Manulife Financial Corporation ("MFC")'s common shares at the time of vesting.</li> <li>• the value of performance share units depends on the price of MFC's common shares at the time of vesting, as well as how we perform against internal and relative performance measures that are aligned with our company strategy.</li> <li>• the value of stock options depends on the price of MFC's common shares at the time of grant and when stock options are exercised.</li> </ul> The Company do not consider the outstanding value of restricted share units, performance share units and stock options an executive already holds when granting awards.
Pension	Assists our employees as they save for their retirement	The Company offers 3% on top of the stipulated rate to statutory Employees' Provident Fund ("EPF").
Benefits and wellness	Protects and invests in the well-being of our employees	The Company offers group term life, disability, health insurance, dental, optical and wellness and other programmes.
Perquisites	Offers market-competitive benefits	The Company offers perquisites depending on industry/market practice.

The mix of components that make up total target direct compensation for the executives in Senior Management vary by level. The proportion of variable pay increases by level, making the link between pay and performance more pronounced for senior executives, because of the greater influence they have on our results. The combination of different incentive plans ensures that executives consider both the short-term and the long-term impact of their decisions.

**Company No.**

200801013654 (814942-M)
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**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****DIRECTORS' REPORT (CONTINUED)****CORPORATE GOVERNANCE (CONTINUED)****Senior Management and Material Risk Takers (continued)****Remuneration policy (continued)****(d) Compensation program (continued)**

This combination of components and time horizons helps to drive performance, align executive interests with those of shareholders, provide for competitive pay opportunities and encourage retention. Company performance score is used to adjust variable compensation funding available to be awarded. The exact amount granted is determined through an assessment of individual performance against goals that are tied to the financial and operating results of the Company, including impact on risk culture.

**Management accountability**

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employee and formal performance appraisal is done annually. Information is effectively communicated to the relevant employee within the Company. The Company has a formal and transparent procedure for developing policies on executive remuneration. None of the directors and senior management of the Company has, in any circumstances, conflict of interest referred to in the Financial Services Act, 2013.

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

**Corporate independence**

The Company has complied with the requirements of BNM's Guidelines on Related Party Transactions (BNM/RH/GL/018-6) in respect of all its related party undertakings. Necessary disclosures have been made to the Board and where required, the prior approval of the Board has also been obtained.

**Public accountability**

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

**Financial reporting**

The Company has maintained proper accounting records and the Company's financial statements are prepared in accordance with the MFRS Accounting Standards, IFRS Accounting Standards and comply with the provisions of the Companies Act, 2016 in Malaysia.

**INDEMNITY AND INSURANCE**

During the financial year, the indemnity given or insurance effected for any Directors and officers of the Company amounts to RM20,000,000 in aggregate with total annual premium of RM23,912.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**HOLDING COMPANIES**

The directors regard Manulife Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the Company's immediate holding company, and Manulife Financial Corporation, a corporation incorporated in Canada, as the ultimate holding company.

**AUDITORS AND AUDITORS' REMUNERATION**

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

Total amounts paid or payable to the auditors as remuneration for their statutory audit services are as follows and as disclosed in Note 16 to the financial statements:

Auditors' remuneration is as follows:

	2024 RM'000
Statutory audit	850
Regulatory related services	28
Total	<u>878</u>

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2025.



**RENZO CHRISTOPHER VIEGAS**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Kuala Lumpur, Malaysia



**VIBHA HAMSI COBURN**

CHIEF EXECUTIVE OFFICER/  
EXECUTIVE DIRECTOR

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 251(2) AND SECTION 251(3) OF THE COMPANIES ACT, 2016**

We, Renzo Christopher Viegas and Vibha Hamsi Coburn, being two of the directors of Manulife Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 143 are drawn up in accordance with the MFRS Accounting Standards, IFRS Accounting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 March 2025.



**RENZO CHRISTOPHER VIEGAS**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

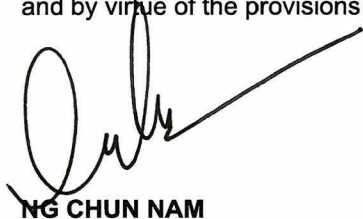


**VIBHA HAMSI COBURN**  
CHIEF EXECUTIVE OFFICER/  
EXECUTIVE DIRECTOR

Kuala Lumpur, Malaysia

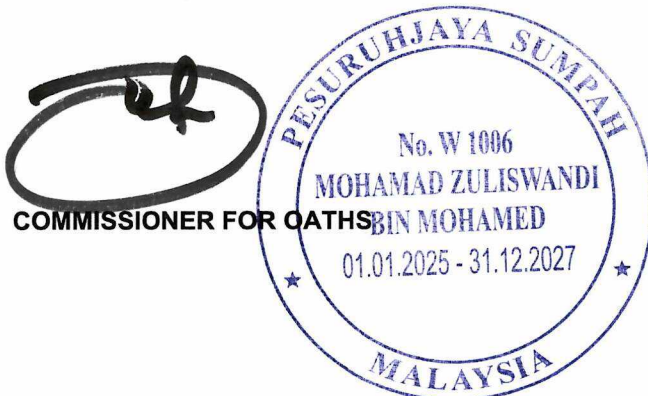
**STATUTORY DECLARATION  
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016**

I, Ng Chun Nam, being the officer primarily responsible for the financial management of Manulife Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 143 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.



**NG CHUN NAM**

Subscribed and solemnly declared by the abovenamed Ng Chun Nam at Kuala Lumpur in Malaysia on 24 March 2025, before me.



Level 25, Menara Hong Leong,  
No. 6, Jalan Damansara Bukit Damansara  
50490 Kuala Lumpur.

200801013654 (814942-M)

**Independent auditors' report to the member of  
Manulife Insurance Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Manulife Insurance Berhad ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of total comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 33 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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 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 but does not include the financial statements of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Sustainability Statement, which is expected to be made available to us after the date of this auditors' report.

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



200801013654 (814942-M)

**Independent auditors' report to the member of  
Manulife Insurance Berhad (cont'd.)  
(Incorporated in Malaysia)**

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Sustainability Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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





Shape the future  
with confidence

200801013654 (814942-M)

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

*Auditors' responsibilities 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 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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



Shape the future  
with confidence

200801013654 (814942-M)

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

#### Other matters

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

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

Kuala Lumpur, Malaysia  
24 March 2025

Kannan A/L Rajagopal  
No. 03490/03/2026 J  
Chartered Accountant

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024**

	<b>Note</b>	<b>As at 31.12.2024 RM'000</b>	<b>As at 31.12.2023 RM'000</b>
<b>Assets</b>			
Property and equipment	4	20,990	21,999
Investment property	5	47,942	46,942
Intangible assets	6	138,475	143,426
Financial assets at fair value through other comprehensive income	7(a)	3,503,913	3,187,286
Financial assets at fair value through profit or loss	7(b)	1,430,149	1,372,225
Financial assets at amortised cost	8	36,141	33,495
Right-of-use assets	9(a)	1,073	1,805
Current tax assets		6,621	27,515
Reinsurance contract assets	10	2,115	303
Other assets		13,217	14,251
Cash and cash equivalents		83,978	88,321
Segregated funds net assets	22	1,631,232	1,406,253
<b>Total Assets</b>		<b>6,915,846</b>	<b>6,343,821</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	10	3,835,706	3,577,265
Segregated funds insurance net liabilities	22	1,631,232	1,406,253
Total insurance and segregated funds contract liabilities	10	5,466,938	4,983,518
Reinsurance contract liabilities	10	16,917	32,905
Deferred tax liabilities	11	144,764	120,249
Lease liabilities	9(b)	1,129	1,884
Other liabilities	12	288,933	266,976
<b>Total Liabilities</b>		<b>5,918,681</b>	<b>5,405,532</b>
<b>Equity</b>			
Share capital	13	200,000	200,000
Retained earnings	14	789,298	731,116
Other reserves	14	7,867	7,173
<b>Total Equity</b>		<b>997,165</b>	<b>938,289</b>
<b>Total Liabilities and Equity</b>		<b>6,915,846</b>	<b>6,343,821</b>

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

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Note	2024 RM'000	2023 RM'000
<b>Insurance service result</b>			
Insurance revenue	10(b)	432,043	353,469
Insurance service expenses	10(b), 16	(360,353)	(292,233)
Net expenses from reinsurance contracts held	10(b)	(1,256)	(2,783)
<b>Total insurance service results</b>		<b>70,434</b>	<b>58,453</b>
<b>Investment result</b>			
Investment income		193,491	182,570
Realised and unrealised gains on assets supporting insurance contract liabilities		138,222	51,756
Investment expenses		(7,804)	(6,437)
Net investment income	15	323,909	227,889
Insurance finance expense	10(f)	(229,653)	(184,586)
Reinsurance finance expense	10(f)	(5,449)	(3,648)
Segregated funds related investment result	22		
Investment income related to segregated funds net assets		246,745	101,134
Financial changes related to segregated funds net liabilities		(246,745)	(101,134)
Net segregated funds investment result		-	-
<b>Total investment results</b>		<b>88,807</b>	<b>39,655</b>
General expenses	16	(1,981)	(3,426)
Interest expense		(67)	(77)
<b>Profit before taxation</b>		<b>157,193</b>	<b>94,605</b>
Taxation	17	(49,011)	(29,447)
<b>Net profit for the financial year</b>		<b>108,182</b>	<b>65,158</b>
Basic and diluted earnings per share (sen)	18	24.48	20.01

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

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

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

	Note	2024 RM'000	2023 RM'000
<b>Net profit for the financial year</b>		108,182	65,158
<b>Other comprehensive income, net of tax:</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:-			
Fair value gains:			
Net gains on fair value changes		6,166	85,962
Realised gains transferred to profit or loss	15	(2,097)	(2,777)
Deferred tax	11	(1,033)	(25,281)
Fair value gains, net of deferred tax		3,036	57,904
Insurance finance expense	10(f)	(3,021)	(75,873)
Deferred tax	11	657	19,039
Insurance finance expense, net of deferred tax		(2,364)	(56,834)
Reinsurance finance expense	10(f)	(199)	(297)
Deferred tax	11	48	71
Reinsurance finance expense, net of deferred tax		(151)	(226)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		521	844
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:-			
Surplus from revaluation of property: -			
Gross surplus from revaluation		227	47
Deferred tax	11	(54)	(11)
		173	36
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		173	36
<b>Other comprehensive income for the financial year</b>		694	880
<b>Total comprehensive income for the financial year</b>		108,876	66,038

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

Company No.

200801013654 (814942-M)

MANULIFE INSURANCE BERHAD  
(Incorporated in Malaysia)

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

	<=====Non-distributable=====>						
	Share Capital RM'000	Insurance Finance Reserve RM'000	Reinsurance Finance Reserve RM'000	Fair Value Reserve RM'000	Asset Revaluation Reserve RM'000	Retained Earnings* RM'000	Total Equity RM'000
At 1 January 2024	200,000	(46,223)	380	51,224	1,792	731,116	938,289
Net profit for the financial year	-	-	-	-	-	108,182	108,182
Other comprehensive (loss)/income for the financial year	-	(2,364)	(151)	3,036	173	-	694
Total comprehensive (loss)/income for the financial year	-	(2,364)	(151)	3,036	173	108,182	108,876
Dividend paid (note 19)	-	-	-	-	-	(50,000)	(50,000)
At 31 December 2024	200,000	(48,587)	229	54,260	1,965	789,298	997,165

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

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

	<=====Non-distributable=====>						
	<u>Share Capital</u> RM'000	<u>Insurance Finance Reserve</u> RM'000	<u>Reinsurance Finance Reserve</u> RM'000	<u>Fair Value Reserve</u> RM'000	<u>Asset Revaluation Reserve</u> RM'000	<u>Retained Earnings*</u> RM'000	<u>Total Equity</u> RM'000
<b>At 1 January 2023</b>	200,000	10,611	606	(6,680)	1,756	665,958	872,251
Net profit for the financial year	-	-	-	-	-	65,158	65,158
Other comprehensive (loss)/income for the financial year	-	(56,834)	(226)	57,904	36	-	880
Total comprehensive (loss)/income for the financial year	-	(56,834)	(226)	57,904	36	65,158	66,038
<b>At 31 December 2023</b>	200,000	(46,223)	380	51,224	1,792	731,116	938,289

\* The Company's retained earnings comprise both distributable and non-distributable earnings. Surpluses from the life insurance funds become distributable only upon the actual transfer to the Shareholders' Fund, as recommended by the Appointed Actuary. For details on the segregation of distributable and non-distributable earnings, see Note 14.

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

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<b>Note</b>	<b>2024 RM'000</b>	<b>2023 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the financial year		108,182	65,158
Adjustments for non-cash items	23	(271,871)	(196,136)
Operating loss before changes in operating assets and liabilities		(163,689)	(130,978)
Purchase of investments		(2,462,315)	(2,091,999)
Proceeds from disposal and maturity of investments		2,226,087	1,838,626
Interest income received		151,289	134,216
Dividend income received		44,495	45,430
Rental income received		3,059	2,932
Decrease/(increase) in other receivables		3,754	(1,635)
Decrease in fixed and call deposits		-	121,875
Increase in loans receivables		(145)	(116)
(Increase)/decrease in reinsurance contract assets		(1,812)	12
Increase in insurance contract liabilities		255,420	219,296
Decrease in reinsurance contract liabilities		(16,187)	(20,242)
Increase in other liabilities		23,430	7,586
Cash generated from operations		63,386	125,003
Interest paid	9	(56)	(63)
Income taxes paid		(10,037)	(19,518)
Net cash inflow from operating activities		53,293	105,422
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(3,035)	(3,598)
Purchase of intangible assets	6	(2,195)	(110,237)
Additional costs incurred in investment property	5	(1,394)	-
Proceeds from disposal of property and equipments		53	-
Net cash outflow from investing activities		(6,571)	(113,835)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid to shareholder	19	(50,000)	-
Payment of principal portion of lease liabilities		(1,065)	(1,138)
Net cash outflow from financing activities		(51,065)	(1,138)
Net decrease during the financial year		(4,343)	(9,551)
Cash and cash equivalents at 1 January		88,321	97,872
Cash and cash equivalents at 31 December		83,978	88,321

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows and statement of financial position comprise the following:

	<b>2024 RM'000</b>	<b>2023 RM'000</b>
Cash and bank balances	83,964	54,278
Short-term deposits*	14	34,043
Cash and cash equivalents	83,978	88,321

\*Short-term deposits with original maturities of less than 3 months.

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



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024**

**1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES**

**General**

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The immediate holding company is Manulife Holdings Berhad, a public listed company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Berhad. The ultimate holding company is Manulife Financial Corporation, a corporation incorporated and domiciled in Canada and listed on the Toronto, New York and Hong Kong Stock Exchanges.

**Principal activities**

The Company is engaged principally in the underwriting of life insurance business. There have been no significant changes in the principal activities of the Company during the financial year.

**Registered office and principal place of business**

The registered office and principal place of business of the Company is located at 16th Floor, Menara Manulife, 6 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

The following accounting policy information have been used consistently in dealing with items which are considered material in relation to the financial statements.

**(a) Basis of preparation**

The financial statements of the Company have been prepared on a historical cost basis except as disclosed in this summary of material accounting policy information, and in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The Company presents its statement of financial position in the order of liquidity.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

**(i) Adoption of new pronouncements in the current year**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new pronouncements effective from 1 January 2024 as follows:

Description	Effective Date
Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7)	1 January 2024

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(a) Basis of preparation (continued)**

**(ii) Standards and amendments/improvements to published standards that are issued but not yet effective**

The following are new accounting standards and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Company. The Company intends to adopt these new pronouncements, if applicable, when they become effective.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025
Contracts Referencing Nature-dependent Electricity (Amendments to <i>MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures</i> )	1 January 2026
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)	1 January 2026
Amendments that are part of Annual Improvements-Volume 11: <ul style="list-style-type: none"> <li>Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i></li> <li>Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i></li> <li>Amendments to MFRS 9 <i>Financial Instruments</i></li> <li>Amendments to MFRS 10 <i>Consolidated Financial Statements</i></li> <li>Amendments to MFRS 107 <i>Statement of Cash Flows</i></li> </ul>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(a) Basis of preparation (continued)**

**(ii) Standards and amendments/improvements to published standards that are issued but not yet effective (continued)**

The Directors expect that the adoption of the above new pronouncements will have no material impact on the financial statements in the period of initial application, except as discussed below:

**MFRS 18 *Presentation and Disclosure in Financial Statements***

MFRS 18 *Presentation and Disclosure in Financial Statements* (effective from 1 January 2027) replaces MFRS 101 *Presentation of Financial Statements*.

MFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes.

MFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories, ie. operating, investing, financing, income taxes and discontinued operations. These categories are complemented by the requirement to present subtotals and totals for “operating profit or loss”, “profit or loss before financing and income taxed” and “profit or loss”.

MFRS 18 introduces the concept of management-defined performance measure (“MPM”) and defines it as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management’s view of an aspect of the financial performance to users. Information related to MPM should be disclosed in the financial statements in a single note.

In addition, MFRS 18 provides enhanced guidance on the principles of aggregation and disaggregation that focuses on grouping items based on their shared characteristics. These principles are applied across the financial statements and are used in defining which line items are presented in the primary financial statements and what information is disclosed in the notes.

The Company is in the process of assessing the financial impact of this Standard on its financial statements.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(b) Property and equipment**

Property and equipment is stated at cost or valuation, less accumulated depreciation and accumulated impairment losses, if any.

The cost of property and equipment includes expenditure that is directly attributable to the acquisition of the assets. Dismantlement, removal or restoration costs are included as part of the cost of property and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to the property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Land and building which are substantially occupied by the Company for its operations are classified under property and equipment.

Land and building are initially stated at cost and subsequently shown at fair value, based on independent valuation of the open market value on the existing use basis carried out by professional valuers less accumulated depreciation and any accumulated impairment losses. These valuations are reviewed annually and a formal valuation by an independent professional valuer is carried out once in every five years or earlier if the carrying values of the revalued asset are materially different from the market values. Professional and qualified external valuer is engaged to perform the formal valuation. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuer, which valuation techniques and inputs to use. The valuation result is presented to the Board of Directors for approval prior to the adoption of the valuation report.

The Company analyses the movements in the values of the property on an annual basis. Desktop valuation is performed by the Company in the interim period to obtain an indicative fair value of the property. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to the valuation report and other relevant documents. The Company, in conjunction with the external valuers, also compares the change in the fair value of the property with relevant external sources to determine whether the change is reasonable.

When the land and building are revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

The surplus arising on revaluation is credited to the asset revaluation reserve except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to the profit or loss. A deficit arising on revaluation is recognised as an expense except that, to the extent that such a deficit is related to a surplus which was previously recorded as a credit to the asset revaluation reserve account and which has not been subsequently reversed or utilised, it is charged directly to that account.

No depreciation is charged on freehold land. Leasehold building is amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is shorter than the leasehold period.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(b) Property and equipment (continued)**

Work in progress is not depreciated until the asset is ready for its intended use.

All other property and equipment are depreciated on a straight line basis to write off the cost of the assets to the residual values over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Building	- 50 years (subsequent to revaluation, the revalued amounts are depreciated over the remaining useful lives following the date of the latest valuation)
Furniture, fittings and equipment	- 10% to 20%
Motor vehicles	- 20%
Renovations	- 10%

The residual values and useful lives of property and equipment are reviewed, and adjusted as appropriate, at each reporting date.

At each reporting date, the Company assesses whether there is any indication of impairment of property and equipment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount as set out in note 2(k) on impairment of non-financial assets.

On disposal of property and equipment, the difference between net proceeds and the carrying amount is recognised in profit or loss. On disposal of revalued assets, the amounts of any remaining revaluation surplus relating to those assets are transferred to retained earnings.

Repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

**(c) Intangible assets**

**(i) Exclusive right**

The exclusive right arises from the exclusive bancassurance agreement entered into between the Company with Alliance Bank Malaysia Berhad ("ABMB"). The exclusive right is amortised over the duration of the agreement and the annual amortisation amount is calculated with reference to the benefits generated from the partnership (which is defined as the annualized premium equivalent) in which the Company expects to recognise the related revenue.

**(ii) Computer software**

Cost of software rights acquired or developed is amortised on a straight-line basis over a period of four years.

Computer software in progress is not amortised until the asset is ready for its intended use.

**(iii) Distribution agreement**

The distribution agreement arises from the 20-year distribution right entered into between the Company and an agency leadership corporation. During the year, the Company has reassessed and changed the basis of amortisation from previously based on the consumption pattern of the distribution, which is the contracted number of agents to the straight-line time apportionment basis over the remaining duration of the agreement. The change in the amortisation basis is applied prospectively and does not have significant financial impact to the current year financial results of the Company.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(c) Intangible assets (continued)**

At each reporting date, the Company assesses whether there is any indication of impairment of its intangible assets. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount as set out in note 2(k) on impairment of non-financial assets.

**(d) Leases**

At the inception of a contract, the Company assesses 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 Company recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made on 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 liability is 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 Company's incremental borrowing rate.

Subsequently, the right-of-use asset is 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 asset or the end of the lease term. 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(b)). In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

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

The Company presents its right-of-use assets in 'right-of-use assets' and 'lease liabilities' in the statement of financial position.

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.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(d) Leases (continued)**

**(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(p).

The sublease of the Company is classified as a finance lease. The Company derecognised the right-of-use asset, to the extent that it is subject to the sublease, and recognised a net investment in sublease. The net investment in sublease is presented within “other receivables” in the Financial Assets at Amortised Cost.

**(e) Financial instruments**

**(i) Classification, recognition and measurement of financial assets**

The classification of financial assets depends on the Company’s business model of managing the financial assets and the contractual cashflow characteristics of the financial instruments.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for management of the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial assets are classified into four categories:

**(1) Financial assets at amortised costs**

A financial asset is measured at amortised cost if its business model is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the outstanding principal.

Financial assets at amortised cost are subsequently measured using the effective interest and are subject to impairment assessment.

The Company classifies loans and other receivables as financial assets measured at amortised cost.

**(2) Financial assets at FVOCI (debt instruments)**

A financial asset is measured at fair value through other comprehensive income (“FVOCI”) if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through other comprehensive income (“OCI”). Debt instruments at FVOCI are subject to impairment assessment.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(e) Financial instruments (continued)**

**(i) Classification, recognition and measurement of financial assets (continued)**

**(3) Financial assets at FVOCI (equities)**

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on investment-by-investment basis.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. All equity instruments designated at FVOCI are not subject to impairment assessment.

**(4) Financial assets at FVTPL**

Financial assets is classified as FVTPL if the financial assets are held for trading or are managed on a fair value basis (including derivatives). Other financial assets with contractual cash flow that are not solely payments of principal and interest, regardless of its business model are classified as FVTPL.

Certain financial assets that otherwise meets the requirements to be either measured at amortised cost or at FVOCI, may irrevocably be designated at FVTPL on initial recognition, when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All subsequent fair value adjustments are recognised through profit or loss.

**(ii) Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of financial assets in its entirety, other than for equity instruments which are FVOCI, all gains and losses (difference between the carrying amount and the sum of consideration received or receivable), if any, is recognised in the profit or loss. Accumulated fair value gains and losses on debt securities at FVOCI which were recognised within OCI will be reclassified to profit or loss; whilst accumulated fair value gains and losses on equity instruments at FVOCI will be recognised within OCI and directly be transferred to retained earnings.



**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(e) Financial instruments (continued)**

**(iii) Regular way purchase or sale of financial assets**

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

All the financial assets are recognised using trade date, the date that the Company commits to purchase or sell the assets.

**(f) Fair value of financial instruments**

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

**(g) Financial liabilities**

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category at inception.

Derivative financial instruments held by the Company are forward foreign exchange contracts to hedge its currency risks. Any fair value losses on these derivative financial instruments are recognised as financial liabilities.

Other financial liabilities are measured at amortised cost using the effective interest method. Interest expense and any gains or losses on derecognition are recognised in the profit or loss.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(h) Offsetting of financial assets and financial liabilities**

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

**(i) Investment property**

Investment property comprises land and building held by the Company which are held for long term rental yields or for capital appreciation or both and are not substantially occupied by the Company.

Investment property is initially measured at cost including related and incidental expenditure incurred, and is subsequently carried at fair value by the directors based on independent valuation of the open market values on existing use basis carried out by a professional valuer. These valuations are reviewed annually and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying values of the investment property are materially different from the market value. Professional and qualified external valuer is engaged to perform the formal valuation. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuer, which valuation techniques and inputs to use. The valuation result is presented to the Board of Directors for approval prior to the adoption of the valuation report.

The Company analyses the movements in the values of the property on an annual basis. Desktop valuation is performed by the Company in the interim period to obtain an indicative fair value of the property. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to the valuation report and other relevant documents. The Company, in conjunction with the external valuer, also compares the change in the fair value of the property with relevant external sources to determine whether the change is reasonable.

Any changes in the fair values of investment property are recorded in the profit or loss.

On disposal of investment property, the difference between net proceeds and the carrying amount is recognised in the profit or loss as appropriate.

If an investment property becomes owner-occupied, it is reclassified to property and equipment at its carrying value at the date of transfer.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(j) Impairment of financial assets**

**(i) Recognition of Expected Credit Loss (“ECL”)**

The Company assesses at each reporting date to determine loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost and debt securities at FVOCI based on two different approaches, which is the general approach and simplified approach.

This process includes consideration of past events, current market conditions and reasonable supportable information about future economic conditions. Forward-looking macroeconomic variables used within the estimation models represent variables that are the most closely related with credit losses in the relevant portfolio.

The estimation and measurement of impairment losses requires significant judgements. These estimates are driven by many elements, changes in which can result in different levels of allowances. Elements include the estimation of the amount and timing of future cash flows, the Company’s criteria for assessing if there has been a significant increase in credit risk (“SICR”), the selection of forward-looking macroeconomic scenarios and their probability weights. The Company has implemented formal policies, procedures, and controls over all significant impairment processes.

*General approach - three-stage approach*

The general approach impairment recognition requires loss allowance to be recognised based on “three-staging” model which reflects the change in credit quality of the financial instrument since initial recognition:

*Stage 1: 12-month ECL*

For financial assets that have no significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the 12-month ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months) will be recognised in profit or loss.

*Stage 2: Lifetime ECL – Non-credit impaired*

For financial assets that have significant increase in credit risks since initial recognition but do not have objective evidence of impairment, a lifetime ECL that results from all possible default events over the expected life of the financial assets will be recognised in profit or loss. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

*Stage 3: Impairment – Credit impaired*

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, impairment will be recognised in profit or loss.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

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

**(i) Recognition of Expected Credit Loss (“ECL”) (continued)**

Interest income is calculated based on the gross carrying amount for both Stage 1 and 2 exposures. Interest income on Stage 3 financial instruments is determined by applying the effective interest rate to the amortized cost of the instrument, which represents the gross carrying amount adjusted for any credit loss allowance.

The Company uses the general approach to measure loss allowances for the following:-

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt security to have low credit risk when its credit risk rating is a minimum rating of “BBB”. The Company also considers all government issued or government guaranteed debt securities to have low credit risk.

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

A significant increase in credit risk since inception may occur if the financial assets are 30 days past due, or if there is a significant deterioration of credit risk rating by 2 ranks from the initial purchase date or significant increase in bond yields due to market’s assessment of creditworthiness of those investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. The Company’s definitions of default and credit-impaired are based on quantitative and qualitative factors. A financial instrument is considered to be in default when significant payments of interest, principal or fees are past due for more than 90 days, unless remedial arrangements with the issuer are in place. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

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

**(i) Recognition of Expected Credit Loss (“ECL”) (continued)**

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

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

*Simplified approach*

The simplified approach impairment recognition allows for loss allowance to be recognised based on expected lifetime ECL, without considering credit risk.

Loss allowances for other receivables are measured at an amount equal to lifetime ECLs.

**(ii) Measurement of ECL**

ECL is a probability weighted estimate of credit losses over the expected life of a financial asset. The estimated ECL incorporates time value of money and considers historical data, current conditions and forecasts of future economic conditions.

The Company measures the ECL on an individual basis for debt securities that are deemed significant. When estimating ECL, the Company considers the probability of default (“PD”), loss given default (“LGD”) and the exposure at default (“EAD”).

Probability of default (“PD”) is an estimate of the likelihood of default over a given time horizon. Loss given default (“LGD”), is an estimate of the loss arising on a future default. This is based on the difference between the contractual cash flows due and those that the Company expects to receive, including from collateral. It is based on credit default studies performed based on internal credit experience.

Exposure at default (“EAD”), is an estimate of the exposure at a future default date, considering both the period of exposure and the amount of exposure at a given reporting date. The EADs are determined by modelling the range of possible exposure outcomes at various points in time, corresponding to the multiple economic scenarios. The probabilities are then assigned to each economic scenario based on the outcome of the models.

When the Company measures ECL on a collective basis, the financial assets are grouped based on shared characteristics such as industry, credit risk rating, type of financial asset, and etc.

**(iii) Write off**

Financial assets are written off either partially or in full when there is no realistic prospect of recovery. The Company determines this based on the inability of the borrower to pay.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(k) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in the recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

**(l) Employee benefits**

**(i) Short-term employee benefits**

Wages, salaries, allowances, paid annual leave and sick leave, bonuses, social security contributions and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Company.

**(ii) Post-employment benefits**

The Company is required to contribute to the Employees' Provident Fund, a defined contribution plan.

The contribution payable for the financial year is charged to the profit or loss. Once the contributions have been paid, the Company has no further payment obligations.

**(iii) Share-based compensation**

The Company participated in share-based compensation plans granted to certain employees of Manulife Financial Corporation Group as consideration for services rendered. These plans include both equity-settled share-based and cash-settled share-based compensation scheme to eligible employees.

**(i) Equity-settled share-based compensation**

The fair value of equity-settled share-based compensation granted to employees as at the grant date is recognised in the profit and loss over the vesting periods of the grant. The fair value of the grant is measured using the Black-Scholes option pricing model, with the market price or strike price being the closing transaction price of Manulife Financial Corporation ("MFC") shares prior to the grant date. In valuing the share-based payments, no account is taken of any performance conditions, other than conditions linked to the price of the shares of MFC if applicable.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(I) Employee benefits (continued)**

**(iii) Share-based compensation (continued)**

**(i) Equity-settled share-based compensation (continued)**

At each date of the statement of financial position, the Company reviews its estimates of the number of employees expected to meet service vesting conditions and the fair value of the liability incurred. The impact of the revision of the original estimate, if any, is recognised in the profit or loss.

**(ii) Cash-settled share-based compensation**

Cash-settled share-based compensation relates to the employee services received in exchange for the grant of the share appreciation rights. The fair value of the compensation is recognised in the profit or loss over the vesting periods of the grant with a corresponding increase in liabilities.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights of MFC. At each date of the statement of financial position, the Company reviews its estimates of the number of employees expected to meet service vesting conditions and the fair value of the liability incurred. The impact of the revision of the original estimate, if any, is recognised in the profit or loss.

The cumulative liability incurred net of any directly attributable transaction costs, will be reversed as cash is paid at the end of the vesting period.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(m) Foreign currencies**

**(i) Functional and Presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency").

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

**(iii) Operations denominated in functional currency other than Ringgit Malaysia**

The results and financial position of investment-linked funds' operations (none of which has the currency of a hyperinflationary economy) with functional currency that is different from the presentation currency of the Company are translated into the presentation currency as follows:

- (1) Assets and liabilities for the statement of financial position presented are translated at the closing rate at the date of the statement of financial position; and
- (2) Income and expenses for profit or loss are translated at the average exchange rate unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated using the exchange rates at the date of the transactions.



**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(n) Taxation**

*Current income tax*

Current income tax assets and liabilities 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 or substantively enacted at the reporting date. Current income tax is recognised in the statement of profit or loss.

*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 assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or when the deferred tax liability is settled. Deferred tax is recognised in the profit or loss except when it arises from a transaction which is recognised in other comprehensive income or directly in equity.

**(o) Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank balances and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purpose.

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

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(p) Other revenue recognition**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Other interest income including the amount of amortisation of premiums and accretion of discounts is recognised on a time proportion basis that takes into account the effective yield of the assets.

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

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

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

Fee income is recognised when the services are provided.

**(q) Dividends on ordinary share capital**

Dividends on ordinary shares are recognised as a liability in the financial year in which it is declared and approved by the Company's shareholder.

**(r) Contingent liabilities and contingent assets**

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

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

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets**

*Classification and separation of components*

All the contracts issued by the Company are insurance contracts. Contracts under which the Company accepts significant insurance risk from a policyholder are classified as insurance contracts. A contract is considered to have significant insurance risk if, and only if, an insured event could cause an insurer to pay additional amounts that are significant in any single scenario, excluding scenarios that lack commercial substance. The additional amounts refer to the present value of amounts that exceed those that would be payable if no insured event had occurred. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts to other parties are classified as reinsurance contracts held. Both insurance and reinsurance contracts are accounted for in accordance with MFRS 17. Contracts under which the Company does not accept significant insurance risk are either classified as investment contracts or considered service contracts and are accounted for in accordance with MFRS 9 *Financial Instruments* or MFRS 15 *Revenue from Contracts with Customers*, respectively.

Insurance contracts are classified as direct participation contracts or contracts without direct participation features based on specific criteria. Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which an entity promises an investment return based on underlying items. They are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service.

At inception of insurance and reinsurance contracts held, the Company analyses whether they contain the following components that should be separated and accounted for under other MFRS standards: derivatives embedded within insurance contracts that are required to be separated (MFRS 9); cash flows relating to distinct investment components (MFRS 9); and promises to transfer distinct goods or distinct non-insurance services (MFRS 15). Investment components of an insurance (or reinsurance contracts held) contract represent cash flows paid (received) in all circumstances regardless of whether an insurance event has occurred or not. Investment components are distinct if they are not interrelated with insurance component cash flows and if they could be issued on a standalone basis. The Company applies MFRS 17 to all remaining components of the insurance and reinsurance contracts held.

There are three measurement models that insurance contracts can be measured under: the variable fee approach ("VFA"), the general measurement model ("GMM") and the premium allocation approach ("PAA"). For insurance contracts with direct participation features such as participating life insurance contracts, unit linked type contracts, and variable annuity contracts the Company applies the VFA. For many group benefits contracts that have a one-year (or shorter) term of coverage, the Company generally applies the PAA. For the remainder of the Company's insurance contracts the GMM is applied.

*Level of aggregation/unit of account*

Insurance contracts are aggregated into portfolios of insurance contracts which are managed together and are subject to similar risks. The Company has defined portfolios by considering various factors such as legal entities, measurement model, major product line and type of insurance risk. The portfolios of insurance contracts are further grouped into annual cohorts and by expected profitability at inception into one of three categories: onerous contracts, contracts with no significant risk of becoming onerous and other remaining contracts. Onerous contracts are those contracts that at initial inception, the Company expects to generate net outflow, without considering investment returns or the benefit of any reinsurance contracts held.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Initial recognition and subsequent measurement*

The Company includes in the measurement of a group of insurance contracts all future cash flows within the boundary of the contracts in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period and in which the Company can compel the policyholder to pay the premiums or has a substantive obligation to provide services to policyholder. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and as a result, can set a price or level of benefits that fully reflects those risks, or
- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio, and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The Company recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts,
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date, and
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

*Insurance contracts measured under the VFA and the GMM*

At initial recognition, the Company measures a group of insurance contracts as the total of: (a) fulfilment cash flows, which comprise of estimates of future cash flows, adjusted to reflect the time value of money and financial risks, and a risk adjustment for non-financial risk; and (b) a contractual service margin ("CSM"), which represents the unearned profit the Company will recognise as it provides service under the insurance contracts. For reinsurance contracts held, the CSM represents the reinsurance gain or cost at initial recognition.

In determining the fulfilment cash flows, the Company uses estimates and assumptions considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The Company's CSM is a component of the insurance asset or liability for the group of insurance contracts and results in no income at initial recognition. The unit of account for CSM is on a group of contracts basis consistent with the level of aggregation specified above. If the fulfilment cash flows allocated to the group of insurance contracts, any previously recognised insurance acquisition cash flows and any cash flows arising from the contracts at the date of initial recognition in total are a net outflow then the group of contracts is considered to be onerous. A loss from onerous insurance contracts is recognised in profit and loss immediately. The Company establishes the groups at initial recognition and may add contracts to the groups after the end of a reporting period, however, the Company does not reassess the composition of the groups subsequently.

In the subsequent periods, the carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). The LRC comprises the fulfilment cash flows that relate to services to be provided in the future and any remaining CSM at that date. The LIC comprises the fulfilment cash flows for incurred claims and expenses that have not yet been paid. The fulfilment cash flows at the reporting dates are measured using the current estimates of expected cash flows and current discount rates.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Initial recognition and subsequent measurement (continued)*

The carrying amount of CSM at end of the reporting period is adjusted to reflect the following changes under the GMM for contracts without direct participation features: (a) effect of new contracts added to the group; (b) interest accreted on the carrying amount of CSM, measured at locked-in rate; (c) effect of any currency exchange differences on the CSM; (d) changes in fulfilment cash flows that relate to future services (non-financial), except for loss component; and (e) recognition of insurance revenue for services provided in the year. The CSM is recognised into insurance revenue over the duration of the group of insurance contracts based on the respective coverage units. The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach.

The changes in fulfilment cash flows relating to future services (non-financial) that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the expected amounts at the beginning of the period. Differences related to premiums received (or due) related to current or past services are recognised immediately in income while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the LRC, except those relating to the time value of money and changes in financial risk that are recognised in income or expenses and OCI.
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

A loss is created when there is an increase in fulfilment cash flows that exceeds the carrying amount of the CSM. Once a change in fulfilment cash flows reduces CSM to zero, the excess establishes a loss which is recognised in expense immediately. Any subsequent decrease in the fulfilment cash flows will reverse the losses previously recognised in expense. Any remaining loss will be released based on a systematic allocation of subsequent changes relating to future service in the fulfilment cash flows.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Initial recognition and subsequent measurement (continued)*

For contracts with direct participation features under the VFA, the cashflows impacting policyholders and shareholders are treated differently. The change in the policyholders' share of the fair value of underlying items does not impact CSM. The change in the effect of the time value of money and financial risk not arising from the underlying items, such as financial guarantees, adjust the CSM. The change in fulfilment cashflows that do not vary with the return of underlying items and that do not relate to future service does not impact CSM consistent with the GMM. In contrast, under the VFA, the change in the amount of shareholders' share of the fair value of underlying items does impact CSM, except to the extent that the Company has elected the risk mitigation option. The Company uses reinsurance contracts to mitigate the financial risk arising from interest rate guarantees in certain contracts with direct participation features. Under the risk mitigation option, the Company recognises changes in the shareholders' share of the underlying items and the changes in fulfilment cash flows in income or expenses or OCI instead of adjusting CSM. For groups of insurance contracts applying the VFA, in addition to those conditions (both loss recognition and reversal) previously described for groups of contracts applying the GMM, a loss in expense is also recognised when declines in the shareholder's share of fair value of underlying items exceeds the carrying value of CSM. Any subsequent increase in the shareholder's share of fair value of underlying items will reverse the losses previously recognised in expenses.

*Reinsurance contracts measured under the GMM*

The measurement of reinsurance contracts follows the same principles as the GMM, with the following exceptions or modifications specified in this section below. Reinsurance contracts held and assumed cannot use the VFA.

The Company recognises a group of reinsurance contracts held if it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

At initial recognition, the Company recognises any net gain or net cost as a CSM in the statement of financial position, with some exceptions. If any net cost of obtaining reinsurance contract relates to insured event that occurred before initial recognition of any insurance contract, it is recognised immediately in income or expenses. In addition, if the underlying insurance contracts is in an onerous position, the Company is allowed to recognise a reinsurance gain immediately in income for the portion of claims that the Company expects to recover from the reinsurance, if the reinsurance held was entered into prior to or at the same time as the onerous contract. Consequently, a loss-recovery is created and adjusted for the group of reinsurance contracts. This determines the amounts that are subsequently presented in income as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. The Company adjusts the loss-recovery to reflect changes in the loss of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery must not exceed the portion of the carrying amount of the loss of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Reinsurance contracts measured under the GMM (continued)*

Measurement of reinsurance contract cash flows is consistent with the underlying insurance contracts, but with an adjustment for any risk of non-performance by the reinsurer. The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

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

*Insurance and reinsurance contracts measured under the PAA*

The Company applies the PAA to all insurance contracts it issues and reinsurance contracts that it holds if (a) the coverage period of the contract is one year or less; or the coverage period is longer than one year and the measurement of the LRC for the contracts under the PAA does not differ materially from the measurement that would be produced applying the GMM approach under possible future scenarios.

For insurance contracts, generally, the LRC is measured as the premium received at initial recognition minus any insurance acquisition cash flows at that date. There is no allowance for time value of money as the premiums are received within one year of the coverage period. Subsequently, the Company measures the carrying amount of the LRC at the end of each reporting period as: (a) the LRC balance at beginning of the period; plus (b) premium received in the period; minus (c) directly attributable acquisition costs net of related amortisation (unless expensed as incurred); minus (d) amount recognised as insurance revenue for the period; minus (e) investment component paid or transferred to the LIC. The amount recognised as insurance revenue for the period is typically based on the passage of time.

Under the PAA measurement method, entities are permitted to either defer directly attributable acquisition costs to future periods for group of contracts that are one year or less or recognise the costs in expenses as incurred. This election can be made at the level of each group of insurance contracts. The Company has elected not to defer the directly attributable expenses for PAA policies. Insurance acquisition costs arising before the recognition of the related group of contracts are recognised as an asset or contra insurance contract liability as part of the same portfolio that the related group of contracts is expected to be included. When facts and circumstances indicate the asset maybe impaired, the Company conducts impairment tests. If the asset is impaired, an impairment loss will be recognised in expense.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, the Company will recognise a loss in expense and an increase in the LRC to the extent that the current estimate of the fulfilment cashflows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC.

The Company estimates the LIC as the fulfilment cashflows related to incurred claims. The Company does not adjust the future cashflows for the time value of money, except when claims are expected to settle more than one year after the actual claim occurs.

There are no reinsurance contracts which are recognised using the PAA measurement method.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Amortisation of contractual service margin*

The CSM represents the unearned profit for a group of insurance contracts where the Company will recognise in insurance revenue as it provides insurance services in the period. The amortisation of the CSM as insurance revenue is determined by (1) identifying the coverage units in the group, (2) allocating the CSM at the end of the period (before amortizing any amounts in insurance revenue in the current period) equally to each coverage unit provided in the period and expected to be provided in future periods, and (3) recognizing in insurance revenue the amount allocated to coverage units provided in the current period.

The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

*Derecognition of insurance contracts*

The Company derecognises insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled; or expired) or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

*Presentation and Disclosure*

The Company has presented the carrying amount of portfolios of insurance contracts that are in a net asset or liability position, and portfolios of reinsurance contracts that are in a net asset or liability position separately in the statement of financial position.

The Company separately presents the insurance service result, which comprises of insurance revenue, insurance service expenses and net income/expense from reinsurance contract held, from investment result, which comprises of comprises of investment income, insurance income or expenses in the Statement of Profit or Loss. The Company disaggregates the change in risk adjustment for non-financial risk between the insurance service expenses and insurance finance income or expenses.

The insurance revenue depicts the performance of insurance services and excludes investment components. For the GMM and the VFA contracts, the insurance revenue represents the change in the LRC relating to services for which the Company expects to receive consideration, comprising of: (a) expected claims and other insurance expenses; (b) changes in risk adjustment for non-financial risk; (c) release of CSM based on coverage units; and (d) portion of premiums that relate to recovering of insurance acquisition cash flows. For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period.

The insurance service expenses arising from insurance contracts are recognised in expenses generally as they are incurred and excludes repayment of investment components. The insurance service expenses comprise of: (a) incurred claims and other insurance service expenses; (b) losses on onerous contracts and reversal of such losses; (c) adjustments to LIC; (d) amortisation of insurance acquisition cash flows; and (e) impairment losses on assets for insurance acquisition cash flows if any and reversals of such impairment losses.

The amortisation of insurance acquisition cash flows is equal to the recovery of insurance acquisition cash flows in insurance revenue for contracts measured under the GMM. For contracts measured under the PAA with deferred acquisition cash flows, the Company amortizes insurance acquisition cash flows over the duration of the group of insurance contracts based on the respective coverage units.



**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Presentation and Disclosure (continued)*

Net expenses from reinsurance contracts held comprise of allocation of reinsurance premiums paid and the amounts expected to be recovered from reinsurers. Reinsurance cash flows that are contingent on claims on the underlying contracts are treated as part of the claims expected to be recovered from reinsurers, whereas reinsurance cash flows that are not contingent on claims on the underlying contracts (for example, some types of ceding commissions) are treated as a reduction in reinsurance premiums paid. For reinsurance contracts measured under the GMM, the allocation of reinsurance premiums paid represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

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

The Company disaggregates insurance finance income or expenses on insurance contracts issued for most of its group of insurance contracts measured under the GMM between income or expenses and OCI. The impact of changes in market interest rates on the value of the life insurance and related reinsurance assets and liabilities are reflected in OCI in order to minimize accounting mismatches between the accounting for insurance assets and liabilities and supporting financial assets. The impacts from differences between current period rates and locked-in rates are presented in OCI.

The systematic allocation of expected total insurance finance income or expenses depends on whether changes in assumptions that relate to financial risk have a substantial effect on the amount paid to the policyholder.

- For groups of insurance contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholder, the Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to income or expenses using discount rates determined on initial recognition of the group of contracts.
- For groups of insurance contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders, the Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to income or expenses using an allocation that is based on the amounts credited in the period and expected to be credited in future periods for fulfillment cashflow, and using the discount rates determined on initial recognition of the group of contracts for contractual service margin.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Company reclassifies any amounts that were previously recognised in OCI to income or expenses as insurance finance income or expense. There are no changes in the basis of disaggregation of insurance finance expenses between income or expenses and OCI in the period.

The Company groups contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the LRC for any onerous group representing the future losses recognised.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Insurance contract liabilities and reinsurance contract assets (continued)**

*Presentation and Disclosure (continued)*

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the LRC excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been occurred in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

For reinsurance contracts, when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held representing the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is zero when loss component of the onerous group of underlying insurance contracts is zero.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(t) Fair value measurement**

Fair value of an asset or liability is measured at a 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 or in the absence of a principal market, in the most advantageous market.

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

The valuation techniques and categories of fair values of assets and liabilities are further described in note 4, note 5, note 25.

**(u) Investment in subsidiary**

A subsidiary is an entity over which the Company has all of the following:

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

In the Company's financial statements, investment in subsidiary is accounted for at cost less accumulated impairment losses.

On disposal of subsidiary, the difference between the net disposal proceed and the carrying amount is recognised as gain or loss on disposal in the income statement.

In accordance with the exemption provisions of MFRS 10 *Consolidated Financial Statements*, consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Manulife Holdings Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Berhad, which produces financial statements available for public use and which comply with MFRS and IFRS.

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(v) Non-distributable retained earnings and other reserves**

**(i) Non-distributable retained earnings**

**Unallocated surplus – participating life funds**

Surpluses generated from participating life fund contracts are attributable to both policyholders and the shareholder. The distribution amount and timing are determined based on an actuarial valuation of the Company's long-term liabilities to policyholders as at the reporting date. These distributions are made in compliance with the Financial Services Act 2013 and relevant policy documents issued by BNM.

Any unallocated surplus at the end of the financial year, where amounts have yet to be allocated to the shareholder, is classified as non-distributable retained earnings within the participating life funds.

**Unallocated surplus – non-participating life funds**

Unallocated surplus within non-participating life funds is recognised as non-distributable retained earnings of the Company, as policyholders do not have any entitlement to this surplus. The shareholder will gain rights over this unallocated surplus only upon the recommendation of distribution by the Appointed Actuary.

This surplus represents the shareholder's residual interest in the assets of the non-participating funds after deducting all liabilities and is accordingly classified as non-distributable retained earnings.

**(ii) Non-distributable other reserves**

Non-distributable other reserves include:

- Fair value gains and losses on financial assets classified as Fair Value through Other Comprehensive Income ("FVOCI")
- Insurance finance reserves
- Reinsurance finance reserves
- Asset revaluation reserves related to self-occupied property

These reserves are not available for distribution as dividends.

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with IFRS and MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from these estimates.

Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Company's results and financial position are tested for sensitivity to changes in the underlying parameters.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as discussed below.

**(i) Fulfilment cash flows**

Fulfilment cash flows have three major components:

- Estimate of future cash flows
- An adjustment to reflect the time value of money and the financial risk related to the future cash flows if not included in the estimate of future cash flows
- A risk adjustment for non-financial risk

The determination of insurance fulfilment cash flows involves the use of estimates and assumptions. A comprehensive review of valuation assumptions and methods is performed regularly. The review reduces the Company's exposure to uncertainty by ensuring assumptions for liability risks remain appropriate. This is accomplished by monitoring experience and updating assumptions which represent a best estimate of expected future experience, and margins that are appropriate for the risks assumed. While the assumptions selected represent the Company's current best estimates and assessment of risk, the ongoing monitoring of experience and the changes in economic environment are likely to result in future changes to the actuarial assumptions, which could materially impact the insurance contract liabilities.

**Method used to measure insurance & reinsurance contract fulfilment cash flows**

The Company primarily uses deterministic projection using best estimate assumption to determine the present value of future cash flows. For product features such as Universal Life minimum crediting rates guarantees, Participating life zero dividend floor implicit guarantees and variable annuities guarantees, the Company developed a stochastic approach to capture the asymmetry of the risk.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**
**(i) Fulfilment cash flows (continued)**
**Determination of assumptions use for deterministic projections**

For the deterministic projections, assumptions are made with respect to mortality, morbidity, rates of policy termination, operating expenses and certain taxes. Actual experience is monitored to ensure that assumptions remain appropriate and assumptions are changed as warranted. Assumptions are discussed in more detail in the following table.

<b>Nature of factors and assumption methodology</b>		<b>Risk Management</b>
<b>Mortality</b>	Mortality relates to the occurrence of death. Mortality is a key assumption for life insurance and certain forms of annuities. Mortality assumptions are based on the Company's internal experience as well as past and emerging industry experience. Assumptions are differentiated by sex, underwriting class and policy type. Assumptions are made for future mortality improvements where applicable.	The Company maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. Exposure to large claims is managed by establishing policy retention limits. Policies in excess of the limits are reinsured with other companies.
<b>Morbidity</b>	Morbidity relates to the occurrence of accidents and sickness for insured risks. Morbidity is a key assumption for long-term care insurance, disability insurance, critical illness and other forms of individual and group health benefits. Morbidity assumptions are based on the Company's internal experience as well as past and emerging industry experience and are established for each type of morbidity risk.	The Company maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. Exposure to large claims is managed by establishing policy retention limits. Policies in excess of the limits are reinsured with other companies.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**
**(i) Fulfilment cash flows (continued)**

<b>Policy termination</b>	Policies are terminated through lapses and surrenders, where lapses represent the termination of policies due to non-payment of premiums and surrenders represent the voluntary termination of policies by policyholders. Premium persistency represents the level of ongoing deposits on contracts where there is policyholder discretion as to the amount and timing of deposits. Policy termination and premium persistency assumptions are primarily based on the Company's recent experience adjusted for expected future conditions.	The Company seeks to design products that minimize financial exposure to lapse, surrender and premium persistency risk. The Company monitors lapse, surrender and persistency experience.
<b>Directly attributable expenses</b>	Directly attributable operating expense assumptions reflect the projected costs of maintaining and servicing in-force policies, including associated directly attributable overhead expenses. The directly attributable expenses are derived from internal cost studies projected into the future with an allowance for inflation.  Directly attributable acquisitions expenses are derived from internal cost studies.	The Company prices its products to cover the expected costs of servicing and maintaining them. In addition, the Company monitors expenses monthly, including comparisons of actual expenses to expense levels allowed for in pricing and valuation.
<b>Policyholder dividends, and other adjustable policy elements</b>	The best estimate projections for policyholder dividends, and other adjustable elements of policy benefits are determined to be consistent with management's expectation of how these elements will be managed should experience emerge consistently with the best estimate assumptions.	The Company monitors policy experience and adjusts policy benefits and other adjustable elements to reflect this experience. Policyholder dividends are reviewed annually for all businesses under a framework of Board-approved policyholder dividend policies.

During the year, the Company updated the estimate of the Insurance Contract Liabilities, taking into consideration the participating policyholders' cumulative share of Investment Income tax. This change resulted in a one-off favourable impact to Insurance Finance Income and Expense as shown in note 10(f).

The Company reviews actuarial methods and assumptions on a regular basis. If changes are made to non-economic assumptions, the impact based on locked-in economic assumption would adjust the contractual service margin for general model and VFA contracts if there is any remaining contractual service margin for the group of policies where the change was made. This amount would then be recognised in income over the period of service provided. Changes could also impact net income and other comprehensive income to the extent that the contractual service margin has been depleted, or discount rates are different than the locked-in rates used to quantify changes to the contractual service margin.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**
**(ii) Determination of discretionary changes**

The terms of some contracts measured under the GMM give the Company discretion over the cash flows to be paid to the policyholders, either in their timing or in their amount. Changes in discretionary cash flows are regarded as relating to future service and accordingly adjusts the CSM. The Company determines how to identify a change in discretionary cash flows by specifying the basis on which it expects to determine its commitment under the contract; for example, based on a fixed interest rate, or on returns that vary based on specified asset returns. This determination is specified at the inception of the contract.

**(iii) Discount rates**

Insurance contract cash flows for non-participating business are discounted using risk free yield curves adjusted by an illiquidity premium to reflect the liquidity characteristics of the liabilities. Cash flows that vary based on the returns of underlying items are adjusted to reflect their variability under these adjusted yield curves. Each yield curve is interpolated between the spot rate at the last observable market data point and an ultimate spot rate which reflects the long-term real interest rate plus inflation expectations.

For participating business, insurance contract cash flows that vary based on the returns of underlying items are discounted at rates reflecting that variability.

For insurance contracts with cash flows that vary with the returns of underlying items and where the present value is measured by stochastic modelling, the cash flows are both projected and discounted at scenario specific rates calibrated on average to be the risk free yield curves adjusted for liquidity.

The spot rates used for discounting the liability cash flows are as follows and include an illiquidity premium determined with reference to net asset spreads indicative of the liquidity characteristics of the liabilities.

<b>31 December 2024</b>									
<b>Portfolio</b>	<b>Currency</b>	<b>Observable years</b>	<b>Ultimate year</b>	<b>Years</b>					
				<b>1</b>	<b>5</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>Ultimate</b>
Non-Par GMM	MYR	15	55	3.49%	3.98%	4.19%	4.10%	4.10%	4.10%
Non-Par Annuity	MYR	15	55	3.59%	4.08%	4.13%	4.09%	4.09%	4.10%
Unit Linked	MYR	15	55	3.49%	3.98%	4.19%	4.10%	4.10%	4.10%
UL MYR	MYR	15	55	3.49%	3.98%	4.99%	4.21%	4.21%	4.25%
Par Pre-05, Par Post-05	MYR	n/a	60	4.23%	4.55%	4.94%	5.51%	5.74%	5.74%
Par Annuity	MYR	n/a	60	4.30%	4.25%	4.59%	4.59%	4.59%	4.59%
Variable Annuities	USD	n/a	30	4.11%	4.34%	4.53%	4.80%	4.73%	4.73%



**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**
**(iii) Discount rates (continued)**

31 December 2023									
Portfolio	Currency	Observable years	Ultimate year	Years					
				1	5	10	20	30	Ultimate
Non-Par GMM	MYR	15	55	3.40%	3.83%	4.13%	4.09%	4.09%	4.10%
Non-Par Annuity	MYR	15	55	3.50%	3.93%	3.90%	4.09%	4.09%	4.10%
Unit Linked	MYR	15	55	3.40%	3.83%	4.13%	4.09%	4.09%	4.10%
UL MYR	MYR	15	55	3.40%	3.83%	4.93%	4.21%	4.21%	4.25%
Par Pre-05, Par Post-05	MYR	n/a	60	4.73%	4.82%	5.07%	5.23%	5.57%	5.47%
Par Annuity	MYR	n/a	60	4.59%	4.81%	4.99%	4.99%	4.99%	4.99%
Variable Annuities	USD	n/a	30	4.72%	3.81%	3.85%	4.15%	3.99%	3.99%

Amounts presented in income for policies where changes in assumptions that relate to financial risk do not have a substantial impact on amounts paid to policyholders reflect discount rates locked in beginning with the adoption of IFRS 17 or locked in at issue for later insurance contracts. These policies include term insurance, guaranteed whole life insurance, and health products including critical illness and long-term care. For policies where changes in assumptions to financial risk have a substantial impact on amounts paid to policyholders, discount rates are updated as future cash flows change due to changes in financial risk, so that the amount presented in income from future changes in financial variables is zero. These policies include adjustable universal life contracts. Impacts from differences between current period rates and discount rates used to determine income are presented in other comprehensive income.

**(iv) Risk Adjustment and confidence level used to determine risk adjustment**

Risk adjustments for non-financial risk represent the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts. The risk adjustment considers insurance, lapse and expense risks, includes both favourable and unfavourable outcomes, and reflects diversification benefits from the insurance contracts issued.

The Company has estimated the risk adjustment using a margin approach. This approach applies a margin for adverse deviation, typically in terms of a percentage of best estimate assumptions, where future cash flows are uncertain. The resulting cash flows are discounted at rates consistent with the best estimate cash flows to arrive at the total risk adjustment. The ranges of these margins are set by the Company and reviewed periodically.

The risk adjustment for non-financial risk for insurance contracts correspond to an 80% - 90% confidence level for all segments.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**
**(v) Investment component, Investment-return and Investment-related service**

The Company identifies the investment component, investment return-service (contract without direct participation features) and investment-related service (contract with direct participation features) of a contract as part of the product governance process.

Investment components are amounts that are to be paid to the policyholder under all circumstances. Investment components are excluded from insurance revenue and insurance service expenses.

Investment-return service and investment-related service are investment service rendered as part of an insurance contract and are part of the insurance contract service provided to the policyholder.

**(vi) Relative weighting of the benefit provided by insurance coverage, investment-return service and investment related service**

The contractual service margin is released into income when insurance contract services are provided, by using coverage units. Coverage units represents the quantity of service (insurance coverage, investment-return and investment-related services) provided and are determined by considering the benefit provided under the contract and its expected coverage duration. When the relative size of the investment-related service coverage or the investment-return service coverage unit is disproportionate compared to the insurance service coverage unit, or vice-versa, the Company must determine a relative weighting of the services to reflect the delivery of each of those services. The Company identifies the coverage units as part of the product governance process and did not identify contracts where such weighting was required.

**(vii) Fair value approach ("FVA") to determine the Contractual Service Margin**

The Company has elected the fair value approach ("FVA") as per MFRS 17.C20 to determine the Contractual Service Margin ("CSM") for all in-force policies sold up to 31 December 2020.

The key assumptions used in determining the fair value CSM are as summarised in the table below.

<b>Fair Value CSM Component</b>	<b>Methodology</b>
Own Credit Risk	A discounting adjustment of 5 basis points (bps) is applied to the discount rate used for discounting all cash flows, except for Participating blocks, which are separated from the overall general account.
Target hurdle rate for cost of capital calculation	10%
Cost of Capital Adjustment	A cost of capital adjustment is made based on the capital requirements calculated according to the local capital regime, with a target capital ratio of 180% is applied.
Risk Adjustment Diversification	45%, same as the reserving assumptions.
Tax Rate	24%
Expense Synergies	An expense synergy assumption is set at 50%.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**4. PROPERTY AND EQUIPMENT**

	Note	Building RM'000	Work in progress RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Cost/valuation</b>							
1 January 2023		10,384	3,140	22,801	248	5,363	41,936
Additions		-	3,306	281	8	3	3,598
Transfer to furniture, fittings and equipment		-	(968)	968	-	-	-
Transfer to renovation		-	(1,231)	-	-	1,231	-
Revaluation adjustment		(184)	-	-	-	-	(184)
Write off	16	-	-	(1,868)	-	-	(1,868)
At 31 December 2023/1 January 2024		10,200	4,247	22,182	256	6,597	43,482
Additions		-	2,043	343	560	89	3,035
Transfer to renovation		-	(3,375)	-	-	3,375	-
Transfer to investment property	5	-	(1,819)	-	-	-	(1,819)
Disposal		-	-	(146)	(221)	-	(367)
Write off	16	-	-	(380)	-	(277)	(657)
At 31 December 2024		10,200	1,096	21,999	595	9,784	43,674
<u>Comprising assets stated at 31 December 2024:</u>							
Valuation		10,200	-	-	-	-	10,200
Cost		-	1,096	21,999	595	9,784	33,474
		10,200	1,096	21,999	595	9,784	43,674
<u>Comprising assets stated at 31 December 2023:</u>							
Valuation		10,200	-	-	-	-	10,200
Cost		-	4,247	22,182	256	6,597	33,282
		10,200	4,247	22,182	256	6,597	43,482

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**4. PROPERTY AND EQUIPMENT (CONTINUED)**

	Note	Building RM'000	Work in progress RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Accumulated depreciation</b>							
At 1 January 2023		-	-	18,752	244	2,592	21,588
Charge for the financial year	16	231	-	1,131	4	582	1,948
Reversal on revaluation		(231)	-	-	-	-	(231)
Write off	16	-	-	(1,822)	-	-	(1,822)
At 31 December 2023/1 January 2024		-	-	18,061	248	3,174	21,483
Charge for the financial year	16	227	-	1,061	3	947	2,238
Reversal on revaluation		(227)	-	-	-	-	(227)
Disposal		-	-	(135)	(221)	-	(356)
Write off	16	-	-	(272)	-	(182)	(454)
At 31 December 2024		-	-	18,715	30	3,939	22,684
<b>Net carrying amount</b>							
At 31 December 2024		10,200	1,096	3,284	565	5,845	20,990
At 31 December 2023		10,200	4,247	4,121	8	3,423	21,999

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**4. PROPERTY AND EQUIPMENT (CONTINUED)**

The net book value of the revalued building had the asset been carried at cost less accumulated depreciation is as follows:

	2024 RM'000	2023 RM'000
Building	5,548	5,711

The fair value of the Company's freehold property is determined based on the income approach by discounted cash flow method ("DCF method") conducted by an independent qualified valuer, Justin Chee Ting Hwang, MRICS, MRISM, MPEPS, Registered Valuer (V-774) of Knight Frank Malaysia Sdn Bhd (200201017816 (585479-A) (VE (1) 0141)). The valuation of the freehold property was adopted for the financial year ended 31 December 2024. The recognised revalued amount was based on the valuation exercise performed as at 31 December 2024.

Under the income approach by discounted cash flow method, the market value of the property is determined based on estimation of future annual cash flows over an investment horizon from valuation date by reference to expected revenue growth rates, operating expenses and terminal value. The present value of future cash flow is then determined by the application of an appropriate discount rate to derive a net present value of the property as at the valuation date.

**Fair value hierarchy**

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:-

- Level 1 - Fair value is derived from unadjusted quoted price in active markets for identical properties that the entity can access at the measurement date.
- Level 2 - Fair value is estimated using inputs that are observable for the properties, either directly or indirectly.
- Level 3 - Fair value is estimated using unobservable inputs for the properties.

The fair value of the freehold property is classified within Level 3 of the fair value hierarchy. There were no transfers between Level 1, 2, and 3 of the fair value hierarchy during the current and previous financial years.

The fair value of the property is as follows:

	2024 RM'000	2023 RM'000
Fair value as stated in valuation report	10,200	10,200

The reconciliation from beginning to ending balances for the freehold property is as disclosed on page 73 and page 74.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**4. PROPERTY AND EQUIPMENT (CONTINUED)**

Description of valuation techniques used and significant unobservable inputs to valuation of the freehold property are as set out below:

	Valuation technique	Significant unobservable inputs	Range
2024			
Freehold property	Income approach DCF Method	Projected period Projected occupancy Projected gross revenue (office and retail) Compounded annual growth rate ("CAGR") on revenue Projected outgoings (office and retail) CAGR on outgoings (office and retail) Discount rate	10 years 96.29% to 98.05% RM4.80 psf to RM5.93 psf 2.15% RM2.00 psf to RM2.29 psf 1.55% 8.00%
2023			
Freehold property	Income approach DCF Method	Projected period Projected occupancy Projected gross revenue (office and retail) Compounded annual growth rate ("CAGR") on revenue Projected outgoings (office and retail) CAGR on outgoings (office and retail) Discount rate	10 years 92.08% to 94.73% RM4.79 psf to RM5.84 psf 2.22% RM1.80 psf to RM2.07 psf 1.55% 8.00%

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the freehold property.

**5. INVESTMENT PROPERTY**

	Note	2024 RM'000	2023 RM'000
At 1 January		46,942	46,318
Additions		1,394	-
Transfer from property and equipment		1,819	-
Fair value (loss)/gain	15	(2,213)	624
At 31 December		<u>47,942</u>	<u>46,942</u>
Represented by:			
Freehold property		<u>47,942</u>	<u>46,942</u>

The following are amounts arising from investment property that have been recognised in the profit or loss during the financial year:

	2024 RM'000	2023 RM'000
Rental income (note 15)	2,993	2,914
Direct operating expenses arising from investment property that generate rental income	(1,962)	(2,115)
Direct operating expenses arising from investment property that did not generate rental income	<u>(322)</u>	<u>(322)</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**5. INVESTMENT PROPERTY (CONTINUED)**

The fair value of the Company's investment property is determined based on the income approach by discounted cash flow method ("DCF method") conducted by an independent qualified valuer, Justin Chee Ting Hwang, MRICS, MRISM, MPEPS, Registered Valuer (V-774) of Knight Frank Malaysia Sdn Bhd (200201017816 (585479-A) (VE (1) 0141)). The valuation of the investment property was adopted for the financial year ended 31 December 2024. The recognised revalued amount was based on the valuation exercise performed as at 31 December 2024.

Under the income approach by discounted cash flow method, the market value of the property is determined based on estimation of future annual cash flows over an investment horizon from valuation date by reference to expected revenue growth rates, operating expenses and terminal value. The present value of future cash flow is then determined by the application of an appropriate discount rate to derive a net present value of the property as at the valuation date.

The fair value of the investment property is categorised under Level 3 of the fair value hierarchy. There were no transfers between Level 1, 2, and 3 of the fair value hierarchy during the current and previous financial years.

The description of valuation techniques used and significant unobservable inputs to the valuation of the investment property are as set out below:

	Valuation technique	Significant unobservable inputs	Range
2024			
Investment property	Income approach DCF Method	Projected period	10 years
		Projected occupancy	96.29% to 98.05%
		Projected gross revenue (office and retail)	RM4.80 psf to RM5.93 psf
		Compounded annual growth rate ("CAGR") on revenue	2.15%
		Projected outgoings (office and retail)	RM2.00 psf to RM2.29 psf
		CAGR on outgoings (office and retail)	1.55%
		Discount rate	8.00%
2023			
Investment property	Income approach DCF Method	Projected period	10 years
		Projected occupancy	92.08% to 94.73%
		Projected gross revenue (office and retail)	RM4.79 psf to RM5.84 psf
		Compounded annual growth rate ("CAGR") on revenue	2.22%
		Projected outgoings (office and retail)	RM1.80 psf to RM2.07 psf
		CAGR on outgoings (office and retail)	1.55%
		Discount rate	8.00%

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment property.

The reconciliation from beginning to ending balances for investment property is as disclosed on page 76.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INTANGIBLE ASSETS**

		<b>Exclusive right RM'000</b>	<b>Computer software RM'000</b>	<b>Computer software in progress RM'000</b>	<b>Distribution agreement RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>						
1 January 2023		43,000	15,513	5,434	28,739	92,686
Additions		106,637	216	3,384	-	110,237
Transfer to computer software		-	3,606	(3,606)	-	-
Write off	16	-	(1)	(1,957)	-	(1,958)
At 31 December 2023/1 January 2024		149,637	19,334	3,255	28,739	200,965
Additions		-	27	2,168	-	2,195
Transfer to computer software		-	2,545	(2,545)	-	-
Write off		-	(5)	-	-	(5)
At 31 December 2024		149,637	21,901	2,878	28,739	203,155



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**6. INTANGIBLE ASSETS (CONTINUED)**

	Note	Exclusive right RM'000	Computer software RM'000	Computer software in progress RM'000	Distribution agreement RM'000	Total RM'000
<b>Accumulated amortisation</b>						
At 1 January 2023		43,000	11,030	-	118	54,148
Amortisation during the financial year	16	1,199	2,154	-	39	3,392
Write off		-	(1)	-	-	(1)
At 31 December 2023/1 January 2024		44,199	13,183	-	157	57,539
Amortisation during the financial year	16	3,566	3,067	-	513	7,146
Write off		-	(5)	-	-	(5)
At 31 December 2024		47,765	16,245	-	670	64,680
<b>Net carrying amount</b>						
At 31 December 2024		101,872	5,656	2,878	28,069	138,475
At 31 December 2023		105,438	6,151	3,255	28,582	143,426

The Exclusive right is a definite life intangible asset and relates to a 10-year exclusive bancassurance agreement entered into between the Company and Alliance Bank Malaysia Berhad ("ABMB") on 13 June 2013. The Exclusive right was extended for a further 15 years on 28 July 2023 and is amortised in accordance with note 2(c)(i).

The distribution agreement relates to a 20-year distribution right entered into between the Company and an agency leadership corporation on 23 September 2019 and is amortised in accordance with note 2(c)(iii). The distribution right is partially paid at the reporting dates. The remaining amount payable under the distribution agreement over the contract term is as disclosed in note 12(ii).

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**7. FINANCIAL ASSETS**
**(a) Fair value through other comprehensive income**

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Securities	681,278	473,348
Government Investment Issues	535,550	476,257
Corporate debt securities		
- Unquoted in Malaysia	2,249,224	2,201,730
Accrued interest	37,861	35,951
Total mandatorily measured at FVOCI	<u>3,503,913</u>	<u>3,187,286</u>
Current	189,832	264,963
Non-current	<u>3,314,081</u>	<u>2,922,323</u>
	<u>3,503,913</u>	<u>3,187,286</u>

**(b) Fair value through profit or loss**

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity securities		
- Quoted in Malaysia	612,833	592,647
- Quoted outside Malaysia	20,580	58,359
- Unquoted in Malaysia	18,025	10,928
Private Equity Funds		
- Unquoted outside Malaysia	73,179	55,492
Structured product	152,675	66,146
Real estate investment trusts	6,686	13,513
Unit trust funds		
- Investment in subsidiaries* (i)	542,141	572,871
Forward foreign exchange contract	2,023	1,153
Accrued interest	2,007	1,116
Total mandatorily measured at FVTPL	<u>1,430,149</u>	<u>1,372,225</u>
Current	<u>1,430,149</u>	<u>1,372,225</u>

\* Being investment in unit trust funds managed by a related company.

**(i) Unit trust funds – investment in subsidiaries**

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At fair value	<u>542,141</u>	<u>572,871</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**7. FINANCIAL ASSETS (CONTINUED)**

**(b) Fair value through profit or loss (continued)**

**(i) Unit trust funds – investment in subsidiaries (continued)**

Details of the Company's unit trust funds – investment in subsidiaries in Malaysia are as follows:

Name of wholesale unit trust fund	Principal activities	% of ownership held by the Company	
		31.12.2024	31.12.2023
Manulife Cash Management Fund	Investment in money market fund	89.2	91.0
Manulife Wholesale Corporate Bond Fund	Investment in corporate bonds	78.1	90.9
Manulife Wholesale Government Bond Fund	Investment in sovereign bonds	78.0	90.7

**(c) Financial asset/(liability) at fair value through profit or loss**

Derivatives

The table below shows the fair value of derivative financial instruments, recorded as asset or liability, together with their notional amounts. The notional amount, recorded gross, is the amount of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. Derivative financial instruments are recognised as financial asset or financial liability in accordance with the policy described in note 2(e)(i)(4) and note 2(g).

	Notional amount	Fair value gain recognised as		Net carrying amount
		Financial asset	Financial liability	
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2024</b>				
<b>Hedging derivative:</b>				
Forward foreign exchange contract				
- Less than 1 year	63,343	2,023	-	2,023
<b>31 December 2023</b>				
<b>Hedging derivative:</b>				
Forward foreign exchange contract				
- Less than 1 year	54,018	1,153	-	1,153

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. FINANCIAL ASSETS AT AMORTISED COST**

	<b>31.12.2024</b> <b>RM'000</b>	<b>31.12.2023</b> <b>RM'000</b>
Loans receivable:		
Mortgage loans	20,685	21,705
Staff loans	245	421
Other unsecured loan	7,088	5,747
	<u>28,018</u>	<u>27,873</u>
Allowance for impairment loss	(90)	(90)
(i)	<u>27,928</u>	<u>27,783</u>
Other receivables:		
Amount due from related companies (note 24)	3,925	1,979
Accrued dividend income	277	737
Accrued rental income	73	139
Deposits	813	865
Net investment in sublease	25	51
(iii)	<u>3,100</u>	<u>1,941</u>
Other debtors	8,213	5,712
(ii)	<u>8,213</u>	<u>5,712</u>
Total	<u>36,141</u>	<u>33,495</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**8. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)**

	<b>31.12.2024</b> <b>RM'000</b>	<b>31.12.2023</b> <b>RM'000</b>
(i) Loans receivable:		
Receivable within 12 months	1,584	1,637
Receivable after 12 months	26,344	26,146
	<u>27,928</u>	<u>27,783</u>
(ii) Other receivables:		
Receivable within 12 months	7,400	4,847
Receivable after 12 months	813	865
	<u>8,213</u>	<u>5,712</u>

The carrying amount of other receivables approximate fair values due to the relatively short-term maturity of these balances. The carrying amount of loans receivable approximates fair value due to the insignificant impact of discounting.

- (iii) Net investment in sublease relates to a 3-year sub-tenancy agreement entered into between the Company and Manulife Investment Management (M) Berhad, where the Company is the sublessor.

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
At 1 January	51	76
Interest income on sublease	1	2
Rent collection from sub-tenant	(27)	(27)
At 31 December	<u>25</u>	<u>51</u>

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
Up to a year	25	27
1-3 years	-	25
Total undiscounted lease payments receivable	<u>25</u>	<u>52</u>
Unearned finance income	-	(1)
At 31 December	<u>25</u>	<u>51</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**9. LEASES**

**(a) Right-of-use assets**

	<b>Office Rental RM'000</b>	<b>Total RM'000</b>
At 1 January 2023	2,306	2,306
Additions	620	620
Depreciation	(1,121)	(1,121)
At 31 December 2023/1 January 2024	1,805	1,805
Additions	310	310
Depreciation	(1,042)	(1,042)
At 31 December 2024	1,073	1,073

This note provides information for leases where the Company is a lessee.

The Company has entered into operating lease agreements for office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 3 years.

The Company also has certain leases of office equipment with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in profit or loss:

	<b>Note</b>	<b>2024 RM'000</b>	<b>2023 RM'000</b>
Depreciation expense of right-of-use assets	16	1,042	1,121
Interest expense on lease liabilities	23	56	63
Expense related to short-term leases	16	1,367	1,327
Expense related to leases of low-value assets	16	27	91
Total amount recognised in profit or loss		2,492	2,602

The total cash outflow for leases in 2024 was RM2,515,000 (2023: RM2,619,000).

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**9. LEASES (CONTINUED)**

**(b) Lease liabilities**

	<b>Office Rental RM'000</b>	<b>Total RM'000</b>
<b>Lease liabilities</b>		
At 1 January 2023	2,402	2,402
Increase	620	620
Payment of lease liabilities	(1,201)	(1,201)
Interest expense on lease liabilities	63	63
At 31 December 2023/1 January 2024	1,884	1,884
Increase	310	310
Payment of lease liabilities	(1,121)	(1,121)
Interest expense on lease liabilities	56	56
At 31 December 2024	1,129	1,129
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
Of which are:		
Current lease liabilities	800	1,001
Non-current lease liabilities	329	883
	1,129	1,884

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES**

**(a) Composition**

Portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

The components of net insurance and reinsurance contract (assets) and liabilities are shown below:

	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>Net RM'000</b>
<b>31 December 2024</b>			
Insurance contracts issued	-	3,835,706	3,835,706
Reinsurance contracts held	(2,115)	16,917	14,802
Segregated funds	-	1,631,232	1,631,232
Net insurance and reinsurance contracts liabilities	(2,115)	5,483,855	5,481,740
<b>31 December 2023</b>			
Insurance contracts issued	-	3,577,265	3,577,265
Reinsurance contracts held	(303)	32,905	32,602
Segregated funds	-	1,406,253	1,406,253
Net insurance and reinsurance contracts liabilities	(303)	5,016,423	5,016,120

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(b) Movements in carrying amounts of insurance and reinsurance contracts.**

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year for each reporting segment. The changes are due to cashflows and amounts recognised in the statement of profit or loss and statement of total comprehensive income.

There are two types of tables presented:

- Tables which analyse movements in the liabilities for remaining coverage and liabilities for incurred claims separately and reconcile them to the relevant statement of profit or loss and statement of total comprehensive income line items.
- Tables which analyse movements of contracts by measurement components including estimates of the present value of future cash flows, risk adjustment and CSM for portfolios.

Included within the 'Cash flows and other movements' in the following tables are amounts that are transferred to other items in the statement of financial position. The fulfilment cash flows may include amounts that are in the scope of a standard other than MFRS 17. For example, the Company has included some building depreciation costs in the fulfilment cash flows under paragraph B65(I) of MFRS 17. The Company removes such costs from the fulfilment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. property and equipment) in accordance with the other standard.



**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**
**(i) Insurance contracts issued - analysis by remaining coverage and incurred claims**

The following table presents the movement in the net assets or liabilities for insurance contracts issued, showing the liabilities for remaining coverage and the liabilities for incurred claims.

	<b>Liabilities for remaining coverage</b>		<b>Liability for incurred claims</b>		
	<b>Exclude loss component RM'000</b>	<b>Loss component RM'000</b>	<b>Products not under PAA RM'000</b>	<b>PAA Estimates of PV of future cash flows and risk adjustment for non-financial risk RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2024</b>					
Insurance contract liabilities	3,333,506	46,783	196,725	251	3,577,265
Segregated funds insurance net liabilities	1,406,253	-	-	-	1,406,253
	<u>4,739,759</u>	<u>46,783</u>	<u>196,725</u>	<u>251</u>	<u>4,983,518</u>
<b>Insurance revenue</b>					
Expected incurred claims and other insurance service expenses	(254,595)	-	-	-	(254,595)
Change in risk adjustment for non-financial risk expired	(30,103)	-	-	-	(30,103)
CSM recognised for service provided	(71,994)	-	-	-	(71,994)
Recovery of insurance acquisition cashflows	(68,000)	-	-	-	(68,000)
Contracts under PAA	(7,351)	-	-	-	(7,351)
	<u>(432,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(432,043)</u>
<b>Insurance service expense</b>					
Incurred claims and other insurance service expenses	-	-	280,350	5,887	286,237
Losses and reversal of losses on onerous contracts (future service)	-	4,801	-	-	4,801
Amortisation of insurance acquisition cashflow	69,315	-	-	-	69,315
	<u>69,315</u>	<u>4,801</u>	<u>280,350</u>	<u>5,887</u>	<u>360,353</u>
<b>Investment components and premium refunds</b>	(333,720)	-	333,720	-	-
<b>Insurance service result</b>	(696,448)	4,801	614,070	5,887	(71,690)
Insurance finance expense	223,087	382	9,198	7	232,674
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>(473,361)</u>	<u>5,183</u>	<u>623,268</u>	<u>5,894</u>	<u>160,984</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**

**(i) Insurance contracts issued - analysis by remaining coverage and incurred claims (continued)**

The following table presents the movement in the net assets or liabilities for insurance contracts issued, showing the liabilities for remaining coverage and the liabilities for incurred claims. (continued)

	<u>Liabilities for remaining coverage</u>		<u>Liability for incurred claims</u>		<u>Total</u> <u>RM'000</u>
	<u>Exclude loss component</u> <u>RM'000</u>	<u>Loss component</u> <u>RM'000</u>	<u>Products not under PAA</u> <u>RM'000</u>	<u>PAA Estimates of PV of future cash flows and risk adjustment for non-financial risk</u> <u>RM'000</u>	
<b>(Continued)</b>					
<b>Cash flows and other movements</b>					
Premiums and premium tax received	960,579	-	-	-	960,579
Claims and other insurance service expenses paid, including investment components	-	-	(598,784)	(494)	(599,278)
Insurance acquisition cash flows	(263,844)	-	-	-	(263,844)
Total cash flows and other movements	696,735	-	(598,784)	(494)	97,457
<b>Movements related to segregated funds insurance net liabilities</b>	224,979	-	-	-	224,979
<b>At 31 December 2024</b>					
Insurance contract liabilities	3,556,880	51,966	221,209	5,651	3,835,706
Segregated funds insurance net liabilities	1,631,232	-	-	-	1,631,232
	<u>5,188,112</u>	<u>51,966</u>	<u>221,209</u>	<u>5,651</u>	<u>5,466,938</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**

**(i) Insurance contracts issued – analysis by remaining coverage and incurred claims (continued)**

	<b>Liabilities for remaining coverage</b>		<b>Liability for incurred claims</b>		
	<b>Exclude loss component RM'000</b>	<b>Loss component RM'000</b>	<b>Products not under PAA RM'000</b>	<b>PAA Estimates of PV of future cash flows and risk adjustment for non-financial risk RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2023</b>					
Insurance contract liabilities	3,070,613	45,752	165,730	1	3,282,096
Segregated funds insurance net liabilities	1,324,405	-	-	-	1,324,405
	<u>4,395,018</u>	<u>45,752</u>	<u>165,730</u>	<u>1</u>	<u>4,606,501</u>
<b>Insurance revenue</b>					
Expected incurred claims and other insurance service expenses	(225,539)	-	-	-	(225,539)
Change in risk adjustment for non-financial risk expired	(35,048)	-	-	-	(35,048)
CSM recognised for service provided	(46,741)	-	-	-	(46,741)
Recovery of insurance acquisition cashflows	(40,761)	-	-	-	(40,761)
Contracts under PAA	(5,380)	-	-	-	(5,380)
	<u>(353,469)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(353,469)</u>
<b>Insurance service expense</b>					
Incurred claims and other insurance service expenses	-	-	250,617	(690)	249,927
Losses and reversal of losses on onerous contracts (future service)	-	650	-	-	650
Amortisation of insurance acquisition cashflow	41,656	-	-	-	41,656
	<u>41,656</u>	<u>650</u>	<u>250,617</u>	<u>(690)</u>	<u>292,233</u>
<b>Investment components and premium refunds</b>	(318,899)	-	318,899	-	-
<b>Insurance service result</b>	(630,712)	650	569,516	(690)	(61,236)
Insurance finance expense	250,290	381	9,788	-	260,459
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>(380,422)</u>	<u>1,031</u>	<u>579,304</u>	<u>(690)</u>	<u>199,223</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**

**(i) Insurance contracts issued - analysis by remaining coverage and incurred claims (continued)**

	<b>Liabilities for remaining coverage</b>		<b>Liability for incurred claims</b>		
	<b>Exclude loss component RM'000</b>	<b>Loss component RM'000</b>	<b>Products not under PAA RM'000</b>	<b>PAA Estimates of PV of future cash flows and risk adjustment for non-financial risk RM'000</b>	<b>Total RM'000</b>
<b>(Continued)</b>					
<b>Cash flows and other movements</b>					
Premiums and premium tax received	879,588	-	-	-	879,588
Claims and other insurance service expenses paid, including investment components	-	-	(548,309)	940	(547,369)
Insurance acquisition cash flows	(236,273)	-	-	-	(236,273)
Total cash flows and other movements	643,315	-	(548,309)	940	95,946
<b>Movements related to segregated funds insurance net liabilities</b>	81,848	-	-	-	81,848
<b>At 31 December 2023</b>					
Insurance contract liabilities	3,333,506	46,783	196,725	251	3,577,265
Segregated funds insurance net liabilities	1,406,253	-	-	-	1,406,253
	<u>4,739,759</u>	<u>46,783</u>	<u>196,725</u>	<u>251</u>	<u>4,983,518</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**
**(ii) Insurance contracts issued – analysis by measurement components**

The following table presents the movement in the net assets or liabilities for insurance contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM.

	Estimates of PV of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM		Total RM'000
			Fair value RM'000	Others RM'000	
<b>At 1 January 2024</b>					
Insurance contract liabilities	2,932,899	224,490	308,204	111,672	3,577,265
Segregated funds					
insurance net liabilities	1,406,253	-	-	-	1,406,253
	<u>4,339,152</u>	<u>224,490</u>	<u>308,204</u>	<u>111,672</u>	<u>4,983,518</u>
<b>Changes that relate to current services</b>					
CSM recognised for services provided	-	-	(55,332)	(16,662)	(71,994)
Change in risk adjustment for non-financial risk expired	-	(30,103)	-	-	(30,103)
Experience adjustments	25,606	-	-	-	25,606
	<u>25,606</u>	<u>(30,103)</u>	<u>(55,332)</u>	<u>(16,662)</u>	<u>(76,491)</u>
<b>Changes that relate to future services</b>					
Contracts initially recognised in the year	(52,971)	26,812	-	32,747	6,588
Changes in estimates that adjust the CSM	(81,465)	10,912	69,794	759	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	516	(2,303)	-	-	(1,787)
	<u>(133,920)</u>	<u>35,421</u>	<u>69,794</u>	<u>33,506</u>	<u>4,801</u>
<b>Insurance service results</b>	(108,314)	5,318	14,462	16,844	(71,690)
Insurance finance expenses	221,947	4,449	3,455	2,823	232,674
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>113,633</u>	<u>9,767</u>	<u>17,917</u>	<u>19,667</u>	<u>160,984</u>
<b>Cash flows and other movements</b>	97,457	-	-	-	97,457
<b>Movements related to segregated fund insurance net liabilities</b>	224,979	-	-	-	224,979
<b>At 31 December 2024</b>					
Insurance contract liabilities	3,143,989	234,257	326,121	131,339	3,835,706
Segregated funds					
insurance net liabilities	1,631,232	-	-	-	1,631,232
	<u>4,775,221</u>	<u>234,257</u>	<u>326,121</u>	<u>131,339</u>	<u>5,466,938</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**
**(ii) Insurance contracts issued - analysis by measurement components (continued)**

	Estimates of PV of future cash flows	Risk adjustments for non- financial risk	CSM		Total
			Fair value	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2023</b>					
Insurance contract liabilities	2,684,357	282,573	225,582	89,584	3,282,096
Segregated funds					
insurance net liabilities	1,324,405	-	-	-	1,324,405
	<u>4,008,762</u>	<u>282,573</u>	<u>225,582</u>	<u>89,584</u>	<u>4,606,501</u>
<b>Changes that relate to current services</b>					
CSM recognised for services provided	-	-	(35,041)	(11,700)	(46,741)
Change in risk adjustment for non-financial risk expired	-	(35,048)	-	-	(35,048)
Experience adjustments	19,903	-	-	-	19,903
	<u>19,903</u>	<u>(35,048)</u>	<u>(35,041)</u>	<u>(11,700)</u>	<u>(61,886)</u>
<b>Changes that relate to future services</b>					
Contracts initially recognised in the year	(45,748)	34,275	-	26,333	14,860
Changes in estimates that adjust the CSM	(59,497)	(60,326)	113,799	6,024	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(14,390)	180	-	-	(14,210)
	<u>(119,635)</u>	<u>(25,871)</u>	<u>113,799</u>	<u>32,357</u>	<u>650</u>
<b>Insurance service results</b>	(99,732)	(60,919)	78,758	20,657	(61,236)
Insurance finance expenses	252,328	2,836	3,864	1,431	260,459
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>152,596</u>	<u>(58,083)</u>	<u>82,622</u>	<u>22,088</u>	<u>199,223</u>
<b>Cash flows and other movements</b>	95,946	-	-	-	95,946
<b>Movements related to segregated fund insurance net liabilities</b>	81,848	-	-	-	81,848
<b>At 31 December 2023</b>					
Insurance contract liabilities	2,932,899	224,490	308,204	111,672	3,577,265
Segregated funds					
insurance net liabilities	1,406,253	-	-	-	1,406,253
	<u>4,339,152</u>	<u>224,490</u>	<u>308,204</u>	<u>111,672</u>	<u>4,983,518</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**
**(iii) Reinsurance contracts held - Analysis by remaining coverage and incurred claims**

The following table presents the movement in the net assets or liabilities for reinsurance contracts held, showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers.

	<b>Liabilities for remaining coverage</b>		<b>Amount recoverable : incurred claims</b>	
	<b>Excluding loss recovery component RM'000</b>	<b>Loss recovery component RM'000</b>	<b>RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2024</b>				
Reinsurance contract assets	787	-	(1,090)	(303)
Reinsurance contract liabilities	61,123	(1,939)	(26,279)	32,905
	<u>61,910</u>	<u>(1,939)</u>	<u>(27,369)</u>	<u>32,602</u>
<b>Allocation of reinsurance premiums paid</b>				
Expected recovery for claims and other expenses	46,772	-	-	46,772
Change in risk adjustment for non-financial risk expired	2,242	-	-	2,242
Net cost/gain recognised	8,774	-	-	8,774
Experience refunds	(3,602)	-	-	(3,602)
	<u>54,186</u>	<u>-</u>	<u>-</u>	<u>54,186</u>
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and expenses	-	470	(52,619)	(52,149)
Change in risk adjustment for non-financial risk expired	-	40	-	40
Recoveries of losses and reversal of loss recovery on onerous contracts (future service)	-	(821)	-	(821)
	<u>-</u>	<u>(311)</u>	<u>(52,619)</u>	<u>(52,930)</u>
<b>Net expenses from reinsurance contracts</b>	54,186	(311)	(52,619)	1,256
Reinsurance finance expense/(income)	5,620	(80)	-	5,540
Effect of changes in non-performance risk of reinsurers	108	-	-	108
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>59,914</u>	<u>(391)</u>	<u>(52,619)</u>	<u>6,904</u>
<b>Cash flows</b>				
Premiums paid	(60,688)	-	-	(60,688)
Amounts received	-	-	35,984	35,984
Total cash flows	<u>(60,688)</u>	<u>-</u>	<u>35,984</u>	<u>(24,704)</u>
<b>At 31 December 2024</b>				
Reinsurance contract assets	1,555	-	(3,670)	(2,115)
Reinsurance contract liabilities	59,581	(2,330)	(40,334)	16,917
	<u>61,136</u>	<u>(2,330)</u>	<u>(44,004)</u>	<u>14,802</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**

**(iii) Reinsurance contracts held - Analysis by remaining coverage and incurred claims (continued)**

	<b>Liabilities for remaining coverage</b>		<b>Amount recoverable : incurred claims</b>	
	<b>Excluding loss recovery component RM'000</b>	<b>Loss recovery component RM'000</b>	<b>RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2023</b>				
Reinsurance contract assets	844	-	(1,159)	(315)
Reinsurance contract liabilities	83,611	(74)	(30,687)	52,850
	<u>84,455</u>	<u>(74)</u>	<u>(31,846)</u>	<u>52,535</u>
<b>Allocation of reinsurance premiums paid</b>				
Expected recovery for claims and other expenses	44,556	-	-	44,556
Change in risk adjustment for non-financial risk expired	1,854	-	-	1,854
Net cost/gain recognised	9,836	-	-	9,836
Experience refunds	(3,833)	-	-	(3,833)
	<u>52,413</u>	<u>-</u>	<u>-</u>	<u>52,413</u>
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and expenses	-	449	(47,809)	(47,360)
Change in risk adjustment for non-financial risk expired	-	45	-	45
Recoveries of losses and reversal of loss recovery on onerous contracts (future service)	-	(2,315)	-	(2,315)
	<u>-</u>	<u>(1,821)</u>	<u>(47,809)</u>	<u>(49,630)</u>
<b>Net expenses from reinsurance contracts</b>	52,413	(1,821)	(47,809)	2,783
Reinsurance finance expense/(income)	4,092	(44)	-	4,048
Effect of changes in non-performance risk of reinsurers	(103)	-	-	(103)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>56,402</u>	<u>(1,865)</u>	<u>(47,809)</u>	<u>6,728</u>
<b>Cash flows</b>				
Premiums paid	(78,947)	-	-	(78,947)
Amounts received	-	-	52,286	52,286
<b>Total cash flows</b>	<u>(78,947)</u>	<u>-</u>	<u>52,286</u>	<u>(26,661)</u>
<b>At 31 December 2023</b>				
Reinsurance contract assets	787	-	(1,090)	(303)
Reinsurance contract liabilities	61,123	(1,939)	(26,279)	32,905
	<u>61,910</u>	<u>(1,939)</u>	<u>(27,369)</u>	<u>32,602</u>



**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**
**(iv) Reinsurance contracts held - analysis by measurement components**

The following table presents the movement in the net assets or liabilities for reinsurance contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM.

	Estimates of PV of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM		Total RM'000
			Fair value RM'000	Other RM'000	
<b>At 1 January 2024</b>					
Reinsurance contract assets	(303)	-	-	-	(303)
Reinsurance contract liabilities	95,222	(24,472)	(34,380)	(3,465)	32,905
	<u>94,919</u>	<u>(24,472)</u>	<u>(34,380)</u>	<u>(3,465)</u>	<u>32,602</u>
<b>Changes that relate to current services</b>					
Net cost/gain recognised	-	-	7,520	1,254	8,774
Change in risk adjustment for non-financial risk expired	-	2,282	-	-	2,282
Experience adjustments	(8,979)	-	-	-	(8,979)
	<u>(8,979)</u>	<u>2,282</u>	<u>7,520</u>	<u>1,254</u>	<u>2,077</u>
<b>Changes that relate to future services</b>					
Contracts initially recognised in the year	(4,689)	(5,204)	-	7,831	(2,062)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	(289)	(289)
Changes in estimates that adjust the CSM	(2,584)	1,407	3,271	(2,094)	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	1,530	-	-	-	1,530
	<u>(5,743)</u>	<u>(3,797)</u>	<u>3,271</u>	<u>5,448</u>	<u>(821)</u>
<b>Net expenses from reinsurance contracts</b>	(14,722)	(1,515)	10,791	6,702	1,256
Reinsurance finance expense/(income)	7,365	(1,194)	(699)	68	5,540
Effect of changes in non- performance risk of reinsurers	108	-	-	-	108
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>(7,249)</u>	<u>(2,709)</u>	<u>10,092</u>	<u>6,770</u>	<u>6,904</u>
<b>Cash flows</b>	(24,704)	-	-	-	(24,704)
<b>At 31 December 2024</b>					
Reinsurance contract assets	(2,115)	-	-	-	(2,115)
Reinsurance contract liabilities	65,081	(27,181)	(24,288)	3,305	16,917
	<u>62,966</u>	<u>(27,181)</u>	<u>(24,288)</u>	<u>3,305</u>	<u>14,802</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(b) Movements in carrying amounts of insurance and reinsurance contracts (continued)**
**(iv) Reinsurance contracts held - analysis by measurement components (continued)**

	Estimates of PV of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM		Total RM'000
			Fair value RM'000	Other RM'000	
<b>At 1 January 2023</b>					
Reinsurance contract assets	10,190	(1,922)	(8,582)	(1)	(315)
Reinsurance contract liabilities	91,443	(15,232)	(21,850)	(1,511)	52,850
	<u>101,633</u>	<u>(17,154)</u>	<u>(30,432)</u>	<u>(1,512)</u>	<u>52,535</u>
<b>Changes that relate to current services</b>					
Net cost/gain recognised	-	-	8,808	1,028	9,836
Change in risk adjustment for non-financial risk expired	-	1,899	-	-	1,899
Experience adjustments	(6,637)	-	-	-	(6,637)
	<u>(6,637)</u>	<u>1,899</u>	<u>8,808</u>	<u>1,028</u>	<u>5,098</u>
<b>Changes that relate to future services</b>					
Contracts initially recognised in the year	(3,366)	(5,027)	-	7,139	(1,254)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	(1,223)	(1,223)
Changes in estimates that adjust the CSM	24,068	(3,119)	(12,070)	(8,879)	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(26)	188	-	-	162
	<u>20,676</u>	<u>(7,958)</u>	<u>(12,070)</u>	<u>(2,963)</u>	<u>(2,315)</u>
<b>Net expenses from reinsurance contracts</b>	14,039	(6,059)	(3,262)	(1,935)	2,783
Reinsurance finance expense/(income)	6,011	(1,259)	(686)	(18)	4,048
Effect of changes in non- performance risk of reinsurers	(103)	-	-	-	(103)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<u>19,947</u>	<u>(7,318)</u>	<u>(3,948)</u>	<u>(1,953)</u>	<u>6,728</u>
<b>Cash flows</b>	(26,661)	-	-	-	(26,661)
<b>At 31 December 2023</b>					
Reinsurance contract assets	(303)	-	-	-	(303)
Reinsurance contract liabilities	95,222	(24,472)	(34,380)	(3,465)	32,905
	<u>94,919</u>	<u>(24,472)</u>	<u>(34,380)</u>	<u>(3,465)</u>	<u>32,602</u>

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(c) Insurance revenue by transition approaches**

The following table provides information as a supplement to the insurance revenue disclosures in note 10(b).

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Life insurance contracts issued</b>		
Contracts under fair value approach	233,424	228,162
Contracts under full retrospective approach	46,606	48,404
Other contracts	152,013	76,903
	<u>432,043</u>	<u>353,469</u>
<b>Reinsurance contracts held</b>		
Contracts under fair value approach	(47,620)	(56,475)
Contracts under full retrospective approach	(4,722)	1,168
Other contracts	(1,844)	2,894
	<u>(54,186)</u>	<u>(52,413)</u>

**(d) Effect of new business recognised in the year**

(i) The following tables present components of new business for insurance contracts issued.

	<b>2024</b>	
	<b>Non- Onerous RM'000</b>	<b>Onerous RM'000</b>
Estimates of present value of future cash outflows	(436,000)	(216,529)
Insurance acquisition cash flows	(141,800)	(90,784)
Claims and other insurance service expenses payable	(294,200)	(125,745)
Estimates of present value of future cash inflows	480,357	225,143
Risk adjustment for non-financial risk	(11,610)	(15,202)
Contractual service margin	(32,747)	-
Losses on onerous contracts at initial recognition	-	(6,588)
	<u>-</u>	<u>(6,588)</u>
	<b>2023</b>	
	<b>Non- Onerous RM'000</b>	<b>Onerous RM'000</b>
Estimates of present value of future cash outflows	(304,752)	(338,200)
Insurance acquisition cash flows	(94,425)	(125,866)
Claims and other insurance service expenses payable	(210,327)	(212,334)
Estimates of present value of future cash inflows	342,017	346,683
Risk adjustment for non-financial risk	(10,932)	(23,343)
Contractual service margin	(26,333)	-
Losses on onerous contracts at initial recognition	-	(14,860)
	<u>-</u>	<u>(14,860)</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(d) Effect of new business recognised in the year (continued)**

(ii) The following tables present components of new business for reinsurance contracts held.

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Estimates of present value of future cash outflows	(50,651)	(36,016)
Estimates of present value of future cash inflows	55,340	39,382
Risk adjustment for non-financial risk	5,204	5,027
Contractual service margin	(7,831)	(7,139)
Recoveries of losses on onerous contracts at initial recognition	<u>2,062</u>	<u>1,254</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(e) Expected recognition of contractual service margin**

	<b>Less than 1 year RM'000</b>	<b>1 to 5 years RM'000</b>	<b>5 to 10 years RM'000</b>	<b>10 to 20 years RM'000</b>	<b>More than 20 years RM'000</b>	<b>Total RM'000</b>
<b>31 December 2024</b>						
Insurance contracts issued	55,190	168,787	118,076	88,355	27,052	457,460
Reinsurance contracts held	(5,431)	(8,666)	(3,538)	(2,721)	(627)	(20,983)
	<u>49,759</u>	<u>160,121</u>	<u>114,538</u>	<u>85,634</u>	<u>26,425</u>	<u>436,477</u>
<b>31 December 2023</b>						
Insurance contracts issued	51,347	155,133	108,615	81,032	23,749	419,876
Reinsurance contracts held	(8,985)	(16,579)	(6,141)	(4,906)	(1,234)	(37,845)
	<u>42,362</u>	<u>138,554</u>	<u>102,474</u>	<u>76,126</u>	<u>22,515</u>	<u>382,031</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(f) Investment income and insurance finance income and expense**

For the year ended 31 December 2024	Insurance contracts RM'000	Non- insurance RM'000	Total RM'000
<b>Total investment income</b>	<b>306,494</b>	<b>21,484</b>	<b>327,978</b>
Portion recognised in statement of profit or loss (Note 15)	302,425	21,484	323,909
Portion recognised in other comprehensive income	4,069	-	4,069
<b>Insurance finance expense from insurance contracts issued and effect of movement in exchange rates</b>			
Interest accreted to insurance contracts using locked-in rate	(48,348)	-	(48,348)
Due to changes in interest rates and other financial assumptions	(31,300)	-	(31,300)
Changes in fair value of underlying items of direct participation contracts <sup>1</sup>	(125,794)	-	(125,794)
Effects of risk mitigation option	690	-	690
Net foreign exchange expense	3	-	3
Other insurance finance expenses	(27,925)	-	(27,925)
<b>Total insurance finance expense from insurance contracts issued</b>	<b>(232,674)</b>	<b>-</b>	<b>(232,674)</b>
Portion recognised in statement of profit or loss	(229,653)	-	(229,653)
Portion recognised in other comprehensive income	(3,021)	-	(3,021)
<b>Reinsurance finance expense from reinsurance contracts held and effect of movement in foreign exchange rates</b>			
Interest accreted to reinsurance contracts using locked-in rate	(1,311)	-	(1,311)
Due to changes in interest rates and other financial assumptions	(4,229)	-	(4,229)
Changes in risk of non-performance of reinsurer	(108)	-	(108)
<b>Total reinsurance finance expense from reinsurance contracts held</b>	<b>(5,648)</b>	<b>-</b>	<b>(5,648)</b>
Portion recognised in statement of profit or loss	(5,449)	-	(5,449)
Portion recognised in other comprehensive income	(199)	-	(199)
<b>Total net investment income, insurance finance expense and reinsurance finance expense</b>	<b>68,172</b>	<b>21,484</b>	<b>89,656</b>
Portion recognised in statement of profit or loss	67,323	21,484	88,807
Portion recognised in other comprehensive income	849	-	849

<sup>1</sup> Included within the insurance finance expense from insurance contracts issued is a one-off favourable impact adjustment of RM23 million, which relates to the cumulative share of investment income tax that is attributable to the participating policyholders.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**
**(f) Investment income and insurance finance income and expense (continued)**

For the year ended 31 December 2023	Insurance contracts RM'000	Non- insurance RM'000	Total RM'000
<b>Total investment income</b>	<b>281,785</b>	<b>29,289</b>	<b>311,074</b>
Portion recognised in statement of profit or loss (Note 15)	198,600	29,289	227,889
Portion recognised in other comprehensive income	83,185	-	83,185
<b>Insurance finance expense from insurance contracts issued and effect of movement in exchange rates</b>			
Interest accreted to insurance contracts using locked-in rate	(31,125)	-	(31,125)
Due to changes in interest rates and other financial assumptions	(4,452)	-	(4,452)
Changes in fair value of underlying items of direct participation contracts	(198,124)	-	(198,124)
Effects of risk mitigation option	109	-	109
Net foreign exchange expense	(1)	-	(1)
Other insurance finance expenses	(26,866)	-	(26,866)
<b>Total insurance finance expense from insurance contracts issued</b>	<b>(260,459)</b>	<b>-</b>	<b>(260,459)</b>
Portion recognised in statement of profit or loss	(184,586)	-	(184,586)
Portion recognised in other comprehensive income	(75,873)	-	(75,873)
<b>Reinsurance finance expense from reinsurance contracts held and effect of movement in foreign exchange rates</b>			
Interest accreted to reinsurance contracts using locked-in rate	(1,250)	-	(1,250)
Due to changes in interest rates and other financial assumptions	(2,798)	-	(2,798)
Changes in risk of non-performance of reinsurer	103	-	103
<b>Total reinsurance finance expense from reinsurance contracts held</b>	<b>(3,945)</b>	<b>-</b>	<b>(3,945)</b>
Portion recognised in statement of profit or loss	(3,648)	-	(3,648)
Portion recognised in other comprehensive income	(297)	-	(297)
<b>Total net investment income, insurance finance expense and reinsurance finance expense</b>	<b>17,381</b>	<b>29,289</b>	<b>46,670</b>
Portion recognised in statement of profit or loss	10,366	29,289	39,655
Portion recognised in other comprehensive income	7,015	-	7,015

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**10. INSURANCE AND REINSURANCE CONTRACT (ASSETS)/LIABILITIES (CONTINUED)**

**(g) Insurance and reinsurance contracts contractual obligations – maturity analysis**

The table below represents the maturities of the insurance contracts issued and reinsurance contracts held as at the dates presented.

	<u>Carrying value</u> RM'000	<u>Less than 1 year</u> RM'000	<u>1 to 2 years</u> RM'000	<u>2 to 3 years</u> RM'000	<u>3 to 4 years</u> RM'000	<u>4 to 5 years</u> RM'000	<u>Over 5 years</u> RM'000	<u>Total</u> RM'000
<b>31 December 2024</b>								
Insurance contracts issued	3,835,706	712,934	8,976	82,778	170,799	236,069	4,344,471	5,556,027
Reinsurance contracts held	14,802	18,799	22,121	3,928	1,875	1,734	54,030	102,487
	<u>3,850,508</u>	<u>731,733</u>	<u>31,097</u>	<u>86,706</u>	<u>172,674</u>	<u>237,803</u>	<u>4,398,501</u>	<u>5,658,514</u>
<b>31 December 2023</b>								
Insurance contracts issued	3,577,265	644,163	40,700	57,024	102,727	186,018	4,266,420	5,297,052
Reinsurance contracts held	32,602	19,682	21,870	11,230	2,900	2,667	60,826	119,175
	<u>3,609,867</u>	<u>663,845</u>	<u>62,570</u>	<u>68,254</u>	<u>105,627</u>	<u>188,685</u>	<u>4,327,246</u>	<u>5,416,227</u>

Insurance contract liabilities cash flows include estimates related to the timing and payment of death and disability claims, policy surrenders, policy maturities, annuity payments, minimum guarantees on segregated fund products, policyholder dividends, commissions and premium taxes offset by contractual future premiums on in-force contracts and exclude amount from insurance contract liabilities for account of segregated fund holders.

These estimated cash flows are based on the best estimate assumptions used in the determination of insurance contract liabilities. These amounts are undiscounted. Reinsurance contract liabilities cash flows include estimates related to the timing and payment of future reinsurance premiums offset by recoveries on in-force reinsurance agreements. Due to the use of assumptions, actual cash flows may differ from these estimates.



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**11. DEFERRED TAX LIABILITIES**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. Analysis of deferred tax liabilities are as follows:

	<b>31.12.2024</b> <b>RM'000</b>	<b>31.12.2023</b> <b>RM'000</b>
Deferred tax liabilities	<u>144,764</u>	<u>120,249</u>
Current	12,169	4,255
Non-current	<u>132,595</u>	<u>115,994</u>
	<u>144,764</u>	<u>120,249</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**11. DEFERRED TAX LIABILITIES (CONTINUED)**

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

	Accelerated depreciation RM'000	Investments RM'000	Self-occupied and investment property RM'000	Unallocated surplus RM'000	Insurance contract issued RM'000	Reinsurance contract held RM'000	Total RM'000
At 1 January 2023	967	(4,586)	337	100,124	4,441	194	101,477
<b>Recognised in:</b>							
Profit or loss:							
- Taxation (note 17)	33	4,095	50	8,412	-	-	12,590
Other comprehensive income							
- Asset revaluation reserve	-	-	11	-	-	-	11
- Fair value reserve	-	25,281	-	-	-	-	25,281
- Insurance finance reserve	-	-	-	-	(19,039)	-	(19,039)
- Reinsurance finance reserve	-	-	-	-	-	(71)	(71)
At 31 December 2023/ 1 January 2024	1,000	24,790	398	108,536	(14,598)	123	120,249
<b>Recognised in:</b>							
Profit or loss:							
- Taxation (note 17)	(7)	7,870	(177)	16,447	-	-	24,133
Other comprehensive income							
- Asset revaluation reserve	-	-	54	-	-	-	54
- Fair value reserve	-	1,033	-	-	-	-	1,033
- Insurance finance reserve	-	-	-	-	(657)	-	(657)
- Reinsurance finance reserve	-	-	-	-	-	(48)	(48)
At 31 December 2024	993	33,693	275	124,983	(15,255)	75	144,764

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)****12. OTHER LIABILITIES**

		<b>31.12.2024</b>	<b>31.12.2023</b>
		<b>RM'000</b>	<b>RM'000</b>
Other creditors		33,226	31,973
Prepaid premium		100,155	105,906
Accrued liabilities		110,016	113,153
Amount due to related companies (note 24)	(i)	4,378	2,456
Amount due to immediate holding company (note 24)	(i)	29,589	1,516
Amount payable under Distribution Agreement	(ii)	11,569	11,972
		<u>288,933</u>	<u>266,976</u>
Current		277,646	264,476
Non-current		<u>11,287</u>	<u>2,500</u>
		<u>288,933</u>	<u>266,976</u>

- (i) The amounts due to immediate holding company and related companies are unsecured, interest-free and repayable on demand. The carrying amounts disclosed above approximate fair values as at the end of the financial year due to their short-term maturity. All amounts are payable within one year.
- (ii) The amount payable under the Distribution Agreement relates to the remaining unpaid distribution right as disclosed in note 6 and is the expected present value of estimated future cash outflows of amount payable under the agreement, discounted using the discount rate that reflects the current market assessment of the time value of money.

**13. SHARE CAPITAL**

	<b>2024</b>		<b>2023</b>	
	<b>Number of</b>	<b>Nominal</b>	<b>Number of</b>	<b>Nominal</b>
	<b>shares</b>	<b>value</b>	<b>shares</b>	<b>value</b>
	<b>'000</b>	<b>RM'000</b>	<b>'000</b>	<b>RM'000</b>
<u>Issued and fully paid up, at no par value:</u>				
Ordinary shares:				
At 1 January/31 December	<u>350,000</u>	<u>200,000</u>	<u>350,000</u>	<u>200,000</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**14. RETAINED EARNINGS AND OTHER RESERVES**

<b>31 December 2024</b>		<b>Shareholder and Non-participating life funds RM'000</b>	<b>Participating life funds RM'000</b>	<b>Total RM'000</b>
	<b>Note</b>			
<b>Retained earnings</b>				
Non-distributable	(i)	433,869	4,121	437,990
Distributable	(ii)	351,308	-	351,308
		<u>785,177</u>	<u>4,121</u>	<u>789,298</u>
<b>Other reserves</b>				
Non-distributable:				
Insurance finance reserve		(12,494)	(36,093)	(48,587)
Reinsurance finance reserve		229	-	229
Fair value reserve		20,051	34,209	54,260
Asset revaluation reserve		-	1,965	1,965
		<u>7,786</u>	<u>81</u>	<u>7,867</u>
<b>31 December 2023</b>				
	<b>Note</b>	<b>Shareholder and Non-participating life funds RM'000</b>	<b>Participating life funds RM'000</b>	<b>Total RM'000</b>
<b>Retained earnings</b>				
Non-distributable	(i)	385,248	(18,374)	366,874
Distributable	(ii)	364,242	-	364,242
		<u>749,490</u>	<u>(18,374)</u>	<u>731,116</u>
<b>Other reserves</b>				
Non-distributable:				
Insurance finance reserve		(8,666)	(37,557)	(46,223)
Reinsurance finance reserve		380	-	380
Fair value reserve		18,241	32,983	51,224
Asset revaluation reserve		-	1,792	1,792
		<u>9,955</u>	<u>(2,782)</u>	<u>7,173</u>

- (i) Non-distributable retained earnings are cumulative surplus arising from life insurance funds, net of deferred tax which have yet to be recommended for transfer to the Shareholders' fund. These amounts are only distributable upon actual recommended transfer to the Shareholders' fund by the Appointed Actuary.
- (ii) Under the single tier system, the Company is able to frank the payment of dividends out of its entire distributable retained earnings as at the date of the statement of financial position, subject to the approval by Bank Negara Malaysia under section 51 of the Financial Services Act 2013.

Additionally, under the Risk-Based Capital ("RBC") Framework for Insurers, the Company is prohibited from distributing dividends if its Capital Adequacy Ratio ("CAR") falls below its internal target level or if the dividend payment would reduce its CAR below this threshold.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**15. INVESTMENT INCOME**

	2024 RM'000	2023 RM'000
<b>Investment income:</b>		
<u>Financial assets at FVTPL</u>		
Interest income:		
Structured product	2,345	1,116
Net amortisation of premiums	(22)	-
Dividend/distribution income:		
Equity securities		
- quoted in Malaysia	24,312	24,366
- quoted outside Malaysia	499	1,319
- unquoted in Malaysia	525	681
Unit trust funds in Malaysia	17,350	18,491
Real estate investment trusts		
- quoted in Malaysia	362	597
Private equity funds outside Malaysia	987	43
<u>Financial assets at FVOCI</u>		
Interest income:		
Debt securities	149,410	138,149
Net amortisation of premiums	(7,793)	(7,540)
<u>Financial assets at amortised cost</u>		
Interest income	2,335	2,218
<u>Investment properties</u>		
Rental income	2,993	2,914
Other income	188	216
	<u>193,491</u>	<u>182,570</u>
<b>Realised and unrealised gains on assets supporting insurance contract liabilities:</b>		
<b>Net realised gains:</b>		
<u>Financial assets at FVTPL</u>		
Equity securities	38,074	21,456
Unit trust funds in Malaysia	22	(1,181)
Structured product	13,153	-
Derivatives	(340)	(1,569)
<u>Financial assets at FVOCI</u>		
Debt securities	2,097	2,777
	<u>53,006</u>	<u>21,483</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**15. INVESTMENT INCOME (CONTINUED)**

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b>Net fair value gains:</b>		
<u>Financial assets at FVTPL</u>		
Equity securities	69,820	(6,481)
Unit trust funds in Malaysia	2,839	13,917
Unquoted equity securities	7,097	1,167
Private equity funds	6,576	7,444
Structured product	2,520	8,156
Derivatives	870	(712)
Foreign exchange (losses)/gains	(2,785)	4,819
Investment property	(2,213)	624
	<u>84,724</u>	<u>28,934</u>
<b>Reversal of expected credit loss</b>		
<u>Financial assets at FVOCI</u>		
Debt securities	492	1,339
	<u>138,222</u>	<u>51,756</u>
Investment expenses	(7,804)	(6,437)
Net investment income	<u>323,909</u>	<u>227,889</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**16. EXPENSES**

	Note	2024 RM'000	2023 RM'000
Claims and benefits		211,742	175,831
Fees and commissions		143,122	143,274
Losses on onerous contracts	10	4,801	650
Staff costs		68,411	62,029
Retirement benefits contributions	(i)	10,076	9,702
Share-based payments	(ii)	2,025	1,215
Other staff related expenses		4,814	5,025
Directors' remuneration			
- Fees	21	408	408
- Other emoluments	21	4,842	4,148
Auditors' remuneration			
- Statutory audit		850	1,352
- Regulatory related services		28	28
Depreciation of property and equipment	4	2,238	1,948
Gains on disposal of property and equipment		(42)	-
Amortisation of intangible assets	6	7,146	3,392
Write off			
- Property and equipment	4	203	46
- Intangible assets	6	-	1,957
Depreciation of right-of-use assets	9	1,042	1,121
Expense relating to short-term leases			
- Immediate holding company	9	1,339	1,296
- Others	9	28	31
Expense relating to leases of low-value assets	9	27	91
Bancassurance service fee		3,000	2,750
Bancassurance incentives and allowances		41,352	27,892
Credit card charges		3,063	2,930
Computer hardware and software maintenance		3,355	4,714
Information technology related expenses		29,865	31,771
Marketing and printing expenses		4,954	3,785
Meeting and conferences		1,025	1,116
Net outsourcing fees expense/(income)		610	(1,562)
Professional fees		1,270	659
Training expenses		2,487	2,036
Travelling and entertainment expenses		1,058	1,292
Other expenses		2,933	2,491
		<u>558,072</u>	<u>493,418</u>
Amounts attributed to insurance acquisition cash flows incurred during the year		(265,053)	(239,415)
Amortisation of insurance acquisition cash flows	10	<u>69,315</u>	<u>41,656</u>
		<u>362,334</u>	<u>295,659</u>
Represented by:			
Insurance service expenses		360,353	292,233
General expenses		<u>1,981</u>	<u>3,426</u>
		<u>362,334</u>	<u>295,659</u>

- (i) The retirement benefits contributions of the Company were made to the defined contribution plan as mentioned in note 2(l)(ii) to the financial statements.
- (ii) Share-based payments incurred during the financial year relates to the share-based compensation granted to employees as mentioned in note 2(l)(iii) to the financial statements.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**17. TAXATION**

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b>Current tax</b>		
Current financial year	24,160	18,840
Under/(over) provision in prior financial years	718	(1,983)
	<u>24,878</u>	<u>16,857</u>
<b>Deferred tax</b>		
Current financial year (note 11)	24,133	12,590
	<u>49,011</u>	<u>29,447</u>

The current income tax for the Company is calculated based on the tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as below:

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
Profit before taxation	<u>157,193</u>	<u>94,605</u>
Taxation at Malaysia statutory tax rate of 24%	37,726	22,705
Effect of different tax rate	16,728	10,808
Section 110 tax credit set off	(3,759)	(2,351)
Income not subject to tax	(2,640)	(3,226)
Expenses not deductible for tax purposes	238	3,494
	<u>48,293</u>	<u>31,430</u>
Under/(over) provision in prior financial years	718	(1,983)
Tax expense	<u>49,011</u>	<u>29,447</u>

**Global Minimum Top-up tax**

Effective for financial years beginning on or after 1 January 2025, Malaysia has enacted legislation to adopt OECD's International Pillar Two tax reform, which seeks to establish a global minimum tax ("GMT") of fifteen per cent and address inter-jurisdictional base erosion and profit shifting. Since the legislation is only effective 1 January 2025, there is no current tax impact for the financial year ended 31 December 2024.

The Company is still at the preliminary stage of assessing the potential exposure to GMT income taxes. The Company does not expect a potential exposure to Pillar Two top-up taxes and no disclosure of potential tax expense or recovery related to GMT income taxes is provided. The Company has also applied the mandatory temporary exception from accounting for deferred taxes in respect of the GMT.



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**18. BASIC AND DILUTED EARNINGS PER SHARE**

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

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
Net profit for the company	108,182	65,158
Current year unallocated (surplus)/deficit from participating life funds	(22,495)	4,868
Net profit for the year attributable to ordinary equity holder	<u>85,687</u>	<u>70,026</u>
Number of shares in issue ('000)	350,000	350,000
Basic earnings per share (sen)	<u>24.48</u>	<u>20.01</u>

The basic earnings per share for the comparative period have been restated to conform to the current year's presentation, whereby net profit attributable to ordinary equity holder of the Company includes surplus transfer from participating policyholders.

The Company has no potential dilutive ordinary shares in issue as at the date of the statement of financial position and therefore, diluted earnings per share have not been presented.

**19. DIVIDEND PAID**

	<b>2024</b>		<b>2023</b>	
	<b>Net dividend per share Sen</b>	<b>Amount of dividend RM'000</b>	<b>Net dividend per share Sen</b>	<b>Amount of dividend RM'000</b>
<b>Single tier dividend for 2023</b>				
- First and final dividend	<u>14.0</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
	<u>14.0</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

No dividend is recommended for the financial year ended 31 December 2024.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**20. SHARE-BASED COMPENSATION**

Expenses arising from the share-based payment transactions recognised during the financial year as part of the employee benefit expense were as follows:

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
RSU expenses	2,987	1,849
	<u>2,987</u>	<u>1,849</u>

Restricted share units ("RSU") are granted to certain employees of MFC Group as part of the annual performance reward cycle and has a vesting period of over 35 months from grant date. Each RSU entitles the recipient to receive payment equal to the market value of one common share, plus credited dividends, at the time of vesting, subject to any performance conditions. These RSU expenses are paid out in cash at the end of the vesting period.

**21. DIRECTORS' REMUNERATION**

The aggregate amounts of non-deferred emoluments received by directors of the Company during the financial year are detailed as follows:-

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b><u>Chief Executive Officers ("CEO")</u></b>		
<u>Vibha Hamsi Coburn</u>		
Fixed remuneration		
• Salaries	2,324	2,295
• Contribution to defined contribution plan	191	163
	<u>2,515</u>	<u>2,458</u>
Variable Remuneration		
• Bonus	1,365	1,056
• Share-based payment	962	634
	<u>2,327</u>	<u>1,690</u>
Total for CEO	<u>4,842</u>	<u>4,148</u>
<b><u>Non-Executive directors:</u></b>		
Fixed remuneration		
• Fees	408	408
	<u>5,250</u>	<u>4,556</u>
Represented by:		
Directors' fees	408	408
Director's emoluments	<u>4,842</u>	<u>4,148</u>
	<u>5,250</u>	<u>4,556</u>

\* No deferred emoluments received by Directors during the financial year ended 31 December 2024 (2023: Nil).

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**21. DIRECTORS' REMUNERATION (CONTINUED)**

The number of executive and non-executive directors whose total remuneration received during the financial year fall within the following bands are analysed as below:

	<b>Number of directors</b>	
	<b>2024</b>	<b>2023</b>
<b><u>Chief Executive Officers ("CEO")/Executive directors</u></b>		
RM4,000,000-RM5,000,000	<u>1</u>	<u>1</u>
<b><u>Non-Executive directors:</u></b>		
Above RM50,000	<u>4</u>	<u>4</u>

**Directors' fees**

Directors' fees (non-deferred fixed remuneration) received by the directors during the financial year are as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Non-Executive directors:</u></b>		
Arthur Jay Belfer	97	97
Vijayam A/P Nadarajah	102	102
Mary Bernadette James A/P N James	107	107
Renzo Christopher Viegas	102	102
	<u>408</u>	<u>408</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**22. SEGREGATED FUNDS**

The Company manages a number of segregated funds on behalf of policyholders. Policyholders are provided with the opportunity to invest in different categories of segregated funds that respectively hold a range of underlying investments. The Company retains legal title to the underlying investments; however, returns from these investments belong to the policyholders. Accordingly, the Company does not bear the risk associated with these assets outside of guarantees offered on certain variable life and annuity products.

The carrying value in segregated funds net assets are as follows:

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Investments		
Quoted securities	1,105,212	848,296
Quoted unit trust funds	203,732	183,732
Debt securities	144,522	133,402
Fixed deposits	46,137	66,441
Foreign investments	140,987	156,077
Derivative assets	426	1,174
Other receivables	18,912	8,502
Cash at bank	7,418	22,821
<b>Total assets</b>	<b>1,667,346</b>	<b>1,420,445</b>
<b>LIABILITIES</b>		
Payables	15,095	7,208
Deferred tax liabilities	10,494	1,354
Current tax liabilities	10,525	5,630
<b>Total liabilities</b>	<b>36,114</b>	<b>14,192</b>
<b>NET ASSETS ATTRIBUTABLE TO POLICYHOLDERS, REPRESENTING SEGREGATED FUNDS NET ASSETS</b>	<b>1,631,232</b>	<b>1,406,253</b>
<b>SEGREGATED FUNDS INSURANCE NET LIABILITIES</b>	<b>(1,631,232)</b>	<b>(1,406,253)</b>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**22. SEGREGATED FUNDS (CONTINUED)**

The segregated funds related investment results and expenses are as follows:

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b>INCOME/(EXPENSE)</b>		
Interest income	7,716	8,174
Dividend income	52,472	34,412
Rebate income	3,711	3,283
Realised gains on disposal of investments	114,999	54,297
Realised exchange gains	1,660	7,279
Realised derivative gains/(losses)	755	(6,661)
Unrealised fair value gains	119,175	31,028
Unrealised derivatives (losses)/gains	(748)	663
Net amortisation of premiums	(758)	(786)
Unrealised foreign exchange (losses)/gains	(4,701)	201
Other expenses	(27,394)	(22,650)
Taxation	(20,142)	(8,106)
Investment income related to segregated funds net assets	<u>246,745</u>	<u>101,134</u>
Financial changes related to segregated funds net liabilities	<u>(246,745)</u>	<u>(101,134)</u>

The comparative period disclosure have been restated to conform to the current year's presentation to include the disclosure of tax and other expenses related to the segregated funds.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**23. ADJUSTMENTS FOR NON-CASH ITEMS**

Non-cash items in the statement of cash flows comprise of:

	Note	2024 RM'000	2023 RM'000
Interest income	15	(154,090)	(141,484)
Dividend income	15	(44,035)	(45,496)
Rental income	15	(2,993)	(2,914)
Net amortisation of premiums	15	7,815	7,540
Gains on disposal of property and equipment	16	(42)	-
Gains on disposal of FVOCI financial assets	15	(2,097)	(2,777)
Gains on disposal of FVTPL financial assets	15	(50,909)	(18,706)
Fair value loss/(gains) on investment property	15	2,213	(624)
Fair value gains on FVTPL financial assets	15	(89,722)	(23,491)
Reversal of expected credit loss on FVOCI financial assets	15	(492)	(1,339)
Unrealised foreign exchange loss/(gains)	15	2,785	(4,819)
Depreciation of property and equipment	4	2,238	1,948
Property and equipment written off	4	203	46
Amortisation of intangible assets	6	7,146	3,392
Intangible assets written off	6	-	1,957
Depreciation of right-of-use assets	9	1,042	1,121
Interest expense on lease liabilities	9	56	63
Taxation	17	49,011	29,447
		<u>(271,871)</u>	<u>(196,136)</u>

**Company No.****200801013654 (814942-M)****MANULIFE INSURANCE BERHAD  
(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)****24. SIGNIFICANT RELATED PARTY DISCLOSURES****Identity of related parties**

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

The Company has related party relationships with its holding companies and subsidiaries of holding companies. The related parties of, and their relationship with the Company are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Relationship</b>
Manulife Financial Corporation ("MFC")	Canada	Ultimate holding company
The Manufacturers Life Insurance Company	Canada	Penultimate holding company
Manulife Financial Asia Limited ("MFAL")	Hong Kong	Intermediate holding company
Manulife Financial (Singapore) Pte. Ltd. ("MFSL")	Singapore	Intermediate holding company
Manulife Century Holdings (Netherlands) BV ("MCHN")	Netherlands	Intermediate holding company
Manulife Holdings Berhad ("MHB")	Malaysia	Immediate holding company
Britama Properties Sdn Bhd	Malaysia	Subsidiary of immediate holding company
Manulife Investment Management (M) Berhad	Malaysia	Subsidiary of immediate holding company
Manulife Insurance Labuan Limited	Malaysia	Subsidiary of immediate holding company
Manulife Investment Management (Hong Kong) Limited	Hong Kong	Subsidiary of ultimate holding company
Manulife IT Delivery Center, Asia Inc. ("MITDC")	Philippines	Subsidiary of ultimate holding company
Manulife General Account Investments (HK) Limited ("MANGA")	Hong Kong	Subsidiary of ultimate holding company
Manulife Information and Technologies Services (Chengdu) Co. Ltd. ("MITS")	China	Subsidiary of ultimate holding company

In the normal course of business, the Company undertakes various transactions with other companies deemed related parties by virtue of being subsidiaries and associated companies of MFC, collectively known as the MFC Group.

Related parties also include key management personnel. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel of the Company include the directors and certain members of senior management of the Company. Total compensation paid to the Company's directors are disclosed in note 21.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**
**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated terms with the respective parties. The significant related party transactions during the financial year between the Company and its related parties are set out below:

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b>Expenses/(income)</b>		
<b>Intermediate holding company</b>		
Reimbursement of personnel expenses	5,652	4,297
Reimbursement of software maintenance expenses	12,043	13,265
Reimbursement of consultation fee	41	24
Reimbursement of overhead expense	(1,655)	(1,275)
Reimbursement of education and training expenses	(17)	1
Reimbursement of travelling expense	41	7
Regional office overhead expense	1,344	2,417
Provision of IT development services	41	356
Provision of IT infrastructure support and maintenance services	16,183	14,393
Provision of accounting and finance support	892	914
Provision of HR support	707	724
Provision of staff claims system	33	34
Provision of compliance support	190	106
	<u>35,495</u>	<u>35,263</u>
<b>Subsidiary of the ultimate holding company</b>		
Provision of IT infrastructure support and maintenance services	2,291	3,772
Investment consulting services	984	1,151
	<u>3,275</u>	<u>4,923</u>
<b>Subsidiaries of the immediate holding company</b>		
Outsourcing fee income	(4,501)	(4,427)
Outsourcing fee expense	466	477
Fund management expenses	16,101	13,537
Rental income	(686)	(686)
Management fees and maintenance charges	99	99
	<u>11,479</u>	<u>9,000</u>
<b>Immediate holding company</b>		
Outsourcing fee income	(1,459)	(1,321)
Outsourcing fees	2,457	1,767
Rental income	(79)	(76)
Short-term leases (note 16)	1,339	1,296
	<u>2,258</u>	<u>1,666</u>



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

**Key management personnel**

Total compensation paid to the Company's key management personnel are as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Salaries, other short-term employee benefits and other directors' emoluments	16,165	12,856
Retirement benefits contribution	(i) 1,496	1,219
RSU expenses	(ii) 2,987	1,849
	<u>20,648</u>	<u>15,924</u>

(i) The retirement benefits contributions were made to the defined contribution plan as mentioned in note 2(l)(ii) to the financial statements.

(ii) The share-based payments incurred during the financial year relates to the share-based compensation granted to employees as mentioned in note 2(l)(iii)(ii) to the financial statements.

**Significant related party balances**

Related party balances outstanding for the Company which are included in the notes to the financial statements are as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial assets at amortised cost (note 8)		
- Amount due from related companies	3,925	1,979
	<u>3,925</u>	<u>1,979</u>
Other liabilities (note 12)		
- Amount due to related companies	4,378	2,456
- Amount due to immediate holding company	29,589	1,516
	<u>33,967</u>	<u>3,972</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**25. FINANCIAL INSTRUMENTS**
**(a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (i) Fair value through profit or loss ("FVTPL");
- (ii) Fair value through other comprehensive income ("FVOCI");
- (iii) Amortised cost ("AC")

	<b>FVTPL</b>	<b>FVOCI</b>	<b>AC</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2024</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	-	3,503,913	-	3,503,913
Financial assets at FVTPL	1,430,149	-	-	1,430,149
Financial assets at amortised cost	-	-	36,141	36,141
Cash and cash equivalents	-	-	83,978	83,978
	<u>1,430,149</u>	<u>3,503,913</u>	<u>120,119</u>	<u>5,054,181</u>
<b>Financial liabilities</b>				
Lease liabilities	-	-	1,129	1,129
Other liabilities	-	-	288,933	288,933
	<u>-</u>	<u>-</u>	<u>290,062</u>	<u>290,062</u>
<b>31 December 2023</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	-	3,187,286	-	3,187,286
Financial assets at FVTPL	1,372,225	-	-	1,372,225
Financial assets at amortised cost	-	-	33,495	33,495
Cash and cash equivalents	-	-	88,321	88,321
	<u>1,372,225</u>	<u>3,187,286</u>	<u>121,816</u>	<u>4,681,327</u>
<b>Financial liabilities</b>				
Lease liabilities	-	-	1,884	1,884
Other liabilities	-	-	266,976	266,976
	<u>-</u>	<u>-</u>	<u>268,860</u>	<u>268,860</u>

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**25. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Determination of fair values**

The fair values of the Company's financial assets and financial liabilities are determined as follows:

- (i) The carrying amounts of financial assets and financial liabilities, such as loans and other receivables, cash and bank balances, other payables (other than the amount payable under Distribution Agreement), are reasonable approximations of their fair values due to the relatively short-term maturity of these balances and the immaterial impact of discounting;
- (ii) The carrying amount of amount payable under Distribution Agreement which is the remaining present value of the expected future cash flow that is discounted using the discount rate that reflects the current market assessment of the time value of money, are reasonable approximations of their fair values;
- (iii) The fair values of quoted equities and investments in real estate investment trusts are based on quoted market prices as at the reporting date;
- (iv) The fair value of unquoted equities are determined with reference to market comparable inputs (price to book ratio of publicly-listed benchmarks) which are adjusted against the net assets of the investee and takes into consideration discount for lack of marketability;
- (v) The fair values of Malaysian Government Securities, Government Investment Issues and both quoted and unquoted corporate debt securities are based on indicative market prices;
- (vi) The fair values of investments in mutual funds and unit trust funds are valued based on the net asset values of the underlying funds as at the reporting date;
- (vii) The fair values of foreign exchange forward contracts are based on valuations provided by the financial institutions making reference to quoted market prices; and
- (viii) The fair values of private equity funds are measured based on the private equity funds' net asset value or fair values reported in investees' financial statements as a measure of fair value.
- (ix) The fair value of structured product is based on the mark-to-market value of the principal amount and fixed coupon which is calculated by discounting these amounts at the prevailing funding rate of the counterparty bank. The funding rate of the counterparty bank is typically a market observable input such as the swap rate or benchmark rates (MYOR/KLIBOR).

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**25. FINANCIAL INSTRUMENTS (CONTINUED)**

**(c) Fair value hierarchy**

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**25. FINANCIAL INSTRUMENTS (CONTINUED)**

**(c) Fair value hierarchy (continued)**

The following table presents the Company's financial assets and financial liabilities that are carried at fair value as at reporting date.

	<b>Carrying amount RM'000</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>
<b>31 December 2024</b>				
<b>Financial assets at FVOCI</b>				
Malaysian Government Securities	681,278	-	681,278	-
Government Investment Issues	535,550	-	535,550	-
Corporate debt securities				
- Unquoted in Malaysia	2,249,224	-	2,249,224	-
Accrued interest	37,861	-	37,861	-
	<u>3,503,913</u>	<u>-</u>	<u>3,503,913</u>	<u>-</u>
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	612,833	612,833	-	-
- Quoted outside Malaysia	20,580	20,580	-	-
- Unquoted in Malaysia	18,025	-	-	18,025
Private equity funds				
- Unquoted outside Malaysia	73,179	-	-	73,179
Structured product	152,675	-	152,675	-
Real estate investment trusts	6,686	6,686	-	-
Unit trust funds	542,141	542,141	-	-
Forward foreign exchange contract	2,023	-	2,023	-
Accrued interest	2,007	-	2,007	-
	<u>1,430,149</u>	<u>1,182,240</u>	<u>156,705</u>	<u>91,204</u>
	<u>4,934,062</u>	<u>1,182,240</u>	<u>3,660,618</u>	<u>91,204</u>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**25. FINANCIAL INSTRUMENTS (CONTINUED)**

**(c) Fair value hierarchy (continued)**

The following table presents the Company's financial assets and financial liabilities that are carried at fair value as at reporting date (continued).

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31 December 2023</b>				
<b>Financial assets at FVOCI</b>				
Malaysian Government Securities	473,348	-	473,348	-
Government Investment Issues	476,257	-	476,257	-
Corporate debt securities				
- Unquoted in Malaysia	2,201,730	-	2,201,730	-
Accrued interest	35,951	-	35,951	-
	<u>3,187,286</u>	<u>-</u>	<u>3,187,286</u>	<u>-</u>
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	592,647	592,647	-	-
- Quoted outside Malaysia	58,359	58,359	-	-
- Unquoted in Malaysia	10,928	-	-	10,928
Private equity funds				
- Unquoted outside Malaysia	55,492	-	-	55,492
Structured product	66,146	-	66,146	-
Real estate investment trusts	13,513	13,513	-	-
Unit trust funds	572,871	572,871	-	-
Forward foreign exchange contract	1,153	-	1,153	-
Accrued interest	1,116	-	1,116	-
	<u>1,372,225</u>	<u>1,237,390</u>	<u>68,415</u>	<u>66,420</u>
	<u>4,559,511</u>	<u>1,237,390</u>	<u>3,255,701</u>	<u>66,420</u>

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the current and previous financial years.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**25. FINANCIAL INSTRUMENTS (CONTINUED)**
**(d) Financial assets which are measured at fair value using significant unobservable inputs (Level 3)**

The reconciliation from beginning to ending balance for the investments classified in Level 3 fair value hierarchy:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Private Equity Funds – Unquoted outside Malaysia</b>		
At 1 January	55,492	35,639
Capital contributions	13,979	10,911
Capital returns	(1,160)	(21)
Fair value gain recognised in profit or loss	6,576	7,444
Currency movement	(1,708)	1,519
At 31 December	<u>73,179</u>	<u>55,492</u>
<b>Equity securities – Unquoted in Malaysia</b>		
At 1 January	10,928	9,761
Fair value gain recognised in profit or loss	7,097	1,167
At 31 December	<u>18,025</u>	<u>10,928</u>

Description of valuation methodology and significant unobservable inputs to valuation of private equities:

	<b>Fair Value</b>	<b>Valuation Methodology</b>	<b>Unobservable Input</b>	<b>Input Values</b>
<b>31 December 2024</b>	<b>RM'000</b>			
Private equity funds				
- Unquoted outside Malaysia	73,179	NAV	NAV	NAV
Equity securities				
- Unquoted in Malaysia	18,025	Market comparables	P/B ratio	RM 0.17 – RM 2.20
<b>31 December 2023</b>	<b>RM'000</b>			
Private equity funds				
- Unquoted outside Malaysia	55,492	NAV	NAV	NAV
Equity securities				
- Unquoted in Malaysia	10,928	Market comparables	P/B ratio	RM 0.28 – RM 2.22

\* Net asset value ("NAV")

\*\* Price/book ratio ("P/B ratio")

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT**

**(a) Risk management framework**

The Board of Directors (the "Board") of the Company has oversight responsibility for risk management. Industry best practices and governance standards for financial institutions require the Board to establish risk management policies and practices and, in delegating this responsibility to management, to ensure that these policies and practices remain adequate, comprehensive and prudent in light of changing circumstances.

The Risk Management Committee ("RMC"), is responsible for overseeing the Company's management of its principal risks. The Board and RMC delegate accountability for risk-taking and risk management to the Chief Executive Officer ("CEO"). The CEO, supported by the Chief Risk Officer ("CRO") and Enterprise Risk Management Committee, establishes risk policies, risk frameworks, risk tolerance, risk appetite, guides risk-taking activities, monitors material risk exposures, and develops strategic risk management priorities, thereby continuously shaping and promoting the risk management culture throughout the Company.

Risk management policies and practices form an integral part of the Board and Senior Management's oversight of risks and the Company's financial position. Accordingly, along with capital management and financial management, risk management is one of the three pillars of the Company's prudential framework. As such, the Company's risk policies and practices must be directly aligned with the Company's capital management and financial management frameworks. The amount of risk the Company assumes, and plans to assume, defines its required consolidated risk-based capital. Conversely, the amount of available capital defines the amount of risk it is prudent to assume. This relationship dictates the need for alignment between capital and risk management.

The Company's risk-taking activities are undertaken with the understanding that risk-taking and effective risk management are necessary and integral to achieving strategic objectives and managing business operations.

The Company seeks to strategically optimise risk-taking and risk management to support long-term revenue and earnings growth, with the ultimate objective of increasing shareholder value. This is done by:

- Capitalising on business opportunities that are aligned with the Company's overall risk appetite and return expectations;
- Identifying, measuring and assessing, and monitoring and reporting on principal risks undertaken; and
- Proactively executing effective risk controls and mitigation programs.



**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(b) Regulatory framework**

The Company is required to comply with the Financial Services Act 2013 (Act 758) as well as guidelines and circulars issued by Bank Negara Malaysia ("BNM").

**(c) Capital management**

The Capital Management Plan is developed and endorsed by the Board. The plan lays out the management actions in response to various Capital Adequacy Ratio ("CAR") scenarios. The Company manages its capital with the following objectives:

- To maintain the required level of stability of the Company, thereby providing a degree of security to policyholders;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulator and stakeholders;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets; and
- To maintain strong and healthy capital ratios in order to support its business objectives and maximise shareholder value.

The Company's internal target solvency range is above the minimum regulatory capital requirement outlined under the Risk-Based Capital Framework ("the Framework") prescribed by BNM at 130%.

The Company has fully complied with its internal target solvency range during the reported financial years.

The capital structure of the Company as at 31 December 2024 and 31 December 2023, as prescribed under the Framework are as follows:

	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	200,000	200,000
Retained earnings of the Company*	351,308	364,242
Eligible contract liabilities	608,806	553,863
	<u>1,160,114</u>	<u>1,118,105</u>
<b>Eligible Tier 2 Capital</b>		
Eligible reserves	73,812	69,604
Amounts deducted from capital	(136,984)	(140,180)
<b>Total Capital Available</b>	<u>1,096,942</u>	<u>1,047,529</u>

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

\* Only distributable retained earnings of the Company are included in the determination of Total Capital Available.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**26. RISK MANAGEMENT (CONTINUED)**
**(d) Insurance risk**

Insurance risk is the risk of loss due to actual experience emerging differently than assumed when a product was designed and priced with respect to mortality and morbidity claims, policyholders' behaviour and expenses.

The Company has implemented product design and pricing policies and underwriting and claims management policies to manage its insurance risks.

The Company also limits its exposure to loss within the insurance operations through participation in reinsurance arrangements. For insurance contracts issued in 2023, the Company generally retains a maximum of RM150,000 for each mortality & accelerated total permanent disability ("TPD"), accelerated critical illness and additional critical illness risk per life for Investment-linked business. For Universal Life business, the Company retains a 50% quota share up to a maximum retention of RM300,000 and RM200,000 for each mortality & accelerated TPD and accidental death benefit respectively. The excess risk are being reinsured through surplus treaties, coinsurance treaties and facultative reinsurance treaties. The Company is neither dependent on a single reinsurer at this moment nor are the operations of the Company substantially dependent upon any reinsurance contract.

The table below sets out the concentration of the insurance contract liabilities (best estimate liability and risk adjustment) as at the date of the statement of financial position, gross and net of reinsurance, by class of business.

	<b>Gross</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Whole life	545,988	595,877
Endowment	1,445,797	1,316,738
Term	166,900	147,203
Annuity	229,648	229,534
Others	226,589	175,077
<b>Total</b>	<b>2,614,922</b>	<b>2,464,429</b>
	<b>Net</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Whole life	596,720	660,732
Endowment	1,446,744	1,317,650
Term	159,566	142,988
Annuity	229,648	229,534
Others	227,973	175,735
<b>Total</b>	<b>2,660,651</b>	<b>2,526,639</b>

**Sensitivities**

The analysis below is performed on plausible movements in key assumptions (with all other assumptions held constant) with resulting impact on profit before tax and equity. The correlation of assumptions may have a significant effect in determining the ultimate actuarial liabilities, but to demonstrate the impact due to changes in assumptions, assumptions are 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 level of economic assumptions.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**26. RISK MANAGEMENT (CONTINUED)**
**(d) Insurance risk (continued)**

	Change in assumptions %	Impact on profit before tax gross of reinsurance RM'000	Impact on profit before tax net of reinsurance RM'000	Impact on equity gross of reinsurance* RM'000	Impact on equity net of reinsurance* RM'000
(Decrease)/Increase					
<b>31 December 2024</b>					
Mortality/morbidity	+2	(2,060)	(440)	(1,664)	(441)
Discount rate	-0.5	2,180	2,629	(23,472)	(23,451)
Expenses	+5	(4,953)	(4,958)	(3,892)	(3,895)
Lapse and surrender rates	+10	(8,750)	(9,145)	(6,743)	(7,063)
<b>31 December 2023</b>					
Mortality/morbidity	+2	(997)	396	(816)	185
Discount rate	-0.5	1,486	1,859	(18,104)	(18,186)
Expenses	+5	(3,075)	(2,913)	(2,437)	(2,313)
Lapse and surrender rates	+10	(5,041)	(5,304)	(3,923)	(4,162)

\* Impact on equity is stated after considering tax effects

In the sensitivity analysis above, the impact from the changes in assumptions in the table above to the Company's profit before tax and equity arise from Non-participating life fund policies. There is no material impact to the Participating life funds within the range of changes in assumptions as the participating nature of the Participating life funds gives the Company the flexibility to adjust the policyholders' bonus or dividends.

The method used and significant assumptions made to derive the sensitivity information did not change from the previous financial year.

**(e) Credit risk**

Credit risk is the risk of loss due to inability or unwillingness of an issuer or borrower to service its debt obligations. The risk arising from lending and investing activities is monitored regularly with respect to single customer limit, exposure to sector type, credit rating and remaining term to maturity, according to the guidelines and limits approved by the Board and within the guidelines issued by BNM.

As at the date of the statement of financial position, the credit exposure of the Company is within the guidelines and limits approved by the Board. The maximum exposure to credit risk is the carrying amount as stated in the financial statements.

The Company has minimal exposure to credit risk on unrated Malaysian Government Securities, Government Investment Issues and unquoted corporate debt securities as these are either issued or guaranteed by the Federal Government of Malaysia. All the remaining unquoted corporate debt securities are issued by companies with minimum rating of 'BBB'.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

Mortgage loans are secured against the properties charged to the Company. Staff loans consists of vehicle loans and mortgage loans which are secured against the properties. Loan to agency leadership corporation is unsecured in nature.

Credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy documents on the expiry of which either the premium is paid or the policy will be terminated.

Fixed and call deposits are placed with financial institutions approved by the Investment Committee of the Company and with ratings of 'A' or better.

Reinsurance arrangements are maintained with reinsurers with international ratings of 'A' or better.

There has been no significant change in the credit risk objectives, policies and processes in the current financial year as compared to the previous financial year.

The table below shows the Company's maximum exposure to credit risk for the components in the statement of financial position by classifying financial and insurance assets according to the Company's credit rating of counterparties.

The financial assets of the segregated funds are not presented in the table below as the Company does not have any direct exposure to credit risk in those assets as the credit risk is borne by the investment-linked policyholders.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

**(i) Credit quality**

	Rating (BBB to AAA)	Not rated	Not subject to credit risk	Total
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2024</b>				
<u>Financial assets at FVOCI</u>				
Malaysia Government Securities	-	681,278	-	681,278
Government Investment Issues	-	535,550	-	535,550
Corporate debt securities	1,896,548	352,676	-	2,249,224
Accrued interest	22,650	15,211	-	37,861
<u>Financial assets at FVTPL</u>				
Equity securities	-	-	651,438	651,438
Private equity funds	-	-	73,179	73,179
Real estate investment trusts	-	-	6,686	6,686
Unit trust funds	-	-	542,141	542,141
Structured products	-	152,675	-	152,675
Forward foreign exchange contract	-	2,023	-	2,023
Accrued interest	-	2,007	-	2,007
<u>Financial assets at amortised cost</u>				
Loans receivables	-	27,928	-	27,928
Other receivables	-	8,213	-	8,213
Reinsurance contract assets	3,318	2,651	(3,854)	2,115
Cash and cash equivalents	83,905	73	-	83,978
<b>Total financial and insurance assets</b>	<b>2,006,421</b>	<b>1,780,285</b>	<b>1,269,590</b>	<b>5,056,296</b>

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

**(i) Credit quality (continued)**

	Rating (BBB to AAA)	Not rated	Not subject to credit risk	Total
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2023</b>				
<u>Financial assets at FVOCI</u>				
Malaysia Government Securities	-	473,348	-	473,348
Government Investment Issues	-	476,257	-	476,257
Corporate debt securities	1,845,571	356,159	-	2,201,730
Accrued interest	22,370	13,581	-	35,951
<u>Financial assets at FVTPL</u>				
Equity securities	-	-	661,934	661,934
Private equity funds	-	-	55,492	55,492
Real estate investment trusts	-	-	13,513	13,513
Unit trust funds	-	-	572,871	572,871
Structured products	-	66,146	-	66,146
Forward foreign exchange contract	-	1,153	-	1,153
Accrued interest	-	1,116	-	1,116
<u>Financial assets at amortised cost</u>				
Loans receivables	-	27,783	-	27,783
Other receivables	-	5,712	-	5,712
Reinsurance contract assets	1,592	2,620	(3,909)	303
Cash and cash equivalents	88,282	39	-	88,321
Total financial and insurance assets	1,957,815	1,423,914	1,299,901	4,681,630

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

**(i) Expected credit losses**

The Company assesses at each reporting date to determine loss allowances for expected credit loss on financial assets at amortised cost and debt securities at FVOCI as mentioned in note 2(j)(i).

The following table sets out the credit quality of financial assets measured at FVOCI:

	2024			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVOCI				
- Malaysian Government Securities (Non-rated)	681,278	-	-	681,278
- Government Investment Issues (Non-rated)	535,550	-	-	535,550
- Corporate debt securities				
- Non-rated	352,676	-	-	352,676
- AAA	1,420,510	-	-	1,420,510
- AA	447,591	28,447	-	476,038
Accrued interest	37,718	143	-	37,861
Total carrying amount	3,475,323	28,590	-	3,503,913
Allowance for expected credit losses	(2,829)	(112)	-	(2,941)

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

**(ii) Expected credit losses (continued)**

The Company assesses at each reporting date to determine loss allowances for expected credit loss on financial assets at amortised cost and debt securities at FVOCI as mentioned in note 2(j)(i).

The following table sets out the credit quality of financial assets measured at FVOCI:

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVOCI				
- Malaysian Government Securities (Non-rated)	473,348	-	-	473,348
- Government Investment Issues (Non-rated)	476,257	-	-	476,257
- Corporate debt securities				
- Non-rated	356,159	-	-	356,159
- AAA	1,318,209	-	-	1,318,209
- AA	474,705	52,657	-	527,362
Accrued interest	35,693	258	-	35,951
Total carrying amount	3,134,371	52,915	-	3,187,286
Allowance for expected credit losses	(3,156)	(277)	-	(3,433)

The details of the "three-staging model" are described in note 2(j)(i).



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

**(ii) Expected credit losses (continued)**

The following table shows the reconciliations from opening to the closing balance of the loss allowance by class of financial instrument.

	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>Financial assets at FVOCI</u>				
At 1 January 2023	4,772	-	-	4,772
Net remeasurement due to transfers	-	187	-	187
Net originations, purchases and disposals	517	(2)	-	515
Changes to risk, parameters, and models	(2,140)	92	-	(2,048)
Foreign exchanges	7	-	-	7
At 31 December 2023/1 January 2024	3,156	277	-	3,433
Net originations, purchases and disposals	389	40	-	429
Changes to risk, parameters, and models	(721)	(192)	-	(913)
Foreign exchanges	5	(13)	-	(8)
At 31 December 2024	2,829	112	-	2,941

As at the reporting date, all financial assets at amortised cost held by the Company are classified as Stage 1. The credit rating of these financial assets at amortised cost are as disclosed in Note 26(e)(i). The following table shows the carrying value of the Company's financial assets measured at amortised cost and the expected credit loss amount recognised:

	<b>2024 RM'000</b>	<b>2023 RM'000</b>
<u>Financial assets at amortised cost</u>		
Total carrying amount	36,141	33,495
Allowance for expected credit losses	90	90

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

**(iii) Significant judgements and estimates**

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has performed historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company.

**(f) Market risk**

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.

Market risk is managed through the segmentation of product liabilities with similar characteristics and the establishment of investment policies and goals for each segment. The Company's investment policies and goals reflect the asset mix, asset quality, sector mix, currency mix, interest rate risk exposure and liquidity targets.

There has been no significant change in the market risk objectives, policies and processes in the current financial year as compared to the previous financial year.

The financial assets and liabilities of the segregated funds are not presented in the table below as the Company does not have any direct exposure to market risk in those assets as the market risk is borne by the investment-linked policyholders.

**(i) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company manages the risk through matching the currency of the assets with the currency of the liabilities which these assets support. The Company has direct exposure to foreign currency risk in certain foreign currency denominated investments except for those in participating life fund.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(f) Market risk (continued)**

**(i) Currency risk (continued)**

**Exposure to foreign currency risk**

The Company's exposure to the foreign currency (a currency which is other than the functional currency of the Company), based on carrying amounts as at the end of the reporting period was:

	<b>31.12.2024</b>		<b>31.12.2023</b>	
	<b>Denominated</b>		<b>Denominated</b>	
	<b>USD</b>	<b>CAD</b>	<b>USD</b>	<b>CAD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Equity securities	20,580	-	19,042	-
Private equity funds	22,620	-	8,359	-
Amount due to related parties	(36,157)	(3,813)	(3,064)	-
Cash and cash equivalents	6,581	-	3,285	-
	<u>13,624</u>	<u>(3,813)</u>	<u>27,622</u>	<u>-</u>

The following table demonstrates the sensitivity to a reasonably possible change in currency, with all other variables held constant:

		<b>Impact on profit before tax</b>	
		<b>Increase/(decrease)</b>	
		<b>31.12.2024</b>	<b>31.12.2023</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Changes in foreign currency rates</b>			
USD	+ 5%	681	1,381
CAD	+ 5%	(191)	-
USD	- 5%	(681)	(1,381)
CAD	- 5%	191	-
		<b>Impact on equity*</b>	
		<b>Increase/(decrease)</b>	
		<b>31.12.2024</b>	<b>31.12.2023</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Changes in foreign currency rates</b>			
USD	+ 5%	476	966
CAD	+ 5%	(133)	-
USD	- 5%	(476)	(966)
CAD	- 5%	133	-

\* Impact on equity is stated after considering tax effects

The method used and significant assumptions made to derive the sensitivity information did not change from the previous financial year.

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**26. RISK MANAGEMENT (CONTINUED)**
**(f) Market risk (continued)**
**(ii) Interest rate risk (continued)**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Investment activities and insurance business are inherently exposed to interest rate risk. This risk arises due to differences in pricing or tenure of investments and liabilities. Interest rate risk is managed by the insurance contract liability, by limiting the interest rate guarantees that are embedded in the insurance plans that are marketed. The interest rate risk is also managed through setting the appropriate asset benchmark reflecting the liability profile and the availability of suitable instruments in the investment market. The participating nature of the Participating life fund gives the Company the flexibility to adjust the policyholders' bonus or dividends in the event of persistently high or low interest rates.

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are, as follows:

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Insurance and reinsurance contract liabilities</b>		
Life insurance issued	3,143,989	2,932,899
Reinsurance held	62,966	94,919
	<u>3,206,955</u>	<u>3,027,818</u>
<b>Debt instruments at FVOCI</b>	<u>3,503,913</u>	<u>3,187,286</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant showing the impact on the Company's profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used in performing the sensitivity analysis was consistent with the prior year.

	<b>Impact on profit before tax</b>	
	<b>(Decrease)/Increase</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Change in variable:</b>		
<u>Interest rate</u>		
+ 50 basis point	<u>(13,018)</u>	<u>(11,190)</u>
- 50 basis point	<u>13,562</u>	<u>11,861</u>
	<b>Impact on equity*</b>	
	<b>(Decrease)/Increase</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Change in variable:</b>		
<u>Interest rate</u>		
+ 50 basis point	<u>(78,824)</u>	<u>(73,692)</u>
- 50 basis point	<u>84,340</u>	<u>79,028</u>

\* Impact on equity is stated after considering tax effects

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**
**26. RISK MANAGEMENT (CONTINUED)**
**(f) Market risk (continued)**
**(ii) Interest rate risk (continued)**

The above impact to the Company's equity arose from the investments in fixed income securities which are classified as FVOCI financial assets and the insurance and reinsurance contract liabilities.

**(iii) Price risk**

The Company's price risk exposure relates to financial assets and liabilities, whose values will fluctuate as a result of change in market prices. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to the individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company has acknowledged the inherent risk of investing in equities. The Board has set internal limits for maximum equity exposure, industry type exposure and individual stock exposure, which are consistent with BNM's guidelines, and has also imposed daily trading limits. In addition, the Investment Committee at its monthly meeting discusses the economic and market outlook, reviews transactions and deliberates on further equity allocation. The participating nature of the Participating life fund gives the Company the flexibility to adjust the policyholders' bonus or dividends in the event of persistently high or low equity returns.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant showing the impact on the Company's profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used and significant assumptions made to derive the sensitivity information did not change from the previous financial year.

	<b>Impact on profit before tax</b>	
	<b>Increase/(decrease)</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Change in variable:</b>		
<u>Market price</u>		
+15%	124,923	117,593
- 15%	(124,923)	(117,593)
	<b>Impact on equity*</b>	
	<b>Increase/(decrease)</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Change in variable:</b>		
<u>Market price</u>		
+15%	90,766	85,565
- 15%	(90,766)	(85,565)

\* Impact on equity is stated after considering tax effects

**MANULIFE INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(f) Market risk (continued)**

**(iii) Price risk (continued)**

The above impact to the Company's equity arose from the Non-participating life fund and Shareholder's fund investments in equity securities, unit trust funds and real estate investment trusts which are classified as FVTPL financial assets.

**(g) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. This risk is managed via a three-year planning process to ascertain operational cash flow requirements and maintaining a reasonable level of liquid assets to meet unexpected cash flow. In addition, the Company has large holdings of government bonds that can be liquidated at short notice to meet unexpected liquidity needs.

It is unusual for a Company transacting insurance business to predict the requirements of funding with absolute certainty as the theory of probability is applied on insurance contracts to ascertain the likely provision and the time period within which such liabilities will require settlement. The amount and maturities in respect of insurance contract liabilities are thus based on management's estimate based on statistical techniques and past experiences.

There has been no significant change in the liquidity risk objectives, policies and processes in the current financial year as compared to the previous financial year.

The table below analyses the Company's financial assets and financial liabilities into their relevant maturity groups based on the remaining undiscounted contractual obligations.

All liabilities are presented on a contractual cash flow basis except for the amount payable under distribution agreement which are presented based on their expected cash flows.

The financial assets and liabilities of the segregated funds are not presented in the table below as the Company does not have any direct exposure to liquidity risk in those assets as the liquidity risk is borne by the investment-linked policyholders.

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(g) Liquidity risk (continued)**

	Carrying value	Up to a year	1-3 years	3-5 years	Over 5 years	No maturity date	Total
31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	681,278	28,221	96,489	53,570	958,181	-	1,136,461
Government Investment Issues	535,550	22,745	45,667	45,477	811,492	-	925,381
Corporate debt securities	2,249,224	286,993	667,252	618,862	1,485,719	-	3,058,826
Equity securities	651,438	-	-	-	-	651,438	651,438
Private equity funds	73,179	-	-	-	-	73,179	73,179
Real estate investment trusts	6,686	-	-	-	-	6,686	6,686
Unit trust funds	542,141	-	-	-	-	542,141	542,141
Structured product	152,675	152,675	-	-	-	-	152,675
Forward foreign exchange contract	2,023	2,023	-	-	-	-	2,023
Accrued interest							
- Financial assets at FVOCI	37,861	37,861	-	-	-	-	37,861
- Financial assets at FVTPL	2,007	2,007	-	-	-	-	2,007
Loans receivable	27,928	1,584	4,104	4,148	18,092	-	27,928
Other receivables	8,213	8,213	-	-	-	-	8,213
Cash and cash equivalents	83,978	83,978	-	-	-	-	83,978
Total financial assets	5,054,181	626,300	813,512	722,057	3,273,484	1,273,444	6,708,797
Lease liabilities	1,129	824	338	-	-	-	1,162
Other liabilities	288,933	288,933	-	-	-	-	288,933
Total financial liabilities	290,062	289,757	338	-	-	-	290,095

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024 (CONTINUED)**

**26. RISK MANAGEMENT (CONTINUED)**

**(g) Liquidity risk (continued)**

	Carrying value	Up to a year	1-3 years	3-5 years	Over 5 years	No maturity date	Total
31 December 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	473,348	20,281	41,345	40,492	732,238	-	834,356
Government Investment Issues	476,257	20,369	40,738	40,908	735,117	-	837,132
Corporate debt securities	2,201,730	358,771	622,989	585,889	1,452,284	-	3,019,933
Equity securities	661,934	-	-	-	-	661,934	661,934
Private equity funds	55,492	-	-	-	-	55,492	55,492
Real estate investment trusts	13,513	-	-	-	-	13,513	13,513
Unit trust funds	572,871	-	-	-	-	572,871	572,871
Structured product	66,146	66,146	-	-	-	-	66,146
Forward foreign exchange contract	1,153	1,153	-	-	-	-	1,153
Accrued interest							
- Financial assets at FVOCI	35,951	35,951	-	-	-	-	35,951
- Financial assets at FVTPL	1,116	1,116	-	-	-	-	1,116
Loans receivable	27,783	1,637	2,777	4,154	19,215	-	27,783
Other receivables	5,712	5,712	-	-	-	-	5,712
Cash and cash equivalents	88,321	88,321	-	-	-	-	88,321
Total financial assets	4,681,327	599,457	707,849	671,443	2,938,854	1,303,810	6,221,413
Lease liabilities	1,884	1,046	901	-	-	-	1,947
Other liabilities	266,976	266,976	-	-	-	-	266,976
Total financial liabilities	268,860	268,022	901	-	-	-	268,923



Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024**

**26. RISK MANAGEMENT (CONTINUED)**

**(h) Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, risk management policies and procedures, systems' failures, human performance failures or from external events. The Company seeks to minimise exposure by ensuring appropriate internal controls and systems, together with trained and competent people throughout the Company. The Company uses an established programme of comprehensive risk self-assessments in conjunction with independent internal audits to monitor and assess inherent operational risks and the effectiveness of internal controls.

**27. CAPITAL AND OTHER COMMITMENTS**

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Other commitments</b>		
<b>Exclusive bancassurance agreement</b>		
- Authorised but not provided for	(i) <u>59,000</u>	<u>62,000</u>
<b>Investment in private equity funds</b>		
At 1 January	52,659	21,539
Capital committed	22,357	41,355
Capital called	(13,979)	(10,911)
Capital return	1,160	21
Expenses incurred	(354)	(247)
Currency movement	<u>(2,278)</u>	<u>902</u>
At 31 December	(ii) <u>59,565</u>	<u>52,659</u>

- (i) The Company is committed to pay annual fees and development funds under the terms of the exclusive bancassurance agreement. The annual fees and development funds will be expensed off to the profit or loss in the year as incurred.
- (ii) The Company is committed to deliver the capital contributions pursuant to the terms of the Limited Partnership Agreements.