Allianz

Empowering lives, uniting communities

Integrated Annual Report 2023

Opening Statement

This is Allianz Malaysia Berhad's ("AMB" or "Company") inaugural Integrated Annual Report 2023 ("IAR2023") which has been prepared referencing the guidelines provided by the <IR> Framework. We have embarked on our integrated reporting journey since 2021 to provide a more concise, connected and transparent reporting of our objectives, strategies and performance. We demonstrated how we create value for our stakeholders through efficient management of capitals and resources.

This IAR2023 outlines our unique strategic focus, a refreshed materiality matrix, and how we engage with our stakeholders. It also covers our progress on our environmental, social and governance initiatives. We acknowledge the perpetual and dynamic nature of the process to embrace integrated thinking and achieve full integration in our reporting. Recognising the ever-evolving landscape of corporate reporting, we are dedicated to actively pursuing continuous improvements in our future Integrated Annual Report.

AMB Board's Responsibility Statement

The Board acknowledges its responsibility in ensuring the integrity of the IAR2023 and is of the opinion that the IAR2023 presents all matters material to AMB and its insurance subsidiaries ("Group" or "Allianz Malaysia") in accordance to the <IR> Framework.

Summary of Reporting Frameworks

Reporting Framework	Integrated Reporting	Sustainability Statement	Financial Statements	Corporate Governance
Value Reporting Foundation's International <IR> Framework	✓			
Malaysian Code on Corporate Governance	✓	✓		✓
Companies Act 2016	✓		✓	
Bank Negara Malaysia Policy Documents and Guidelines	✓		✓	
Main Market Listing Requirements of Bursa Malaysia Securities Berhad	✓	✓		✓
GRI Reporting Standards		✓		
FTSE Russell		✓		
Dow Jones Sustainability Index		✓		
United Nations Sustainable Development Goals		✓		
Malaysian Financial Reporting Standards ("MFRS")			✓	
International Financial Reporting Standards ("IFRS")			✓	
Financial Services Act 2013			✓	

Navigation Icons

Our Six Capitals

- FC Financial Capital
- HC Human Capital
- SRC Social and Relationship Capital
- NC Natural Capital
- IC Intellectual Capital
- MC Manufactured Capital

Our Strategic Objectives

- Growth
- Margin expansion
- Capital efficiency

Our Material Matters

1. Cybersecurity and Data Privacy
2. Governance and Ethics
3. Emissions and Climate Change
4. Customer Satisfaction
5. Health and Wellbeing
6. Digital Innovation
7. Responsible Products, Investment and Underwriting
8. Talent Management
9. Diverse, Equitable and Inclusive Workforce
10. Human Rights
11. Social and Financial Inclusion
12. Direct Environmental Footprint
13. Charitable and Community Support
14. Sustainable Supply Chain

Our Stakeholders

- Customers
- Employees
- Investors/Shareholders
- Intermediaries/Business Partners
- Service Providers
- Government, Regulators, and Industry
- Society and Planet

Icons used in this report

- *This icon refers to further reading*
- *This icon refers to more information available at allianz.com.my*

Cover Rationale

Empowering lives, uniting communities

In our journey to transcend the conventional boundaries of insurance, we dedicate ourselves to not only safeguarding your future but to also cultivate a spirit of unity and belonging across communities. Our tagline encapsulates our mission to empower individuals and foster interconnectedness. Through our efforts, we aim to transform the fabric of society, making empowerment and unity not just goals, but realities for all. This commitment is what propels us forward, inviting everyone to join a movement that envisions a world where empowerment is universal and community bonds are unbreakable.

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> "The year 2023 has been another remarkable chapter in Allianz Malaysia's story. It has been a journey of growth, resilience, and unwavering commitment to our values and vision."
>
> Zakri Bin Mohd Khir, Chairman, Allianz Malaysia Berhad

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Nur Jannaton:
Rising Star of Para Archery

Nur Jannaton Abdul Jalil has made history as Malaysia's first female para archer to qualify on merit for the Paralympic Games. Making her debut in the Paris 2024 Paralympic Games, she trains at least six hours a day to realise her dreams.

We are Allianz

Our Business

Allianz Malaysia Berhad ("AMB" or "Company") is part of the Allianz Group in Germany. The Allianz Group was founded in 1890 in Germany. With approximately 157,000 employees worldwide, the Allianz Group serves more than 125 million customers* in over 70 countries.

AMB through its subsidiaries, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") offer a range of insurance products and services across Malaysia.

Allianz General is one of the leading general insurers in Malaysia and has a broad spectrum of products and services to meet the needs of all customer segments covering personal lines, small to medium enterprise businesses and large corporates.

Allianz Life offers a comprehensive range of life and health insurance as well as investment-linked products and is one of the fastest growing life insurers in Malaysia.

* including non-consolidated entities with Allianz customers

Our Strategic Objectives

Growth

We consistently seek to capture growth opportunities for our business, and to create growth opportunities for our employees. This is how we ensure our leading market position. Through our full breadth of products and services, we offer comprehensive solutions that meet our customer's needs and make us a trusted partner.

Margin expansion

We need to be profitable and efficient. To do so, we are continuously improving our productivity, including in our distribution channels, while seeking to grow in high margin business segments. Additionally, we will continue our transformation to be more simple, digital and scalable.

For Our Individual Customers

Life, Health and Savings

The Life/Health business segment addresses the health, wellbeing, and protection needs of our customers. This includes preparing them and their loved ones for long-term financial security.

Home, Motor and Travel

We offer products and services that are designed to provide peace of mind to our customers so that they and their assets are protected against accidental loss. These include motor, accident, property, travel insurance, and assistance services.

We are Allianz

Capital efficiency

We consistently seek ways to use our capital in the most effective way and take actions when it falls below the Return on Equity threshold.

Purpose

We Secure Your Future

Vision

We aspire to win the hearts of customers by delivering products and services that give them the courage for what's ahead; and by caring for them, for our people and the world around us

For Our Business Customers

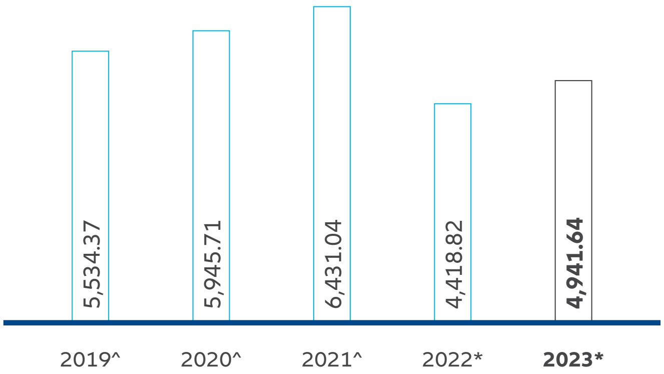
Liabilities, Operations and Asset Protection
We offer holistic financial protection for our business customers, encompassing business continuity, liability cover, and asset protection. We help businesses recover from misfortunes so they can resume their operations as soon as possible.

Group Protection and Personal Accident
With our group protection offerings, employers can have peace of mind that the health and wellbeing of their workforce is taken care of.

Allianz at a Glance

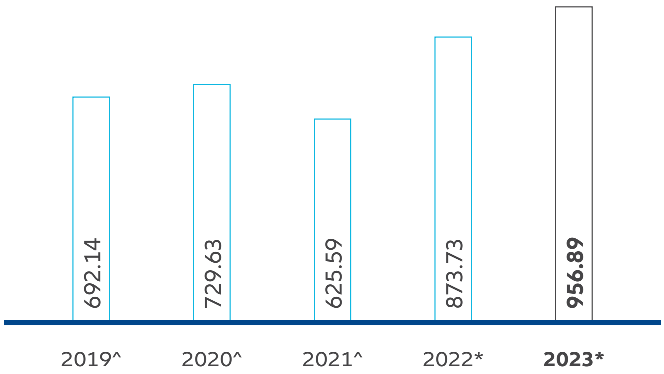
Operating Revenue (MFRS 4^)/ Insurance Revenue (MFRS 17*)
(RM' million)

+11.8%



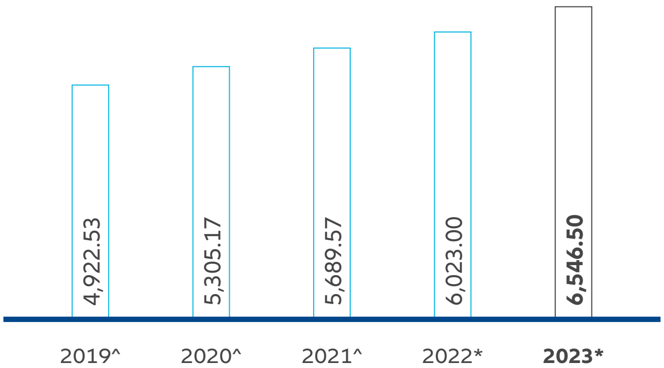
Profit Before Tax
(RM' million)

+9.5%



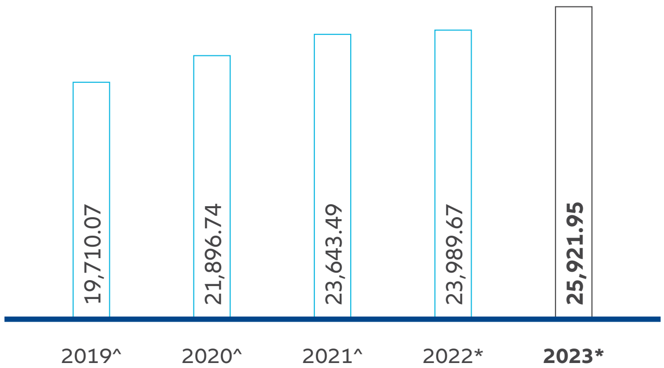
Gross Written Premium
(RM' million)

+8.7%



Total Assets
(RM' million)

+8.1%



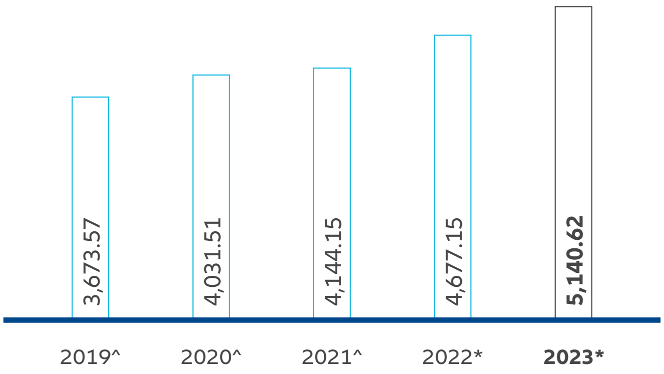
	MFRS 17*		MFRS 4^		
	2023	2022	2021	2020	2019
Insurance Revenue/Operating Revenue (RM' million)	**4,941.64**	4,418.82	6,431.04	5,945.71	5,534.37
Gross Written Premium (RM' million)	**6,546.50**	6,023.00	5,689.57	5,305.17	4,922.53
Profit Before Tax (RM' million)	**956.89**	873.73	625.59	729.63	692.14
Total Assets (RM' million)	**25,921.95**	23,989.67	23,643.49	21,896.74	19,710.07
Shareholders' Fund (RM' million)	**5,140.62**	4,677.15	4,144.15	4,031.51	3,673.57
Capital Expenditure (RM' million)	**54.1**	126.8	28.3	26.6	50.5
Market Capitalisation (RM' million)#	**6,478.25**	4,925.83	4,431.96	5,130.47	5,578.62
Interim Dividend per Share					
– Ordinary Share (sen)	**100.50**	85.00	63.00	58.00	65.00
– Preference Share (sen)	**120.60**	102.00	75.60	69.60	78.00

The market capitalisation is a combination of ordinary and preference shares
* Prior year numbers are restated/updated due to the adoption of new accounting standards on MFRS 17 and MFRS 9

Allianz at a Glance

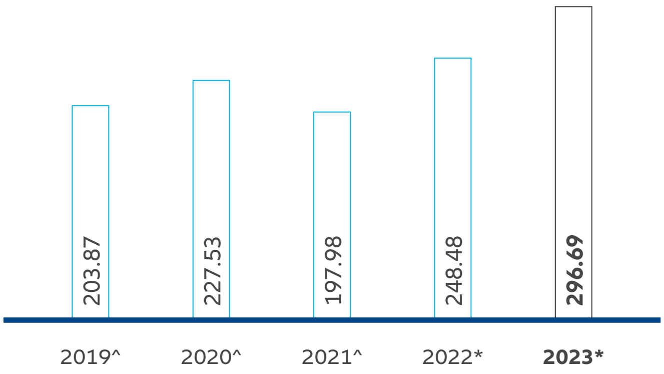
Shareholders' Fund
(RM' million)

+9.9%



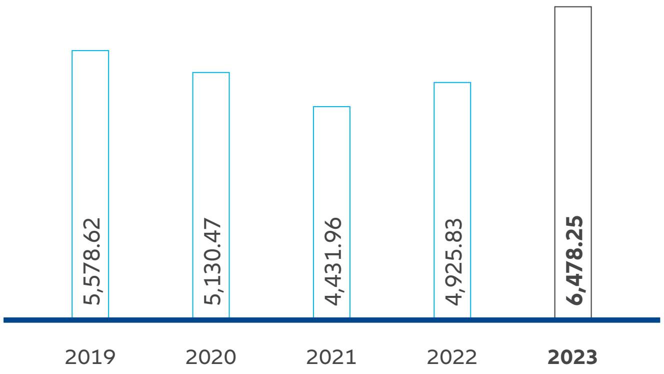
Basic Earnings Per Ordinary Share
(sen)

+19.4%



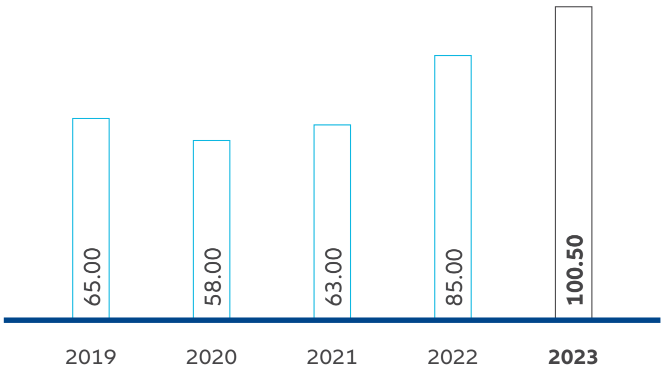
Market Capitalisation
(RM' million)

+31.5%



Dividend Per Ordinary Share
(sen)

+18.2%



	MFRS 17*		MFRS 4^		
	2023	**2022**	**2021**	**2020**	**2019**
Total Amount of Dividend to the Shareholders					
– Ordinary Share (RM'000)	**178,859.09**	151,272.25	111,925.13	102,595.53	114,976.97
– Preference Share (RM'000)	**202,893.27**	171,603.20	127,421.42	117,844.59	132,068.15
Return on Equity^	**14.8%**	13.3%	11.7%	13.5%	14.0%
Insurance Revenue Growth/Operating Revenue Growth	**11.8%**	N/A	8.2%	7.4%	6.8%
Gross Written Premium Growth	**8.7%**	5.8%	7.2%	7.8%	9.3%
Basic Earnings per Ordinary Share (sen)@	**296.69**	248.48	197.98	227.53	203.87
Diluted Earnings per Ordinary Share (sen)	**211.12**	177.29	138.29	150.29	142.29
Net Asset Value per Ordinary Share (RM)	**28.88**	26.28	23.35	22.79	20.77
Diluted Net Asset Value per Ordinary Share (RM)	**14.85**	13.51	11.97	11.64	10.61

^ The average of the opening (1 January) and closing (31 December) balances of Shareholders' Fund have been used in the computation of Return on Equity
@ The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders adjusted for preference dividends
* Prior year numbers are restated/updated due to the adoption of new accounting standards on MFRS 17 and MFRS 9

Group Structure

Allianz Malaysia Berhad
197201000819 (12428-W)

- 100% — **Allianz General Insurance Company (Malaysia) Berhad**
  200601015674 (735426-V)
- 100% — **Allianz Life Insurance Malaysia Berhad**
  198301008983 (104248-X)

Corporate Information

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Classes of Share

Class	Stock Code
Ordinary Share	1163
Irredeemable Convertible Preference Share	1163PA

Company Secretary

Ng Siew Gek
Email: ng.siewgek@allianz.com.my

Registered Office

Level 29, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03-2264 1188/2264 0688
Fax : 03-2264 1186

Head Office

Level 29, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03-2264 1188/2264 0688
Fax : 03-2264 1199
www.allianz.com.my

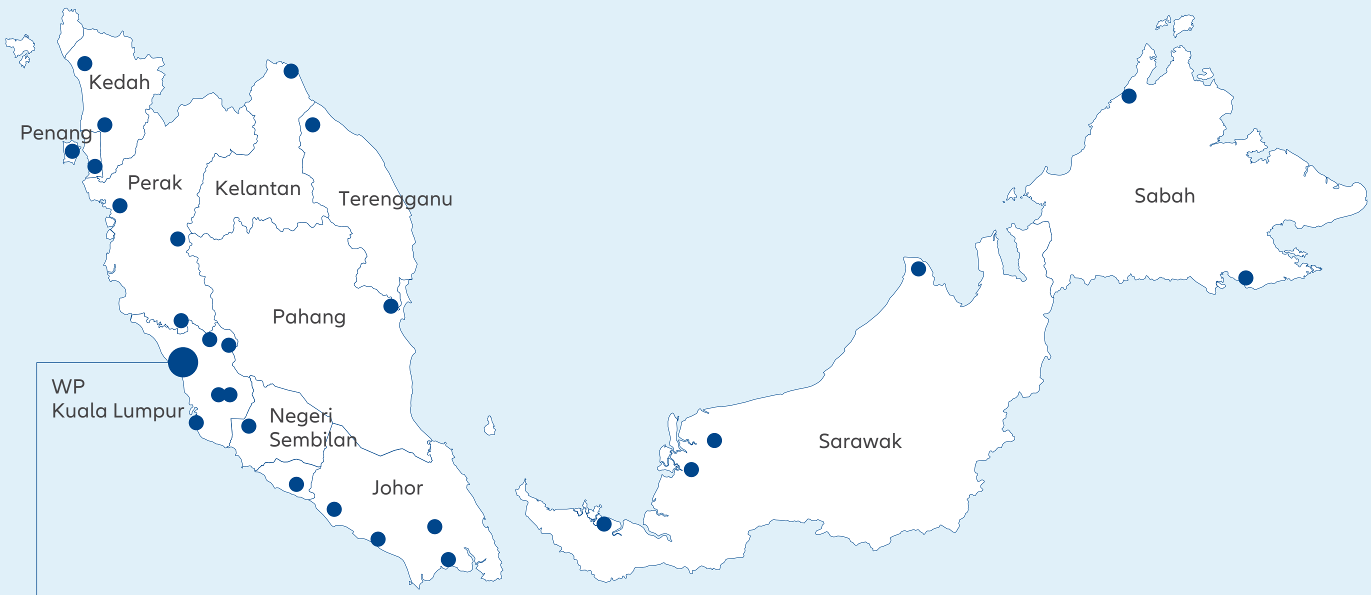
Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com

Auditors

PricewaterhouseCoopers PLT
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

Nationwide Presence



Customer Contact/Service Centre

Ground Floor, Block 2A Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan

One Allianz Call Centre

Level 10, Menara Allianz Sentral
203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan

You can find our branch locations as well as your closest panel hospitals, clinics, workshops and agents at our Allianz Locator at www.allianz.com.my/personal/help-and-services/ways-to-get-in-touch/allianz-locator.html.

Scan the QR code to view

Our Operating Context

Economic Review

The year 2023 was a tumultuous one. According to the International Monetary Fund, global Gross Domestic Product ("GDP") for 2023 is expected to come in at 3.0 percent. Inflation worries across the globe have moderated with projections that a soft landing in the coming years is possible as inflation across most regions in the world are falling faster than expected.

However, the global insurance industry is currently navigating a complicated economic landscape, significantly impacted by various macroeconomic factors. These include currency volatility, geopolitical uncertainties, and the looming threat of a global economic slowdown, which collectively exert substantial pressure on insurers' growth prospects across the world. Compounding these challenges are regulatory changes and the rising threat of cyber attacks, both of which add layers of operational and compliance risks.

Locally, economic growth in Malaysia for 2023 was recorded at 3.7 percent, a decrease from the previous year's 8.7 percent. This slowdown can be attributed to a variety of factors including a slowdown in global trade, a global tech downcycle, geopolitical tensions, and tighter monetary policies.

Insurance Sector Review

Malaysia's general insurance segment experienced significant growth in 2023, with gross written premiums increasing by 7.8 percent to RM21.4 billion. This rise was primarily driven by the motor and fire insurance segments. The motor insurance sector's growth aligned with the spike in new vehicle sales, which rose by 11 percent, largely in the passenger car category. The growth in fire insurance was partly a result of increased activity in both residential and commercial properties, coupled with a growing demand for flood coverage.

Furthermore, the Construction All Risk and Engineering business premiums showed an impressive growth over the year indicative of the acceleration of infrastructure projects in the post-pandemic period. However, the Personal Accident line experienced a decrease in premiums, attributed to the conclusion of the Perlindungan Tenang Voucher Programme at the end of 2022. Despite these developments, general insurance penetration in Malaysia remains relatively low at 1.4 percent of GDP.

Profitability within the segment saw varying trends. The motor insurance segment faced declining profitability due to increased motor claim experiences nearing pre-pandemic levels and the rising costs of vehicle spare parts. In the fire insurance segment, profitability was influenced by inflation, tariff adjustments, competitive pressures, and increasing reinsurance costs.

The life insurance segment, on its part, recorded a significant year-on-year growth in profit margin by 15.2 percent, though this was lesser than the previous year by 23.5 percent. New business premiums also grew by 11.1 percent compared to the year before. Despite this, life insurance penetration rate is still relatively low in Malaysia, with only 4 out of 10 Malaysians taking up life insurance according to TA Research.

Insurance Sector Outlook

Malaysia's insurance sector's growth is driven by two factors. Firstly, there is increasing demand in sectors such as technology, manufacturing, and renewable energy for insurance products. A report from Howden Markets Asia says that awareness of the need for comprehensive insurance products, including property, casualty, and specialty insurance, is increasing among businesses in these industries. This was substantiated by a survey involving more than 20 insurers in Malaysia.

Secondly, increasing awareness amongst Malaysians of the importance of insurance is set to drive growth in the general insurance segment. Following the rise of flood events in Malaysia, a positive upward trend has been observed with regard to flood coverage. This trend is reflected in the increasing take up rate for flood optional coverage within the Motor and Fire policies. Moreover, the Malaysian government's efforts in promoting insurance awareness, especially among the B40 community groups through initiatives like *"Insuran Rahmah"*, is crucial to the growth potential of the sector.

Similar growth is expected in the life insurance segment as well. The focus on enhanced medical and life coverage, spurred by an increased health consciousness post-pandemic, is likely to fuel this growth. In addition, the development of tailored insurance products, catering to diverse consumer needs and lifestyles, is anticipated to drive the segment forward. Digital transformation and the proliferation of insurtech companies within the industry, is also facilitating easier access to insurance products and improving the customer experience, which will contribute positively to the growth of life insurance in Malaysia.

Our Operating Context

PESTEL Analysis

	P Political	E Economic	S Social	T Technological	E Environmental	L Legal
Issue 1	Geopolitical tensions and global supply chain issues	Changes to local economic and tax policies e.g. rationalisation of subsidies	Poverty and socio-economic imbalances, especially among the B40 household	Cyber security and data protection	Increasing flood events due to climate change and uncontrolled development	Changes/ new regulations
Impact	• Slow down in external demand • Inflationary pressures on medical, motor and property claims	• Changing customer demand and purchasing power across different socio-economic groups • Slow down in insurance products take up rate	• Affordability of and access to insurance coverage • Underserved segment remains under penetrated	• Vulnerability to cyber attacks and data loss	• Increasing flood related financial losses	• Financial costs for system changes associated with implementation • Lack of expertise
Strategic Response	• Regular monitoring of and prompt response to inflationary trends	• Prioritise value-based offering to meet different target market needs • To keep up to date on policy changes • Swift adoption of policies changes into strategic planning	• Launch Rahmah Insurance product series • Prioritise value-based offering to meet different target market needs	• Allianz Privacy Standard • Group-level infrastructure and technology • Group-level awareness and cyber resilience	• Natural disaster awareness training • Enhanced protection for customer resilience • Invest in assets to attend to our customers promptly in the event of flood	• Upskilling of knowledge • Setup workforce team for preparatory planning
Linkage to Strategic Pillar	Margin Expansion	Growth, Margin Expansion	Growth, Tackling Climate Change	Employer of Choice	Tackling Climate Change	Employer of Choice
Capitals Impacted	FC	FC IC	FC IC SRC	IC HC	NC MC	FC IC HC

Our Operating Context

	P Political	E Economic	S Social	T Technological	E Environmental	L Legal
Issue 2		Weakening of local currency	Loss of key talents/skilled workers due to globalisation	Shift in customer demand for e-services	Increased awareness on sustainability & ESG	
Impact		• Inflationary pressure on claims cost due to rising cost of imported materials and machinery	• Staff turnover due to migration and/or access to remote working conditions	• Shift in customer preferences towards online sales and services over conventional distribution methods	• Higher focus on sustainability-related topics in business practices	
Strategic Response		• Regular monitoring of and prompt response to inflationary trends • Expense management and cost containment	• Strategic workforce planning	• Develop digital partnership solutions to meet growing customer needs	• Develop sustainable solutions for both company and customers	
Linkage to Strategic Pillar		Growth, Margin Expansion	Employer of Choice	Growth	Growth, Tackling Climate Change	
Capitals Impacted		FC SRC	HC	IC SRC	IC NC	

Our Operating Context

	P Political	E Economic	S Social	T Technological	E Environmental	L Legal
Issue 3			Increasing focus on health and wellness post-pandemic period	Adoption of Data Analytics and AI into business		
Impact			• More demand on protection coverage	• Improve process automation and usage of analytics to identify new opportunities		
Strategic Response			• Develop products with comprehensive protection coverage, targeting the growing needs of the population	• Investment into technology and people expertise		
Linkage to Strategic Pillar			Growth	Growth, Margin Expansion, Capital Efficiency, Employer of Choice		
Capitals Impacted			SRC IC	IC HC MC		

Ziyad:
Malaysia's Power Para Shot-putter

Muhammad Ziyad Zolkefli brought glory to Malaysia when he won the men’s shot put F20 event with a record-breaking 16.84m throw at the Rio Paralympic Games 2016.

Chairman's Statement

Dear Shareholders,

"Despite the numerous obstacles that had the potential to impede our growth, the year proved to be a challenging yet rewarding one for Allianz Malaysia Berhad ("AMB" or "Company") and its insurance subsidiaries Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group" or "Allianz Malaysia"). We exhibited courage and determination, overcoming these hurdles with success. Our results are a testament to our ability to excel in tough circumstances. While we anticipate new challenges ahead, I have full confidence in the Group's ability to remain steadfast as we forge ahead."

Zakri Bin Mohd Khir
Chairman,
Allianz Malaysia Berhad

I am happy to report that the Group achieved remarkable results for the financial year ended 31 December 2023 ("FY 2023"). The Group recorded a total of RM6.55 billion in Gross Written Premiums ("GWP") for FY 2023, amounting to an increase of 8.7 percent growth from the RM6.02 billion recorded from the year before. The Group's Profit Before Tax rose 9.5 percent to RM956.9 million in FY 2023, while Total Assets grew 8.1 percent to RM25.92 billion in FY 2023 from RM23.99 billion in FY 2022.

The results reported by the Group reflect an outstanding performance delivered for FY 2023, against the backdrop of rising global inflation, geopolitical conditions, and an uncertain political and economic environment, domestically. Increased volatility from the financial markets also posed downside risks.

Looking to the future with confidence

The Board of Directors ("Board") responded commensurately by declaring its highest ever total annual dividend in FY 2023 at 100.5 sen for Ordinary Share (2022: 85.0 sen) and at 120.6 sen per irredeemable convertible preference share ("ICPS") (2022: 102.0 sen). This marks the first time that both Ordinary Share and ICPS have breached 100 sen, with a total dividend payout amounting to RM381.75 million. The Board announced a single tier first interim dividend for FY 2023 of 31.5 sen for Ordinary Share and 37.8 sen for ICPS in May 2023, followed by a single tier second interim dividend of 69.0 sen for Ordinary Share and 82.8 sen for ICPS in January 2024.

A total of
RM956.9 million
in Profit Before Tax for FY 2023

The Group's Total Assets rose by 8.1% to
RM25.92 billion

Strong business acumen

The performance and success of the Group in 2023 is a validation of our well-defined strategies and our ability to create value sustainably over the years. The immense work and effort invested into making us the thriving entity we are today is the result of consistently prioritising a strong and structured framework aimed at achieving specific goals and objectives. We have built our house on solid ground with a clear purpose and identity so that we are able to allocate resources effectively, optimise operations and efficiently adapt to everchanging market requirements. Maintaining a strong business acumen and delivering value to our shareholders will continue to be among the focal points of discussion for the Board.

In our journey towards excellence, we have always been ambitious yet pragmatic. It is essential for us to continuously challenge ourselves to reach new heights but remain grounded in our approach. This balance ensures that we grow steadily without overextending our capabilities, taking bold but calculated risks while methodically pursuing our plans. Such equilibrium is crucial for our organisation in navigating the ever-evolving business landscape.

The world has been inflicted by the rise in populism over the last decade which has challenged the economy. While it is my sincere hope that we are experiencing a significant shift in political awakening, the reality suggests that we are crawling our way there.

As a Member of the Board, I am glad to be part of Corporate Malaysia, which continues to tread forward, espousing values and principles that progresses our nation. We take our hats off to institutions like the Securities Commission Malaysia and Bursa Malaysia Securities Berhad for their constant pressure that has kept us agile and on our feet.

Escalating medical cost inflation as well as the rising utilisation of medical services and procedures have significantly increased medical costs over the years. Similarly, motor costs are influenced by cutting-edge technology and the rise in price of components and manufacturing material. The depreciation of the Ringgit is also a constant challenge. Not to mention that medical and motor are highly regulated sectors within the industry, making it very difficult for insurers to price to risk. Notwithstanding these challenges, I am pleased that our subsidiaries have remained profitable.

Chairman's Statement

Social responsibility

Globally, inflation has yet to be effectively contained and the rising cost of living continues to erode the quality of life for the people, with those from the lower-income strata being the most impacted. On the local front, upcoming policy manoeuvres such as the implementation of domestic water tariff adjustments, targeted petrol subsidy and proposed Employee Provident Fund flexible accounts are factors that are likely to have societal ramifications.

The economic impact of the COVID-19 pandemic coupled with the decline of the Ringgit should give Malaysians a sobering reminder that the coffers of the state are not bottomless. Should pivotal issues continue to be left unaddressed, we anticipate nothing short of an economic upheaval. It is an unfortunate predicament given the abundance of talent in our workforce ready to be harnessed to drive the growth of the country. Having said that, the Group will continue to effect change through our actions and initiatives, and serve as a microcosm of what Malaysia can envision to be for the future.

In our ongoing effort to provide affordable insurance solutions for the underinsured segments of the population, we found a viable way forward with the Rahmah Insurance Initiative.

More details can be found in the CEO's Message section of this Integrated Annual Report

Our intention is not for short term gains in profit but, rather, we seized the opportunity as we saw a promising avenue for us to appeal to this segment in a more concerted manner. We hope that when they begin making claims, they will inevitably gain first-hand knowledge on the necessity of insurance.

As our nation begins to transition into an aging population, with hard-earned savings stretched thin for value, we see an increased responsibility for the Group to play a bigger role in raising awareness among the public on the importance of social protection. It is incumbent upon organisations like Allianz Malaysia to ensure that a new "life-cycle approach" is adopted to ensure that the population is well equipped with sufficient protection to overcome challenges from cradle to grave.

> "It is incumbent upon organisations like Allianz Malaysia to ensure that a new "life-cycle approach" is adopted to ensure that the population is well equipped with sufficient protection to overcome challenges from cradle to grave."

Through our corporate social responsibility arm, Allianz4Good, we continue to focus on more programmes that raise awareness and provide much needed interventions to targeted communities, especially the underserved.

The Allianz Eco Quest education empowerment programme for primary school children in Pulau Tuba, Langkawi is an example of how we aim to educate and instill enthusiasm in young people, fostering development for future generations.

Within the organisation, we have cultivated a diverse environment where talent thrives irrespective of gender, background, or ability. Our commitment to gender parity in remuneration and creating opportunities for People with Disabilities ("PWD") is a testament to our belief in inclusivity and diversity. Allianz Beyond is our employee network for disability inclusion which creates a safe space for employees to disclose their disability and get the necessary assistance to perform at their best. These practices are not just policies but are embedded in our culture, defining who we are as an organisation. We hired our PWD colleagues based on their abilities and not their disabilities.

In 2014, Allianz SE Group ("Allianz") decided on a global push for commercial business. At the top, the agenda was to develop a cadre of underwriters who would be able to lead markets in which Allianz operating entities were operating. Since Allianz General was the leader in the general insurance market in Malaysia, it was decided that we should take the lead to develop highly skilled commercial underwriters.

Chairman's Statement

We created an internal programme with an external certification. We submitted our technical modules to the Malaysian Insurance Institute ("MII") who, then, mapped our syllabus with theirs and gave us the accreditation that was needed. We signed a Memorandum of Understanding with them in 2015 for our Professional Commercial Underwriting Certification (PCUC). Subsequently, we shared the PCUC with Allianz and obtained a bronze level accreditation from them.

Ten years later, we remain the only corporate organisation in Asia Pacific to retain our accreditation. We take great pride in having developed the PCUC programme, which is inbuilt with theoretical, in-house practical underwriting guidelines and updated from time-to-time with current market development.

This programme is a joint venture with the MII and completion of this programme by candidates grants them three qualifications – a Diploma from the MII AMII Level 1, PCUC Certification from Allianz Malaysia and bronze accreditation from Allianz.

This endeavour has gained us the reputation of being a "mini university" in the industry since Allianz Malaysia has become renowned for investing in its people. In the first eight years, we had 152 candidates successfully completing the certification and being awarded the aforementioned qualifications. Currently, 66 more are pursuing the certification. I am proud and happy that the Management continues to throw their support behind this programme.

A socially responsible approach is essential for the long-term sustainability of any business. The Group will continue to be proactive in identifying and addressing social and ethical risks as consumers and investors are increasingly making choices based on a company's social and environmental impact. The Board is unwavering in our commitment that this will continue to be an integral part of our agenda.

Good governance

Good governance is the cornerstone of our operations. With our zero-tolerance policy to fraud and corruption, we hold ourselves to the highest standards, ensuring that our actions are transparent and accountable. A prime example of this is the Allianz Road Rangers initiative. We started with breakdown assistance for cars and over the years, we expanded to motorcycles and Goods Carrying Vehicles as well. We are glad that through proactive efforts, we have not received any official reports of the giving or receiving of bribes in the process.

Our efforts exemplify our commitment in combating corruption and fraud in the motor accident ecosystem. We aspire to be a beacon that demonstrates how corporations can, and should, uphold principles of integrity in their operations. We are willing to approach things with a fresh perspective, to wholeheartedly commit ourselves to doing what is right while upholding the highest standards of integrity.

"We are willing to approach things with a fresh perspective, to wholeheartedly commit ourselves to doing what is right while upholding the highest standards of integrity."

Corruption undermines the principles of fairness, honesty, and integrity. Companies have a moral, social and ethical responsibility to play a role in combating this issue in order to build a more just and equitable society. While the Group has always been undeterred in our pursuit of good governance, there is always room to do better, and we are embarking on more initiatives to play a bigger role in this area.

Prioritising customer needs and focusing on delivering exceptional customer experience will also remain among the Group's core focus. Being ranked among the top five in the Malaysia Insurance & Takaful Customer Satisfaction Survey is testament that we are serious about customer-centric strategies.

Our adaptability to change has played a pivotal role in our success. Driven by the clear and visionary direction set by our Board, the effectiveness of our management and the dedication of our workforce, we are able to evolve and reinvent ourselves in response to dynamic market conditions. This agility and decisiveness ensures that we are always a step ahead, ready to embrace the future without hesitation. We are also privileged to have shareholders who continue to invest in, support and trust this organisation as we pursue our strategic initiatives and explore new opportunities for growth.

In conclusion, the year 2023 has been another remarkable chapter in Allianz Malaysia's story. It has been a journey of growth, resilience, and unwavering commitment to our values and vision. As we look to the future, we do so with confidence, knowing that we are well-equipped to navigate any challenges and seize the opportunities that lie ahead. Our journey continues, and I am confident that with our collective efforts, we will continue to scale new heights and create meaningful impact to our society and economy.

Acknowledgements

I would like to extend my sincere appreciation to Tunku Zain Al-'Abidin Ibni Tuanku Muhriz, who retired as Independent Non-Executive Director of AMB on 27 November 2023, for his invaluable contributions to the Group in the last nine years.

I would also like to express my deepest appreciation, on behalf of the Board, to our valued shareholders, customers, agents, brokers, bank distribution partners, other valued business partners and stakeholders for their unwavering support, trust, and continued confidence in the Group.

I also want to thank the Senior Management and all employees of the Group for their resilience, diligence, and commitment to our success. A note of appreciation also goes to Bank Negara Malaysia, Bursa Malaysia Securities Berhad and all other relevant regulatory bodies and authorities for their invaluable guidance and support throughout the year.

Thank you.

Zakri Bin Mohd Khir
Chairman
1 April 2024

CEO's Message

Staying steadfast

Dear Shareholders,

"As we conclude our financial reporting for the year 2023, I am proud to announce that Allianz Malaysia Berhad ("AMB" or "Company") along with our subsidiaries, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group" or "Allianz Malaysia"), have achieved outstanding financial results."

Sean Wang Wee Keong
Chief Executive Officer,
Allianz Malaysia Berhad

CEO's Message

This success is particularly noteworthy as it was accomplished amidst various challenges that we met head on. The collaborative efforts and unwavering dedication of our teams across Allianz General and Allianz Life have been instrumental in confronting these challenges directly, ensuring our continued commitment to excellence and reliability for all our stakeholders.

After two full years following the effects of a global pandemic, the dust has begun to settle, and we are forced to find our footing in this new climate. Domestic-driven consumption continues to be the turbine of economic growth and a seeming constant amidst a revolving door of activity on the political stage.

Malaysia was not spared from the tide of global inflation even though headline inflation moderated to around two percent over the year. The weakening of the ringgit further eroded the purchasing power of Malaysians, proving especially strenuous to those from the lower socioeconomic segment. Interest rates were kept relatively stable with a solitary hike in the Overnight Policy Rate (OPR) announced in 2023. Volatility in the financial markets brought about more challenges to deal with. However, the government's rollout of the National Energy Transition Roadmap (NETR) was a welcome call that provided a clear indication of its vision for the country.

We are still bound by the limitations of the current phase of the motor and fire tariff liberalisations. This has compelled us to differentiate our insurance service from our competitors especially in the case of motor insurance.

The introduction of the Malaysian Financial Reporting Standards 17 ("MFRS 17") at the start of the year pronounced our value-driven proposition as a Group. The accelerated results under MFRS 17 portrayed a profit emergence in the life insurance business. The general insurance business saw higher retained earnings with the introduction of the discounting of claims reserves and deferral of expenses. It is gratifying to note that amidst a higher regulatory bar set for the insurance industry, we excelled in our financial performance despite increased pressure in the medical and motor segments.

Among other firsts, this year marks our full transition into Integrated Annual Reporting ("IAR"). Under this reporting standard, we are able to narrate our initiatives highlighting the various sustainability workstreams that are empowering our business endeavours. This year's IAR will furnish readers with greater clarity and detail to provide a holistic summary of the business as a whole for last year.

As I reflect on the year, the task ahead of us at the beginning of 2023 seemed like a tall order given the ambitious targets we set for ourselves. Nevertheless, we took it in our stride and persevered through the obstacles that came our way and emerged stronger. The year turned out to be a test of character, of teamwork - and in the words of famed Liverpool F.C. manager, Jurgen Klopp - pure heavy metal grit.

Such challenging times invariably bring out the best in character from our people. I am fortunate to lead a team that views every challenge as an opportunity to excel and set new standards of achievement. Thankfully, the easy part was to trust their abilities and focus on providing opportunities that would bring out the best in them. Our broader family of agents, intermediaries, and brokers have proven time and again to be counterparts that are more than worthy. When we operate as a larger, cohesive entity, there is really no limit to what we can achieve.

It is rather fitting that part of the visual theme for this year's Annual Report is the Olympics, which has become a symbol of our longstanding association with sports. As a keen observer of sports and a sportsman myself, I am inspired by how athletes spend their whole lives in preparation for that one victorious moment. We find much commonality in our shared values and aspirations as we strive to achieve the seemingly impossible.

After winning gold in the Tokyo Paralympics for shot put, Muhammad Ziyad bin Zolkefli emotionally exclaimed, "I have made a lot of sacrifices. I have been training hard to get here. The result is for my family, my country and for all Malaysians. This is the result of my life." To be able to protect our Malaysian Paralympians so they can rise up to their one moment of glory in front of the world with grace and confidence is meaningful. To work with them after they hang their boots up and support a career beyond athletics is purposeful.

"To be able to protect our Malaysian Paralympians so they can rise up to their one moment of glory in front of the world with grace and confidence is meaningful. To work with them after they hang their boots up and support a career beyond athletics is purposeful."

CEO's Message

Through our Allianz MoveForward Programme, we have partnered with the National Sports Council (Majlis Sukan Negara) and Yayasan Kebajikan Atlet Kebangsaan to support national athletes – both abled-bodied and disabled – in their athletic and post-athletic careers. On top of insuring our athletes in all areas concerned with their professional sporting activities, we have also set up numerous events and activities to impart financial education, build financial literacy and expose them to job opportunities with us as they transition towards their post-athletic careers.

Customer-Centricity as our bedrock

One of our strengths that has become the bedrock of the Allianz SE Group ("Allianz") philosophy is customer-centricity. In line with the Renewal Agenda, achieving true customer-centricity has become the north star that we continue to endeavour towards. We are encouraged by the recent results in several indices that validate our efforts in consistently placing customers first. Our Net Promoter Score, a key rating mechanism to measure the willingness of a customer to recommend a company, has consistently showed that both Allianz General and Allianz Life have scored above the market average.

We have drawn closer to the pulse of our customers by building greater synergies between our subsidiaries to amplify communication with one coherent voice. The One Allianz transformation initiative is an ongoing effort to further weave in the complementarity of both our life and general insurance businesses to provide our customers with a single-point access to our portfolio of solutions.

In the recent Malaysia Insurance and Takaful Customer Satisfaction Survey conducted by the Life Insurance Association of Malaysia, Persatuan Insurans Am Malaysia, Malaysia Takaful Association and Bank Negara Malaysia, Allianz General and Allianz Life were ranked among the top five based on the Customer Satisfaction Index in Malaysia. Internationally, the Allianz brand was once again recognised as the world's number one insurance brand in Interbank's 2023 Best Global Brands for the fifth year in a row.

We have come to a locus in Moore's Law where gains in technological advancement leave a noticeable gap within a short span of time. As such, we are tasked with ensuring our workforce is proactively equipped to respond to change effectively. We are proud that Malaysia was selected to headquarter a newly established Regional Delivery Centre, incorporated as Allianz Technology Sdn Bhd. This is part of Allianz and Allianz Asia Pacific's ambition to consolidate IT capabilities and delivery under a standardised operating model and provide service delivery to all Southeast Asian operating entities ("OE").

This is a recognition of the highly skilled talent pool that is found in Malaysia. Our Employee Value Proposition – "Lets Care for Tomorrow" is underpinned by several areas of focus for the employee, namely future career development, health and wellbeing, diversity, equity and inclusion, and society and planet.

CEO's Message

A key example of us investing in our people is through the Professional Commercial Underwriting Certification ("PCUC"). Together with the Malaysian Insurance Institute ("MII"), we developed a syllabus that merited our underwriters with three sought-after qualifications. The first was a Diploma from MII titled the AMII Level 1, the second, a PCUC certification from Allianz Malaysia and thirdly, a bronze accreditation from Allianz. We are happy to continue supporting this certification programme and accrediting our technical staff according to the latest industry standards.

More information on this can be found in the Progressing our Sustainability Agenda portion of this Integrated Annual Report.

There has also been continued effort within the Group to promote digital innovation. Allianz 360, our mobile application developed collaboratively with Allianz Life agents, was rolled out this year. With this, our agents are empowered at all times to respond with immediacy, having a full 360-degree view of customer relationships, to offer the best service possible at the time of need. The MyAllianz mobile application on the other hand, has been further improved with a streamlined customer journey experience and an overall improvement in policy management.

Supporting People with Disabilities

Our special association with People with Disabilities ("PWD") community has been solidified over the years. Apart from our involvement with the Paralympics Movement, we are involved in various grassroots initiatives that provide social intervention which uplifts the community's living standards.

One example of this is our continued partnership with MOBILITI which has resulted in accessible infrastructure to allow greater mobility for the wheelchair-bound.

The Group established a local chapter of Allianz Beyond in 2023, which is an initiative by Allianz to fortify an employee network for disability inclusion. We have been working with PWD colleagues since 2014 and are constantly in engagement with them to seek ways in which we can enhance accessibility in our day-to-day functions. Last year, we sent our Malaysian PWD contingent to Paris, France for the International Abilympics, an international vocational skills competition for PWD. It brings us immense pride that our team bagged four medals in the categories of photography, painting, hand silk painting, and web design. It fills us with pride to see them able to showcase their various talents.

Our efforts at providing a safe and conducive workspace for our colleagues have gained recognition as evidenced by our winning Gold for Best Remote Work Strategy, Best Post-Pandemic Recovery Strategy, Best Remote Management Strategy and Overall Engagement Award at the Employee Experience Awards 2023 Malaysia.

The Company also reinforced its commitment to upholding integrity to the highest standards by ensuring full employee compliance with anti-corruption training and maintaining strict adherence to various policies, including the Allianz Group Standard for Anti-Financial Crime Compliance and AMB Group Anti-Corruption Procedures.

Establishing Inclusive Insurance

In response to the government's call for affordable insurance products, the Group proudly embraced the Rahmah Insurance initiative. We became one of the first insurers in the industry to offer a Rahmah Insurance product, and later, the first to introduce five Rahmah products in our portfolio. Notably, we led the industry with our life insurance product, Kasih4All, starting at just RM35, making it highly accessible.

This initiative was much more than extending insurance coverage; it was a strategic move to build awareness about our products and services. We envisioned that a customer's initial purchase would foster confidence to explore other tailored solutions we offer. Our comprehensive Rahmah insurance range covers Personal Accident, Motorcycle, Private Car Comprehensive and Private Car Third Party Fire and Theft, and life insurance, ensuring broad and inclusive protection for all.

> "We became one of the first insurers in the industry to offer a Rahmah Insurance product, and later, the first to introduce five Rahmah products in our portfolio. Notably, we led the industry with our life insurance product, Kasih4All, starting at just RM35, making it highly accessible."

CEO's Message

Addressing Flood as a Threat

Flooding, unfortunately, has become an annual phenomenon in the country. Its devastating effects ravages properties and hard-earned capital that have brought respite to many. Our general insurance products were quick to identify intersectional vulnerabilities that were compounded by a flooding event. A complimentary flood relief benefit for vehicles damaged by floods allows for vulnerable groups to overcome the emergency of the situation without being cash-strapped.

Furthermore, our systems have been revamped to capture geo-coordinates of every property and engineering risk. This allows us to accurately determine and understand the flood exposure of each risk as well as for the company in aggregate. In turn, we are able to continue providing flood coverage to those who need it and increase the sustainability of properties.

We felt it incumbent upon us to mitigate the effects of flooding in society as much as we can. Our partnership with Persatuan Bantuan Bencana Alam Malaysia ("MISAR") continues to equip members of the public, especially the younger and elderly with the right skills to prepare for a flood. Similarly, our partnership with the Ministry of Youth and Sports on KLAS Swim has successfully trained more than 2,000 people on basic and essential swimming techniques.

Our commitment to a more holistic corporate social responsibility ("CSR") approach is also seen in our collaboration with Thrive Well on the KAMI Sembang and KAMI Juara initiatives. KAMI Sembang was pivotal in empowering mothers in underserved communities with self-advocacy skills and enhancing healthy communication within families while KAMI Juara was designed to strengthen the self-efficacy and resilience of youths from vulnerable backgrounds.

In total, 18,923 beneficiaries were impacted across our four CSR pillars namely Education, Community Support and Development, Mental Health, and Relief via our CSR arm, Allianz4Good.

Mainstreaming Environmental, Social and Governance ("ESG") in our Work

In our journey towards a sustainable future, the Group is at the forefront with our robust ESG and sustainability initiatives. Guided by a dedicated Local ESG Board and an ESG Taskforce, we have achieved our 2023 target of 100 percent renewable energy in operations, thanks to the i-Renewable Energy Certificates. Our commitment to digitalisation, demonstrated through partnerships with over 40 digital entities, has significantly reduced paper usage and minimised travel. Notably, our Perlindunganku Allianz4All product, aligning with Islamic Financial Principles, has successfully distributed an inaugural surplus of RM65,534.51 from its Claims Allocation Fund to benefit seven charitable organisations.

Our focus on monitoring Greenhouse Gas (GHG) emissions and the carbon footprint of our insurance and investment portfolio is essential in contributing to a low carbon economy. Furthermore, we have committed locally to a 30 percent reduction in emission intensity in our proprietary investment portfolio for listed equity and corporate bonds by 2025 based on the 2019 baseline. In terms of our own operations, we have set a target to reduce 50 percent of our emissions by 2025. As the Chief Executive Officer, I take immense pride in our corporate citizenship progress, reflected in our annual report, and our commitment to diversity and inclusion, as evidenced by Allianz's EDGE certification.

Globally, Allianz, as a signatory of the United Nations Environmental Programme – Finance Initiative UNEP FI Principles for Sustainable Insurance since 2014, integrates sustainability risk management in its underwriting processes, crucial for managing indirect risks from insured clients. This involves a thorough referral and assessment process, part of a comprehensive risk management framework. The Group incorporates ESG factors into underwriting, utilising policies like the Allianz Standard for Reputational Risk Management to evaluate risks. Regular updates of this framework align with Allianz's climate commitments, including managing fossil fuel-related businesses. In 2023, Allianz revised its classification framework for sustainable insurance solutions in Property & Casualty insurance, adapting to evolving regulations like the EU Taxonomy.

CEO's Message

Allianz excelled with a commendable score of 82 out of 100 in the 2023 Standard & Poor Global Corporate Sustainability Assessment, a pivotal milestone underpinning its inclusion in the prestigious Dow Jones Sustainability Index as of 24 November 2023. These results signify Allianz's unwavering dedication to catalysing positive societal and environmental transformations while forging impactful collaborations that shape a more sustainable future.

Achieving Financial Excellence

I am glad to announce that our efforts have also translated into exceptional financial results for the financial year ended 31 December 2023 ("FY 2023"). The Group posted a record RM6.55 billion in Gross Written Premiums ("GWP") which represents a growth of 8.7 percent as compared to the RM6.02 billion in GWP recorded in the financial year ended 31 December 2022 ("FY 2022"). Profit Before Tax rose by 9.5 percent to RM956.9 million while Total Assets increased 8.1 percent to RM25.92 billion in FY 2023 as compared to RM23.99 billion the year before.

Our general insurance subsidiary, Allianz General, surpassed the RM3 billion mark in FY 2023, when it grew 13.1 percent to record RM3.00 billion in Gross Written Premiums ("GWP") for FY 2023, as compared to the RM2.66 billion it posted in FY 2022. Insurance revenue rose 8.0 percent to RM2.77 billion, while Profit Before Tax ("PBT") grew 7.9 percent to RM556.2 million as compared to RM515.3 million in FY 2022. Combined Ratio increased marginally by 0.7 percentage points to 85.7 percent as compared to 85.0 percent for FY 2022. As of December 2023, Allianz General remained the market leader for general insurance in the country, capturing 14.0 percent market share.

Our life insurance subsidiary, Allianz Life, on the other hand, continued to report impressive results for FY 2023. Allianz Life's GWP increased by 5.2 percent to RM3.54 billion as compared to RM3.37 billion as reported in FY 2022. Annualised New Premiums ("ANP") increased 14.6 percent to RM757.6 million from last year, while PBT increased 8.9 percent to reach RM411.2 million. Allianz Life grew its market share by 0.3 percentage points to 9.8 percent as compared to 9.5 percent posted in FY 2022.

Last year, the Board of Directors ("Board") announced the highest ever annual dividends. I am pleased that the Board has once again set a record for this year's dividends. Ordinary Share amounted to 100.5 sen per share (2022: 85.0 sen) while irredeemable convertible preference share ("ICPS") amounted to 120.6 sen per share (2022: 102.0 sen). This resulted in our highest ever payout for a financial year which amounted to RM381.75 million.

Building on last year's record dividend issuance, we continue to uphold our fiduciary duty to our shareholders in repaying their trust and commitment commensurately through our dividend announcements. This comes as the Group assumes our role at the forefront of the industry with a strong sense of self-belief that it will emerge as a disrupting force in the market.

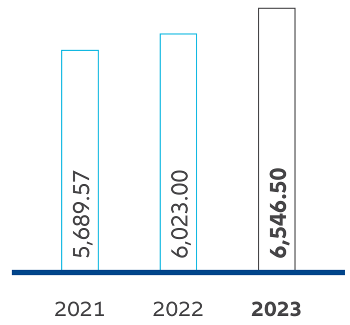
Part of the solidity of our financial results is attributed to the strategic partnership between Allianz and HSBC in Asia which continues to build strong and resilient bancassurance business across the region. The Group continues to leverage on this partnership to offer a suite of bancassurance solutions to HSBC customers.

Moving forward, the Group expects to continue a positive dividend trajectory by continuing the momentum of the current year. Both subsidiaries are expected to build on the success of the last two years and continue to achieve new heights.

Allianz SE entered the Malaysian market 23 years ago through its acquisition of Malaysia British Assurance Berhad. The Group started off with a modest insurance revenue ranging around RM500 million in GWP. As a testament to prudent decision-making and a robust operating structure over the years, our Group has now reported RM6.55 billion in GWP. Through the years, we have achieved many outstanding feats particularly when we had the odds stacked against us. Truly speaking, one of the strongest traits of our team is to respond with tenacity when our backs are against the wall.

> "Truly speaking, one of the strongest traits of our team is to respond with tenacity when our backs are against the wall."

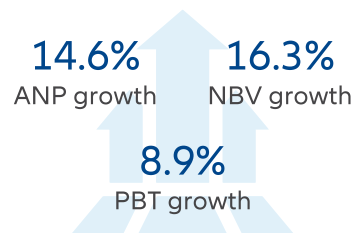
Allianz Malaysia recorded a total of **RM6.55 billion** in GWP in FY 2023



+8.7%

compared to RM6.02 billion

Allianz General captured a **14.0% market share** maintaining its position as the general insurance business market leader in the country



Allianz Life supplemented the Group's results by posting record growth numbers with high growth percentages in three key indicators of performance

CEO's Message

Allianz General

Allianz General reached a significant milestone by crossing the RM3 billion mark in GWP for FY 2023. Amidst a busy landscape with many mergers and acquisitions, the general insurance subsidiary managed to not only overturn the gap from the Perlindungan Tenang Voucher but to surpass the targets we have set for ourselves. One of the biggest contributors to our success comes from the motor segment where the trend of new car sales has continued its momentum from last year. We continued to focus on leveraging our value proposition by offering superior insurance service to our customers.

Our premium roadside assistance fleet, the Allianz Road Rangers launched the Allianz Truck Warrior, a new roadside assistance service for Goods Carrying Vehicles, effectively coming full circle in our suite of roadside assistance benefits to comprehensive policyholders. Business and individual policyholders have come to appreciate Allianz General's insurance solutions as a one-stop shop measure which removes any hassle and tediousness. Customers have come to acknowledge our unique value proposition and we are glad that we continue to benchmark the kind of experience one should come to expect.

Recently, our Road Rangers fleet expanded to also serve Electric Vehicles ("EV") via our latest motor insurance coverage – the Allianz EV Shield. Our customers will be entitled to the same round-the-clock roadside assistance, however, as always, we have gone an extra mile to ensure seamlessness on the road for our customers. We have introduced the EV Rangers as a brand-new addition to our Road Rangers fleet. The EV Rangers will provide on-the-spot charging to ensure our customers are not left stranded on the road in the event of a dead battery.

Our fleet of 250 Allianz Road Rangers trucks was also deployed on standby to flood hotspot locations across the country as a proactive step in facilitating any necessary towing required during this difficult time. With the help of seven Allianz branded 4x4 and our claims caravan situated in specific locations, the team was ready to expedite any claims processes for customers affected by the floods.

I am pleased to share that all our motorcycle and car Rahmah Insurance products come with a complimentary one-time flood relief benefit on top of personal accident relief, and hospitalisation allowances. These products have resonated well with the market and serve as a notable example of having a high value, best-in-class package that is affordable to all segments of society. We will continue to monitor customer sentiments closely in our efforts to develop similar products in the future.

Allianz Life

Allianz Life supplemented the Group's results by posting record growth numbers with high growth percentages in three key indicators of performance. ANP grew by 14.6 percent, on the back of numerous successful customer campaigns. PBT saw a 8.9 percent growth while New Business Value ("NBV") recorded 16.3 percent growth. All three indicators yielded numbers that were the highest ever for the business.

CEO's Message

Our focus last year was very much on agency recruitment with the theme 'Recruit2Grow' reverberating through our initiatives for the year. As part of our continuous efforts in building a formidable agency force, we have intensified efforts at promoting our C.E.O. Programme, which is a 24-month programme to fast-track the growth of our agents. High-performing agents are selected to take part in the INSEAD Agency Training Programme, a first-of-its-kind 6-month training programme co-created between Allianz and INSEAD, one of the world's most prestigious business schools.

I am proud to say that our Kasih4All Rahmah Insurance product is the first under the Rahmah banner in the life insurance industry. Heeding the call from the government to increase financial inclusion and access to insurance solutions for the unserved and underserved, our affordable life insurance product starts at RM35. This will provide the accessibility, particularly for first time buyers, to experience insurance coverage and the chance to live a better protected, dignified life. We hope this will empower them to take up more insurance solutions in line with what is appropriate for their needs. We successfully held various product campaigns, nationwide events such as Business Opportunity Presentations, health talks, and the AweZome Discovery roadshow. The results are evident in our remarkable ANP growth rates.

Acknowledgements

As we reflect upon a challenging but remarkable year in 2023, I would like to express my deepest gratitude to our Board for their guidance, unwavering dedication, and support to ensure that we continue to deliver value to our stakeholders.

I would also like to accord my sincere appreciation and gratitude to Tunku Zain Al-'Abidin Ibni Tuanku Muhriz for his invaluable contributions to the Group in the last nine years.

My heartfelt thank you, as always, to our exceptional employees for their continued dedication, hard work, and commitment to the organisation in achieving our goals. We have overcome challenges, embraced opportunities and made significant strides that culminated in a successful year.

My appreciation also goes out to Bank Negara Malaysia, Bursa Malaysia Securities Berhad and other relevant regulatory bodies and authorities for their guidance. My gratitude must also go out to our shareholders, customers, agents, brokers, bancassurance partners and business partners for their continued confidence in our organisation.

With your continued support, I am excited to see what the year ahead will bring and am confident that we will replicate our success and achieve greater heights in the years ahead.

Thank you.

Sean Wang Wee Keong
Chief Executive Officer
1 April 2024

Management Discussion and Analysis

Our Strategy

At Allianz Malaysia Berhad ("AMB" or "Company"), our strategy is closely aligned with Allianz SE's philosophy of customer-centricity, encompassing growth, margin expansion, and capital efficiency. We continuously explore opportunities for growth within our team and our business operations.

Our approach includes expanding our distribution network through engaging with intermediaries, coupled with providing top-tier training to our staff and intermediaries, ensuring they offer unparalleled service to our customers. By staying attuned to market trends and customer requirements, and focusing on product development, we aim to address not just health and protection needs, but also broader financial and retirement planning.

We are committed to enhancing our distribution capabilities and evolving our products and services. This commitment is grounded in our customer-first philosophy, ensuring our offerings meet market demands. Our ongoing training and communication programmes for staff and intermediaries are designed to enhance service quality, solidifying our position as a trusted partner.

In terms of Margin Expansion, our goal is to foster improved returns through excellence in our technical know-how. This involves refining our pricing, underwriting, and claims handling processes, as well as managing our investment portfolio effectively and maximising operational efficiency to achieve scale and profitable margins. The Company and its insurance subsidiaries, namely Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group") leverages technology through the integration of the 'digital by default' approach in our efforts to enhance operational efficiency. We are focused on enriching data collection from our operations, utilising this data to develop analytics that offer insightful, data-driven decision-making tools. This approach is designed to enhance the experiences of our customers and intermediaries, leading to increased productivity for the Group.

The Group is dedicated to employing our capital efficiently, directing resources towards innovative and capital-efficient business models and solutions. Concurrently, we are enhancing our ability to manage and mitigate tail risks through reinsurance management, bolstering underwriting capabilities, and reassessing our risk appetite. Our focus on capital resilience is complemented by our commitment to talent development and diversity, which further fortifies our organisational resilience.

Our strategy is underpinned by the strategic pillars of our Renewal Agenda. This encompasses our commitment to Inclusive Meritocracy as a model of people behaviour, our emphasis on innovation, simplification, and scalability through a Digital by Default approach, our pursuit of Technical Excellence in improving our offerings and achieving efficiencies, and our focus on Growth Engines to drive expansion.

Review of Results

The Group's insurance revenue increased to RM4.94 billion from RM4.42 billion a year ago, an increase of 11.8 percent. The improved performance was driven by an increase in Gross Written Premiums ("GWP"), which rose 8.7 percent to RM6.55 billion for the year under review. The higher GWP is mainly due to better performance from both insurance segments.

In line with the higher revenue, the Group's consolidated Profit Before Tax ("PBT") for the year under review came in at RM956.9 million, 9.5 percent higher than the RM873.7 million reported in financial year ended 31 December 2022 ("FY 2022"). This translated to an earnings per share of 296.7 sen and a return on equity of 14.8 percent.

The Group's tax expense decreased to RM226.0 million in financial year ended 31 December 2023 ("FY 2023") from the RM260.1 million in financial year ended 31 December 2022 ("FY 2022") mainly due to the absence of the one-off impact of Cukai Makmur that occurred in FY 2022. Subsequently, our effective tax rate decreased to 24 percent (2022: 30 percent) for FY 2023.

	2021 (MFRS 4)	2022* (MFRS 17)	2023 (MFRS 17)
Insurance Revenue/Operating Revenue (RM' million)	6,431.0	4,418.8	**4,941.6**
Profit Before Tax (RM' million)	625.6	873.7	**956.9**
Return on Equity (%)	11.7	13.3	**14.8**
Basic Earnings per Ordinary Share (sen)	198.0	248.5	**296.7**
Diluted Earnings per Ordinary Share (sen)	138.3	177.3	**211.1**

* Financial numbers for prior years have been restated or updated to reflect the adoption of the Malaysian Financial Reporting Standard ("MFRS") 17 and MFRS 9 accounting standards.

Management Discussion and Analysis

Balance Sheet Review

The Group's balance sheet for both insurance subsidiaries continued to stay strong in 2023. Total assets increased by 8.1 percent to RM25.92 billion as compared to RM23.99 billion in 2022, as a result of growth in our investment portfolio. Our investment portfolio grew by 13.4 percent to RM23.05 billion as at 31 December 2023. The investment mix remained relatively stable during the year, comprising government and government-related bonds, unquoted bonds of corporations, quoted and unquoted equities securities and unit trust, commercial paper, and deposits with banks.

While the Group remained resilient in FY 2023, the numbers do not reflect the gravity of the challenges faced by the business. We will continue to rely on our agility whilst adapting to the changing business environment and market sentiments to deliver resilient overall results. Insurance and more specifically life insurance, is a business with long-term commitments.

The Group will continue to prioritise capital preservation and liquidity management as part of its strategy on long term sustainability and also given the current uncertain macroeconomic environment. This is reflected in our investment strategy, with government and government-related bonds representing 52.4 percent of our investment portfolio, which grew 10.7 percent to RM12.08 billion. This was followed by unquoted bonds of corporations which contributes 26.5 percent of the investment portfolio.

Capital Position

The Group held a strong capital position with a Capital Adequacy Ratio in FY 2023, well ahead of the regulatory requirement of 130 percent. The strong capital position ensures that we are well-capitalised and capable of withstanding economic and financial shocks, and that we have sufficient resources to pay dividends and support future growth. Asset liquidity is also carefully managed to ensure that we are able to meet our financial obligations and commitments and retain sufficient agility to deploy resources during times of financial stress.

The Group's total capital expenditure ("capex") during the year was RM54.1 million, a decrease from the RM126.8 million in FY 2022. The decrease was due to the absence of the one-off impact from the renewal of a 15-year bancassurance partnership with HSBC Bank Malaysia Berhad ("HSBC") in 2022. Capex this year was mostly directed to spending on information technology.

Going forward, the Group will continue practising robust capital management and sustain the solvency levels of our subsidiaries to support business growth, meet dividend commitments, improve the return on equity, and maintain capital adequacy above supervisory requirements. There were no significant changes to the Group's capital management policies and processes during the financial year. The primary sources of capital of the Group are retained earnings, and its share capital comprises ordinary shares as well as irredeemable convertible preference shares. AMB's dividend policy is to maintain a minimum dividend payout ratio at 30 percent.

Earnings per share for the year totalled 296.7 sen which delivered a return on equity of 14.8 percent. As part of our commitment to create value for our shareholders, we have paid total dividends of RM381.8 million in FY 2023 comprising a first interim dividend of RM119.7 million and a second interim dividend of RM262.1 million. Our capacity to sustain dividend payments relies on the successful implementation of our product strategies, careful oversight of our assets and liabilities, and the existence of a robust governance structure.

Type of Investment	2021 (MFRS 4) (RM million)	2022* (MFRS 17) (RM million)	2023 (MFRS 17) (RM million)
Government and government-related bonds	10,276.8	10,914.7	**12,084.0**
Unquoted bonds of corporations	5,396.2	5,781.7	**6,118.6**
Quoted equities securities and unit trust	2,934.5	2,784.9	**3,309.9**
Cash	502.3	24.3	**720.9**
Others	831.8	823.8	**819.1**
Total	19,941.6	20,329.4	**23,052.5**

* Financial numbers for prior years have been restated or updated to reflect the adoption of the MFRS 17 and MFRS 9 accounting standards.

Management Discussion and Analysis

General Insurance

	2021 (MFRS 4)	2022* (MFRS 17)	2023 (MFRS 17)
GWP (RM' million)	2,430.6	2,656.3	**3,003.5**
PBT (RM' million)	437.2	515.3	**556.2**
Combined ratio (%)	87.8	85.0	**85.7**

* Financial numbers for prior years have been restated or updated to reflect the adoption of the MFRS 17 and MFRS 9 accounting standards.

In FY 2023, the general insurance business of the Group achieved a significant milestone, surpassing the RM3 billion GWP mark for the first time. GWP represents the total premium amount collected from customers for insurance policies issued or renewed during a specific period, before deducting any reinsurance costs. This growth was notably driven by the motor segment, which itself crossed the RM2 billion GWP threshold for the first time. The combined ratio, a critical indicator of insurance company profitability, remained in a healthy state at 85.7 percent. Consequently, PBT saw a 7.9 percent increase, reaching RM556.2 million in FY 2023, from RM515.3 million in the previous year.

The Agency distribution channel remained a major contributor, accounting for 54.4 percent of the total GWP. The Franchise channel closely followed, contributing 29.6 percent, with 16.1 percent of this attributed to the partnership with Pos Malaysia. In terms of business segments, the motor portfolio was the predominant contributor, responsible for RM2.03 billion, making up 67.7 percent of the total GWP. The remaining portion of GWP was generated by the non-motor insurance business at RM969.8 million, encompassing areas such as Property, Health, Personal Accident, Liability, and Marine.

Moving Forward

As Allianz General moves forward, we are committed to maintaining and accelerating our growth momentum. As the market leader in motor insurance, we will continue to leverage this position to strengthen our hold in the market. Concurrently, we see immense potential in exploring opportunities in the retail and commercial non-motor insurance markets. Our focus remains steadfast on enhancing our products and services to align with the evolving needs of our customers.

Our strategy to optimise business margins involves honing our focus on strategic business segments. This will be achieved through a commitment to technical excellence, enhancing our capabilities in data capture, and utilising data-driven analysis to inform our decisions and strategies. Strong financial management and maintaining discipline in administration expenses are also pivotal in this endeavour. These measures are designed to ensure that we not only grow in scale but also in profitability and efficiency.

The Rahmah initiative, which we launched in FY 2023, remains a cornerstone of our community engagement and product offerings. This initiative has successfully introduced five products, reflecting our commitment to providing inclusive and accessible insurance solutions. The Rahmah initiative exemplifies our dedication to societal contributions and our goal to offer insurance products that are both beneficial and meaningful to our diverse customer base.

In the commercial segment, our approach is to provide a unified go-to-market business offering. This encompasses insurance solutions tailored for mid-sized businesses, large enterprises, and specialist risks. Our ability to cover the full market with a consistent approach is bolstered by our advanced product solutions. These solutions are underpinned by global industry and underwriting expertise, coupled with an intimate understanding of local market needs.

Our competitive advantages are manifold and central to our strategy moving forward. The talent and expertise of our people are key drivers of our growth and technical prowess. Our large base of motor customers presents a significant opportunity to cross-sell non-motor products, further expanding our market reach. The strength of the Allianz brand, combined with our attractive product and service offerings that cater to a wide range of customer needs, positions us favourably in the market. Additionally, our strong partnership proposition, which embraces both traditional and digital partners, emphasises a collaborative approach that is crucial in today's interconnected business landscape.

Management Discussion and Analysis

Life Insurance

	2021 (MFRS 4)	2022* (MFRS 17)	2023 (MFRS 17)
Annualised New Premiums (RM' million)	687.2	661.0	**757.6**
GWP (RM' million)	3,259.0	3,366.7	**3,543.0**
PBT (RM' million)	220.5	377.6	**411.2**
New Business Value (RM' million)	275.2	300.3	**349.3**

* Financial numbers for prior years have been restated or updated to reflect the adoption of the MFRS 17 and MFRS 9 accounting standards.

Allianz Life continues to hold its position as the fourth biggest life insurance player in the Malaysian market and ranks as one of the fastest growing life insurer. The Annualised New Premiums ("ANP") claims a 9.8 percent share of the industry's ANP, marking a 0.3 percent increase compared to FY 2022. The ANP surged by 14.6 percent to RM757.6 million, while GWP also rose by 5.2 percent to RM3.54 billion. The PBT increased by 8.9 percent, primarily driven by the strong performance of the in-force portfolio. Additionally, the New Business Value expanded by 16.3 percent due to increased sales.

This significant growth was experienced across all distribution channels. The Agency channel was the largest contributor, with a 17.9 percent growth to RM524.8 million, largely due to a 9.1 percent increase in investment-linked sales. The Partnership channel also saw a positive impact on business, rising by 5.2 percent compared to the previous year. The Employee Benefits channel experienced a 22.5 percent growth compared to FY 2022, bolstered by the acquisition of new and renewed business.

In our quest for substantial new business growth, strategic investments were made to boost distribution capabilities. The Agency channel saw a 56 percent increase in recruitment, thanks to successful programmes like the C.E.O. Programme. Growth was further supported by various product innovations prioritising customer value. In the Banca channel, ongoing strategic collaboration with HSBC through marketing activities, campaigns, and training led to robust growth.

The value of new business increased in line with the rise in new business sales. Allianz Life has concentrated on profitable, protection-focused investment-linked business, which constitutes 66 percent of the agency's new business production. The record RM3.54 billion GWP was underpinned by both strong new business sales and high premium persistency in the in-force portfolio. Allianz Life is also actively managing the profitability of its business, particularly in the health portfolio. Various cost containment measures were implemented, and disciplined repricing of medical plans was conducted to ensure portfolio sustainability. These efforts contributed positively to the full-year operating profit for FY 2023.

Moving Forward

Allianz Life is committed to further strengthening our distribution capacity. We are intensifying our agency recruitment via the C.E.O. Programme in line with the Recruit2Grow theme. Additionally, we are investing in insurance specialists through our partnership with HSBC and activating our Financial Advisor channel. These steps are pivotal in expanding our reach and enhancing our service capabilities. Allianz360, our intelligent digital platform, also supports agents in achieving productivity uplifts in recruitment, sales, servicing, and claims management.

As we progress, our focus on digital transformation will play a crucial role in ensuring that we stay ahead of the curve in the rapidly evolving insurance landscape. Our commitment to leveraging technology will not only enhance our operational efficiency but also provide a more intuitive and responsive service experience for our customers. The integration of advanced digital tools is expected to bring about a significant improvement in our overall service delivery, making insurance more accessible and user-friendly for our diverse customer base.

Management Discussion and Analysis

Overcoming Challenges and the Way Forward

As AMB embarks on its journey through 2024, the path is lined with a diverse array of global and local challenges. The global political and economic climate remains uncertain and volatile, posing risks that extend beyond our immediate environment. These uncertainties have direct implications on local economic activities, notably affecting consumer spending due to shifts towards a targeted subsidy mechanism and changes in tax legislation. This economic context inevitably leads to reduced domestic spending and purchasing power.

The inflationary environment, especially in crucial sectors such as medical services, motor parts, and building materials, and the weakening ringgit exerts additional pressure on our operational costs. The challenges are further compounded by climate change, exemplified by severe floods experienced by the country every year, which have brought to the forefront the need for robust risk management in the face of increasingly frequent and intense weather events.

In the face of these global uncertainties and local economic shifts, the Group is intensifying its focus on enhancing the customer value proposition by designing products that resonate deeply with our customers' needs. A prime example is the Rahmah programme, an initiative that reflects our commitment to delivering solutions that are not just insurance products but also value-added services that truly matter to our customers. By aligning our offerings with customer expectations and preferences, we are positioned to not only meet but exceed their demands, reinforcing our role as a trusted insurance provider. A testament to our efforts in this area is our ranking within the top 5 in the customer satisfaction survey for FY 2023 conducted by Life Insurance Association of Malaysia, Persatuan Insurans Am Malaysia, and Malaysia Takaful Association in collaboration with Bank Negara Malaysia.

Technical excellence remains a cornerstone of our approach to overcoming the challenges of the current economic landscape. By continuously refining our pricing, underwriting, and claims processes, we are enhancing our operational efficiency and effectiveness. This relentless pursuit of excellence is not just about maintaining profitability, but about delivering greater value to our shareholders and customers. Through these improvements, we are ensuring that our business operations are not only robust but also agile and responsive to market dynamics.

Recognising the complexities of the current market environment, the Group is drawing on the broader resources and expertise within Allianz SE and its subsidiary and associated companies (collectively referred to as "Allianz"). By leveraging Allianz's resources, we are better equipped to navigate these complexities and seize emerging opportunities. This strategy enables us to tap into a vast pool of knowledge, expertise, and technology, allowing us to implement best practices and innovative solutions that are crucial for our continued growth and success in a challenging market.

Central to our growth strategy is the execution of the OneAllianz transformation. This initiative is focused on fostering greater collaboration between Allianz Life and Allianz General to build synergies. By leveraging each other's strengths, we aim to provide a seamless customer experience, meeting all customer insurance needs comprehensively. This collaborative effort will be supported by our extensive product offerings and targeted campaigns to OneAllianz customers. Moreover, our health ecosystem, which includes innovative solutions like Allianz Care@Home and the Allianz We Care Community platform, will play a critical role in this integrated approach.

In our operational environment, we remain dedicated to maximising value for and from our existing stakeholders, including our customers and distribution partners. As part of this commitment, we are continuing to invest in digital platforms. Our focus in 2024 will be on enhancing these platforms to offer superior servicing through digital channels, thereby boosting productivity and service levels. Key tools in this endeavour include the customer portal MyAllianz, accessible via app and web, which offers expanded self-service capabilities, streamlined claims management, and enables proactive outreach and campaigns.

Cybersecurity remains a pressing concern in an increasingly digital world, demanding constant vigilance and adaptation. In response to this, the Group is committed to continuously enhancing our IT security infrastructure. This includes comprehensive training programmes and anti-fraud awareness initiatives for all employees, ensuring that we remain proactive and vigilant against potential cyber threats. By strengthening our cybersecurity measures, we are safeguarding not only our systems and data but also the trust and confidence of our customers and partners.

Additionally, the competitive landscape for acquiring and retaining top talent in the insurance industry has intensified, necessitating innovative approaches to human resource management. To this end, we are increasing our focus on attracting and retaining top talent. Supported by our Human Resources accolades, we are enhancing our employee value propositions to make the Group an employer of choice. This strategy is crucial in a market where the demand for new skills and competencies is growing. By offering an attractive and supportive work environment, we are ensuring that we have the right talent to drive our growth and technical excellence.

Looking towards the future, we are poised to maintain our growth momentum and solidify our market position. As the leader in the motor insurance sector, Allianz General is exploring further opportunities in both the retail and commercial non-motor insurance markets. Our commitment to enhancing products and services aligns with our goal to meet and exceed the evolving needs of our customers. In this regard, we have achieved significant milestones, including a 13.1 percent increase in GWP compared to the previous year and the successful launch of initiatives like the Rahmah Insurance programme and other customer-centric products.

We continue to focus on margin expansion through relentless pursuit of technical excellence and operational efficiency. Initiatives such as the One Allianz branch transformation and our digital-by-default strategy are key components of this effort.

While the challenges ahead are significant, the Group is well-prepared to navigate these complexities with resilience and adaptability. Our multi-pronged strategy ensures that we continue providing exceptional value to our customers, shareholders, and employees, cementing our position as a leader in the Malaysian insurance industry.

New Accounting Standards

The Group adopted two key new accounting standards beginning 1 January 2023, MFRS 17 'Insurance Contracts' and MFRS 9 'Financial Instruments'.

MFRS 17 replaces the guidance in MFRS 4, 'Insurance Contracts'. MFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes MFRS 4. MFRS 17 provides comprehensive guidance on accounting for insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features. It introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance.

MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments'. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset.

Under MFRS 17, lifetime profits for insurance contracts will remain unchanged. However, the new accounting standard will impact the timing of when the profit will emerge and improve the predictability of profit over time.

The financial statements for FY 2023 marked the first financial statement prepared under the two new accounting standards which aims to provide greater transparency over the Group's insurance entities' results and increase comparability of financial performance.

The adoption of MFRS 17 does not affect the fundamental of insurance business, our business strategy, and the manner in which the Group operates as the Group continues to focus on underwriting results and technical margins. It will not affect the Group's financial strength, claims paying ability, or dividend paying capacity.

The combined effect on the Group's consolidated statement of financial position on transition to MFRS 9 and MFRS 17 as at 1 January 2022 is to improve total equity by 8.2 percent.

Bonnie Bunyau Gustin: Record-Breaking Powerlifter

Bonnie Bunyau Gustin soared to greatness during the Tokyo 2020 Paralympic Games. His powerlifting prowess shattered the Paralympic record with a phenomenal 228kg lift, clinching Malaysia's first gold medal at the Games.

How We Create Value

Scope and Definitions

This statement encompasses the management and performance of Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiary companies, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") in 2023.

Data presented is from AMB and its subsidiaries – Allianz General and Allianz Life, which are collectively referred to as "Allianz Malaysia" or "Group", unless stated otherwise in the course of reporting.

Allianz SE is the ultimate holding company of AMB. Allianz SE and its subsidiaries and associated companies are referred to as "Allianz".

Reporting Period

This statement covers the period from 1 January 2023 to 31 December 2023, unless stated otherwise.

Reporting Principles and Framework

This statement takes guidance from the following documents, particularly in the preparation of non-financial data:

Bursa Malaysia Sustainability Reporting Guide

Value Reporting Foundation's International <IR> Framework

GRI Reporting Standards

Cautionary Note Regarding Forward-looking Statement

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on Management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in such statements.

The Company assumes no obligation to update any forward-looking statement.

Statement of Assurance

In strengthening the credibility of the Sustainability Statement, the Sustainability Statement has been subjected to an independent assurance in accordance with recognised assurance standards for the Subject Matter Information marked with the asterisk symbol (*) in the Integrated Annual Report 2023 and has been approved by the Company's Board of Directors.

The conclusion provided by the independent assurance provider is as follows:

"Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the Integrated Annual Report 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria set out on pages 85 to 112 of the Integrated Annual Report 2023 and referenced in the "Reporting Criteria" section below."

Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which AMB is solely responsible for selecting and applying. The reporting criteria used for the reporting of the Subject Matter Information are:

The Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad

AMB's internal sustainability reporting guidelines and procedures by which the Subject Matter Information is gathered, collated and aggregated internally

The Global Reporting Initiative ("GRI")'s Sustainability Reporting Standards ("GRI Standards") for disclosures

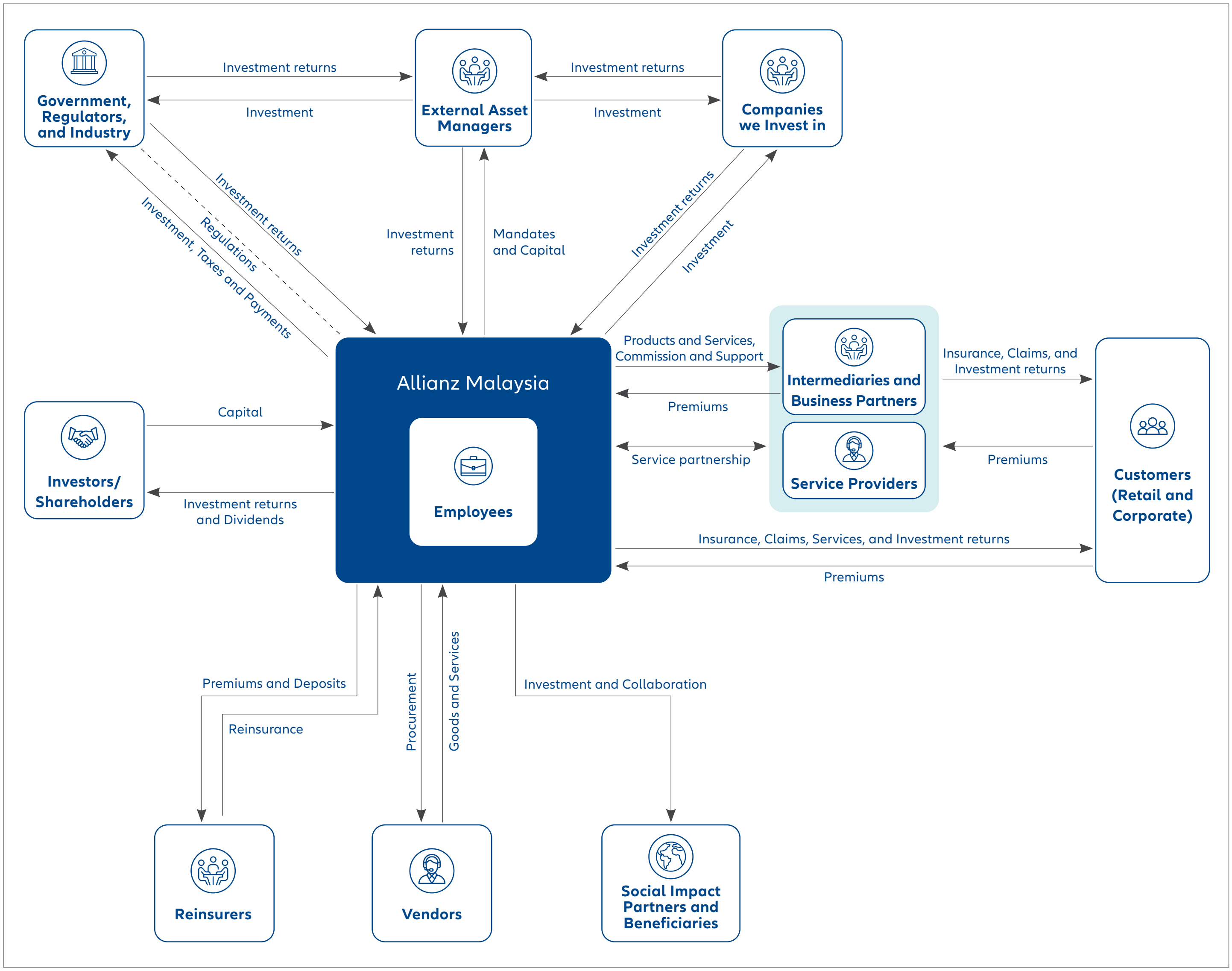
The Greenhouse Gas Protocol – A Corporate Protocol Accounting and Reporting Standard ("GHG Protocol")

How We Create Value

Our Approach to Value Creation

In our approach to value creation, we extend beyond financial considerations, rooted in a profound understanding of our customers' needs and the risks they face. We do not see insurance merely as a product; it embodies a promise to safeguard what matters most to our customers. This commitment drives our continuous efforts to create tailored solutions that meet our customers' unique needs, providing the reassurance that their future is secure.

As an insurance provider, we have a crucial role in supporting individuals, families, and businesses in managing financial risks. We do this by offering protection against unexpected events such as accidents, illnesses, and natural disasters. The following diagram provides an overview of our role in the economy and our relationship with our key stakeholders:



Our commitment to value creation also extends to our responsibility to the planet and our communities. Acknowledging the pivotal role we play in fostering sustainability and preserving the environment, we have implemented measures to decrease our carbon footprint and advocate for sustainable practices throughout our operation. This commitment is further exemplified through our close collaboration with local communities, supporting initiatives that enhance both social and environmental wellbeing, as outlined in the **Progressing Our Sustainability Agenda** section.

How We Create Value

Our Business Activities

Product Development and Solutions	Policy Fulfilment and Assistance	Distribution	Investments
We develop financial solutions by looking at customers' needs and developing products and services that are accessible and appropriate to the level of risk and financial protection required.	We pay out claims or arrange assistance services for our customers should they need to activate their policy. Our trusted partners support us in creating a smooth claims journey.	Our products and services are marketed and distributed by our intermediaries such as agents, brokers, and business partners, as well as directly at our branches and online.	Customers pay deposits for certain savings and investment products, which we invest to earn returns. We also invest our own capital to generate profit for our shareholders and to invest in our business.

The Renewal Agenda makes sure we keep building on our strong foundations and reinforce our leading position by focusing our efforts in five fields of action: True **Customer** Centricity, **Digital** by Default, Technical **Excellence**, **Growth** Engines and Inclusive **Meritocracy**.

Customer

Loyalty leadership
Making superior customer experience the top priority for all our actions

Meritocracy

Leading in talent development and diversity
Reinforcing a culture where people and performance matter

Digital

Digital by default
Continuous productivity gains through simplification, harmonisation and legacy reduction

Excellence

Superior margins and innovation
Strengthening our expertise and using data to enhance and personalise our offerings

Growth

Focus on profitable growth and new platforms
Expanding distribution channels and partnerships to address growing markets

The Six Capitals

Financial Capital FC	Human Capital HC	Social and Relationship Capital SRC	Natural Capital NC	Intellectual Capital IC	Manufactured Capital MC
What it includes					
Funds for use which come from financing (e.g., equity, debt, or grants) or generated through business activities.	The workforce, comprising individuals with their unique pool of knowledge, talents, capabilities, and experience.	Nature of relationships with key stakeholders – customers, sales agents, vendors, impact partners, and the wider community.	Environmental resources utilised in our business – both renewable and non-renewable.	Intellectual capital includes intangible assets such as our brand and its equity, expertise, policies, processes, and proprietary.	Physical assets that are used in our business activities, such as our branches, our IT systems, and our vehicles.
How it creates value					
Our business model enhances it, and we utilise it for distributing dividends, paying taxes, and creating reserves that help us pursue strategies.	We invest in building the capacity of our personnel who assist in serving our customers, improving efficiencies, upholding values, and accomplishing strategies.	Symbiotic connections drive growth – customers contribute to revenue while sales agents improve market share. We also invest in the communities we live and work in to uplift societal health and wellbeing.	We consume it while doing business and are working to reduce negative impacts from our operations. Our climate change strategy supports the transition to a low-carbon economy in pursuit of a sustainable planet.	Intellectual assets enhance the overall value of the company by optimising processes, improving customer experience and increasing productivity.	The provision of essential physical infrastructure helps to create value by enabling the smooth functioning of our business operations.
How we manage the availability, quality, and affordability of the capitals					
Capital constrained operating environment: Responsible financial management practices to optimise capital efficiency	**Increasing competition in acquiring and retaining talent:** Competitive remuneration packages, with a focus on career development and wellbeing	**Maintaining relationships with all stakeholders:** Developed stakeholder engagement process to quality of relationship built	**Efficient use of natural resources:** Process in place to ensure conscious consumption of natural resources and invest in renewable energy sources	**Owned intellectual capital is the key differentiator of the company:** Maintain and innovate owned intellectual capital to ensure improved business capabilities	**Efficient use of owned physical assets:** Effective deployment of assets to maximise efficiency and smooth operations

How We Create Value

Our Value Creation Model

Our Capital Inputs

We draw on various capitals which are transformed by our business in the process of value creation

FC Financial Capital

- Shareholders' capital – RM771.0 million
- Retained earnings brought forward – RM2.26 billion

HC Human Capital

- Number of employees – 2,035
- Amount spent on training and development – RM1.6 million
- Employer Value Proposition
- Employee competencies, talent, and experience

SRC Social and Relationship Capital

- Number of insurance agents – 12,429
- 281 panel workshop repairers (motorcar)
- 698 panel motorcycle repairers
- Renewal of 15 year Bancassurance Partnership with HSBC Bank Malaysia Berhad ("HSBC")
- 14 Blue Ribbon Hospitals

NC Natural Capital

- Energy consumed – 12,346,186 MJ
- Water usage – 31, 430 m^3
- Paper consumption – 40,230 kg
- Developed SolarPro All Risk Photovoltaic ("PV") solution for solar industry players
- Digitalisation of processes and policies to reduce paper usage
- Installed solar panels at one branch office
- Hybrid working model Way of Working ("WoW")

IC Intellectual Capital

- Policy issuance/underwriting and policy management systems
- Internal policies, processes, and guidelines
- MyAllianz mobile application
- Established actuarial expertise and brand equity

MC Manufactured Capital

- 30 Allianz General 26 Allianz Life branches across Malaysia
- 22 company vehicles
- IT systems and infrastructure

Our Operating Model

These Shapes Our Strategy

Strong Governance Process	Material Matters	Key Risks
Refer to Governance and Ethics for more information	*Refer to What Matters to Us for more information*	*Refer to Our Key Risks and Opportunities for more information*

Operating Environment

- Geopolitical tensions and global supply chain issues
- Challenging state for local economy and currency
- Socio-economic imbalances
- Increased technological demand and need for cybersecurity and data protection
- Increasing flood events and climate change
- Emerging regulatory requirements

Refer to Our Operating Context for more information

Regular strategic analysis and review to ensure our operating model is agile and effective

Refer to Our Strategy for more information

Our Strategy

Purpose
We Secure Your Future

Vision
We aspire to win the hearts of customers by delivering products and services that give them the courage for what's ahead; and by caring for them, for our people and the world around us.

Three Strategic Pillars

- Growth
- Margin Expansion
- Capital Efficiency

- Product Development and Solutions
- Policy Fulfilment and Assistance
- Distribution
- Investments

Our Strategic Drivers

Growth Engines	Technical Excellence	True Customer Centricity	Digital by Default	Inclusive Meritocracy

Our Sustainability Approach

Tackling Climate Change	Social Impact	ESG Business Integration

Supported by Policies, Procedures, and Systems

Our Key Differentiators

Products and Services	Innovation	Our People and Partners
Five (5) Rahmah Products	MyAllianz	The People Attributes
Road Rangers	Allianz360	C.E.O. Programme
We Care Community		

Refer to Progressing Our Sustainability Agenda for more information

How We Create Value

Our Outputs

What we produced

FC Financial Capital

- Dividends to shareholders – RM381.8 million
- Return on Equity – 14.8 % (2022: 13.3%)
- Profit after tax RM730.9 million (2022: RM613.7 million)
- Taxes paid RM226.0 million (2022: RM260.1 million)

HC Human Capital

- Rewards and remuneration – RM280 million (2022: RM254 million)
- Number of training courses delivered – 29,362
- Number of new recruits – 316
- Number of promotions – 253

SRC Social and Relationship Capital

- Insurance claims paid – RM3.68 billion
- Number of customers – 3.2 million
- Contributions channelled to Corporate Social Responsibility ("CSR") initiatives – RM2.0 million
- Customer satisfaction: Above Market for both Allianz General and Allianz Life
- Limited Partner in Gobi SuperSeed II Fund to drive digital innovation in Malaysia by supporting start ups in early to growth stages

NC Natural Capital

- Total waste – 41,413 kg (2022: 43,916 kg)
- Percentage of waste recycled – 48.6% (2022: 62.1%)
- Total greenhouse gas ("GHG") emissions – 1,511.86 tCO_2e (2022: 1,719.76 tCO_2e)
- Total travel per employee – 3,024.9 km/employee (2022: 2,961.7 km/employee)
- 100% renewable electricity in our operations through purchase of International Renewable Energy Certificates ("i-REC")

IC Intellectual Capital

- Allianz 360, a servicing tool for Allianz Life agents
- Aida, an artificial intelligence chatbot to handle simple product enquiries and requests
- World's number one insurer according to the Best Global Brands 2023 ranking

MC Manufactured Capital

- Reduction of 28,418 square feet in Allianz Malaysia headquarter and total reduction of 31,901 square feet across 10 branches

Value for Our Stakeholders

How we create, erode, and preserve value for our stakeholders

Customers FC SRC

- Financial protection and claims paid to help customers face the unexpected – RM3.68 billion
- Protection for 3.2 million customers
- Accessible, timely, and relevant services

Employees HC FC

- Employee turnover – 9.5% (2022: 11.1%)
- Average training hours per employee – 95.7 hours
- Employee Engagement Index – 89% (2022: 87%)
- Women in the workforce – 68% (2022: 66%)
- Allianz Malaysia has also advanced from EDGE Assess to the next level of certification – EDGE Move
- First Place for the Insurance category in Malaysia's 100 Leading Graduate Employers Awards 2022

Investors and Shareholders SRC FC

- Consistent and sustainable returns – RM381.8 million dividend paid
- Integrated ESG into business operations as set out in the Sustainability Integration Framework and Allianz Energy Guidelines
- Deliver profit after tax of – RM730.9 million

Intermediaries/Business Partners HC IC SRC FC

- 1,301 training sessions held for Allianz Malaysia agency members totalling to 379,844 training hours, representing an increase of 1.42% YoY
- Technical expertise and support ecosystems
- Allianz 360 digital servicing tool for Allianz Life agents to improve customer outreach
- C.E.O. Programme for agency recruitment and development
- 339 Allianz Life agents who are Million Dollar Round Table recipients

Service Providers FC SRC

- Partnership proposition that supports business growth such as the Allianz Blue Ribbon Hospital programme
- Upfront payment for Allianz Authorised Repairers to alleviate their financial constraints
- Joint development of products and services

Government, Regulators, and Industry SRC NC FC

- Participation in industry working groups
- Supported national programmes such as Perlindungan Tenang
- Solar industry engagements to promote transition to low carbon economy
- RM226.0 million in taxes paid, including to support the government's Shared National Prosperity initiative
- Ethical behaviour and practices based on strong corporate governance
- ASEAN Asset Class Award

Society and Planet NC FC SRC IC

- 26% YoY Gross Written Premiums growth of SolarPro All Risk PV our retail solar insurance product to support the low carbon transition
- Reduce absolute GHG emissions by 12%
- Overall YoY reduction in waste by 5.7%
- Decarbonisation of our property and casualty insurance portfolio as part of our climate change strategy
- Allianz Malaysia is committed to 30% reduction in emission intensity in our proprietary investment portfolio for listed equity and corporate bonds by 2025, based on 2019 baseline and net zero GHG emissions in the said investment portfolio by 2050
- 18,923 beneficiaries of CSR initiatives across Malaysia
- Promote grassroot development in badminton and health and wellness to 2,600 participants of the Allianz Junior Badminton Championship
- Promoting inclusion of People with Disabilities through the support of Malaysia's Abilympics team via CSR initiatives and through the Allianz Move Forward Programme

Stakeholder Engagement

By engaging with our stakeholders through various platforms, we gain valuable insights into their needs and expectations, which allows us to improve our products and services, and build strong relationships. Our engagement with key stakeholder groups as well as our initiatives catering to these respective groups are set out below.

Frequency

AWR As and when required | ToY Throughout the year | M Monthly | Q Quarterly | BA Bi-annually | A Annually

Customers

Why we engage?

- Our customers are at the heart of everything we do
- Understanding what's important to our 3.2 million customers is key to our long-term success

How do we engage?

- ToY Customer satisfaction surveys such as Net Promoter Score and Voice of Customer rating
- AWR Claims Onboarding Courtesy Calls, Welcome Calls
- ToY Online platforms (e.g., corporate website, social media, smartphone applications, and mobile messaging)
- ToY MyAllianz Customer Portal
- ToY Allianz We Care Community Platform
- A Customer Satisfaction Survey

Key concerns/interests

- Fair and responsible treatment
- Clear, timely, and transparent information
- Timely and convenient resolution of queries
- Products and services that meet customer needs
- Data privacy and security

How we addressed them/Our Initiatives

- *MyAllianz*, available on web and app for customer self-servicing and engagement
- Chatbot enables quick resolution of simple queries
- One Allianz training and capacity-building of customer service frontliners to handle all queries
- Needs-based product development, supported by customer-centric services such as Allianz Care@Home, Allianz Blue Ribbon Hospitals, Allianz Road Rangers
- Allianz Privacy Standard and cyber resilience measures
- Calls to customers and agents to assess and monitor service quality

Material Matters Related

1. Cybersecurity and Data Privacy
3. Emissions and Climate Change
4. Customer Satisfaction
5. Health and Wellbeing
6. Digital Innovation
7. Responsible Products, Investments and Underwriting
11. Social and Financial Inclusion

Found in Section

- Responsible Business (page 65, 70, 71, 73, 76, 78)

Employees

Why we engage?

- Our employees are key to bringing our purpose to life
- Employee engagement is vital to maintain connection, motivation, and an engaged workforce

How do we engage?

- A Allianz Engagement Survey
- BA Supplementary Pulse Survey
- ToY Townhall meetings
- M Internal publications
- ToY Learning and development programmes and events
- ToY Corporate volunteering programmes
- AWR Media spokesperson training for CEOs and senior management
- A Regular performance evaluation cycles

Key concerns/interests

- Fair and responsible employer
- Work-life balance
- Performance management and remuneration
- Career development

How we addressed them/Our Initiatives

- WoW to facilitate hybrid working model
- Success Factors platform to support transparent and holistic performance management
- Learning ecosystem for personal development
- Health and wellness programmes and benefits
- Employee engagement and volunteering initiatives
- Annual attestation with Allianz Group Code of Conduct, an integral component promoting ethical conduct
- Performance-based remuneration policies with the *People Attributes* embedded within performance evaluation criteria

Material Matters Related

1. Cybersecurity and Data Privacy
2. Governance and Ethics
5. Health and Wellbeing
8. Talent Management
9. Diverse, Equitable, and Inclusive Workforce
10. Human Rights

Found in Section

- Responsible Business (page 66, 71)
- Employer of Choice (page 87-95)
- Responsible Corporate Citizen (page 101-110)

Stakeholder Engagement

Investors/Shareholders

Why we engage?
- By understanding our investors' requirements and meeting their expectations of value creation, we grow trust in our organisation, which strengthens our access to capital

How do we engage?
- A Annual General Meeting
- Q Analyst Briefings
- A Annual Reports and Circulars to Shareholders

Key concerns/interests
- Stable financial performance
- Ethical and responsible behaviour
- ESG embedded into business

How we addressed them/Our Initiatives
- Strengthen sustainability governance
- Solid financial performance and dividend pay-outs
- Strong corporate governance practices/disclosures
- ESG embedded into business demonstrated by FTSE Russell ESG Score of 4.2 (out of 5) as of 18 December 2023

Material Matters Related
- 2 Governance and Ethics
- 3 Emissions and Climate Change
- 7 Responsible Products, Investments and Underwriting

Found in Section
- Responsible Business (page 62, 66)
- Corporate Governance Overview Statement (page 139-147)

Intermediaries/Business Partners

Why we engage?
- Our intermediaries and business partners are our means of distribution and outreach as well as feedback from the market
- Understanding the needs is thus vital to our success in the long-term

How do we engage?
- M Internal publications
- ToY Townhall meetings, council meetings, recognition events
- ToY Training and development
- AWR Feedback through multiple channels
- AWR Agencies compliance reviews
- A Conferences

Key concerns/interests
- Fair and responsible dealings
- Timely and efficient service
- Innovative and attractive product propositions
- Collaborative and mutually beneficial partnership

How we addressed them/Our Initiatives
- Renewal of 15-year Bancassurance Partnership with HSBC
- Enhancement of digital tools for agents
- Learning opportunities throughout the year via agency trainings
- Joint development of tools and solutions with partners
- C.E.O. Programme for new agents
- Corporate partner of the NEXEA Startup-Corporate Matching Programme
- Collaboratively marketed needs-based products and services
- Intermediaries/Business Partners evaluation using Balanced Scorecard

Material Matters Related
- 1 Cybersecurity and Data Privacy
- 2 Governance and Ethics
- 6 Digital Innovation
- 7 Responsible Products, Investments and Underwriting
- 8 Talent Management

Found in Section
- Responsible Business (page 66-70, 73)

Service Providers

Why we engage?
- Our service providers assist us in reaching out to and delivering our promise to customers
- We work collaboratively to ensure a seamless experience for our customers

How do we engage?
- AWR Vendor Integrity Screening and renewals
- AWR Panel workshop tender exercise
- AWR Training and awareness
- ToY Regular audits with panel providers
- A Panel repairers' sustainability self-assessment questionnaire

Key concerns/interests
- Collaborative partnership
- Fair and timely payment
- Ethical and responsible treatment
- Skilled labour shortages
- Increase in labour, medical, and parts costs
- Provision of high-quality service to customers

How we addressed them/Our Initiatives
- Allianz Blue Ribbon Hospitals
- ESG considerations in Vendor Code of Conduct
- Expansion of Roadside Assistance fleet
- Upfront payments for Allianz Authorised Repairers

Material Matters Related
- 10 Human Rights
- 14 Sustainable Supply Chain

Found in Section
- Responsible Business (page 70, 82 – 84)

Stakeholder Engagement

Government, Regulators, and Industry

Why we engage?
- Regulators and industry peers contribute to shaping our operating environment
- We must ensure that we are compliant with regulations in order to ensure smooth functioning of our operations

How do we engage?
- ToY Working and advisory groups
- ToY Dialogues, trainings, and meetings

Key concerns/interests
- Ethical and responsible behaviour encompassing ESG considerations
- Holistic understanding of business risks and opportunities
- Well-defined corporate governance

How we addressed them/Our Initiatives
- Participation in various industry working groups covering topics such as climate change, digitalisation, products, regulations, etc.
- Fair Treatment of Financial Consumers considerations incorporated across our operations
- Allianz system of governance and anti-corruption/anti-fraud policies

Material Matters Related
1. Cybersecurity and Data Privacy
2. Governance and Ethics
3. Emissions and Climate Change
7. Responsible Products, Investments and Underwriting
11. Social and Financial Inclusion
12. Direct Environmental Footprint

Found in Section
- Responsible Business (page 64-67, 71-81)
- Responsible Corporate Citizen (page 99-100)

Society and Planet

Why we engage?
- As a leading insurance company, it is our duty to contribute to the society that we live and work in.
- We live our Employer Value Proposition to 'care for tomorrow's Society and Planet' in our day-to-day business practices, and through our charitable and community support.

How do we engage?
- AWR NGO Integrity Screenings
- ToY Corporate giving and volunteering programmes
- ToY Partnerships with social organisation and enterprises
- ToY Community health and wellbeing initiatives
- ToY Allianz We Care Community platform

Key concerns/interests
- Rising cost of living and economic insecurity
- Fair and equal opportunities
- Decent work and economic growth
- Societal and environmental health and wellbeing

How we addressed them/Our Initiatives
- Allianz Move Forward programme engaging able-bodied and para-athletes
- Partnership with National Sports Council
- Allianz Junior Badminton Championship
- Allianz We Care Community
- Various community outreach and relief activities driven by our Allianz4Good department
- Allianz Climate Change Strategy in support of a low-carbon transition
- Reducing own emissions and resource consumption through WoW working model, Digital by Default initiatives, and waste-reduction targets
- Knowledge-sharing and awareness-raising with stakeholders

Material Matters Related
3. Emissions and Climate Change
7. Responsible Products, Investments and Underwriting
8. Talent Management
10. Human Rights
11. Social and Financial Inclusion
12. Direct Environmental Footprint
13. Charitable and Community Support
14. Sustainable Supply Chain

Found in Section
- Responsible Business (page 73-84)
- Responsible Corporate Citizen (page 99-110)

What Matters to Us

Material topics are the pivotal factors that significantly shape our ability to create value over time. These focal points remain dynamic, evolving with stakeholder needs and environmental dynamics. Consequently, Allianz Malaysia is committed to a systematic review of existing material topics, identifying emerging areas of concern. The prioritisation of these topics is diligently undertaken, aligning with their potential impact on operations and key stakeholders.

In 2023, we conducted an in-depth Materiality Assessment to identify any potentially new material topics, assess their significance to stakeholders and severity of potential impacts, and to ensure that our material matters reflect the continually evolving market trends. An overview of our Materiality Assessment process is as follows:

Identify Material Matters

Identify a list of material matters that are deemed material to Allianz Malaysia and our key stakeholders.

Impact and Likelihood Assessment

Perform an internal assessment of the severity of impacts of each material matter and the likelihood of those impacts.

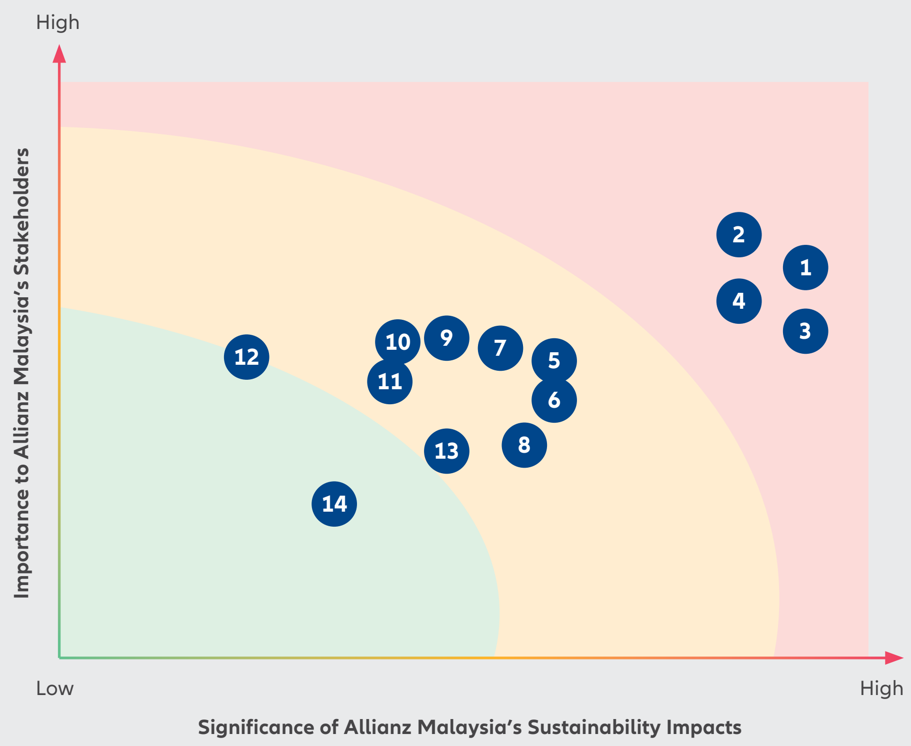
Prioritisation

Through a survey sent to internal and external stakeholders, our key stakeholders rank the importance of each material matter – results are tabulated into the Materiality Matrix.

Validation

The outcomes of the Materiality Assessment are validated by the Local ESG Board and Board of Directors.

In 2023, we assessed the materiality of 14 Material Matters and adjusted the naming of our environmental Material Matters which are now *'Emissions and Climate Change'* and *'Direct Environmental Footprint'* compared to *'Environmental Management'*, *'Natural Disaster and Extreme Weather'* and *'Climate Change'*. The change was made for enhanced clarity and understandability of the material matters, as well as to better align with our approach to climate change, both in our operations and business model.



1 Cybersecurity and Data Privacy
2 Governance and Ethics
3 Emissions and Climate Change
4 Customer Satisfaction
5 Health and Wellbeing
6 Digital Innovation
7 Responsible Products, Investment and Underwriting
8 Talent Management
9 Diverse, Equitable and Inclusive Workforce
10 Human Rights
11 Social and Financial Inclusion
12 Direct Environmental Footprint
13 Charitable and Community Support
14 Sustainable Supply Chain

What Matters to Us

Material Matter	Why It Is Material	Risks	Opportunities	Discussed Further In
1 **Cybersecurity and Data Privacy**	*Trust* is central to how we do business and is reflected in our approach to cybersecurity and data privacy. Ensuring all data we possess is safeguarded with utmost confidentiality and security can establish customers' trust and improve brand reputation.	• **Operational risk:** potential disruption to business activities and systems • **Regulatory risk:** potential regulatory penalties • **Reputational risk:** tarnished reputation and loss of customers' trust, as well as potential legal lawsuits	• Competent management of cybersecurity and data privacy provides a competitive edge and builds trust for our customers	Responsible Business, page 71-72
	Links to			
	Stakeholders	**Capitals** HC IC MC	**Strategic Pillars** Growth	
2 **Governance and Ethics**	Accountable, transparent, and ethical business conduct which ensures regulatory compliance, better risk management, increased trust by customers and other stakeholders.	• **Regulatory risk:** potential regulatory penalties • **Reputational risk:** loss of trust by customers and other stakeholders	• Positive brand image • Building trust in customers and all stakeholders • Effective governance structures can improve the Group's long-term performance	Responsible Business, page 66-67
	Links to			
	Stakeholders	**Capitals** HC IC	**Strategic Pillars** Growth, Margin Expansion, Capital Efficiency	
3 **Customer Satisfaction**	Our customers are at the heart of everything we do, guided by our values of *Customer and Market Excellence* and *True Customer Centricity.*	• **Reputational risk:** decrease in customer retention • **Business risk:** decrease in revenue and new customers • **Operational risk:** increased resources needed to address rise in complaints and dissatisfaction	• Increase in loyal customers • Positive brand image	Responsible Business, page 64-65
	Links to			
	Stakeholders	**Capitals** SRC	**Strategic Pillars** Growth, Tackling Climate Change	

What Matters to Us

Material Matter	Why It Is Material	Risks	Opportunities	Discussed Further In
4 **Emissions and Climate Change**	Well-established measures to respond to climate change related events as well as supporting the low-carbon transition in our products, services, investments, and operations, are key to our business resilience.	• **Underwriting and Financial risk:** inadequate management of climate-related risks can result in underwriting and investment losses • **Regulatory risk:** potential regulatory actions • **Reputational risk:** failure to meet various stakeholder expectations on addressing climate change	• Better competitive position by providing products and services to meet emerging customer needs and improve societal resilience to climate change • Financing a low carbon and climate resilient future	Responsible Business, page 76-81
	Links to			
	Stakeholders	**Capitals** NC MC	**Strategic Pillars** Tackling Climate Change, Growth	
5 **Health and Wellbeing**	We take care of the health and wellbeing of our employees, customers, and wider community through our products and services.	• **Reputational risk:** brand reputation will be jeopardised • **Operational risk:** reduced employee productivity/ performance • **Strategic risk:** lower revenue from failure to address customer health needs	• Increased productivity and enhanced performance from healthy employees • Enhanced products and services which cater to community's health and wellbeing needs	Employer of Choice, page 90-92
	Links to			
	Stakeholders	**Capitals** HC SRC	**Strategic Pillars** Employer of Choice	
6 **Digital Innovation**	In line with our strategic drivers, Digital by Default and Technical Excellence, we aim to simplify processes for increased productivity and enhance our expertise through digitalisation in both our operations and product offerings. This involves adapting to evolving technological trends such as artificial intelligence and big data.	• **Operational and Strategic risk:** missed business opportunities for failure to keep up with trends and changing landscape	• Improved customer experience and operational efficiency • Enhanced access to data analytics which boosts data-driven insights	Responsible Business, page 70
	Links to			
	Stakeholders	**Capitals** IC	**Strategic Pillars** Growth, Margin Expansion, Capital Efficiency	

What Matters to Us

Material Matter	Why It Is Material	Risks	Opportunities	Discussed Further In
7 **Responsible Products, Investment and Underwriting**	Integration of ESG and fair value considerations in insurance, investments, and services is key to ensuring sustainable long-term performance.	• **Strategic risk:** unable to keep up with stakeholder expectations on products, investments, and underwriting • **Regulatory risk:** potential regulatory actions if product and services do not meet regulatory requirements • **Reputational risk:** lack of product transparency and mismatch of needs leading to unfair treatment of customer	• Attracting new customers and investors with responsible products and services • Improved management of ESG risks	Responsible Business, page 78
	Links to			
	Stakeholders	**Capitals** FC SRC NC MC	**Strategic Pillars** Growth, Margin Expansion, Tackling Climate Change	
8 **Talent Management**	We aim to attract, retain, and develop our talents to derive the best outcomes for all stakeholders.	• **Operational risk:** poor employee management can lead to a high turnover rate that can disrupt operations • **Business risk:** poor talent retention causing loss of talent to competitors	• Better talent attraction and retention • Retain high-performing talents for succession planning	Employer of Choice, page 86-89
	Links to			
	Stakeholders	**Capitals** HC SRC	**Strategic Pillars** Employer of Choice	
9 **Diverse, Equitable and Inclusive Workforce**	We aim to build a workforce with diverse talents and embed a culture of equal opportunities and inclusiveness, upholding the value of *Collaborative Leadership* to promote collaboration across teams and exchange of best practices and knowledge.	• **Strategic risk:** a culture lacking in diversity, equal opportunities, and inclusiveness can lead to loss of competitive edge in the market and reduced interests by customers, investors, and other stakeholders • **Reputational risk:** negative brand image	• Forming teams with diverse talents and ideas can better serve a diverse customer base • Enhanced employer brand	Employer of Choice, page 93-95
	Links to			
	Stakeholders	**Capitals** HC	**Strategic Pillars** Employer of Choice	

What Matters to Us

Material Matter	Why It Is Material	Risks	Opportunities	Discussed Further In
10 **Human Rights**	Upholding universal human rights including no forced labour and child labour across our value chain.	• **Reputational risk:** failure to address human rights matters can damage brand image • **Regulatory risk:** violation of labour laws could result in penalties	• Strengthen brand culture and image	Employer of Choice, page 84
	Links to			
	Stakeholders	**Capitals** HC	**Strategic Pillars** Employer of Choice	
11 **Social and Financial Inclusion**	Addressing social and economic inequalities by increasing access to insurance, in line with our *Loyalty Leadership* strategic driver, aiming to provide a superior customer experience.	• **Strategic risk:** missed business opportunities	• Empowering community by reducing inequality and improving social and economic development • Create new revenue opportunities and strengthen brand image	Responsible Business, page 75
	Links to			
	Stakeholders	**Capitals** FC SRC	**Strategic Pillars** Growth, Tackling Climate Change	
12 **Charitable and Community Support**	CSR initiatives to support and empower local communities, especially those from low income or vulnerable backgrounds.	• **Reputational risk:** a lack of CSR initiatives could result in negative public perception and erosion of stakeholder trust	• Empowering communities in need	Responsible Corporate Citizen, page 101-110
	Links to			
	Stakeholders	**Capitals** HC SRC	**Strategic Pillars** Employer of Choice	

What Matters to Us

Material Matter	Why It Is Material	Risks	Opportunities	Discussed Further In
13 Direct Environmental Footprint	Management of our own environmental footprint and natural resource consumption.	• **Regulatory risk:** non-compliance of environmental laws and regulations • **Operational risk:** improper management of natural resources	• Cost reduction resulting from efficient consumption of water, energy, paper, and other resources	Responsible Corporate Citizen, page 99-100
	Links to			
	Stakeholders	**Capitals** FC NC	**Strategic Pillars** Tackling Climate Change	
14 Sustainable Supply Chain	Sustainability management in procurement, claims, and throughout our value chain.	• **Reputational and Operational risk:** bad reputation from associating with supply chain actors that have poor ESG practices	• Incorporating ESG practices throughout the supply chain can improve operational and cost efficiency • Better equipped to meet emerging consumer and regulatory demands	Responsible business, page 82-84
	Links to			
	Stakeholders	**Capitals** SRC	**Strategic Pillars** Tackling Climate Change	

Our Key Risks and Opportunities

As an insurer, key risks affecting our business can be broadly categorised into the risk types below. Our risk management approach to these risks as well as other key internal controls are further elaborated in our Statement on Risk Management and Internal Control in this Integrated Annual Report. Additionally, material matters discussed earlier in "What Matters to Us" could impact one or more of these risk categories and the management of these matters are elaborated in that section. We also recognise that risks will give rise to opportunities, which drives the development of our strategic objectives discussed in the section "Our Strategy".

Financial Risk

Investment related risks arising from market, credit, liquidity risks

Key Mitigations

- Defined investment limits and risk appetites
- Ongoing monitoring of exposure, limits, and capital requirements
- Asset liability management strategy
- Maintain sufficient capital and liquidity buffers

Opportunities

- Optimise investment strategy for more efficient use of capital

Risk Trend and Perspective

Stable

The global political and economic climate remains uncertain and volatile, posing risks that extend beyond our immediate environment.

Links to

Stakeholders

Capitals

FC HC SRC IC

Underwriting Risk

Risks arising from insurance underwriting and claims

Key Mitigations

- Underwriting guidelines
- Reinsurance
- Robust product development and monitoring process
- Claims control measures

Opportunities

- Prevention of underwriting and claims leakages enable us to maintain competitive premiums
- Encourage customers towards risk-reduction behaviour
- Reduced volatility in financial results

Risk Trend and Perspective

Stable

The inflationary environment continues to exert pressure on our claims costs. The challenges are further compounded by climate change, exemplified by more frequent floods. We continue to focus on technical excellence initiatives to overcome these.

Links to

Stakeholders

Capitals

FC HC SRC IC

Regulatory Risk

Risks arising from failure to implement changes to keep up with regulatory expectations

Key Mitigations

- Continuous awareness training
- Regular compliance reviews
- Maintain ongoing engagements with regulators

Opportunities

- Increase trust in all stakeholders

Risk Trend and Perspective

Increasing

The regulatory landscape is evolving rapidly locally and globally, with new and developing requirements some of which have tight timelines.

Links to

Stakeholders

Capitals

FC MC HC SRC

Our Key Risks and Opportunities

Information Security Risk

Risk of information security breach losses triggered by both information technology ("IT") i.e. cyber threats and non-IT

Key Mitigations

- Continuous awareness training
- Defined procedures for handling data
- Infrastructure and technologies to monitor and protect against cyber threats
- Effective patch and vulnerabilities management e.g. Red team/Blue team
- Regular penetration testing

Opportunities

- Competent management of cybersecurity and data privacy provides a competitive edge and builds trust for our customers

Risk Trend and Perspective

Increasing

New technology such as AI, while giving rise to digitalisation opportunities, also increase cyber threats.

Links to

Stakeholders

Capitals

MC HC IC

Operational Risk

Risks arising from inadequate or failed internal processes, people, system or from external events

Key Mitigations

- Integrated Risk and Control System with periodic audits/reviews on controls
- Established business continuity management plan

Opportunities

- Operational stability enhances attractiveness to all stakeholders including employees

Risk Trend and Perspective

Stable

We continuously review our process controls to mitigate operational losses

Links to

Stakeholders

Capitals

FC HC IC

Our Key Risks and Opportunities

Strategic Risk

Risk arising from management decisions on business strategies and implementation

Key Mitigations

- Strategic and Planning Dialogues
- Stress testing of business plan as part of Internal Capital Adequacy Assessment Process

Opportunities

- Ensure long term sustainable performance and relevance in the market

Risk Trend and Perspective

Stable

In the face of global uncertainties and local economic shifts, Allianz Malaysia is intensifying its focus on enhancing the customer value proposition, with continued focus on technical excellence and talent management.

Links to

Stakeholders

Capitals

FC IC SRC HC

Climate Change Risk

Climate change related physical and transition risks

Key Mitigations

- Incorporate climate change risk management into overall risk management framework in line with regulatory requirements
- Integrating climate change and sustainability considerations in investments, underwriting, and products

Opportunities

- Better competitive position by providing products and services to meet emerging customer needs and improve societal resilience to climate change
- Financing a low-carbon and climate-resilient future

Risk Trend and Perspective

Increasing

The current trend of increasing emissions is expected to continue with global temperatures likely to exceed pre-industrial levels by at least 2 degrees Celsius and weather events increasing in frequency and severity.

Links to

Stakeholders

Capitals

FC NC HC IC SRC

Our Strategy and How We Allocate Resources

Our Strategy

We aspire to win the hearts of customers by delivering products and services that give them the courage for what's ahead; and by caring for them, for our people and the world around us. We do this by conducting a comprehensive assessment of the trends, risks, and opportunities in our operating context. We drive our initiatives through our three strategic pillars, Growth, Margin Expansion, and Capital Efficiency.

Growth

We consistently seek to capture growth opportunities for our business, and to create growth opportunities for our employees. This is how we ensure our leading market position. Through our full breadth of products and services, we offer comprehensive solutions that meet our customers' needs and make us a trusted partner.

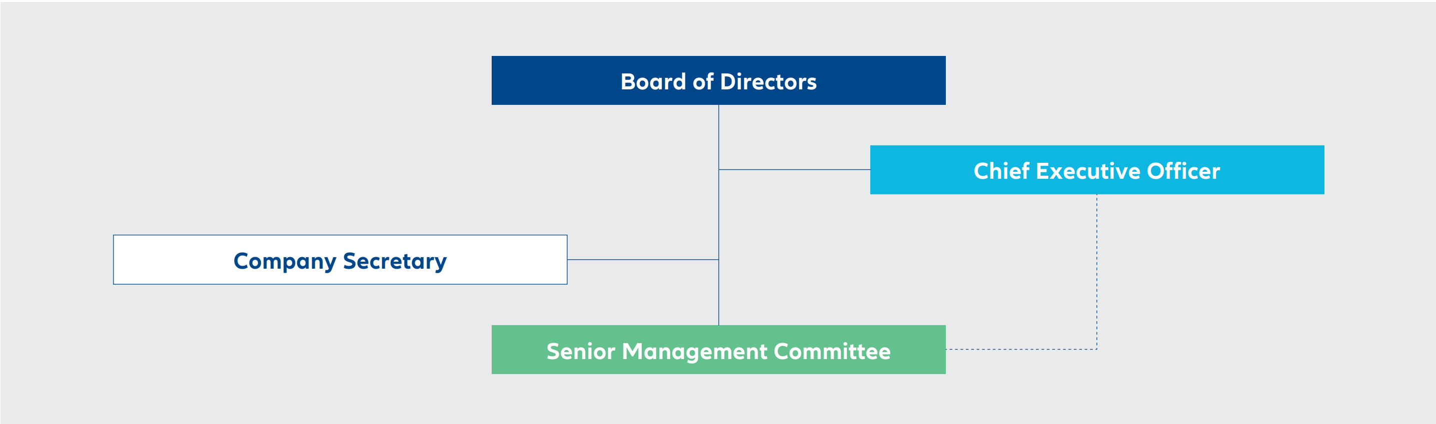
Margin expansion

We need to be profitable and efficient. To do so, we are continuously improving our productivity, including in our distribution channels, while seeking to grow in high margin business segments. Additionally, we will continue our transformation to be more simple, digital and scalable.

Capital efficiency

We consistently seek ways to use our capital in the most effective way and take actions when it falls below the Return on Equity threshold.

Strategy Governance



The Senior Management Committee is responsible for determining our organisation's strategy and reports to the Board of Directors. The committee, headed by the Chief Executive Officer, meets on a bi-quarterly basis (8 times a year) and comprises a dedicated team of Senior Management at Allianz Malaysia.

Besides this, Senior Management conducts Quarterly Business Reviews with the Regional Office to report on the Group's quarterly performance, business development, and progress, while also providing a platform for two-way dialogue between senior management.

On an annual basis, we also conduct Strategic Dialogues ("SDs") and Planning Dialogues ("PDs") to develop Allianz Malaysia's overall strategy in alignment with Regional and Global office. SDs are held in the first half of the year whilst PDs are held in the second half to develop the financial KPIs over the short-, medium-, and long-term.

Our Strategy and How We Allocate Resources

How We Develop Our Strategy

We develop our strategies in line with the process outlined below:

1. Identify risks and opportunities in the market
2. Access our capabilities and resources
3. Develop strategy and align with Regional and Global office
4. Develop execution plans and set KPIs
5. Monitor results and evaluate outcomes

In identifying the risks and opportunities in the market, we assess external environmental conditions and stakeholder concerns. Additionally, as we operate in a highly regulated environment, keeping abreast of changes in regulations is crucial to our operations. To ensure compliance and effective management of regulatory changes, our Legal and Compliance teams, along with the Company Secretary, closely monitor these developments. By remaining abreast to changes in the external environment, we ensure that our business remains adaptable to change.

External Environment

Assess factors in the external environment, including macro-economic and micro-economic conditions, industry landscape, PESTEL factors *(refer to Our Operating Context)* and the competitive landscape.

Stakeholder Concerns

Engage with internal stakeholders (fund managers, research analysts) and assess external stakeholder concerns (customers, regulators, intermediaries/business partners).

Internal Analysis

Assess and access our internal capabilities and resources.

Our Strategy and How We Allocate Resources

Strategic Pillar: Growth

Objectives
General Insurance Gross Written Premium ("GWP") growth
Growth in Motor, Retail and Commercial Insurance

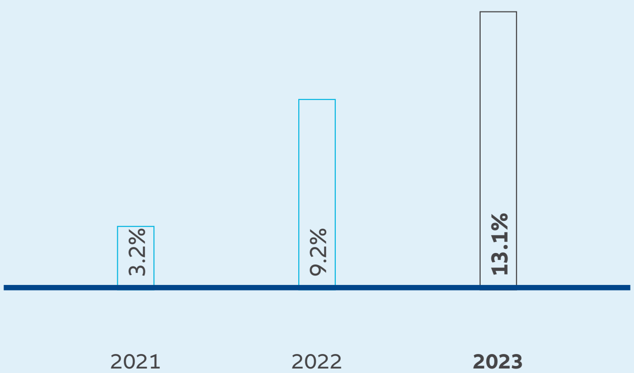
Initiatives/Resources Allocated
Motor
- Recruitment of distribution partners
- Launched "Truck Warrior" to complete Allianz Roadside Service Assistance offering, one of our key differentiators, to commercial vehicles which also offers assistance to private cars and motorcycles

Retail
- Marketing campaigns
- Product and system enhancements

Commercial
- System enhancements to facilitate intermediary journeys

Achievements
Achieved GWP growth of 13.1% compared to the previous year

GWP Growth



Outlook
Continue GWP growth trajectory:
- Explore opportunities in retail and commercial non-motor insurance markets
- Enhance products and services to align with evolving needs of customers
- Build synergies through the OneAllianz transformation – fostering greater collaboration between Allianz Life and Allianz General

Objectives
Life Insurance Annualised New Premium ("ANP") growth
Growth in All Distribution Channels

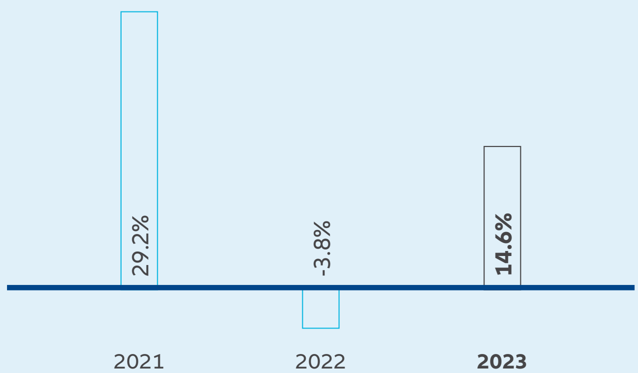
Initiatives/Resources Allocated
Agency transformation
Intensify agency recruitment via C.E.O. Programme, one of our key differentiators, in line with the Recruit2Grow theme

Strategic Collaborations
Deliver profitable growth in HSBC

Employee Benefit Business
Grow Small Medium Enterprise ("SME") portfolio profitability and Activate OneAllianz Financial

Achievements
Overall ANP growth of 14.6%

ANP Growth



Outlook
Continue ANP growth trajectory:
- Strengthen distribution capacity through agency recruitment initiatives
- Enhance digital platforms to offer superior servicing (MyAllianz and Allianz360)
- Build synergies through the OneAllianz transformation – fostering greater collaboration between Allianz Life and Allianz General

Stakeholders

Capitals
FC IC SRC

Material Matters
1 2 3 4 6 7 11

Our Strategy and How We Allocate Resources

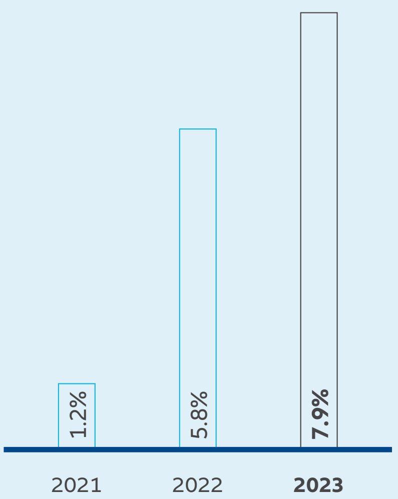
Strategic Pillar: Margin Expansion

Objectives
Ensure profitability of General Insurance Retail and Commercial portfolios within the Group's appetite

Initiatives/Resources Allocated
Technical Excellence initiatives for underwriting, pricing and claims management

Achievements
Achieved profit before tax growth of 7.9% compared to the previous year

PBT Growth %



Outlook
- Maintain Retail and Commercial portfolios within the Group's appetite
- Enhance capabilities in data capture and utilising data-driven analysis to inform decision-making

Stakeholders

Capitals
FC IC HC SRC

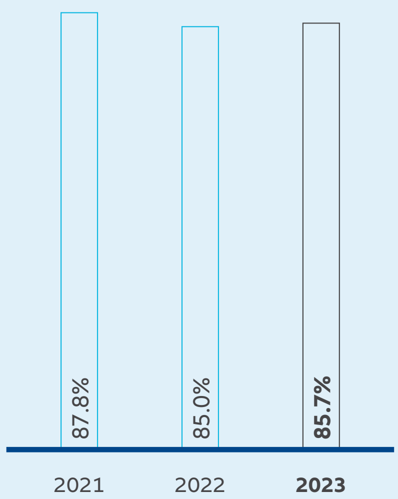
Material Matters
2 6 7

Objectives
Sustain Combined Operating Ratio ("COR")
Ensure sustainability of COR

Initiatives/Resources Allocated
Technical Excellence initiatives for underwriting, pricing, and claims management

Achievements
Achieved COR of 85.7%

COR %



Outlook
- Maintain COR within growth and profit appetite
- Continual improvement in Engineering and Fire COR

Stakeholders

Capitals
FC IC HC SRC

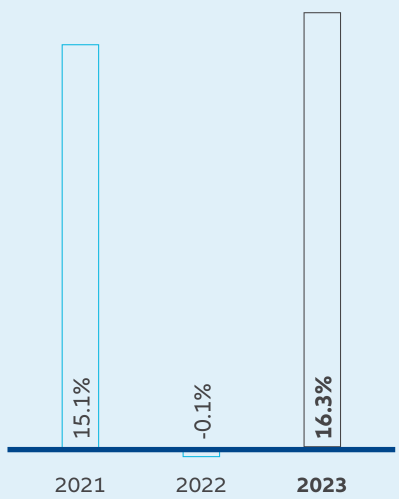
Material Matters
2 6 7

Objectives
Ensure profitability of Life insurance portfolios within the Group's appetite

Initiatives/Resources Allocated
Technical Excellence initiatives for underwriting, pricing, and claims management

Achievements
Achieved New Business Value ("NBV") growth of 16.3% compared to previous year

NBV Growth %



Outlook
- Maintain NBV and ANP growth trajectory
- Enhance capabilities in data capture and utilising data-driven analysis to inform decision-making

Stakeholders

Capitals
FC HC SRC

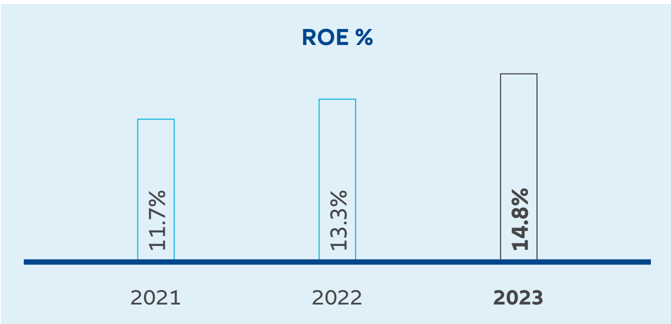
Material Matters
2 6 7

Our Strategy and How We Allocate Resources

Strategic Pillar: Capital Efficiency

Objectives
Optimise Return on Equity (“ROE”)

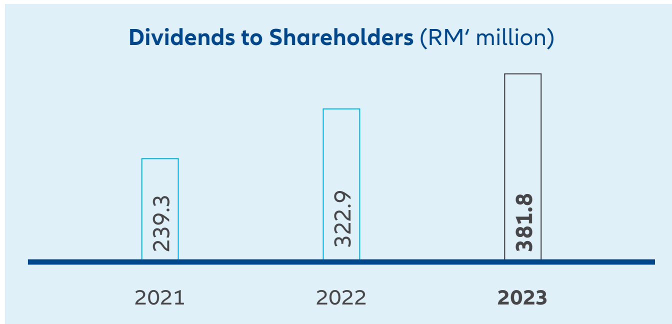
Achievements
ROE aligned with the Group’s appetite



Outlook
Maintain ROE within the Group’s strategic appetite

Objectives
Dividend stream to shareholders

Achievements
Declared dividend for a financial year with RM381.8 million paid for FY 2023.



Outlook
Continue to deliver dividend stream targets

Stakeholders

Capitals
FC

Material Matters
2 6 12

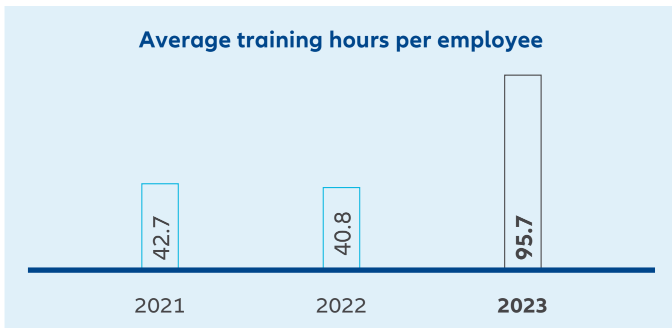
Strategic Pillar: Employer of Choice

Please refer to Employer of Choice, page 86-98 for more details

Objectives
Career Development
- Ensure that our core skills remain strong while continuing to up-skill and re-skill
- Support the development of young talent

Initiatives/Resources Allocated
- Management Associate Programme
- AweZome Discovery
- Partnership with Management and Science University’s Faculty of Business
- L.E.A.P Programme

Achievements
- 95.7 training hours per employee
- Hosted 104 internships
- First Place for Insurance Category in Malaysia’s 100 Leading Graduate Employers Awards 2023



Outlook
- Refining training programmes to seamlessly integrate with employees’ career development and professional development plan
- Enhance talent engagement and facilitate skill matching through an internal talent marketplace
- Effective mentorship programmes

Stakeholders

Capitals
FC HC SRC

Material Matters
5 8 9 10 13

Our Strategy and How We Allocate Resources

Strategic Pillar: Employer of Choice

Please refer to Employer of Choice, page 86-98 for more details

Objectives

Health and Wellbeing

Ensure to maintain a safe and healthy workplace for the wellbeing of our employees

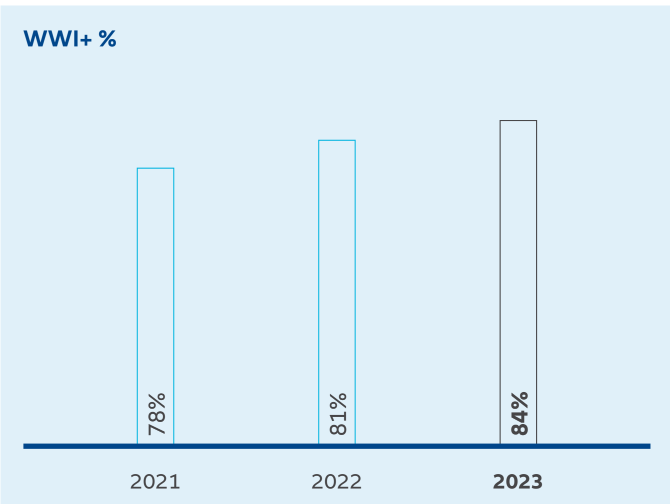
Initiatives/Resources Allocated

- WoW Strategy
- Work Well Programme
- Free Share and Employee Share Purchase Plan

Please go to Page 90-92 for more details on our initiatives.

Achievements

- Work Well Index+ ("WWI+"): 84% (2022: 81%)
- *Employee Experience Awards 2023:* Gold – Best Remote Management Strategy; Gold – Best Remote Work Strategy; Gold – Best Post-Pandemic Recovery Strategy; Overall Engagement Award
- *HR Excellence Awards* – Silver in Excellence in Workforce Flexibility



Outlook

- WoW strategy continuously adjust to a rapidly changing environment and implement new forms of collaboration
- Continually support employees physical, emotional, mental and financial wellbeing

Stakeholders

Capitals

FC HC

Material Matters

5 8 9 10 13

Objectives

Diversity, Equity and Inclusion

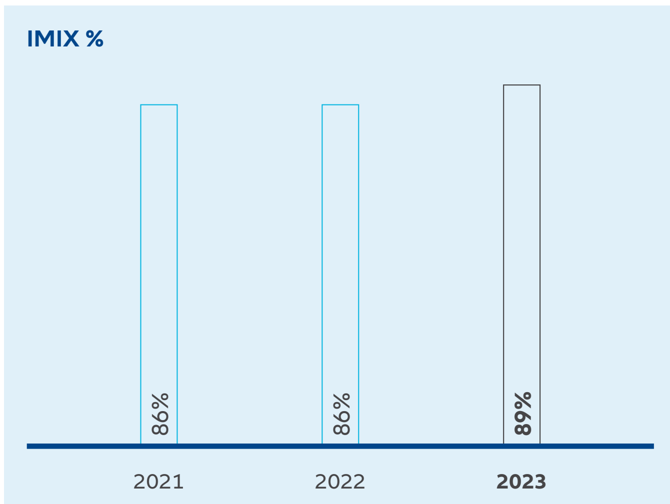
Foster an inclusive environment, leveraging diversity as a catalyst for innovation and enhanced decision-making

Initiatives/Resources Allocated

- Deployed the "Allianz Beyond" Network
- Conducted regular diversity and inclusion training
- *Anti-harassment and Anti-discrimination at the Workplace* Programme

Achievements

- Inclusive Meritocracy Index ("IMIX"): 89% (2022: 86%)
- HR Excellence Awards 2023 – Gold in Excellence in Diversity, Equity and Inclusion
- Progressed from EDGE Assess to EDGE Move Certification



Outlook

- Consistently integrate industry benchmarks i.e., EDGE and Great Place to Work to further solidify Allianz Malaysia's commitment to diversity, equity, and inclusion in the workplace

Stakeholders

Capitals

FC IC SRC

Material Matters

5 8 9 10 13

Our Strategy and How We Allocate Resources

Strategic Pillar: Tackling Climate Change

Objectives

Anticipating the Risks of a Changing Climate

We systematically consider climate and sustainability criteria in our insurance and investment business.

30% reductions in emissions intensity in our proprietary investment portfolio for listed equity and corporate bonds by 2025.

Net-Zero emissions in our proprietary investment by 2050, and decarbonisation of our property and casualty insurance portfolio.

Kindly refer to page 79-81 for more details.

Initiatives/Resources Allocated

- Conducted qualitative climate change risk assessment
- Investing in data and technology to better understand natural perils

Achievements

- Developed strategic approach to navigate the objective
- Integrated ESG considerations into investment and underwriting process as per Allianz Sustainability Integration Framework, and in line with Allianz Energy Guidelines

Outlook

- Gradually phase out investment and underwriting of fossil fuel-based business models while supporting transition to renewable energy by 2050
- Enhance monitoring of flood risk, aided by a Geographical Information System

Stakeholders

Capitals

FC IC SRC

Material Matters

3 12

Objectives

Caring for Our Customers

We are committed to providing coverage and support to help customers reduce climate-related damage and risks.

Kindly refer to page 76 for more details.

Initiatives/Resources Allocated

- Enhanced support for customers by deploying Allianz Road Rangers tow trucks (key differentiator), 4x4s, caravan and a team of nationwide adjusters on standby ahead of monsoon season and providing flood relief benefits

Achievements

- Allianz Malaysia introduced Flood Relief initiatives in response to the increasing trend of flood occurrences in the past 3 years. The Flood Relief benefits are provided at no extra cost and are included in products under various initiatives, including:
  - Perlindungan Tenang Initiative by Bank Negara Malaysia ("BNM"), such as PerlindunganKu Allianz4All, offering emergency relief to customers evacuated to an evacuation centre
  - "*Insuran Rahmah*" initiative by Kementerian Perdagangan Dalam Negeri, such as MotorcyclePlus, Private Car Comprehensive, and Private Car Third Party, Fire, and Theft, providing a lump sum benefit for vehicle damage from floods
  - Emergency Flood Evacuation Cash Relief Campaign under Allianz We Care Community, offering a one-time payout to customers evacuated to an evacuation center due to floods, for selected retail products

Outlook

- Continue to enhance products and services that cater to developing needs to reduce climate-related damage and risks

Stakeholders

Capitals

FC IC SRC

Material Matters

4 6 7 11

Objectives

Enabling the Low-Carbon Transition

Provide customers with solutions that contribute to the low-carbon transition.

Reduction of emissions in our own operations by 50% by 2025.

Kindly refer to page 76-77 for more details.

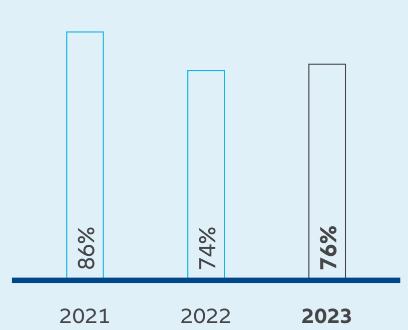
Initiatives/Resources Allocated

- Reduced office operating floor size of Allianz Malaysia headquarter and 10 branches

Achievements

- 76.0% reduction in GHG emissions per employee compared to 2019 baseline, as of 2023
- Provide insurance coverage for residential and commercial users of solar panels

Overall GHG Reduction per employee since 2019



Outlook

- Continue adapting branches to WoW Strategy
- Assess feasibility of solar panel installation in additional branches
- To develop sustainable solutions that are in line with Allianz's Sustainable Solutions Programme classification framework in the next few years

Stakeholders

Capitals

MC NC FC

Material Matters

3 12 14

Progressing Our Sustainability Agenda

FY 2023 Highlights

Environment

Conducted **Qualitative Climate Risk Assessment**

53.5% travel reduction per employee from 2019 baseline

Additional **flood benefits** provided in products and services offered

48.6% Recycled Waste

52.1% waste reduction per employee from 2019 baseline

Support and enable companies in their **Low-Carbon Transition** journey

75.5% paper reduction per policy from 2019 baseline

100% Scope 2 emissions offset and RE100 with the purchase of i-REC

30.4% energy reduction per employee from 2019 baseline

Social

89% Employee Engagement Index

84% Work Well Index+

89% Inclusive Meritocracy Index

194,691 Total training/ learning hours as a company

Advanced level of certification to **EDGE MOVE**

18,923 Social beneficiaries across CSR initiatives

RM2.0 million channelled towards CSR efforts

Governance

Inaugural Integrated Report with improved reporting process

100% Participation in Anti-Corruption and Antitrust training

Enhanced **Whistleblowing** process with SpeakUp@Allianz

Enhanced sustainability criteria in **Vendor Code of Conduct**

Progressing Our Sustainability Agenda

Our Sustainability Approach

Allianz's purpose 'We secure your future' encapsulates the reason for our existence. The nature of what we do contributes towards sustainable economies and societies, where we manage risks and help protect lives, assets, and businesses. Our ambitious goal revolves around integrating sustainability across our business, thereby catalysing tangible and meaningful impacts across societies, economies, and the environment. Our sustainability approach is focused on three key areas:

Tackling Climate Change

Our climate approach is grounded in Allianz's **Climate Change Strategy**.

We integrate climate considerations in our organisation and across our business areas.

Climate Change Strategy
https://az.my/climate-change-strategy

Social Impact

Our social approach is based on the belief that business can only thrive as part of an equitable society.

Social considerations are embedded into our organisation, our business areas, and our corporate citizenship activities.

ESG Business Integration

Our commitment to tackling environmental, social, and governance topics ensures we embed sustainability everywhere, both in our own operations and across our insurance and investment activities.

Allianz continued to excel with a commendable score of 82 out of 100 in the 2023 Standard & Poor (S&P) Global Corporate Sustainability Assessment (CSA), which underlies the prestigious Dow Jones Sustainability Index (DJSI) as of 24 November 2023. These results signify Allianz's unwavering dedication to catalysing positive societal and environmental transformations while forging impactful collaborations that shape a more sustainable future. Locally, Allianz Malaysia was also rated by FTSE Russell, earning a score of 4.2 out of 5.0 in 2023.

4.2

(out of 5.0) ESG score as assessed by FTSE Russell

As a global entity, we embrace a profound responsibility to society – our customers, employees, and partners alike. Our initiatives, spanning climate action, sustainable business practices, and social endeavours, echo our commitment to safeguarding a livable planet for future generations. Acknowledging the enormity of this transformative journey, we continuously learn and refine our approach. Our aim is to navigate a responsible transition while adhering to our sustainability commitments.

Progressing Our Sustainability Agenda

Sustainability Governance

Our Local ESG Board, comprising top Management, is responsible for decision-making on ESG matters and championing these issues throughout the organisation, with support from the Sustainability department. It serves as a forum for holistic discussion and deliberation of sustainability initiatives, encompassing all elements under ESG. They report directly to our Board of Directors, ensuring oversight in sustainability matters. Sustainability matters are also raised within pertinent Board committees, such as climate risk discussions within the Risk Management Committee.

The Chief Executive Officer of AMB chairs the Local ESG Board, and two Local ESG Board members have been appointed Board of Management Responsible for Sustainability and are accountable for driving sustainability integration, and development of sustainability strategy and implementation. Decisions formulated within the Local ESG Board are subsequently implemented by the ESG Taskforce, which is a cross-functional working group with representation from various functions under AMB, Allianz General, and Allianz Life.

The ESG Taskforce is segmented into five workstreams, of which three are devoted to implementing sustainability measures in operations, insurance, and investments. Additionally, it encompasses the enabling functions of sustainable strategy, risks and opportunities, as well as sustainable culture and communications.

Board of Directors

↑

Local ESG Board

comprising of CEOs, CFOs, and COOs of AMB, Allianz General and Allianz Life

Roles and responsibilities

CEO – Accountable for sustainability vision, directive, targets and performance.

COO – Accountable for sustainable operations, environmental targets and performance.

CFO – Accountable for sustainability targets, and signs-off local non-financial data after accounting sign-off.

↑

Sustainability Lead	Facilitate the integration of sustainability into business functions and processes. Facilitate the development of sustainability strategy proposal and implementation with key stakeholders.
ESG Taskforce	Pro-actively drives ESG integration strategically and implement initiatives/policies into business processes. Idealisation and operationalisation of sustainability strategy aligned with the Group's sustainability vision.

Sustainable Operations	Sustainable Insurance	Sustainable Investment	Sustainable Culture and Communications	Sustainable Strategy, Risks and Opportunities

Progressing Our Sustainability Agenda

Responsible Business

Customers at the Heart of Our Business

Related material matters

4 Customer Satisfaction

Stakeholders concerned

Customers

Capitals impacted

SRC Social and Relationship Capital

Insurance made accessible

Know your customer

Timely, transparent, and efficient service

Fair, timely, and transparent claims settlement process

True Customer Centricity is at the heart of our business, driving us to consistently enhance our range of products and services. This commitment translates into relentless improvement of our offerings, leveraging feedback from customers and intermediaries alongside data analytics.

Our commitment to exceptional service finds its foundation in the four pillars of our **Customer Service Charter**, which is compliant with the standards established by Bank Negara Malaysia ("BNM") and the Malaysian Insurance and Takaful associations. Upholding transparency, integrity, and accessibility in every touchpoint, Allianz Malaysia adheres to these principles as the bedrock of our customer service commitment.

</> **Customer Service Charter**
https://az.my/service-charters

Other than that, we value establishing lasting, mutually beneficial relationships with our customers. Our commitment to integrity in all customer interactions is outlined in our **Treat Customers Fairly Charter**. Aligned with BNM's Fair Treatment of Financial Consumers ("FTFC") principles, our charter underscores a commitment to instilling fair dealings in our corporate culture. This encompasses providing customers with equitable terms and transparent information, and ensuring that our staff, representatives, and agents exercise due care and diligence in our interactions with customers.

</> **Treat Customer Fairly Charter**
https://az.my/service-charters

Progressing Our Sustainability Agenda

Measuring Customer Satisfaction

We make a deliberate effort to actively listen to our customers through various channels, using their feedback to address their needs. Simultaneously, we utilise a range of tools to assess customer satisfaction levels and identify areas for improvement. These tools encompass:

Net Promoter Score ("NPS")
The measurement of customer satisfaction and loyalty relies on the NPS, a survey rating method that measures the readiness of customers to endorse or recommend Allianz Malaysia. Notably, both Allianz Life and Allianz General have consistently exceeded the market average in this regard.

Voice of Customer ("VoC")
Customer feedback is systematically gathered through our VoC survey, assessing satisfaction at key interaction points using a 5-star review system. We continually expand our survey coverage and openly publish reviews and scores on our website's Customer Reviews page for transparency. As of December 31, 2023, all major touchpoints received ratings above 4 stars, affirming our commitment to excellence.

Key Highlights

For the fifth consecutive year, Allianz has achieved the prestigious title of the world's leading insurance brand in Interbrand's 2023 Best Global Brands ranking. This year marked a significant milestone as Allianz exceeded the 20-billion-dollar mark in brand value, with a notable 11.5% growth, reaching USD20.85 billion – a remarkable increase of USD2.15 billion from 2022.

Further solidifying its leading position, Allianz climbed three spots to secure the 31st rank in Interbrand's overall ranking of the top 100 global brands, highlighting its commitment to continuous growth and innovation.

In Malaysia's Takaful and Insurance industry, both Allianz General and Allianz Life shine as top performers. We secured top five rankings in the Malaysia Insurance and Takaful Customer Satisfaction Survey 2022 based on the Customer Satisfaction Index. This recognition stands out among 48 insurance providers, with over 10,000 respondents. This survey assesses customer experiences, measures pandemic impacts on service quality, and evaluates engagement, adherence to the Customer Service Charter, trust levels, and satisfaction with purchased products and services within the industry.

As part of our continuous initiatives, our One Allianz Transformation strives to create a seamless customer experience, foster collaboration between Allianz General and Allianz Life, and utilise shared digital resources. In its initial phase, service staff underwent upskilling training to deliver One Allianz Customer Service, ensuring quicker resolution of customer queries and transactions by employees well-versed in both companies' operations.

Customers can locate their nearest One Allianz branch at *https://az.my/onebranch*

Outlook

We are dedicated to upholding a high standard, ensuring the quality delivery of insurance services that not only meets but exceeds our customers' expectations. Our focus extends beyond insurance, as we aim to provide value-added experiences that enhance the overall customer journey. In the year ahead, we will persist in elevating our service excellence values, working towards delivering a customer-centric experience that is acknowledged as best-in-class in the industry.

Progressing Our Sustainability Agenda

Our Governance and Ethics

Related material matters

2 Governance and Ethics

Stakeholders concerned

Employees
Intermediaries
Government
Investors

Capitals impacted

HC Human Capital
IC Intellectual Capital

Allianz Malaysia prioritises the highest levels of business integrity to safeguard our customers and ensure their security. We have implemented a comprehensive set of policies and procedures to prevent unlawful activities, such as corruption, bribery, fraud, and unfair practices. Our robust policies and procedures serve as a guide for all employees, fostering a culture of compliance and adherence to legal standards.

We stand firmly with a commitment to continue the highest standards of conduct in all our business interactions, with customers, employees, business partners, and the public, ensuring that every activity is carried out with the utmost ethics and integrity.

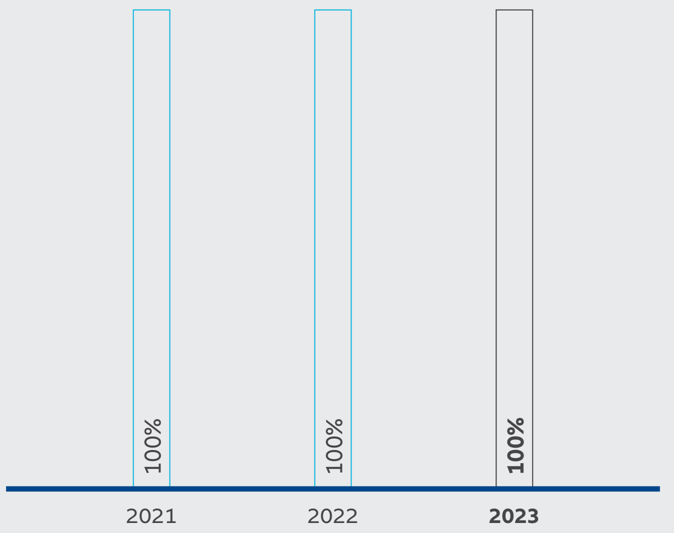
Anti-Corruption

We implement anti-corruption measures by adhering to the Allianz Standard for Anti-Financial Crime Compliance. The **Anti-Corruption Policy** and **Anti-Fraud Policy**, integral components of the Allianz Group Code of Conduct ("CoC"), firmly prohibit any form of corruption or bribery. All employees undergo Anti-Corruption training and participate in annual awareness campaigns, reinforcing our commitment to a corruption-free culture. We maintained a 100% training participation rate, continuing from the previous year. Notably, there were zero incidents of corruption in 2023.

Anti-Corruption Policy
https://az.my/anti-corruption-policy

Anti-Fraud Policy
https://az.my/anti-fraud-policy

% of employees that have received anti-corruption training



Anti-competitive behaviour

Allianz Malaysia is committed to promoting free and fair competition, aligning with the Allianz Antitrust Standard and the local Competition Act 2010. The Legal function reviews contracts to filter out any anti-competitive elements and offers advisory services on competition laws to stakeholders when needed.

Allianz Malaysia adopts the Allianz Antitrust Standard, comprising the Antitrust Code and guidelines for various scenarios like trade association meetings and bidding procedures. We distribute the Antitrust Code to our employees every six months as part of our commitment to raising awareness and have established guidelines for handling competition authority raids to ensure compliance.

In 2023, all Allianz Malaysia employees received essential antitrust training. Additionally, we offer pre-clearance for staff attending industry events to navigate potential anti-competitive risks. Employees are encouraged to seek legal guidance for compliance uncertainties. As part of the post-training engagement with the participants, they are asked to provide feedback on the antitrust training. For matters where the Legal function has highlighted or advised on the existence of anti-competitive risks, the relevant stakeholders enter into discussions by working towards solutions to mitigate/negate such risks.

Regulatory Compliance

At Allianz Malaysia, strict adherence to laws and regulations remains a top priority, recognising the potential impact on financial stability and reputation. The Group is required to comply with all Allianz policies and standards, the requirements of the Financial Services Act 2013, along with the relevant issuances by BNM, Life Insurance Association Malaysia, Persatuan Insurans Am Malaysia, Perbadanan Insurans Deposit Malaysia and Bursa Malaysia Securities Berhad. In case of conflict between Allianz's policies and standards; and local laws or regulations, priority is given to the stricter requirements.

The Group's Compliance function provides essential support to the Board and Senior Management in navigating regulatory complexities. This includes strict adherence to laws, regulations, and industry guidelines. Both Compliance and Risk Management functions report to the Risk Management Committee, offering effective oversight and advisory support on compliance, risk, and regulatory matters. The Governance and Control Committee further facilitates collaboration on regulatory governance, organisational control, and ensures a consistent approach across functional and control-related topics. Additionally, the Compliance function actively promotes awareness of risk and compliance among all employees through well-structured training sessions and workshops.

Individuals representing our organisation, including agents, must adhere to ethical standards and responsible behaviour governed by the Allianz Sales Standard. Our Ethics and Compliance Committee addresses intermediary behaviour that deviates from these principles.

Throughout 2023, Allianz Malaysia attributed to rigorous compliance measures, including comprehensive policy frameworks and consistent execution of training sessions and communication channels. The Group maintains a vigilant stance on compliance activities, aiming to uphold its ethical standards and protect its esteemed reputation.

Whistleblowing Policies and Procedures

Allianz Malaysia has a **Whistleblowing Policy** in place, establishing a structured system for both internal and external stakeholders to report unethical behaviour. This policy encompasses any communication related to potential misconduct that violates the **Allianz Group CoC**, laws, regulations, regulator orders, or internal rules. The Integrity Committee conducts thorough reviews of all reported incidents, and its findings are then reported to the Audit Committee. The effectiveness of the whistleblowing policies and procedures is reviewed periodically, at least once every three years.

</> **Whistleblowing Policy**
https://az.my/whistleblowing-policy

</> **Allianz Group Code of Conduct**
https://az.my/code-of-conduct

SpeakUp@Allianz

We are committed to promoting transparency and ethical conduct through the SpeakUp@Allianz whistleblowing tool, providing a platform for reporting concerns or potential wrongdoings while ensuring complete identity protection. This inclusive approach is open to anyone associated with Allianz Malaysia or its suppliers, both inside and outside the organisation. The tool is designed to handle reports related to fraud, theft, corruption, antitrust violations, and potential conflicts of interest. We have measures in place to protect the identities of whistle-blowers and to prevent any form of retaliation or discrimination against them.

Outlook

Looking forward to 2024, we will implement the latest version of the Antitrust Standard by Allianz, set to take effect on January 1. Simultaneously, we will proactively monitor and manage compliance activities through the implementation of our Anti-Corruption programme as outlined in our Annual Compliance Plan.

Progressing Our Sustainability Agenda

Developing Our Agency Force

Related material matters	Stakeholders concerned	Capitals impacted
8 Talent Management	Intermediaries/Business Partners	SRC Social and Relationship Capital

At Allianz Malaysia, our commitment to excellence extends to our agency force. Serving as ambassadors of our brand, our agents undergo rigorous training, where they adhere to the stringent Code of Ethics and Conduct established by the respective insurance associations. We equip our agents with the knowledge and skills necessary to navigate the complexities of the insurance world. This steadfast dedication to ongoing education ensures that our agency force remains a true reflection of the Group's unwavering commitment to integrity and service.

Key Initiatives

- **Training on Compliance, Personal data Protection Act ("PDPA"), Code of Conduct, and Data Ethics:** Agents receive comprehensive training encompassing Compliance Regulations, PDPA guidelines, adherence to the Code of Conduct, and ethical data handling. This includes a focus on FTFC, understanding the Dos and Don'ts in sales practices, recognising common offenses, mitigating fraud risks, preventing mis-selling, and ensuring optimal agent conduct. Emphasis is also placed on safeguarding customer privacy and abiding by stringent cybersecurity protocols.

- **Marketing Campaign Training:** Empowering agents to leverage marketing campaigns effectively is a key training focus. Agents are equipped with strategies to maximise upselling and cross-selling opportunities during campaign periods, thereby enhancing customer engagement and satisfaction.

- **Soft Skills Enhancement Training:** Agents undergo training aimed at refining their soft skills, specifically focusing on improving after-sales services to elevate customer experience and satisfaction levels.

- **Product and Technical Knowledge Updates:** Agents continually stay abreast of the latest industry updates, product innovations, and technical knowledge to ensure they are well-equipped to offer policyholders the most suitable coverage options.

  - **Product Training for the B40 Group:** To effectively reach and cater to the underserved B40 segment, Allianz General agents undergo specialised training on tailored products. This training delves into a range of offerings tailored explicitly for this demographic, including Rahmah Products like PerlindunganKu Allianz4All, Private Car, and Motorcycle Plus. Furthermore, agents gained an in-depth understanding of the Business Insurance portfolio, specifically the Allianz Business Shield Lite, designed for Micro SMEs.

  - **Product Training for Estate Planning:** Allianz Life agents received specialised training in collaboration with Malaysian Financial Planning Council to enhance their technical knowledge and professionalism. This equips them to integrate estate planning into effective financial strategies, emphasising its protective nature for families. Positioning of Allianz Estate Planner reflects the expertise of agents in estate planning funding.

- **Natural Disaster Awareness Training:** Given the escalating concerns around natural calamities, especially floods due to climate change, agents receive targeted training on natural disaster awareness. This includes educating agents on Special Perils coverage and its significance in safeguarding policyholders' assets against such unforeseen events.

Progressing Our Sustainability Agenda

- **Allianz Game Changer** is an Allianz Life event in 2023, assembling 94 outstanding Allianz Life Changers identified as influential figures in the insurance sector. Following a stringent one-on-one selection process, the initiative unfolds through a transformative 66-Day Extraordinary Challenge. This programme is dedicated to nurturing future leaders in the insurance industry, providing them with the essential mindset and competencies to excel in a dynamic landscape. The initiative focuses on preparing leaders for future challenges and fostering continuous growth. The event includes insightful sessions and discussions, covering innovative approaches for M2C (My 2nd Chance with Allianz) talks, recruitment strategies for young and professional agents, and personal success stories within the C.E.O. Programme. The 'Allianz Game Changer' initiative remains integral to ongoing agent training and development, reinforcing a commitment to excellence.

- **C.E.O. Programme,** part of Allianz Life's ongoing commitment to excellence, was initiated in 2020 to recruit and cultivate top-tier agents. Those enrolled in the C.E.O. Programme undergo a focused development phase, including classroom learning and mentorship, aimed at fostering leaders capable of nurturing and advancing their own teams. In 2023, the programme experienced an impressive 85% increase in enrolments compared to 2022, demonstrating its growing popularity. Remarkably, C.E.O. Programme's agents have demonstrated exceptional performance. The comprehensive programme encompasses monthly financial support, intensive estate planning training, and personalised coaching and mentoring from Allianz Life's esteemed management team. Agents within the C.E.O. Programme are encouraged to achieve both financial and personal excellence, continually striving for enhanced performance to surpass expectations.

C.E.O. Programme x INSEAD Challenge

In 2023, Allianz Asia Pacific established a transformative partnership with INSEAD, a global business school, to reshape and enhance the training of its Life and Health ("L&H") business agency salesforce. This initiative, co-created by Allianz and INSEAD, recognises and rewards top-performing agents, offering a hybrid training model that combines online and face-to-face content. Covering essential topics such as organisational leadership, customer management, marketing, sales, and business strategy, the programme aims to enhance the skills and knowledge of agents. Top qualifiers have the opportunity to complete their training at the INSEAD campus in France, fostering a global educational experience. This innovative partnership reflects Allianz's commitment to agent development, setting a new standard of excellence in the insurance industry.

Outlook

Looking ahead, our commitment to the training and development of our agents remains steadfast. We will continue to implement robust training programmes, closely monitoring results to ensure effectiveness. Our priority is to equip our agents with a versatile skillset, aligning with evolving industry demands. By fostering continuous growth and expertise, we aim to not only meet but exceed the expectations of our customers. This dedication to agent empowerment is integral to our vision for sustained business growth and maintaining excellence in the dynamic landscape of the insurance industry.

Progressing Our Sustainability Agenda

Digital Innovation

Related material matters

6 Digital Innovation

Stakeholders concerned

Customers

Intermediaries/ Business Partners

Capitals impacted

IC Intellectual Capital

As the digital landscape evolves rapidly, Allianz Malaysia is committed to continuous enhancement of products and services in line with the growing digital economy and sustainability trends to meet the changing needs of our customers and their demand for new coverages and digital intermediation to maximise their satisfaction.

- **MyAllianz** – a digital platform, available on app and web which enables customers to access their policies and perform self-service transactions such as claims submission, guarantee letter request, premium payment for Allianz Life policies, and downloading policies and statements.

In 2023, MyAllianz was enhanced in terms of policy management, streamlined journey of life, medical and general claims. In terms of roadside assistance, these aspects have been optimised:

- Allowed customers to alert Allianz Malaysia on their needs of roadside assistance via MyAllianz as an alternative to phone calls
- Enabled customers to view the geolocation of tow truck assigned via MyAllianz
- Customers can now manage their claims in the platform as First Notice of Loss and claims submission functionality has been incorporated in MyAllianz.
- In addition to the policy management self-service features, users can also save and redeem enriching Allianz We Care Community healthcare and lifestyle benefits and join rewarding campaigns on the platform.

- **Allianz 360** – a mobile application which has been developed collaboratively with Allianz Life agents and rolled out in early 2023. The app enables agents in getting a complete view of their customers' dealings in real-time, in a user-friendly manner. Agents can now service their customers better by using the track and trace function for detailed progress tracking and updates for proposals, claims, and services. There are also push notification updates enabling agents to provide prompt responses to customers. This application also promotes healthy competition as it enables the agents to easily review their sales performance against targets and ranking against peers.

- **Aida (Allianz Intelligent Digital Assistant)** – an artificial intelligence chatbot that can handle simple product enquiries and requests such as vehicle No Claim Discount and claims status check, providing 24/7 access and improving accessibility to our customers.

- **Allianz Travel Easy** – a travel insurance product which is available online for customers to purchase directly with only three seamless steps. This real-time capability reduces friction in the buying process, making it convenient for users to secure travel insurance coverage without delays.

- **Dedicated Asia IT Regional Delivery Centre ("RDC") in Malaysia** – RDC enhances customer experience via digital transformation such as sharing of good digital experience implementation among Allianz entities in the region. This channel also allows faster delivery of digital transformation initiatives through re-usable components which is aligned with Allianz Customer Model to provide simplified products and processes.

- Allianz General continued collaboration with NEXEA and participation as a Limited Partner in Pan-Asian venture capital firm Gobi Partners' allows us to help build the digital economy by supporting local technology startups.

Outlook

The Group will continue to leverage digital technologies for improvements in process and resource efficiency, convenience, simplification, and tailored servicing.

For more information on the numbers of users of our digital applications and value created to users, kindly refer to the Value Creation Model on page 40-41.

Progressing Our Sustainability Agenda

Cybersecurity and Data Privacy

Related material matters

1 Cybersecurity and Data Privacy

Stakeholders concerned

Customers
Regulators
Employees
Intermediaries/ Business Partners

Capitals impacted

HC Human Capital
IC Intellectual Capital
MC Manufactured Capital

At Allianz Malaysia, we recognise the integral role that data privacy plays in fostering trust, maintaining transparency, and promoting responsible business practices. For the third year in a row, the **Allianz Risk Barometer** shows that companies are most concerned about mounting cyber risks. We understand the significant implications of cybersecurity to our stakeholders, and this has been identified as one of the Group's high priority material matters.

Allianz Risk Barometer
Allianz Risk Barometer | Allianz Commercial

The meticulous infrastructure and technologies which safeguard our systems and data include the following:

Allianz Privacy Standard

This standard sets out the Group's approach and commitment to compliance with General Data Protection Regulation and local laws and regulations such as the Malaysian Personal Data Protection Act 2010.

- Training and awareness programmes such as mandatory annual training for employees and tied agents.
- Data privacy training when onboarding all new employees and agents.
- Allianz Privacy Expert certification for members of our privacy function team.
- A privacy and data management task force members that meets regularly to monitor ongoing relevant issues.
- Privacy champions embedded in each department to ensure compliance in the first line.
- Ongoing desktop/on-site review exercise to ensure compliance with data privacy measures by the business units.

Group-level Infrastructure and Technology

Allianz Malaysia is vigilant against cyber and hacking monitoring, setting up infrastructure and deploying technologies that include:

- Cyber risk and threat intelligence monitoring services.
- Artificial intelligence technology to recognise and stop fastmoving and unpredictable attacks.
- Next Generation Anti-Virus and Endpoint Detection and Response to detect and protect against Advanced Persistent Threat attacks.
- Three-tiers firewall architecture design and 24x7 network monitoring by Security Operation Centre.
- Data Loss Prevention to automatically monitor and flag sending of sensitive information.
- Web Application Firewall to protect Allianz web application from external attacks.
- Internet web proxy and email proxy to protect internal users from malicious websites or emails.

Group-level Awareness and Cyber Resilience

Allianz Malaysia continues raising awareness on cyber threats to improve resilience against them:

- Ongoing phishing campaigns to improve employee resilience against latest phishing threats. Monthly campaigns were conducted by local security team while quarterly campaigns were conducted by Global awareness team. During the recent campaigns, there is a significant improvement in terms of employees reporting rate which signifies their higher resilience level in managing phishing threats.
- Cyber drill exercises to improve and establish readiness in dealing with cyber threats.
- IT and disaster recovery testing to ensure the Group's capability to restore IT systems and continue its operations after an interruption of IT services.
- Security assessment and penetration testing of all applications and networks by an independent third-party security provider.
- Ongoing security training for all employees to ensure the awareness of cyber security and data privacy risks is regularly refreshed.
- Information Security Risk Management process improved by regularly documenting and managing information risks, taking appropriate mitigation activities, and monitoring risks on a regular basis.
- Effective patch and vulnerabilities management to mitigate external and internal vulnerabilities.

Progressing Our Sustainability Agenda

In 2023, we have set goals to ensure that our standards for data privacy were maintained at robust levels. Our key activities during the year were as follows:

Goal 1	**Ensuring annual mandatory privacy training assigned to all employees and tied agents**	**Activity:** Privacy modules were assigned to all Allianz Malaysia staff and tied agents as annual privacy training.
Goal 2	**Ensuring Privacy Function Team members are equipped with the necessary skills and knowledge by completing Allianz Privacy Expert certification**	**Activity:** Enrolled Data Privacy full-time employees into the *Allianz's Privacy Expert Training* course. **Outcome:** *Privacy Expert Training* course was completed in October 2023.
Goal 3	**Continuous engagement with internal stakeholders for Data Privacy and Information and Document Management Task Force**	**Activity:** Task Force meetings have been held with internal stakeholders to monitor ongoing issues including customer information breaches and/or complaints.
Goal 4	**Maintaining up-to-date data privacy champions in all departments**	**Activity:** Ensured that all departments had appointed a representative as a Data Privacy Champion.
Goal 5	**Continuous privacy compliance desktop/ on-site review exercise to ensure compliance with data privacy measures by the business unit**	**Activity:** On-site assurance review exercise was conducted on departments that process critical or large volumes of personal information.

Outlook

In navigating the ever-evolving landscape of digital security and data privacy, the Group remains committed to pioneering initiatives that go beyond compliance to safeguard the trust and privacy of our stakeholders, with a primary focus on our valued customers. Our strategic vision for 2024 is shaped by a holistic and proactive approach, reflecting our unwavering dedication to maintaining the highest ethical standards in data management.

Progressing Our Sustainability Agenda

Needs-based Products and Services

Related material matters	Stakeholders concerned	Capitals impacted
11 Social and Financial Inclusion	Customers	FC Financial Capital
5 Health and Wellbeing		SRC Social and Relationship Capital
7 Responsible Products, Investments and Underwriting		

We maintain a steadfast commitment towards responsible and transparent disclosures on our products and services. There are measures in place to ensure all promotional activities and disclosures are reviewed by relevant committees to avoid elements of misrepresentation. Products are also meticulously evaluated for their suitability in addressing the needs of target customers, consistent with BNM's FTFC policy which covers aspects including customer needs, transparency, sales processes, back-end services, training, and escalation process.

The Group's main principle is to focus on what really matters and keeping it simple. We aim to create solutions that are meaningful and deliver value to our customers when they need it most. This extends to creating products and services that cater to new needs, provide necessary social and financial protection with extensive coverage and additional services, encourage innovation, and take into account both social and environmental sustainability.

Meeting Societal Trends

- Allianz General launched Motor Insurance with Shopee in early 2023 and is looking to include more products to the public in 2024.
- With this collaboration, Allianz General has won the Shopee Superpartner Award under the category of Superpartner SeaMoney and subcategory of insurance. This award was awarded to partners who supported Shopee in helping consumers gain ease of access to financial services.
- Allianz General in partnership with *Carro* enables users to have access to insurance products such as Motor Insurance.
- The Allianz We Care Community continues to expand its support in the community through diverse and inclusive new healthcare, lifestyle and wellness benefits that include special screening packages in conjunction with Women's Day, Men's health awareness month, as well as exclusive discounts for senior care services.

Allianz Malaysia engages with relevant health partners and hospitals in providing health checks, health talks by experts and curating exclusive offers for Allianz We Care Community with the focus on 3Es – Early Detection, Early Prevention and Early Intervention. Some of the highlights this year are:

- Care Concierge Clubhouse – We Care Community can redeem a complimentary 1-Day Clubhouse Pass to experience the holistic senior care programme at the clubhouse.
- Breast Cancer Campaign – Campaign under We Care Community which offer access to discounted breast cancer tests and screening to promote early detection in partnerships with relevant health partners and hospitals.
- Tactical campaigns held have resulted a growing We Care Community of approximately 1.8 million members.
- Provided flood benefits that is described in the following section, **Enhanced Protection for Customer Resilience**.

Progressing Our Sustainability Agenda

Enhanced Protection for Customer Resilience

Allianz Malaysia has provided customers with additional benefits and services to aid them during flood events:

- Allianz Motorcycle Plus – features a one-time complimentary Flood Relief Benefit where motorcycle is damaged as a result of flood incident under the *"Insuran Rahmah"* initiative.

- PerlindunganKu Allianz4All – policyholders are given a one-time flood payment in lump sum, in the event of evacuation for at least 48 hours due to flood under the *"Insuran Rahmah"* initiative.

- We Care Community Campaign – offers a one-time emergency flood evacuation cash relief for eligible Allianz We Care Community members.

- This year ahead of the monsoon season, Allianz General has deployed over 280 Allianz Road Rangers tow trucks nationwide on standby to facilitate towing services, seven Allianz branded 4x4s, a claims caravan, and a team of adjusters nationwide to accelerate investigations and ensure a swift claims settlement should floods occur.

Customer-centric Solutions

With customer-centricity in mind, Allianz Malaysia actively provides customer-centric solutions which maximises their benefits through special product offerings.

These are some of the highlights of customer-centric solutions made available to our customers this year:

- Allianz Life's HealthInsured – Comprehensive medical plan with deductible options to suit customer's protection and affordability needs.

- Allianz Care@Home – medical home monitoring service which includes home visits by doctors and nurses, therapy, a 24/7 helpline and assistance in hospital admission if required, provided for Allianz Life's Individual Hopsitalisation and Surgical customers since 2021.

- Allianz Value Guard Series – savings plan with flexible payment and coverage terms tailored to savings and protection needs. Savings can be varied to include retirement, education and specific savings purposes such as downpayment of loan, etc.

- Allianz Everlink Plus and Everlink Signature – high coverage plans with flexible coverage terms tailored to protection needs. The high sum assured coverage can help support the livelihood of assured policyholder's family in the event of their untimely death. An Everlink Signature loyalty bonus campaign was also held this year.

- Allianz Guaranteed Plus – Short-term saving products with guaranteed maturity benefits and death coverage.

- Free Cancer Coverage Campaign – Policyholders of Allianz UltimateLink or Allianz Everlink series with critical illness cover, were entitled to additional cancer coverage if they meet certain eligibility criteria.

- Allianz Blue Ribbon Hospitals – Allianz Malaysia's preferred in-network hospitals with pre-negotiated terms and agreement to offer our policyholders privileges such as priority admission and discharge, upgrade of room, parking privileges, bedside discharge and medication, cashless outpatient radiotherapy treatment. Currently we have 14 hospitals in the network and starting from 2023, they are required to share their ESG initiatives with us. We will continue to encourage partner hospitals to include sustainability considerations in all aspects of their businesses, and they are required to continue providing annual updates to the Group on their ESG initiatives.

Progressing Our Sustainability Agenda

Social and Financial Inclusion

We prioritise social and financial inclusiveness in our products and services to improve outreach to underserved and underprivileged communities. These are some of the highlights of social and financial inclusive products and services by Allianz Malaysia this year:

- Allianz Malaysia is one of the first insurers to participate in the *"Insuran Rahmah"* initiative driven by the Ministry of Domestic Trade and Consumer Affairs. Products under the *"Insuran Rahmah"* are introduced with the aim of reaching to a wider community by providing accessible and affordable insurance for all, especially the B40 community groups. The Group offers five (5) products under the *"Insuran Rahmah"* category – PerlindunganKu Allianz4All, Allianz MotorcyclePlus, Allianz Car and Motor Comprehensive Cover, Allianz Car and Motor Third Party, Fire and Theft Cover, and Allianz Kasih4All.
  - PerlindunganKu Allianz4All – an affordable personal accident insurance launched back in 2022 in support of BNM's Perlindugan Tenang initiative. This year PerlindunganKu Allianz4All was reintroduced as part of *"Insuran Rahmah"* initiative with enhanced benefits to increase outreach to the underserved communities. Allianz4All Untuk Semua is a new series of products that aim to provide financial protection to all Malaysians based on Universal Values. Surplus achieved from the Claims Allocation Funds ("CAF"), which is a feature under the Allianz4All series, will be donated back to the charitable organisations based on categories selected by the policyholders. Allianz General disbursed its first CAF surplus arising from PerlindunganKu Allianz4All's surplus in 2022 to seven charitable organisations.
  - Private Car Comprehensive and Third Party, Fire and Theft Rahmah package – As described earlier in the section, Rahmah package allows B40 policyholders to enjoy additional benefits at no extra cost for benefits such as Accidental Death and Permanent Disability, Hospital Income, and Compassionate Flood Cover.
  - Allianz Kasih4All – This product was launched in 2023 and provides death coverage and additional accidental death coverage. Allianz Kasih4All does not require medical underwriting, making it easy to be purchased.
- Allianz Malaysia also supports BNM's Perlindugan Tenang initiative and offers four products under this category namely PerlindunganKu Allianz4All, Allianz KampungKu, Allianz Kasih Hayat, and Allianz A-Z Protect. Details of PerlindunganKu Allianz4All has already been described earlier in the section.
  - Allianz Kasih Hayat – This life insurance product provides a death benefit, with a sum assured of RM10,000 or RM20,000. Customers will only need to undergo a simplified underwriting process.
  - Allianz A-Z Protect – This is a simple product with affordable premiums that provides death coverage, additional payout on accidental death (including death due to COVID, and dengue) and daily hospital income for admissions due to accident, COVID or dengue. This product does not require the customer to undergo medical underwriting.
- Allianz Ability Life – This is a life insurance plan which provides death coverage and is designed specifically for People with Disabilities ("PWD").
- Pos LifeCare – This product is a simple product with affordable premiums that provides death coverage, additional payout on accidental death (including death due to COVID and dengue) and daily hospital income for admissions due to accident, COVID, or dengue. Pos LifeCare is distributed by Pos Malaysia which has strong reach nationwide, allowing people even in the rural areas to purchase life insurance.

Progressing Our Sustainability Agenda

Our Approach to Climate Change

Related material matters	Stakeholders concerned	Capitals impacted
3 Emissions and Climate Change	Customers	NC Natural Capital
7 Responsible Products, Investments and Underwriting	Investors/Shareholders	MC Manufactured Capital
	Government, Regulators, and Industry	
	Society and Planet	

The escalating severity and frequency of climate change related events, both locally and globally, underscore the urgency of our commitment. We recognise that delayed action on decarbonisation and climate change mitigation will result in worsened environmental, social, and economic outcomes. To address this, our climate approach is grounded in the Allianz's **Climate Change Strategy**, which is built around three pillars:

Climate Change Strategy
https://az.my/climate-change-strategy

Anticipating The Risks of a Changing Climate

We aim to anticipate the risks of a changing climate and in our insurance and investment business.

We continuously ensure that we stay updated and enhance our approach to identifying and managing climate change risks and opportunities.

We also invest in data and technology, to gain a better understanding of natural catastrophes perils.

*Details on climate change risk assessment is detailed in the following subsection, **Qualitative Climate Change Risk Assessment** while the subsection **Our Climate Commitments and Contributions** describes our climate-related targets.*

Caring for Our Customers

As a leading insurance company, we are committed to providing coverage and support to help customers reduce climate-related damage and risks, such as providing coverage for flood, fire, and windstorm events under products such as Motorcycle Plus, KampungKu, Car and Motor Comprehensive, Car and Motor Third Party, Fire and Theft Cover, and PerlindunganKu Allianz4All.

*For more details on these products, please refer to the **Needs-based Products and Services** section.*

Enabling the Low-Carbon Transition

We aim to enable the journey to a low carbon economy by reducing emissions in our own operations, as well as insurance and investment business.

We are committed to providing our customers with solutions and support that contribute to their own low carbon transitions, such as the SolarPro All Risk PV which offers insurance coverage for residential and commercial users of solar photovoltaic panels.

*In terms of how we contribute to low-carbon transition in our operations, please refer to the **Sustainability in Our Operations**.*

Progressing Our Sustainability Agenda

Our Climate Commitments and Contributions

30% reduction in emission intensity in our proprietary investment portfolio for listed equity and corporate bonds by 2025 (baseline 2019) and decarbonising property and casualty ("P&C") insurance portfolio

Allianz is a founding member of the UN-convened Net-Zero Asset Owner Alliance. To support Allianz's overall commitments, we have committed locally to a 30% reduction in emission intensity in our proprietary investment portfolio for listed equity and corporate bonds by 2025, based on 2019 baseline and net-zero GHG emissions in the said investment portfolio by 2050.

In our insurance and investment business, we have been and are using a strategic approach to gradually phase out fossil fuel-based business models and supporting transition to renewable energy. Statements related to Allianz's commitments are described below with full details consolidated in the **Allianz Energy Guidelines** webpage. For more details on how we intend to achieve our targets, please visit Allianz SE's website on our strategy in *Tackling Climate Change*.

Allianz SE Tackling Climate Change
Tackling climate change (www.allianz.com)

Supporting the Transition

Allianz realises the urgency and volume of scaling renewable energy sources to match the phase-out of fossil fuels. Allianz thus released a ***'Statement on Renewable/Low-Carbon Energy'*** which acts as a guideline that allows for and supports ring-fenced/stand-alone construction and operational insurance of projects in renewable/low-carbon energy, even if the insured's business falls under the restrictions mentioned above.

Allianz supports companies which have credible transition plans to move away from the coal-based, oil and gas and oil sands businesses. We want to insure and provide capital to those companies that do transition at the right speed and scale. Hence, we will be evaluating companies on an individual basis if they can be exempted from our restrictions mentioned above. This is also in line with BNM's initiatives via the Joint Committee for Climate Change for financial institutions to assist companies in their transition to low carbon economy.

Reduction of emissions in our own operations by 50% by 2025

We continue to work towards reducing emissions in our own operations by 50% by 2025.

*Please refer to the section **Sustainability in Our Operations** for more details.*

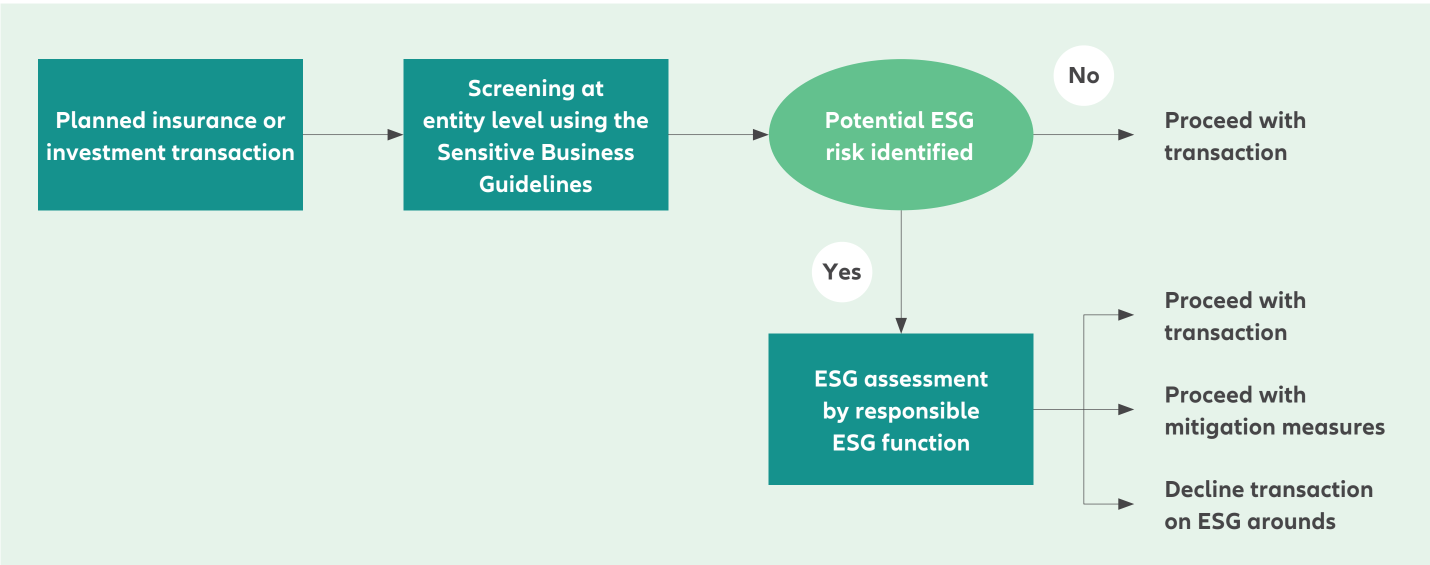
Progressing Our Sustainability Agenda

Integrating climate change and sustainability considerations in investments, underwriting, and products

Allianz has been a signatory of the United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance since 2014. Allianz has also been a signatory of the United Nations-supported Principles for Responsible Investment ("PRI") since 2011. The PRI shapes our approach towards responsible investment. Asset managers must meet the minimum obligation of being a PRI signatory or having their own qualified sustainable and responsible investment policy.

A key part to our approach to managing sustainability risks involves a referral and assessment process which directs us to identify, assess and manage these risks. This process is an integral part of the overall risk management framework that we employ across all aspects of our insurance business.

Details on our approach to integrating sustainability considerations into our underwriting and investment processes is set out in the Allianz **Sustainability Integration Framework**. It outlines the ESG Sensitive Business Guidelines and the Sensitive Countries List whereby 13 business areas have been identified and transactions within these areas undergoes additional examination, following the ESG Referral Process described below.



We utilise ESG rating reports produced by MSCI ESG Research for evaluating listed assets. Companies that fall short of the minimum threshold are subject to an extensive ESG risk screening and review process. Unlisted assets that pertain to a sensitive business area, undergo additional examination to confirm that ESG risks are adequately managed.

We incorporate ESG factors into our underwriting procedures by employing policies and frameworks where commercial dealings falling under a sensitive business area are further evaluated. This determines whether the risk is tolerable, necessitates management, or must be excluded. We regularly review and update this list to align it with Allianz's climate commitments, including the management of businesses related to fossil fuels.

In the aspect of sustainable solutions, Allianz General is currently in the process of aligning with Allianz's newly revised Sustainable Solutions Programme classification framework to provide sustainable insurance solutions to customers in the next few years. Currently there is no product that is categorised as a sustainable solution.

Sustainability Integration Framework
Allianz Sustainability Integration Framework, version 5.0

Progressing Our Sustainability Agenda

Qualitative Climate Change Risk Assessment

Qualitative climate change risk assessment is a holistic assessment which considers both physical and transition climate risks that can potentially impact Allianz's business in two keyways:

As an insurer

As an insurer, through providing coverage for fatality and health impacts, property damage, litigation claims, and through changes in the sectors and business models we underwrite.

As an institutional investor

As an institutional investor, with stakes in investment counterparties that might be affected by the physical impact of climate change and by the transition to a low-carbon economy. This can directly influence the ability of assets to generate long-term value.

In 2023, a qualitative assessment of how climate change may impact Allianz Malaysia's risk profile over the short- to mid-term (up to 2030) as well as long-term (up to 2050) horizons has been conducted for all major relevant business areas. The purpose of the exercise is to provide a more structured approach to identify key risk drivers and potential impact on our business, by considering a comprehensive set of climate-change related risk drivers.

Approach

The qualitative climate change risk assessment has been organised along business areas and risk transmission channels. The four business areas are Investment, P&C Underwriting, L&H Underwriting and Operations; with the Investment and Underwriting areas further broken down by asset class and line-of business, respectively. For risk transmission channels, we have considered climate change induced developments in terms of Technology, Policies and Regulations, Litigation, Human Behaviour, and Physical. Key risk drivers are identified for the intersection of each business area and transmission channel, adapted from a comprehensive catalogue of risk drivers developed at the Group level.

For each business area, potential impact of identified key risk drivers are assessed for the short and long term horizons by considering a few business-specific dimensions as shown in the table on page 80. The assessment was based on a combination of desktop research including consideration of Malaysia's climate change related policies, frameworks and or roadmaps, as well as discussions with the relevant business function experts.

Progressing Our Sustainability Agenda

Qualitative climate change risk assessment: financial and non-financial assessment dimensions considered when rating risk driver severity, per business area.

Business area	Assessment dimension #1	Assessment dimension #2	Assessment dimension #3
Investments (by asset-class)	**Revenues** • Productivity • Sales • Demand	**Costs** • Direct costs • Indirect costs • Capital expenditures	**Asset value** • Changes in valuation • Damages and write-offs
P&C Underwriting (by line of business)	**GWP** • Insurability • Affordability • Policyholder behavior	**Claims** • Frequency • Severity	**Expenses** • Administrative expenses • Acquisition expenses • Claims handling costs • General expenses
L&H Underwriting	**Mortality and longevity** • Mortality • Longevity	**Lapse rate** • Lapses	**Morbidity rate** • Diseases and illnesses • Injuries
Operations	**Mitigation strategy**	**Complexity and management attention**	**Require investments**

Assessment findings

A summary of some key observations derived from the qualitative risk assessment are provided below for each business area.

- ***P&C***
  - For Motor, the key transition risk drivers are deemed to be technology i.e., the shift to electric vehicles ("EV"), as well as human behaviour, especially in the longer term where there could be shift in behaviour from individually-owned vehicles to public transportation/innovative solutions in the mobility ecosystem. While claims cost uncertainty is a key concern for EV in the shorter term, this will stabilise with increase in volume and experience. There are also opportunities for enhanced coverage as well as new solutions to cater for developments in the mobility ecosystem.
  - Meanwhile for Non-Motor, key transition risk drivers relating to technology and policy would lead to growth and opportunities in new areas e.g., renewable energy projects and construction of green buildings, in line with Malaysia's National Energy Transition Roadmap. There would be increased claims uncertainty from newer technologies such as hydrogen in the shorter term, however this uncertainty should reduce over the long term. The impact of physical risk on claims as well as insurability of certain areas is deemed to be more significant in view of increasing floods in recent years as well as potentially more extreme weather including heatwaves in the longer term, especially if no mitigating actions are taken by relevant stakeholders. The trend in climate related regulations as well as increasing awareness on greenwashing could potentially also increase exposure to liability claims.
- ***L&H***
  - Within many of our L&H products, it is anticipated that physical risks will have a detrimental impact on morbidity and mortality rates driven by the effects from heatwaves, vector borne diseases, drought or flood induced food and freshwater scarcity, etc. That said, in terms of consumer behaviour, any mass movement towards more sustainable lifestyles, including environmentally friendly modes of transportation requiring more physical activity (e.g. biking, walking or public transportation) or nutrition (e.g. less excessive meat consumption) is likely to result in positive underwriting impacts. These positive consumer behaviour changes are likely to be further enhanced by supporting policy responses, such as the greening of public urban spaces as a form of carbon capture and to combat high temperatures, or the expansion of public transportation and cycling infrastructure.

- ***Investments***

  – Overall, transition risks are viewed as relatively more material over the short- to mid-term, given that much of the transition-related measures in response to climate change will need to be established over this time frame, especially for corporates who need to comply with increasing climate-related regulations and stakeholder expectations. Key risk drivers include changes in emissions regulations, global trade policies, and energy subsidies; as well as failure to shift to more sustainable technologies. Such changes could potentially impact the revenues, expenditures, and market valuation of investee companies who are not sufficiently prepared. For bond instruments, this would be felt first by a changing of spreads and to a lesser extent by impairment of debt service of assets. It is worth noting that the Group's portfolio is well diversified and ESG criteria and restrictions are part of investment considerations, hence limiting the potential impact.

- ***Operations***

  – Over the short to mid-term the most consequential climate-change related impacts for the Group's own operations includes compliance with the quickly developing regulatory landscape, which increases complexity through the need to introduce new or modified processes, reporting and governance elements. On a longer-term basis the assessment foresees potentially increasing climate-change impacts from physical risks i.e., more frequent extreme weather events causing disruptions to both IT and non-IT (e.g., personnel, office locations) operations.

Risk Response

For Allianz Malaysia, sustainability risks including climate risk are considered transversal risks and do not represent stand-alone risk categories but rather result in impacts that may be realised in one of the existing risk categories e.g., market, credit, underwriting, operational. As such, we address immediate risks from climate change factors following the management approach for the primary underlying risks. For example, our commitment to reduce carbon emissions in our investment portfolio is a means to address our transition risk exposure over the years. As another example, as part of our reputational risk management we review and evaluate ESG factors, including climate change issues, arising from our business activities and business relations. Exposure to physical risk such as flood is also managed through our underwriting and reinsurance strategy.

Reflecting on the assessment findings in terms of potential risk responses, while there may be instances where new mitigation measures (e.g., processes, controls, strategies) specifically designed around climate change may need to be introduced, in many other cases the currently existing risk management processes should be sufficient. For example, with respect to P&C underwriting, well-established techniques such as premium adjustments, changes in coverages, exclusions, expansions, or modifications to risk limits can all be employed. There is an uncertainty on the extent to the consequences of how climate change may have on the insurance market depending on how the world response to the issue. This may include coverage affordability, the shrinkage of existing markets or the emergence of new markets, products or coverages encompassing difficult-to-price risks (e.g. new technologies).

Outlook

On a forward-looking basis, we will closely monitor the development of the risk landscape and develop scenario analysis to further educate our understanding of how climate change risks may unfold in the future. The qualitative risk assessment will serve as a basis to help us to determine – against a very broad scope of potential climate change impacts on the Group's business – which specific risks or areas of the business should be subjected to further qualitative or quantitative scenario analysis.

Climate change also creates opportunities – be it in connection with financing a low-carbon and climate-resilient future, e.g., by investing in renewable energy, energy efficiency in real estate, and EV infrastructure, or by providing insurance solutions to protect against physical climate impacts and to support low-carbon business models. Such opportunities are discussed in the Local ESG Board as well as other relevant forums/committees within the Group.

Progressing Our Sustainability Agenda

Managing Our Vendors

Related material matters	Stakeholders concerned	Capitals impacted
14 Sustainable Supply Chain	Service Providers	SRC Social and Relationship Capital
10 Human Rights	Society and Planet	

In line with our **Sustainability Integration Framework**, we also work towards integrating sustainability in our procurement operations. We recognise the key role of Allianz Malaysia and our Vendors in positively contributing to the social, economic, and environmental wellbeing of the communities that we are part of. As such, we believe that mutual commitments between Allianz Malaysia and our Vendors help us to operate in accordance with community expectations of businesses and create more sustainable value for all our stakeholders. We will work collaboratively with our Vendors to foster a relationship that aligns with the standards in our Vendor Code of Conduct ("VCoC") and the interests of our stakeholders.

Our approach to integrating sustainability in our procurement practice is further detailed in the **Allianz Sustainable Procurement Charter**, which defines Allianz's sustainability objectives. As a global entity, Allianz is committed to:

- Lawful, ethical and sustainable business practices
- Upholding human rights
- The highest workplace standards
- Preventing or minimising environmental risks/ adverse impacts and reducing vendor emissions

We also expect our Vendors to:

- Comply with all applicable rules, laws, regulations, codes, and ethical standards of the countries in which they operate or where they provide products or services to or for Allianz;
- Continually review and comply with our VCoC;
- Communicate our VCoC with their employees and supply chain;
- Implement a training concept and monitor their staff, subcontractors and agents to a level appropriate to comply with the VCoC, especially with and obligations of the VCoC and any such laws and regulations; and
- Notify Allianz of any breaches or material shortcomings in relation to the VCoC, also in regards to potential violations committed by subcontractors, and reasonably seek to address, remediate and prevent the recurrence of these issues.

All vendors are subject to a Vendor Integrity Screening and are apprised of Allianz's expectations encompassing ethical, legal, and professional standards. ESG questions form part of the screening documents for all outsourced vendors during the procurement process and ESG expectations are embedded into our contracts and criteria for our service providers. The criteria that vendors must meet include (but are not limited to) the following:

Allianz Vendor Code of Conduct
Allianz Group Vendor Code of Conduct

Compliance and Ethical Business Conduct

- Vendors must comply with all applicable laws and regulations;
- Must not engage in, support or tolerate, active or passive bribery, corruption, money laundering, terror financing, applicable sanctions or activity which could be interpreted as illegal;
- Must comply with maximum working hours and minimum wage as defined in the country in question;
- Must strictly limit and safeguard confidential information belonging to Allianz;
- Must only process personal data on behalf of Allianz by means of a written agreement.

Commitment to Sustainability

- Comply with all applicable environmental regulations, and where appropriate, establish sustainability policies and environmental management practices;
- An environmental management programme on the use of resources and mitigation of risks allowing Vendor to continuously improve its environmental performance^;
- Vendor shall hold a public commitment to reduce GHG emissions in line with a 1.5 °C degree pathway by 2050^;
- Vendor shall in particular perform activities that aim at improving its environmental performance^.

^ This Chapter only applies in cases where a company of Allianz either enters into a Project Agreement with a Vendor under which it orders goods and/or services with an annual spent of more than EUR 1.5mn or in cases where a company of Allianz enters into a Master Agreement with a Vendor which also entitles other companies of Allianz to enter into Project Agreements with Vendor or companies of Vendor Group.

Commitment to Human Rights

- Must not discriminate;
- Respect legislation against child labour, forced labour or human trafficking of involuntary labour;
- Must provide employees with a safe work environment that is free of health risks;
- Implement measures to prevent threats, harassment, or any form of coercion and enforce equal employment opportunities and anti-harassment policies;
- Comply with labour laws on compensation and working hours, and extend efforts to ensure supply chain compliance;
- Respect workers' rights to freedom of association and collective bargaining in accordance with applicable local laws and regulations;
- Ensure that they provide equal pay for work of equal value; and
- Ensure that it has established processes to identify areas of key risk.

Progressing Our Sustainability Agenda

Besides our VCoC, our Panel Repairers are required to complete a Sustainability Questionnaire upon signing the panelship agreement with Allianz General and, after signing, will need to be completed on an annual basis. Panel Repairers that make efforts in sustainability within their operations are rewarded with panelship auto-renewal. The questionnaire covers a few key areas, including (but not limited to) the following:

Smart Repair	Paint Process
Types of repairs provided by the repairer, such as Aluminium Repair, Dent Repair, Plastic Repair, Wheel Rim Repair and Glass Repair.	The paint process of the repairer including whether the use of volatile organic compounds is compliant with local regulations.
EV	**Sustainable Replacement**
Whether the repairer has trained employees that can integrally repair EV with appropriate tools, and whether charging stations are available at the repair shop.	What percentage mix of plug-in hybrid/EV versus total in the Repairer's replacement vehicles fleet and whether the Repairer has other green mobility offers available, i.e., public transport tickets, bikes, e-bikes, etc.
Carbon Footprint	**Waste Disposal**
Whether the Repairer measures their carbon emissions, whether it's audited, and whether there are reduction plans.	Whether the Repairer has a process in place to dispose of used parts/scraps and used engine oil/lubricant.

ESG

Similar to the VCoC, ESG questions include (but are not limited to) the following:

- Compliance with applicable environmental regulations
- Formal complaint process
- Internal policies ensuring no use of forced labour or compulsory work
- Health and safety policies
- Whistleblowing systems

Allianz is a signatory to the United Nations Global Compact which supports key principles in upholding human rights. As such, we endeavour to ensure that our operations and interactions with our business partners, insurance clients, investing companies, and vendors, do not conflict with those commitments.

Outlook

Moving forward, we look to further embed sustainability within our operations, including our procurement function, and continue tracking our proportion of spending on local suppliers, as required by Bursa. We aim to continue fostering our relationship with our vendors that ensures alignment with the VCoC and the interests of our stakeholders.

Progressing Our Sustainability Agenda

Quantitative Data – Responsible Business

Item	Unit	2021	2022	2023
Customers				
Policies in force				
Allianz General	Million	3.7	4.5	**3.8***
Allianz Life	Million	0.9	0.9	**0.9***
Customers				
Total Number of Customers	Million	3.1	3.8	**3.2***
Agency				
Number of agents	Headcount	11,414	11,392	**12,429***
Number of training session held	Session	948	1,347	**1,301***
Agents' learning hours	Hour	350,357	374,369	**379,844***
Anti-Corruption				
Training on anti-corruption				
% of employees that have received anti-corruption training	%	100	100	**100***
% of operations assessed for corruption-related risks	%	100	100	**100***
Confirmed incidents of corruption and action taken	Cases	0	0	**0***
Anti-Competitive Behaviour				
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which AMB has been identified as a participant	Cases	1	1	**1**
Cybersecurity and Data Privacy				
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Cases	NA	NA	**2***
Suppliers				
Proportion of spending on local suppliers	%	NA	NA	**82***

Notes:

* Indicators have been externally assured in 2023.

[1] Substantiated complaints refer to written statements by regulatory or similar official body addressed to the Company that identifies breaches of customer privacy, or a complaint lodged with the Company that has been recognised as legitimate by the Company.

NA Data not available due to different scoping in the previous reporting years

Progressing Our Sustainability Agenda

At Allianz we are defined by our purpose. One simple sentence describes how we approach our business: "We secure your future." We are committed to conducting business sustainably and ethically to earn and maintain the trust of our stakeholders. We are guided by the **Allianz Group CoC** built around our core values encompassing fair and inclusive behaviour, integrity, transparency and honesty, responsibility, and respect. Our Employer Value Proposition – "Let's Care for tomorrow", is underpinned by four key pillars which are brought to life through proof points that demonstrate the way we work day-to-day.

Allianz Group Code of Conduct
https://az.my/code-of-conduct

Let's Care

Because only by caring for the tomorrows of everyone within Allianz, we can care better for the future of those we serve. In every customer interaction, business decision, in each and every service or product we launch.

We care for your future career development	We care for your health and wellbeing	We care for diversity, equity and inclusion	We care for tomorrow's society and planet

Our culture is important to us because it's not just the results that matter, but how those results are achieved. Every day we are guided by our cultural **People Attributes:** ***Customer and Market Excellence, Collaborative Leadership, Trust,*** and ***Entrepreneurship***. We embed these values throughout our organisation by:

Embedding values in performance evaluation criteria	**People and Culture Clinics**	**Engaging with our people through our annual surveys**
Regularly communicate how they are meeting expectations in terms of the *People Attributes* and other performance measures	*People and Culture* clinics are held throughout the year for Senior Management to discuss topics of concern.	Through the Allianz Engagement Survey ("AES"), we engage with our people to understand their concerns. Company-wide and department-level initiatives are then agreed on and implemented.

Progressing Our Sustainability Agenda

Overview of People Outcomes in 2023

We secure your future!

We care for tomorrow! As the top employer in the financial services industry globally: We attract, grow and deliver

Career Development	Health and Wellbeing	Diversity, Equity and Inclusion
• **95.7** average training hours per employee in 2023, up by 134% compared to 2022. • Ranked first in Insurance Category and recognised as the *Fastest Moving Employer* of the year in *Malaysia's 100 Leading Graduate Employers Awards 2023*.	• Achieved higher score on WWI+: **84%** in 2023 against 81% in 2022. • Gold in *"Best Remote Management Strategy"*, *"Best Remote Work Strategy"*, and also awarded the *"Overall Engagement Award"* at the Employee Experience Awards 2023. • Silver in *"Excellence in Workforce Flexibility"* at the HR Excellence Awards 2023.	• Achieved higher score on IMIX: **89%** in 2023 against 86% in 2022. • Advanced certification from EDGE Assess to EDGE Move in 2023. • Gold in *"Excellence in Diversity, Equity and Inclusion"* in *HR Excellence Awards 2023*.

We care for your future career development

Related material matters

8 Talent Management

Stakeholders concerned

Employees

Society and Planet

Capitals impacted

HC Human Capital

SRC Social and Relationship Capital

In the dynamic landscape of our contemporary world, marked by the evolution of climate considerations, technological advancements, and evolving workplace expectations, Allianz Malaysia recognises the pivotal significance of attracting and nurturing exceptional talent aligned with our core values. This strategic endeavour is integral to advancing our vision and purpose, ensuring our sustained growth and unwavering commitment to excellence.

Our functional guideline for talent management guides how we approach our talent. To realise our purpose of securing your future, we uphold this framework to attract top talent who are suited to the culture and work that we do at Allianz Malaysia.

Principles of Talent Management

1. **Support business strategy** – Align talent management with our strategic objectives.
2. **Empowerment** – Empower employees for success in current and future roles.
3. **Employee ownership** – Emphasise individual ownership of careers, fostering learning.
4. **Embrace diverse career paths** – Encourage diverse career journeys, including lateral moves, expert tracks, and project management roles.
5. **Mobility for experience** – Promote mobility as a vital means to accumulate experiences crucial for success.
6. **Early identification of potential** – Identify and develop talent early to ensure readiness for future challenges.
7. **Diversity, equity and inclusion** – Embed diversity, equity and inclusion principles for fair processes and inclusivity.
8. **Bias reduction** – Provide standard processes and guidelines to minimise biased decisions and discrimination.

Progressing Our Sustainability Agenda

Career Development

The workplace is evolving and there is a need to ensure that core skills remain strong while we continue to up-skill and re-skill ourselves. At Allianz Malaysia, we believe that learning goes hand in hand with work, one simply cannot be done without the other. Our goal is to cultivate a culture of lifelong learning. The table below encapsulates the range of initiatives we have put in place to cultivate the growth of our talent.

Continuous Professional Development Programmes	Mentoring and coaching programmes	Performance feedback and evaluation	Collaboration and knowledge-sharing platforms
We encourage employees to engage in continuous learning through various professional development programmes. These programmes include workshops, seminars, webinars, and online courses, which enable employees to enhance their skills and knowledge in their respective fields. More on these programmes and initiatives are described in the following section.	We have established mentoring and coaching programmes to provide employees with guidance and support. This helps in addressing any potential gaps in training and education by providing personalised assistance to employees.	Our in-house Success Factors platform facilitates ongoing performance evaluations and open dialogues between employees and managers. The digital platform extends the multi-rater assessment to senior managers, incorporating feedback from peers and direct reports for a transparent, holistic, and fair performance evaluation.	We have implemented collaboration and knowledge-sharing platforms, such as intranet portals, social learning platforms where employees can share best practices, exchange ideas, and learn from each other. This fosters a culture of continuous learning and helps in mitigating any negative impacts through peer-to-peer knowledge sharing.

We continually enhance our learning ecosystem, ensuring our employees' skills remain current with the latest developments in the global and local insurance industry, as well as evolving local laws and regulations. Our 2023 training initiatives are as follows:

95.7
training hours per employee (2022: 40.8)

Life Office Management Association ("LOMA")

LOMA is a globally recognised educational organisation that focuses on the life insurance business and develops administrative and technical courses. At Allianz Malaysia, we empower our employees to earn LOMA designations, providing in-depth knowledge of operations, product development, risk management, insurance law, investments, and more.

AllianzU – Powered by Degreed

Just-in-time learning such as short courses and webinars, supported by our social learning platform AllianzU – Powered by Degreed, with content on thousands of topics in one place and accessible on any device.

Compliance training programmes

Mandatory compliance training to ensure understanding and adherence to global and local regulatory requirements as well as up-to-date knowledge of latest developments. These include topics such as capital markets compliance, cybersecurity, data privacy, anti-corruption, and ethical behaviour under our Code of Conduct.

Professional Commercial Underwriting Certification ("PCUC")

We take great pride in our in-house PCUC programme, our in-built programme that achieved an external certification from the Malaysian Insurance Institute ("MII") in 2015, and subsequently, a bronze-level accreditation from Allianz. Ten years later today, we remain the only corporate organisation in Asia Pacific to retain our accreditation. The programme is a joint venture with the MII and completion of the programme by candidates grants them three credentials, i.e., professional qualifications from the Associateship of the MII Level 1, PCUC Certification from the Group, and Bronze accreditation from Allianz. In the first eight years, 152 individuals successfully completed the certification. We are proud of Management's continuing support for the programme and currently have an additional 66 individuals working towards completing the certification.

Progressing Our Sustainability Agenda

Supporting Young Talent

Allianz Malaysia supports the development of emerging talents through its various programmes targeting the younger members of the workforce.

Management Associate Programme

This continues to be a core talent pipeline, with the current batch of associates focusing on governance roles. Through this 18-month programme, the associates will have stints in various departments to gain exposure to the business before taking on a business advisory role in a governance function.

AweZome Discovery

An initiative deployed by Allianz Malaysia to visit universities, bringing a series of activities and panel of professionals to help students in navigating towards a successful career journey.

Partnership with Management and Science University ("MSU")

Allianz Malaysia proudly partnered with MSU's Faculty of Business Management and Professional Studies in our latest MOU. This collaboration includes offering internship and job placement opportunities, facilitating training and exchange programmes for both staff and students, and engaging in industrial talks and CSR activities.

L.E.A.P (Learn.Engage.Apprenticeship. Purpose) Programme

An academic collaboration through which Allianz Malaysia reaches out to youths to engage and tap into their skills and expertise. We partner with universities under this programme, offering their students a chance to learn and explore the possibilities and opportunities within the insurance industry. This includes career talks knowledge-sharing programmes, leadership programmes, and internships as part of their learning syllabus.

Internships for undergraduates

Our internship programmes develop young talent with essential skills through exposure to real business functions and projects. Interns showing competencies strength, strong teamwork and leadership competencies are then considered for future vacancies. This year, we are proud to have hosted 104 internships.

Key highlights

In 2023, we were ranked among the top 100 graduate employers and awarded First Place for the Insurance Category in Malaysia's 100 Leading Graduate Employers Awards 2023, securing a 24th ranking overall. We were also recognised with a special award as the Fastest Moving Employer of the Year.

Outlook

As we continue to prioritise and invest in our People and Culture initiatives, we anticipate fostering a thriving and inclusive work environment where employees feel valued, engaged, and empowered. We aim to strengthen the Group's culture, attract top talent, and drive sustainable growth through strategic talent management, employee development programmes, and innovative employee experience initiatives.

Progressing Our Sustainability Agenda

We care for your health and wellbeing

Related material matters	Stakeholders concerned	Capitals impacted
8 Talent Management	Employees	HC Human Capital
5 Health and Wellbeing		SRC Social and Relationship Capital

At Allianz Malaysia, we are committed to a safe and healthy workplace for the wellbeing of our employees. Promoting wellness programmes can lead to positive outcomes for the Group, such as a healthier workforce, less outpatient visits and inpatient hospitalisations, and more productive employees taking fewer days off from work. A physically and mentally healthy work environment would not only be attractive for new hires but would also improve stress management of our existing workforce, allowing them to better adapt to new roles/duties.

We develop our health and wellbeing initiatives in three dimensions, i.e., physical, mental and emotional, and financial wellbeing.

Physical Health and Wellbeing

WoW Strategy

In 2023, we continued to promote our WoW Strategy – moving towards a flexible working model where 67% of employees have been identified as hybrid workers. The WoW model allows employees to access a one-off home office set up allowance and are taught the importance of factors such as ergonomics and safety in workplace wellbeing. Office premises are being renovated, with emphasis on collaborative spaces, hot desks, and flexibility in where and how work is done around the office – this year, we reduced the size of our headquarters by 28,418 square feet and reduced the size of 10 branches by a total of 31,9091 square feet to adapt to the WoW Strategy.

Medical examinations

Medical examination for staff (including imaging, blood work, and reviews by specialists) to detect early disease and initiate early treatment.

Occupational Safety and Health Administration ("OSHA") Initiatives

All offices or branches with more than 40 employees have their own OSHA Committee. We have compulsory OSHA training and Emergency Response training for all staffs which has been reviewed and approved by the Department of Occupational Health and Safety. In 2023, **1,981** of our employees were trained on health and safety standards.

Other than first aid, emergency response, and medical-related initiatives:

- In-house first aid programme by trained First Aiders
- Automatic External Defibrillator placed in the First Aid Room at Allianz Malaysia's headquarter
- Physical training sessions for Fire Wardens

Mental and Emotional Health and Wellbeing

The Mind Happiness Programme

A collaborative effort with *Thrive Well*, provides Allianz Malaysia employees with confidential support from trained mental health professionals.

Moreover, it offers informative talks, engaging activities, and awareness sessions emphasising the crucial role of maintaining mental wellbeing and achieving a healthy work-life balance.

Work Well Programme

The Work Well Programme aims to contribute to the wellbeing of all employees by guaranteeing them a working environment conducive to their professional development. Behind this mindset are, more specifically, three distinct objectives:

1. Combatting stress-related prejudices
2. Taking preventive action with 10 key actions
3. Strengthening each employee's ability to manage stress

The programme implementation has started since 2015. It is anticipated that these measures will produce positive effects in the reduction of stress at work. The benefits are measured in defined KPIs, including in the AES.

Financial Health and Wellbeing

Free Share

A Free Share is offered to all eligible Allianz employees across the world, including the Malaysian entity.

This initiative is our acknowledgement of our employees' contribution to achieving our results and meeting our NPS targets.

Employee Share Purchase Plan ("ESPP")

The ESPP is a share plan available to Allianz employees where employees can choose a one-off amount that they want to invest, and Allianz contributes to that investment.

For every €3 an employee invests, Allianz adds €1 on top.

Benchmarking Salary and Benefits

We engage with professional employment consultants to conduct salary and benefits comparisons. Based on engagements with consultants, salary adjustments and enhancements of benefits are carried out periodically.

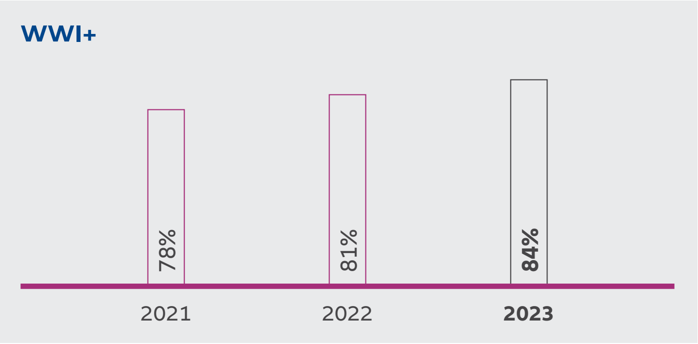
Progressing Our Sustainability Agenda

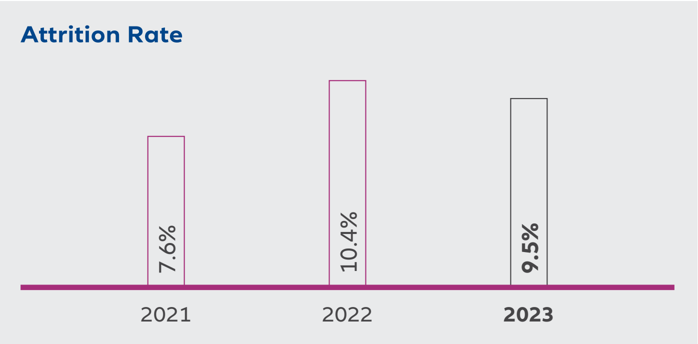
Key highlights

The Work Well Index+ ("WWI+") is a scientifically validated measure derived from employee responses to the annual AES, which is our formal employee platform for gathering employee feedback on an annual basis to promote a high-performance culture. The WWI+ measures the work-related psychosocial stress level of employees whereby a higher index score is associated with lower work-related stress, and in 2023, the Group recorded an improved score of 84%.

We regularly conduct analyses of attrition rates, diligently examining the reasons behind employee departures. In 2023, the Group managed to reduce attrition rates to 9.5% from 11.1% in 2022.

This year, the Group was recognised as the Gold winner in the categories of "Best Remote Management Strategy"," Best Remote Work Strategy" and "Best Post-Pandemic Recovery Strategy" at the Employee Experience Awards 2023 and took home the "Overall Engagement Award". We were also recognised as the Silver winner in Excellence in Workforce Flexibility at the HR Excellence Awards 2023.





Outlook

Looking forward to 2024, we aim to build on our unwavering commitment to our employees' health and wellbeing, in all its facets. We will continue to adapt our branches to our WoW strategy and continually support our employees physical, emotional, mental and financial wellbeing.

We care for diversity, equity and inclusion

Related material matters	Stakeholders concerned	Capitals impacted
9 Diverse, Equitable and Inclusive Workforce	Employees	HC Human Capital

The diversity of our workforce not only reflects our commitment to equality but also strategically positions us to comprehend the unique needs of our diverse customer base. At Allianz Malaysia, we believe in providing equal opportunities for success irrespective of gender, age, ethnicity, disability, religion, or cultural background. This commitment is woven into every facet of our employee lifecycle, encompassing policies, talent recruitment and development, and reward and remuneration practices. By fostering an inclusive environment, we leverage diversity as a catalyst for innovation, enhanced decision-making, and an improved brand image, reinforcing our commitment to fairness and strengthening our competitive edge in the market.

Policies and Guidelines

Our policies and guidelines serve as the bedrock of our commitment to diversity, equity, and inclusion and reinforce our dedication to creating an environment where individuals of all backgrounds feel valued and can thrive, furthering our pursuit of a diverse and inclusive workplace.

Allianz Group CoC	Anti-Harassment and Anti-Discrimination Functional Guideline	Whistleblowing Procedures	Fair Remuneration Policy
Every employee is required to attest on an annual basis that they understand and comply with the Allianz Group CoC. The Allianz Group CoC among others, is essential in promoting ethical conduct within Allianz.	The Guideline aims to establish a harassment and discrimination-free workplace, upholding the highest ethical standards to foster diversity and inclusion. Every employee is responsible for respecting others' rights. Allianz strictly prohibits discrimination and harassment based on various characteristics, ensuring compliance with applicable laws.	At Allianz, we encourage our employees to speak-up and report any possible misconduct they believe violates the Allianz Group CoC, any laws, regulations, order of regulators or any internal rules. SpeakUp@Allianz whistleblowing channel, anyone can report incidents of violations whilst protecting their identity and maintaining anonymity.	Allianz is strongly dedicated to promoting workplace fairness and equality, as reflected in our Fair Remuneration Policy. Upholding principles of fairness and nondiscrimination, our policy ensures equitable remuneration for all individuals.

Progressing Our Sustainability Agenda

Key initiatives

In 2023, Allianz Malaysia launched the "Allianz Beyond" network – an employee-driven initiative focused on disability inclusion. This network aimed to increase awareness, enhance accessibility, provide a safe space for disability disclosure, and offer tailored workplace assistance.

To fortify a culture of inclusion, we conducted regular diversity and inclusion training for all employees. These sessions targeted unconscious bias, promoted cultural sensitivity, and fostered respectful communication, contributing to a more inclusive workplace.

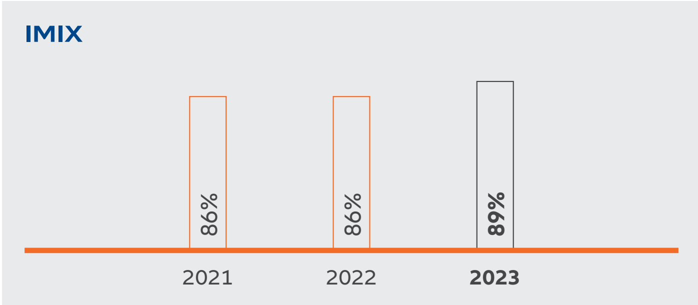
To complement this, we provided Inclusive Communication Training to employees, promoting inclusive practices in workplace communication. This effort was complemented by gender-inclusive language guidelines, reducing stereotyping and emphasising equal treatment.

The Group organised awareness campaigns, such as the Anti-harassment and Anti-discrimination at the Workplace Programme. Through workshops, seminars, and cultural celebrations, these initiatives aimed to increase understanding of diverse perspectives, fostering empathy and mutual respect among employees.

Demonstrating commitment to diversity, we granted a half-day off to employees on International Women's Day and International Men's Day. This initiative not only acknowledged these occasions but also underscored the Group's support for employees' personal reflection and wellbeing.

Key highlights

Inclusive meritocracy is one of Allianz's people attributes and forms part of each employee's target behaviours. The Inclusive Meritocracy Index ("IMIX"), an in-house measurement derived from assessments on leadership, performance, and corporate culture, tracks our progress toward a work environment where performance and people matter. In 2023, we were able to improve our score to 89% from 86% in 2022, bolstered by the aforementioned initiatives.



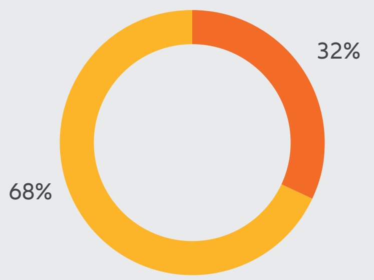
This year, the Group once again attained the EDGE (Economic Dividends for Gender Equality) certification, the leading global certification standard for workplace gender equity, and also advanced from EDGE Assess to the next level of certification – EDGE Move. This accomplishment reflects both stellar employee engagement and company policy, as one of the criteria for re-certification is the outcome of an employee survey regarding our diversity, equity and inclusion.

EDGE is a leading global assessment methodology and business certification standard for gender equality and is distinguished by its rigour and focus on business impact. It measures an organisation's stand in terms of gender balance across its pipeline, pay equity, effectiveness of policies and practices to ensure equitable career flows, as well as overall inclusiveness of its culture. An important part of the certification process is feedback from employees, whereby Allianz Malaysia colleagues participated in a survey focusing on their perceptions and thoughts about recognition, culture, pay equity, and career opportunities and initiatives at the Group. The results of the survey, together with further information provided where required, were audited by an independent third party and analysed to give an unbiased and holistic view of where the Group currently stands and how we can improve.

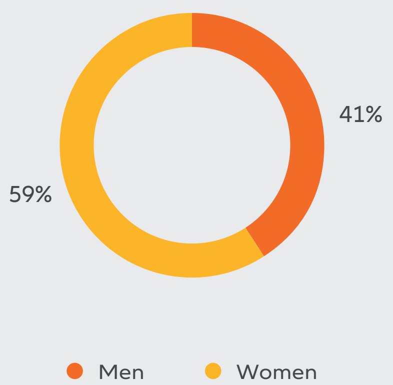
Progressing Our Sustainability Agenda

Our achievements were recognised with a Gold Award for Excellence in Diversity, Equity and Inclusion in the HR Excellence Awards 2023.

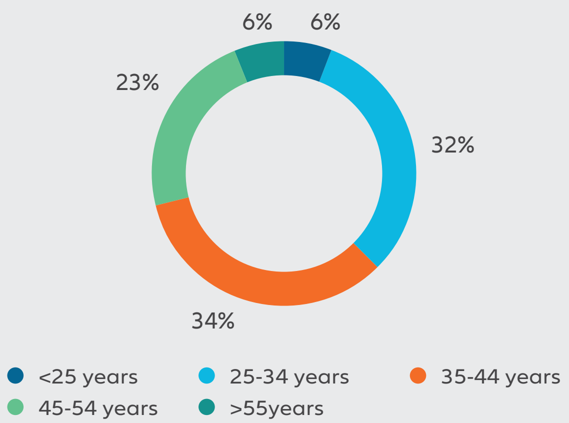
Workforce by Gender



Managers by Gender



Workforce by Age



Outlook

The Group is committed to fostering an inclusive environment where diversity is valued and respected. We strive to create a workplace and community that does not tolerate discrimination. We look forward to attaining even greater heights as we continue to implement EDGE recommendations towards making Allianz Malaysia a diverse, equitable and inclusive Great Place to Work.

Progressing Our Sustainability Agenda

Quantitative Data – Employer of Choice

Item	Unit	2021	2022	2023*
Employee overview				
Total number of employees	Headcount	2,087[a]	2,092	**2,035**
– % male employees	%	33.6	33.6	**32.2**
– % female employees	%	66.4	66.4	**67.8**
<25 years	%	6.3	5.6	**5.7**
25-34 years	%	35.2	33.3	**31.8**
35-44 years	%	32.8	33.9	**33.7**
45-54 years	%	21.1	21.4	**22.6**
55 years and over	%	4.6	5.8	**6.2**
Diversity				
Full-time employees				
Total number	Headcount	2,084[a]	2,090[b]	**2,034**
– % male	%	33.6[a]	33.6	**32.2**
– % female	%	66.4[a]	66.4	**67.8**
Part-time employees				
Total number	Headcount	3	2	**1**
– % male	%	33.0	50.0	**100**
– % female	%	67.0	50.0	**0**
Permanent employees				
Total number	Headcount	1,816	1,834	**1,789**
– % male	%	32.9	33.2	**31.4**
– % female	%	67.1	66.8	**68.6**
thereof total number of employees	%	87.0	87.7	**87.9**
Temporary employees				
Total number	Headcount	271[a]	258[b]	**246**
– % male	%	38.0[a]	37.1	**38.2**
– % female	%	62.0[a]	62.9	**61.8**
thereof total number of employees	%	13.0	12.3	**12.1**
Managers				
Total number	Headcount	297[a]	291	**270**
– % male	%	43.1[a]	42.6	**41.1**
– % female	%	56.9[a]	57.4	**58.9**
<25 years	%	0.0	0.0	**0.0**
25-34 years	%	9.8	5.8	**1.9**
35-44 years	%	36.4	38.2	**38.8**
45-54 years	%	42.4	40.5	**43.0**
55 years and over	%	11.4	15.5	**16.3**

Progressing Our Sustainability Agenda

Item	Unit	2021	2022	2023*
Diversity				
Executives				
Total number	Headcount	1,790[a]	1,801[b]	**1,765**
– % male	%	32.0[a]	32.2	**30.8**
– % female	%	68.0[a]	67.8	**69.2**
<25 years	%	7.4	6.5	**6.6**
25-34 years	%	39.4	37.8	**36.4**
35-44 years	%	32.2	33.2	**32.8**
45-54 years	%	17.6	18.3	**19.5**
55 years and over	%	3.4	4.2	**4.7**
Recruitment				
Total number of new hires	Headcount	390	307	**316**
– % male hires	%	38.0	39.7	**35.4**
– % female hires	%	62.0	60.3	**64.6**
Employee turnover				
Attrition rate	%	7.6	10.4[c]	**9.5**
– Managers	Headcount	3	8	**7**
– Executives	Headcount	149	208[c]	**188**
Training				
Total expenses for employee training	RM' million	1.1	1.7	**1.6**
Training expenses per employee	RM/employee	603	801	**819**
Average training days per employee	Days	5	5	**12**
Average training hours per employee	Hours	42.7	40.8	**95.7**
Total training/learning hours as a company	Hours	81,306	85,371	**194,691**
– Management	Hours	2,027	21,487	**29,450**
– Executive	Hours	79,279	63,884	**165,241**
Number of internships hosted	Headcount	93	106	**104**
AES				
Number of employees invited to participate	Headcount	1,882	1,800	**1,866**
AES participation rate	%	97	98	**98**
WWI+	%	78	81	**84**
Employee Engagement Index	%	85	87	**89**
IMIX	%	86	86	**89**

Progressing Our Sustainability Agenda

Item	Unit	2021	2022	2023*
Health and Safety				
Number of fatalities as a result of work-related injury	Cases	0	0	**0**
Number of Lost Time Injuries	Cases	0	1	**4**
Lost Time Injury Frequency Rate	Injuries/Hour (100 workers)	0.18	0.18	**0.23**
Number of employees trained on health and safety standards	Headcount	1,716	1,875	**1,981**
Human Rights				
Number of substantiated complaints concerning human rights violations[d]	Complaints	0	0	**0**

Notes:

* Indicators have been externally assured in 2023.

[a] Restatement of 2021 figures according to latest 2023 definition which excluded intern/working students/inpatriate/temporary employees

[b] Restatement of 2022 figures according to latest 2023 definition which excluded inpatriate employees

[c] Restatement of 2022 employee turnover figures according to latest 2023 definition which included "end of contract"

[d] Substantiated complaints refer to written statements by regulatory or similar official bodies addressed to the Company that identifies violations of human rights, or a complaint lodged with the Company that has been recognised as legitimate by the Company

Item	Unit	2021	2022	2023*
Diversity				
Directors				
Number of Board of Directors	Headcount	5	8	**7**
– Independent	Headcount	4	6	**5**
– Non-Independent	Headcount	1	2	**2**
Gender				
– % male	%	80	75	**71**
– % female	%	20	25	**29**
Age structure				
<25 years	%	0	0	**0**
25-34 years	%	0	0	**0**
35-44 years	%	20	13	**0**
45-54 years	%	20	25	**29**
55 years and over	%	60	63	**71**

As a prominent insurance company, it remains our responsibility to actively contribute to the communities in which we operate. We live our Employer Value Proposition to care for tomorrow's Society and Planet in our day-to-day business practices and through our charitable and community support.

Sustainability in Our Operations

Related material matters	Stakeholders concerned	Capitals impacted
3 Emission and Climate Change	Society and Planet	NC Natural Capital
12 Direct Environmental Footprint	Government/Regulators	FC Financial Capital

Previously in the **Our Approach to Climate Change** section, we have described our climate strategy, commitments, and initiatives in our core businesses – products and services, investments, and underwriting. In this section, we narrate the low-carbon transition in our operations.

Progressing Our Sustainability Agenda

76.0% reduction in total GHG emissions from 2019 baseline is recorded this year, in which we have achieved and exceeded the target reduction of emissions in our own operations by 50% by 2025. We also continue to maintain RE100 this year with the purchase of RE100 certificates for 4,400 MWh to offset 100% of our 3,430 MWh brown energy utilisation in the previous year. Other initiatives done in our operations are detailed as follows:

- **Environmental Management System ("EMS")**

  We are committed to minimising environmental impact in support of a low-carbon economy by continuing to monitor and reduce our emissions through our in-house EMS that monitors consumption of energy, paper, travel, water and waste.

- **Solar panel installations at branch office**

  We installed solar panels at a branch office to reduce reliance on national energy grid, which is still largely fossil fuel based. We will continue to assess the feasibility of solar panel installation at our other branches in 2024.

- **Retrofitting branch offices for energy and water efficiency**

  Recent upgrades include LED lighting and auto-stop sink taps to enhance energy and water efficiency. We prioritise resource efficiency in new asset purchases for installation in other premises.

- **New water meters**

  In May 2023, we installed new individual water meters, thereby enhancing the precision of our water consumption monitoring, facilitating substantial reductions in overall water usage. By employing these advanced meters, we can obtain more accurate and detailed data on our water consumption patterns. This data-driven approach enables us to identify areas for improvement and implement targeted measures to optimise our water usage.

- **WoW Projects which involve the reduction of offices**

  Hybrid working model, WoW has been implemented since 2022. Physical operationalisation of the model from real estate perspective was ramped up in 2023 and has resulted in the following:

  - Allianz Malaysia headquarter reduced 28,418 square feet in size
  - 10 branches with reduction of 31,901 square feet in size

- **Reduction of in-person meetings and training**

  Balancing the need to reconnect and the associated environmental impact of travel.

- **Digitalisation of processes**

  We reduce paper consumption by promoting "e-documents" with specific paper reduction targets.

- **Increasing EV in Company Fleet**

  In 2023, we added one EV to our company fleet. We continue efforts to increase EV usage while considering suitability for trips, charging infrastructure availability, and other travel needs.

Progressing Our Sustainability Agenda

Our Corporate Social Responsibility

Allianz Malaysia's CSR efforts are driven by the Allianz4Good department. Since 2021, our CSR efforts have been restructured to take into consideration holistic development alongside the long-term effects of the pandemic on our target communities.

Our initiatives are centred around the two pillars of Social Inclusion and Sustainable Futures. This approach enables us to drive our societal objectives and the United Nations ("UN") Sustainable Development Goals within our partner communities more effectively and holistically.

Our initiatives are rooted in the four aspects of Education, Mental Health, Community Support and Development, and Relief, via corporate giving, capacity building, knowledge transfer and employee volunteering. We partner with social organisations and enterprises, each with their own unique expertise, to reach our target communities.

Social inclusion	Sustainable futures
Equalising opportunities and improving social visibility of our target communities	Fostering and enabling self-sustained livelihoods through societal resilience

Education	Mental Health	Community Support and Development	Relief
Education and innovative learning methods for target beneficiaries and educators.	Mental Health and psychosocial support across various age groups via social partners.	Community support and development via skills, finance, and resources provision to low-income, PWD, and other vulnerable communities.	Natural disasters, emergency and community support such as provision of financial, resource, food aid, and medical support.

Supporting the United Nation's Sustainable Development Goals

Progressing Our Sustainability Agenda

We support target beneficiaries from many walks of life, but they centre around Youths and Children, Women, and PWD, who may be of low-income or vulnerable backgrounds.

Youths and Children | Women | PWD | Low-income | Vulnerable Communities

Key Outcomes

18,923 social beneficiaries across initiatives	RM2.0m channelled towards CSR efforts	1,435 PWD supported	4,704 volunteering hours contributed

Education

Related material matters	Stakeholders concerned	Capitals impacted
13 Charitable and Community Support	Society and Planet	SRC Social and Relationship Capital

Education is a key part of our approach in supporting the sustainable futures of the communities that we work with. Our support to partner organisations in this area include:

Junior Safety Workshop

Through our partnership with Persatuan Bantuan Bencana Alam MISAR Malaysia ("MISAR"), a social partner focusing on relief efforts and safety, we aim to empower the younger generation with safety, health, and environmental consciousness as this is key to reducing future injuries and building a safer nation.

This workshop equipped participants with practical survival skills through simulations on, among others, self-defence, electrical safety, water safety, road safety, jungle survival, and environmental care, contributing to a safer community.

Flood Survival Programme

In its second consecutive year, our collaboration with MISAR focuses on empowering Malaysians with flood survival knowledge and practical skills, addressing the increasing frequency of floods.

The programme's practical focus includes, among others, exercises on improvising floating devices, handling of PWD, hypothermia blanket exercises, and floating techniques. The initiative aimed to empower and prepare all members of the public, especially the younger generation and the elderly, to handle emergency flood situations effectively.

Progressing Our Sustainability Agenda

Pertubuhan Pendidikan Anak Cahaya Sabah ("Cahaya Society"): Physical Health and Safety Modules

We supported Cahaya Society, a social partner who focuses on education and community development for vulnerable communities in Sandakan through community outreach, development of the Physical Health and Safety Modules and training alternative school teachers in Sabah. The initiative targets vulnerable communities especially school-going children. Cahaya Society assessed community needs before implementing the Health and Safety Module. Addressing infrastructural challenges in above-the-sea settlements, the initiative aimed to empower the community with knowledge and skills for safer living and work environments, benefiting students at five Alternative Learning Centres.

Supporting the Selangor and Federal Territory Association for the Mentally Handicapped ("SAMH")

We supported SAMH, a social partner that provides education, training, employment, and care for mentally handicapped children and adults. Our support covered the operational costs of two centres in Klang Valley. In addition, our employees volunteered at SAMH during Bulan Kemerdekaan celebration activities, gaining insight into the talents and skills of the differently-abled.

Allianz Eco Quest ("AEQ")

Following the positive feedback from the community of our pilot project in 2022, we continued our partnership with Incredible Hearts PLT ("IH"), a social partner focusing on customised education and gamification approach, by launching AEQ in Pulau Tuba, Langkawi. Aiming at empowering primary school students, aged 10-12, from Sekolah Kebangsaan Pulau Tuba, AEQ approach revolves around place-based and eco-education, while integrating custom gamified learning to enhance learning experiences and reignite enthusiasm.

With IH securing a €34,990 grant from the Allianz's Social Impact Fund 2023, our joint effort focuses on cross-sector partnerships and measurable impact. Over three years, a Financial Literacy and Social Entrepreneurship Module will be developed and implemented within the eco-education theme. The initiative includes the MoveNow Junior Entrepreneur Race Camp, targeting 80 children, fostering entrepreneurship, teamwork, leadership, and sportsmanship.

Capacity Building for Social Partners

In partnership with GivingHub, a platform that helps organisations give to charitable causes effectively, we supported the roll-out of a capacity building programme for three social organisations that aims to enhance their leadership, project management, and digital transformation capabilities.

Progressing Our Sustainability Agenda

Mental Health

Related material matters	Stakeholders concerned	Capitals impacted
13 Charitable and Community Support	Society and Planet	SRC Social and Relationship Capital

We partnered with Thrive Well Sdn Bhd, a social partner who focuses on community resilience building through mental health, to continue our community-focused mental health programmes under their *Keluarga Akrab Mencapai Impian ("KAMI")* umbrella and a pilot BRACE Programme following an identified societal need for accessible mental health support.

KAMI Juara

Tailored for youth aged 12-19, KAMI Juara offers a four-month journey with 12 workshops focusing on self-efficacy and resilience. Programme graduates, totalling 18 individuals, showcased improved confidence, empathy, emotional regulation, and communication skills. These positive changes highlight the programme's success in bolstering mental health, with some participants displaying potential as future peer supporters in the Buku Jalanan Chow Kit community.

KAMI Sembang

Facilitating parent connections, resource sharing, and support networks, KAMI Sembang addresses stress management, communication, and conflict resolution in five sessions. This programme positively impacted 15 women, enhancing their resilience and overall quality of life, as exemplified by their improved psychological health, social relationships and environmental health.

Pilot BRACE Programme

Focused on enhancing access to Mental Health and Psychosocial Support, the roll out of a pilot BRACE Programme, provides capacity building and professional support to human service workers. This initiative targets underserved, marginalised and high-needs populations, including individuals with low-income, domestic violence survivors and PWD.

MERCY Mental Health and Psychosocial Helpline ("MHPSS")

In partnership with MERCY Malaysia, we continued our support for the MHPSS. Dedicated to offering compassionate assistance to individuals facing distress, this initiative has supported a total of 235 calls in 2023. Our focus is on providing crucial support for mental wellbeing.

Progressing Our Sustainability Agenda

Community Support and Development

Related material matters	Stakeholders concerned	Capitals impacted
13 Charitable and Community Support 5 Health and Wellbeing	Society and Planet	SRC Social and Relationship Capital

We believe a sustainable future is impossible to achieve if there are those across society who do not enjoy equal access to meeting their fundamental needs. We continue our work, focusing on enabling our partner organisations in their services and programmes through funding, resource support as well as employee engagement.

Empowering Yayasan Chow Kit ("YCK") Building Refurbishment

We supported the building refurbishment of YCK, a social partner who focuses on providing support, education, healthcare, and protection to at-risk children and youth in the Chow Kit area of Kuala Lumpur. This initiative supports the refurbishment of YCK's new integrated Centre which offers a larger play area for children, spacious classrooms for enhanced learning and an open-air environment for the implementation of diverse developmental programmes. In addition, we donated a car with insurance coverage to facilitate YCK's charitable efforts.

Sustainable Farming

We partnered with HOPES Malaysia, a social partner who focuses on providing skills on sustainable farming of the underprivileged rural Sabah community, to roll out sustainable farming to benefit the Kadamaian Village community in Kota Belud, Sabah. Under this initiative, HOPES Malaysia provides farming materials and hands-on training to the community to facilitate a more sustainable farming process.

Samantha's Stories 2

We contributed 111 copies of the book 'Samantha's Stories 2' to our social partners that work with children. The book, authored by Samantha Tang who was diagnosed with autism at the age of five. Beyond being a compelling narrative, the book serves as an educational tool, enhancing learning experiences in subjects such as language and moral values.

Cancer Patient Navigation Programme

We supported the Cancer Patient Navigation Programme through partnership with Cancer Research Malaysia, a social partner that conducts research and finding breakthroughs in cancer prevention, diagnosis, and treatment of cancer patients. The support formed part of the funding subsidies for cancer treatments, alongside post-cancer care and grocery for the cancer patients and their families from low-income communities.

Progressing Our Sustainability Agenda

Stitching Forward

We partnered with Women Aid Organisation, a social partner who provides counselling and advocacy to women who have experienced domestic violence. Our partnership via the *Stitching Forward* programme empowered women survivors of domestic abuse with enhanced economic opportunities through skills training and business coaching supports.

Persatuan Mobiliti Selangor dan Kuala Lumpur ("MOBILITI") and Abilympics, Malaysia

Sponsorship of MOBILITI

We continue to support the operational cost and vehicles maintenance of MOBILITI, a social partner focuses on providing affordable door-to-door transport services to the wheelchair-dependent and elderly in the Klang Valley, in our effort to facilitate PWD in their day-to-day commute.

Abilympics Malaysia

We supported the Abilympics to empower PWD by enhancing their skills, paving the way for improved employment opportunities and long-term financial security. Through partnership with the Malaysian Council of Rehabilitation, a social partner who focuses on providing support and upskilling opportunities to PWD, we supported the funding for training sessions, travel expenses, travel insurance, and preparations for the Malaysian contingent journey to the 10th International Abilympics Competition in France. The recent competition resulted in significant achievements, with four Malaysian Abilympians securing medals in categories such as photography, painting, hand silk painting, and web design.

Supporting Selangor Cheshire Home ("SCH")

We supported SCH, a social partner who focuses on creating opportunities for PWD towards an independent life, by providing essential items such as food supplies, cleaning materials, and adult diapers. These provisions play a vital role in safeguarding the wellbeing and meeting the daily needs of SCH's beneficiaries.

Progressing Our Sustainability Agenda

Community Service Centre for the Deaf ("CSCD")

In partnership with Silent Teddies, a social partner that provides support and skill training to the deaf community, we contributed towards the revitalisation project for the CSCD in Kuala Lumpur. The project encompasses the establishment of an edible garden, courtyard renovation, and essential windows upgrades at CSCD The edible garden provides a sustainable source of fresh produce and creates a welcoming space for their PWD beneficiaries and visitors to connect with nature through various gardening activities.

Employee Engagement

KECHARA Food Distributions

We actively joined the food distribution initiative of KECHARA Soup Kitchen, a social partner that serves the marginalised communities. Through this initiative, we extended our support to the homeless across Klang Valley, Ipoh, and Johor Bahru in 2023. Through the support of Allianz Malaysia employees, we distributed food packs and essential hygiene kits, reaching out to individuals in need.

Allianz Charity Day and World Clean-up Day 2023

We expanded our CSR efforts through Allianz Charity Day that promotes volunteerism among Allianz Malaysia employees nationwide. The mass volunteering initiative garnered 1,042 dedicated employees across the nation, together with the CEO of AMB, five Directors, a former Director, and 36 volunteers from the RDC of Allianz Technology Malaysia. We also participated in the annual World Cleanup Day in September, involving 460 team members from 24 departments and branches.

Progressing Our Sustainability Agenda

Fixing Potholes Initiative

Potholes are a constant battle for city dwellers as the roads are frequently undergoing wear and tear. To combat the increasing number of potholes in the city, we partnered with Fox Traffic Sdn Bhd, a traffic survey company, to fix 100 potholes in Klang Valley.

Medical Counselling and Subsidies for HIV/AIDS patients

We supported the Sarawak Health Access Programme ("SHAPE") of Malaysia AIDS Foundation, a social partner who aims to prevent the spread of HIV in Malaysia by providing education, support, and advocacy for the HIV community. SHAPE aims to provide travel subsidy and medical counselling to patients with HIV, AIDS and other chronic illnesses of the low-income and vulnerable communities in Sarawak.

Relief

Related material matters	Stakeholders concerned	Capitals impacted
13 Charitable and Community Support 3 Emission and Climate Change	Society and Planet	SRC Social and Relationship Capital

Children Relief Kit Distributions to Turkey Earthquake Victims

We partnered with MISAR for the Turkey's earthquake mission, which took place in March 2023. We distributed 2000 children relief kits comprising of toys, drawing books, pencil colours, and other items to aid children's mental recovery. Additionally, snacks were offered to children at relief centres, aiming to provide holistic support to children affected by the earthquake.

COVID Clinical Research Support

We supported a two-year clinical research study by University Malaya Medical Centre on the Post-Acute COVID Syndrome, better known as Long COVID. This aims to enhance understanding of the disease to inform and establish appropriate medical interventions, long-term clinical care needs and diagnosis amongst COVID-19 survivors.

Progressing Our Sustainability Agenda

Flood Relief Initiatives

We partnered consistently with MISAR on flood relief related activities to provide prompt support to communities affected by floods. Between March to December 2023, we distributed flood relief kits in Tangkak, Johor, Dengkil, Kuala Selangor, Perak, Seremban, Maran, Kelantan, and Terengganu. These kits include essentials like dry food, bottled water, towels, blankets, mattresses, basic hygiene items, as well as toys and stationery for children. Additionally, containers to store essential items were also contributed to mobilise relief efficiently.

Other Initiatives

In addition to the initiatives led by our Allianz4Good department, we have additional initiatives championed by various teams, all contributing to the support of our target beneficiaries. These initiatives include:

Fostering Inclusivity through Athletic Partnerships

Allianz takes pride in our enduring eight-year worldwide partnership with the Olympic and Paralympic Movements, which began in 2021 and builds on our collaboration with the Paralympic Movement since 2006. This significant partnership underscores Allianz's global commitment to supporting the entire sports ecosystem. In addition, we are currently in the second year of our ongoing three-year partnership with Majlis Sukan Negara, aimed at supporting national para-athletes as they prepare for the upcoming Paris 2024 Paralympic Games. This initiative reflects our dedication to fostering inclusivity and empowering athletes of all abilities.

Allianz MoveForward Programme

The Allianz MoveForward programme supports Malaysian athletes, providing financial literacy and soft skills training for both active and retired athletes, including able-bodied and para-athletes. We conducted a two-day training session and organised the Karnival Allianz MoveForward. The carnival featured interactive educational booths, translating training modules into engaging activities like personality tests, resume and interviewing exercises, insurance gap analysis, and complimentary health screenings for athletes to learn through play and enhance their skills for sustainable careers beyond sports.

Progressing Our Sustainability Agenda

Program YAKEB Turun Padang 3.0

We collaborated with YAKEB (Yayasan Kebajikan Atlet Kebangsaan) during their recent Program YAKEB Turun Padang 3.0 in Melaka. This special occasion brought together many of our esteemed former national athletes, providing them an opportunity to reconnect and stay updated with the latest developments and initiatives by YAKEB. The event featured engaging activities, including a life-size board game, to impart financial literacy and raise awareness about financial protection. We anticipate supporting YAKEB and former athletes in future events.

Allianz Junior Badminton Championship ("AJBC") 2023

Embracing Malaysia's love for badminton, we introduced the AJBC in year 2022 to foster grassroots development in badminton through a structured league system. In collaboration with the Malaysian Schools Sports Council, the second edition of the championship attracted over 2,600 players across 10 locations nationwide, including Sabah and Sarawak. The Grand Final Champions received RM1,000 prize money along with an additional RM2,000 special grant to support future competition expenses, promoting health and wellness among our children.

Item	Unit	2019[6]	2020	2021	2022	2023
EMS						
Share of our employees in scope of our EMS	%	100	100	100	100	**100***
GHG Emissions in our own operations						
Scope 1 – Direct GHG emissions[5a]	tCO_2e	925.10	651.50	384.03	777.19	**34.06***
Scope 2 – Indirect GHG emissions (market-based)[5b]	tCO_2e	2,981.03	0	0	0	**0***
Scope 3 – Other indirect GHG emissions[5c]	tCO_2e	1,947.68	789.92	470.73	942.57	**1,477.80***
Total GHG emissions[5d]	tCO_2e	5,853.81	1,441.42	854.76	1,719.76	**1,511.86***
Total GHG emissions per employee[5d]	tCO_2e/ employee	3.13	0.76	0.43	0.83	**0.75***
Overall GHG reduction per employee since 2019[5d]	%	-	75.7	86.3	73.5	**76.0**
Energy consumption						
Total energy consumption	MJ	16,386,780	14,461,713	10,803,630	12,851,123	**12,346,186***
– of which is direct energy consumption	MJ	16,386,780	14,461,713	10,803,630	11,465,101	**11,581,817***
Energy consumption per employee	MJ/employee	8,748.9	7,647.7	5,486.9	6,166.6	**6,084.9***
Energy reduction per employee 2019	%	-	12.6	37.3	29.5	**30.4**
Business travel						
Total travel	Km	12,181,200	4,630,327	2,276,652	6,172,271	**6,137,471***
Travel per employee	Km/employee	6,503.6	2,448.6	1,156.2	2,961.7	**3,024.9***
Travel reduction per employee since 2019	%	-	62.4	82.2	54.5	**53.5**
Water consumption[7]						
Total water consumption	m^3	42,000	45,470	37,054	50,163	**31,430***
Water consumption per employee	m^3/employee	22.42	24.05	18.82	24.07	**15.49***
Water consumption reduction per employee since 2019	%	-	(7.3)	16.1	(7.4)	**30.9**
Waste[8]						
Total waste	Kg	79,800	43,966	64,265	43,916	**41,413***
Waste diverted from disposal	Kg	16,800	19,502	44,376	27,279	**20,117***
Waste directed to disposal	Kg	63,000	24,464	19,889	16,637	**21,296***
Recycled waste	%	21.1	44.4	69.1	62.1	**48.6***
Waste per employee	Kg/employee	42.6	23.3	32.6	21.1	**20.4***
Waste reduction per employee since 2019	%	-	45.3	23.5	50.5	**52.1**
Paper consumption[9]						
Total paper consumption	Kg	122,760	83,820	39,713	34,092	**40,230***
FSC-labelled paper	%	80.4	79.1	84.9	86.9	**100***
Paper consumption per policy	g/policy	34.14	18.84	8.54	6.03	**8.38***
Paper reduction per policy since 2019	%	-	44.8	75.0	82.3	**75.5**

Progressing Our Sustainability Agenda

Item	Unit	2019[6]	2020	2021	2022	2023
Community/Society						
Total amount channelled towards CSR	RM' million	-	-	-	2.75	**2.00***
Total number of beneficiaries of the investment in communities	Headcount	-	-	-	27,889	**18,923***

Notes:

* Indicators have been externally assured in 2023.

1. Our reporting on environmental data generally follows the GRI Standards of Global Reporting Initiative (GRI). The Group's carbon footprint is oriented towards the GHG Protocol's Corporate Accounting and Reporting Standard.
2. The Group defines its organisational boundaries applying the operation control approach as defined in the GHG Protocol. Operational control is established when the Group or one of its entities has full authority to introduce and implement its operating policies and thus has operational control of the entity.
3. Systems, processes, and internal controls for environmental data collection are subject to regular review and continuous development in order to continuously improve overall data quality. The Group undertakes reasonable efforts to collect relevant environmental data from all its entities and their operations. Within the scope of our environmental reporting boundary are entities that have been part of the Group for a full reporting year.
4. We use CO_2-equivalent (CO_2e) in our carbon accounting where available, as they are the universal unit of measurement to indicate the global warming potential of the six greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide.
5. The Group has developed methods to measure an analyse carbon footprint (CO_2e), differentiating between the three scopes. Our emission data is in carbon dioxide (CO_2e).
   a. Scope 1, direct emissions from sources that are owned or controlled by the Group, such as Mobile Combustions from company owned vehicles. Data is based on calculated data from travel expenses and internal extrapolation approach (estimations) from entities. Emission factors are calculated with reference to the latest Department for Environment, Food and Rural Affairs (UK) (DEFRA) Guidelines. In 2023, vehicles under the Company Vehicle Scheme (previously classified under company owned vehicles) is reclassified as private cars. Emissions resulting from the use of private cars are disclosed under Scope 3.
   b. Scope 2, indirect emissions from consumption of purchased electricity heat or steam from the operations in Malaysia (Menara Allianz Sentral, Plaza Sentral, branches):
      i. Electricity – Office and data centres
      ii. District Heating – Office

      Data is based on invoice amounts or measured meter readings (where available) and internal extrapolation approach (estimations) from entities. The reported nil emission from FY 2020 to FY 2023 is attributed to the purchase of International Renewable Energy Certificates ("i-REC"), which cover 100% of the consumption of market mix electricity in offices and data centres. Through the use of i-REC, the Group's purchased electricity is reported to be from renewable sources. Emissions resulting from the use of energy from renewable sources are disclosed under Scope 3.
   c. Scope 3, the data covers emissions from other sources, including business travel, paper and related other energy related activities.
      i. Business travel data includes employees travelling by air and car. Emission is calculated based on actual distance travelled and or the cost multiplied by the appropriate CO_2e conversion factor. Sources of data includes travel booking information (measured distance), travel expenditure data, calculated fuel consumption and internal extrapolation approach (estimations) from entities. Emission factors for business travel data are based on the latest DEFRA guidelines.
      ii. Paper data is based on calculated paper usage from invoice amounts and internal extrapolation approach (estimations) estimation from entities. Emission factors are based on the latest ECOINVENT as published in VfU Guidelines.
      iii. Renewable energy is linked to the classification of purchased electricity from average market mix to renewable energy following the purchase of i-REC as disclosed above in 4.2. Emission factors are based on the latest ECOINVENT as published in VfU Guidelines.
      iv. Remote working is linked to heating, cooling, lighting and IT. Data is calculated on the estimation basis of Flexible Working Metric (%) and average remote working area. Emission factors are based on the latest International Energy Agency data.
   d. Total GHG emissions in our operations has decreased since 2019 as we offset 100% of our Scope 2 emissions through purchase of i-REC as stated in note 5b. Events which also contributed to change in emissions are, COVID-19 national quarantine orders which limited air and road travel have led to reduced emission in year 2021 and 2021; subsequently as the nation recovers from COVID-19 in year 2022, there was an increase in travel frequency which contributed a slight increase in emissions; in 2023, there were updates made to private car usage, resulting in an overall reduction in total GHG emissions. If the categorisation of private cars is applied to 2019 (baseline year), this would result in the total GHG emissions per employee in 2019 to be 2.92 tCO_2e. This leads to an overall reduction per employee of 76.0% in 2023 since 2019.
6. Performance is compared against 2019 as the baseline year, for the target reduction of emissions in our own operations by 50% by 2025
7. Sources of water consumption data includes measured meter readings (where available) and internal extrapolation approach (estimations) using the data from the two water meters installed in Menara Allianz in the year.
8. Data for recycled and landfill waste is based on recycle invoice amounts, measured waste weight (where available) and internal extrapolation approach (estimations) from entities.
9. In 2023, the Paper Consumption per Policy is derived using the total number of policies in force as of 31 December 2023. If the same is applied to 2019 (baseline year), this would result in a higher Paper Consumption per Policy in 2019 of 35.05 g/policy leading to an overall paper reduction in policy to 76.1% in 2023 since 2019.

GRI Content Index Table

GRI Standard		Disclosure	References
General Disclosure			
GRI 2: General Disclosures 2021	2-1	Organisational Details	Overview and Who We Are, page 8-9
	2-2	Entities included in the organisation's sustainability reporting	Opening Statement, Inside Front Cover
	2-3	Reporting period, frequency and contact point	Opening Statement, Inside Front Cover
	2-4	Restatements of information	Not applicable
	2-5	External assurance	Statement of Assurance, page 36
	2-6	Activities, value chain and other business relationships	Overview and Who We Are, page 4, 8-9
	2-7	Employees	Employer of Choice, page 86-98
	2-8	Workers who are not employees	Not applicable
	2-9	Governance structure and composition	Corporate Governance Overview Statement, page 139-147
	2-10	Nomination and selection of the highest governance body	Corporate Governance Overview Statement, page 139-147
	2-11	Chair of the highest governance body	Corporate Governance Overview Statement, page 139-147
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement, page 139-147
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Overview Statement, page 139-147
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, page 63
	2-15	Conflict of interest	Statement of Risk Management and Internal Control, page 158, 163, 165
	2-16	Communication of critical concerns	Corporate Governance Overview Statement, page 139-147
	2-17	Collective knowledge of the highest governance body	Board of Directors' Profile, page 120-128
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement, page 139-147
	2-19	Remuneration policies	Corporate Governance Overview Statement, page 144-145
	2-20	Process to determine remuneration	Corporate Governance Overview Statement, page 144-145
	2-21	Annual total compensation ratio	Information unavailable
	2-22	Statement on sustainable development strategy	Responsible Business, page 62
	2-23	Policy commitments	Responsible Business, page 66-67
	2-24	Embedding policy commitments	Responsible Business, page 66-67
	2-25	Process to remediate negative impacts	Statement on Risk Management and Internal Control, page 157-167
	2-26	Mechanisms for seeking advice and raising concerns	Responsible Business, page 67

Progressing Our Sustainability Agenda

GRI Standard	Disclosure		References
General Disclosure			
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	Responsible Business, page 66-67
	2-28	Membership associations	Not applicable
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, page 42-44
	2-30	Collective bargaining agreements	Responsible Business, page 83
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	What Matters to Us, page 45-50
	3-2	List of material topics	What Matters to Us, page 45-50
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Financial Statement, page 190
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Statement, page 190
	201-2	Financial implications and other risks and opportunities due to climate change	Responsible Business, page 79-81
Market Presence			
GRI 202: Market Presence 2016	3-3	Management of material topics	Overview and Who We Are, page 9
Indirect Economic Impacts			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Corporate Citizen, page 101-110
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Quantitative data table for Responsible Corporate Citizen, page 112
Procurement Practice			
GRI 204: Procurement Practices 2016	3-3	Management of material topics	Responsible Business, page 82-84
	204-1	Proportion of spending on local suppliers	Quantitative data table for Responsible Business, page 85
Anti-Corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Business, page 66-67
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Responsible Business, page 66-67 Quantitative data table for Responsible Business, page 85
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Anti-Competitive Behaviour			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Business, page 66-67
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Quantitative data table for Responsible Business, page 85
Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Corporate Citizen, page 99-100

Progressing Our Sustainability Agenda

GRI Standard	Disclosure		References
Material Topics			
Energy			
GRI 301: Energy 2016	302-1	Energy consumption within the organisation	Quantitative data table for Responsible Corporate Citizen, page 111-112
	302-2	Energy consumption outside of the organisation	Quantitative data table for Responsible Corporate Citizen, page 111-112
	302-3	Energy intensity	Quantitative data table for Responsible Corporate Citizen, page 111-112
	302-4	Reduction of energy consumption	Quantitative data table for Responsible Corporate Citizen, page 111-112
Water and Effluents			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Corporate Citizen, page 99-100
GRI 303: Water and Effluents 2018	303-5	Water consumption	Quantitative data table for Responsible Corporate Citizen, page 111-112
Emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Corporate Citizen, page 99-100
GRI 305: Emissions 2016	305-1	Scope 1 – direct GHG emissions	Quantitative data table for Responsible Corporate Citizen, page 111-112
	305-2	Scope 2 – indirect GHG emissions (market-based)	
	305-3	Scope 3 – other indirect GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	
Waste			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Corporate Citizen, page 99-100
GRI 306: Waste 2020	306-3	Waste generated	Quantitative data table for Responsible Corporate Citizen, page 111-112
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2016	3-3	Management of material topics	Responsible Business, page 82
Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employer of Choice, page 86-95
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Quantitative data table Employer of Choice, page 97
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employer of Choice, page 90

Progressing Our Sustainability Agenda

GRI Standard	Disclosure		References
Material Topics			
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Employer of Choice, page 90
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	Quantitative data table Employer of Choice, page 98
	403-6	Promotion of worker health	Employer of Choice, page 90
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	Quantitative data table Employer of Choice, page 98
Training and Education			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employer of Choice, page 88
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Quantitative data table Employer of Choice, page 97
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Employer of Choice, page 88
	404-3	Percentage of employees receiving regular performance and career development reviews	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employer of Choice, page 93
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Quantitative data table Employer of Choice, page 96
Non-discrimination			
GRI 406: Non-discrimination 2016	3-3	Management of material topics	Employer of Choice, page 93
Child Labour			
GRI 408: Child Labor 2016	3-3	Management of material topics	Responsible Business, page 83
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics	Responsible Business, page 83
Supplier Social Assessment			
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	Responsible Business, page 82
Customer Privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Responsible Business, page 71
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Quantitative data table for Responsible Business, page 85

Bursa Malaysia Indicators Table

Bursa Malaysia Indicators		Location
C1(a)	Percentage of employees that have received anti-corruption training	Responsible Business, page 66-67 Quantitative data table for Responsible Business, page 85
C1(b)	Percentage of operations assessed for corruption-related risks	
C1(c)	Confirmed incidents of corruption and action taken	
C2(a)	Total amount channelled towards CSR efforts	Quantitative data table for Responsible Corporate Citizen, page 112
C2(b)	Total number of beneficiaries of the investment in communities	Quantitative data table for Responsible Corporate Citizen, page 112
C3(a)	Percentage of employees by gender and age structure for each employee category	Quantitative data table Employer of Choice, page 96
C3(b)	Percentage of directors by gender and age structure	Quantitative data table Employer of Choice, page 96
C4(a)	Total energy consumption	Quantitative data table for Responsible Corporate Citizen, page 112
C5(a)	Number of fatalities as a result of work-related injury	Quantitative data table Employer of Choice, page 98
C5(b)	Lost time injury frequency rate	Quantitative data table Employer of Choice, page 98
C5(c)	Number of employees trained on health and safety standards	Quantitative data table Employer of Choice, page 98
C6(a)	Total training/learning hours as a company by employee category	Quantitative data table Employer of Choice, page 97
C6(b)	Percentage of employees that are temporary staff	Quantitative data table Employer of Choice, page 96
C6(c)	Total number of employee turnover by employee category	Quantitative data table Employer of Choice, page 97
C6(d)	Number of substantiated complaints concerning human rights violations	Quantitative data table Employer of Choice, page 98
C7(a)	Proportion of spending on local suppliers	Quantitative data table for Responsible Business, page 85
C8(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Quantitative data table for Responsible Business, page 85
C9(a)	Total water consumption	Quantitative data table for Responsible Corporate Citizen, page 111
C10(a)	Total waste generated, and a breakdown of the following: i. Waste diverted from disposal ii. Waste directed to disposal	Quantitative data table for Responsible Corporate Citizen, page 111
C11(a)	Scope 1 - direct GHG emissions	Quantitative data table for Responsible Corporate Citizen, page 111
C11(b)	Scope 2 - indirect GHG emissions (market-based)	Quantitative data table for Responsible Corporate Citizen, page 111
C11(c)	Scope 3 - other indirect GHG emissions	Quantitative data table for Responsible Corporate Citizen, page 111

Performance Data Table
from ESG Reporting Platform

Indicator	Measurement Unit	2023
Cybersecurity and Data Privacy		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	2
Governance and Ethics		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Emissions and Climate Change		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	34.06
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	0.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	1,447.80
Health and Wellbeing		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.23
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,981
Bursa C6(a) Total hours of training by employee category		
Management	Hours	29,450
Executive	Hours	165,241
Diverse, Equitable, and Inclusive Workforce		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management <25	Percentage	0.00
Management 25-34	Percentage	1.90
Management 35-44	Percentage	38.80
Management 45-54	Percentage	43.00
Management 55 and above	Percentage	16.30
Executive <25	Percentage	6.60
Executive 25-34	Percentage	36.40
Executive 35-44	Percentage	32.80
Executive 45-54	Percentage	19.50
Executive 55 and above	Percentage	4.70
Gender Group by Employee Category		
Management Male	Percentage	41.10
Management Female	Percentage	58.90
Executive Male	Percentage	30.80
Executive Female	Percentage	69.20
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.00
Female	Percentage	29.00
<25	Percentage	0.00
25-34	Percentage	0.00
35-44	Percentage	0.00
45-54	Percentage	29.00
55 and above	Percentage	71.00

Performance Data Table from ESG Reporting Platform

Indicator	Measurement Unit	2023
Diverse, Equitable, and Inclusive Workforce		
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	12.10
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	7
Executive	Number	188
Human Rights		
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Charitable and Community Support		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2,000,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	18,923
Direct Environmental Footprint		
Bursa C4(a) Total energy consumption	Megawatt	3,217.17
Bursa C9(a) Total volume of water used	Megalitres	31.430000
Bursa C10(a) Total waste generated	Metric tonnes	41.42
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	20.12
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	21.30
Sustainable Supply Chain		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	82.00

Internal assurance | External assurance | No assurance | (*)Restated

Notes:

1. Bursa C4(a) Total energy consumption in 3,217.17 Megawatt; was converted from 11,581,817MJ, which was externally assured. Please refer to page 111.
2. Bursa C9(a) Total volume of water used in 31.43 Megalitres; was converted from 31,430 m^3, which was externally assured. Please refer to page 111.
3. Bursa C10(a) Total waste generated in 41.42 Metric tonnes; was converted from 41,413 kg, which was externally assured. Please refer to page 111.
4. Bursa C10(a)(i) Total waste diverted from disposal in 20.12 Metric tonnes; was converted from 20,117 kg, which was externally assured. Please refer to page 111.
5. Bursa C10(a)(ii) Total waste directed to disposal in 21.30 Metric tonnes; was converted from 21,296 kg, which was externally assured. Please refer to page 111.

Board of Directors' Profile

as at 21 March 2024

Age	Nationality	Gender
60	Malaysian	Male

Date of Appointment
1 January 2022

Length of Service
2 years and 2 months

Date of Last Re-election
22 June 2022

Qualifications
- Fellow of The Malaysian Insurance Institute in 2016
- Certificate in Insurance, Institut Teknologi Mara in 1986

Present Directorships

Listed entity:
- Chairman of Allianz Malaysia Berhad ("AMB" or "Company")

Other public company:
- Chairman of Yayasan Chow Kit

Membership of Board Committee
Nil

Working Experience

Zakri has over 30 years of experience in the insurance industry. He joined AMB in 2000 as the Head of Industrial Business and was subsequently appointed as the Head of Technical Division in 2004. He was the Head of Operations Division of Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") before he assumed the position of Chief Executive Officer ("CEO") of Allianz General on 16 December 2010 and CEO of AMB on 3 September 2014. He was also the Executive Director of Allianz General from 3 September 2014 to 31 December 2021. He retired as the CEO of Allianz General on 30 June 2021 and CEO of AMB on 31 December 2021. Following his retirement, Zakri provides consultancy and advisory services and support to Allianz SE Singapore Branch ("AZAP") on matters relating to all Property & Casualty entities in the AZAP region effective 1 January 2022. Prior to his employment with AMB and its subsidiaries (collectively referred to as "Group"), he was the General Manager of the American Malaysian Insurance Berhad.

Other Information

Save as disclosed below, Zakri does not have any family relationship with any other Director and/or major shareholder of the Company nor any other conflict of interest with the Company:-

- Consultancy and training services provided by Rapidpro Consulting Sdn Bhd ("Rapidpro") to Allianz General whereby the sister and brother in-law of Zakri, namely, Norah Mariam Mohd Khir and Mohammed Farooq are Directors and major shareholders of Rapidpro.

Save for holding 100 ordinary shares and 200 irredeemable convertible preference shares in AMB, Zakri does not have any other interest in the shares of AMB.

He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Board of Directors' Profile

as at 21 March 2024

Age	Nationality	Gender
66	Malaysian	Male

Date of Appointment
1 July 2020

Length of Service
3 years 8 months

Date of Last Re-election
22 June 2023

Qualification
- Master of Business Administration ("MBA"), Cranfield School of Management, Cranfield University in 1992.

Present Directorships

Listed entities:
- AMB
- Shangri-La Hotels (Malaysia) Berhad

Other public companies:
- Chairman of Allianz Life Insurance Malaysia Berhad ("Allianz Life")
- Maybank Investment Bank Berhad
- Maybank Asset Management Group Berhad
- Khazanah Nasional Berhad

Membership of Board Committees
- Member of Audit Committee
- Member of Nomination and Remuneration Committee

Working Experience

Goh Ching Yin holds an MBA from the Cranfield University, and has held various leadership and management positions in capital market strategy, development and regulations; investment banking, regional business development, strategic consultancy, corporate recovery and insolvency; and auditing. He started his professional career with Peat Marwick Mitchell (now known as KPMG PLT), and then moved on to consultancy at Price Waterhouse Associates in 1990.

Goh Ching Yin commenced his foray into the investment banking industry when he was with RHB Sakura Merchant Bankers Berhad as a General Manager for Corporate Finance. Subsequently, he assumed the roles as the Managing Director of Corporate Finance with the BNP Paribas Group in Malaysia from 2000 to 2004, and as CEO of Southern Investment Bank of the Southern Bank Group from 2005 to 2007. He then held positions as Executive Director in the Chairman's Office, Strategy and Development, and Market Oversight Divisions during his stint with the Securities Commission Malaysia from 2007 to 2016.

At the Securities Commission Malaysia, Goh Ching Yin led projects on landmark initiatives such as financial technology, sustainability and inclusiveness, Trans-Pacific Partnership Agreement, the Capital Market Masterplan 2, the Corporate Governance Blueprint and Code of Corporate Governance 2012, and the setting up of the Audit Oversight Board in 2010 of which he was a founding Board Member. He was also the Head of the Continuing Professional Education Advisory Group and represented the Securities Commission Malaysia on the Audit Licensing Committee within the Accountant General's office of the Ministry of Finance, and was a member of the Cluster Working Group on Funding Support for the Biotechnology Industry under the Malaysian Biotechnology Corporation (a Ministry of Finance incorporated company).

He was also a member of the National Cyber Security Advisory Committee, Ministry of Science, Technology and Innovation Malaysia, and the Intellectual Capital Development Committee, Innovation Agency Malaysia.

Goh Ching Yin was appointed by the Government of Malaysia as a Director of Khazanah Nasional Berhad in July 2018.

Other Information

Goh Ching Yin does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Board of Directors' Profile

as at 21 March 2024

Peter Ho Kok Wai

Independent Non-Executive Director

Board Meeting Attendance in 2023:

6/6

Age
64

Nationality
Malaysian

Gender
Male

Date of Appointment
1 October 2019

Length of Service
4 years 5 months

Date of Last Re-election
22 June 2022

Qualifications
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants in 2010
- Chartered Accountant of the Malaysian Institute of Accountants in 1993
- Fellow of the Institute of Chartered Accountants in England and Wales in 1984

Present Directorships

Listed entities:
- AMB
- Hong Leong Industries Berhad
- Hong Leong Capital Berhad
- Guocoland (Malaysia) Berhad
- PMB Technology Berhad

Other public company:
- Allianz Life

Membership of Board Committees
- Chairman of Audit Committee
- Member of Risk Management Committee

Working Experience

Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants and qualified as a Chartered Accountant in 1984.

Subsequently, in 1987, Peter Ho joined KPMG Kuala Lumpur where he progressed to Head of Department in 1992. He was transferred to KPMG Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG Kuala Lumpur in 2005, where he had, at various times, headed the Technical Committee, Audit Function and Marketing Department.

Peter Ho has more than 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Peter Ho retired from KPMG in December 2014.

Other Information

Peter Ho does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Board of Directors' Profile

as at 21 March 2024

Gerard Lim Kim Meng

Independent
Non-Executive Director

Board Meeting Attendance in 2023:

6/6

Age
52

Nationality
Malaysian

Gender
Male

Date of Appointment
1 January 2021

Length of Service
3 years 2 months

Date of Last Re-election
23 June 2021

Qualifications
- Certificate in Big Data Business Analytics, Harvard Business School in 2017
- Executive MBA, Open University Malaysia in 2012

Present Directorship

Listed entity:
- AMB

Other public company:
Nil

Membership of Board Committees
- Chairman of Nomination and Remuneration Committee
- Member of Audit Committee

Working Experience

Gerard Lim has over 28 years' experience in the Technology, Media and Telecommunications sector. He has a proven track record in leading and building value for positive societal impact by bringing together a unique blend of experiences involving entrepreneurship in start-ups, to turnaround management, growing sustainable businesses into multi-million-dollar ventures, by delivering digital solutions for some of the world's largest corporations and even serving within the Malaysian Government's machinery via its agency, statutory body and government linked companies.

Gerard Lim has implemented specialised solutions in interactive digital media, E-business solutions, converged IP communications, digital marketing, e- and m-commerce, mobile applications, social media, cloud and edge computing, internet of things, big data analytics, blockchain, artificial intelligence and machine learning for private corporations, telecommunication operators, conglomerates and multinationals around the world; creating intelligent actionable insights that boost value creation and sustainability. Gerard Lim has consulted and delivered award-winning solutions for Sony, Intel, Hewlett Packard, Motorola University, General Electric, Petronas, Measat, Maxis, Digi, Ministry of Education Singapore, Fraunhofer Institute Germany and DST Brunei.

Gerard Lim has worked at the Malaysia Digital Economy Corporation, Axiata Digital, Telekom Malaysia, and his most recent role as Chief Digital Officer at the Malaysian Communications and Multimedia Commission. He is also a specialist writer and regular seminar speaker sharing his thought leadership on the subject of digital directions, innovation and entrepreneurship for a better world.

Other Information

Gerard Lim does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Board of Directors' Profile

as at 21 March 2024

Tan Sri Datuk Zainun Binti Ali

Independent Non-Executive Director

Board Meeting Attendance in 2023:

6/6

Age
71

Nationality
Malaysian

Gender
Female

Date of Appointment
15 March 2022

Length of Service
2 years

Date of Last Re-election
22 June 2022

Qualifications
- Master of Law (LL.M), University of Cambridge, United Kingdom in 1985
- Bachelor of Laws (LL.B)(Hons), University Malaya in 1976

Present Directorships

Listed entities:
- AMB
- Chairman of Malaysia Airports Holdings Berhad

Other public company:
- Permodalan Nasional Berhad

Membership of Board Committee
Nil

Working Experience

Tan Sri Datuk Zainun was appointed as Legal Officer of the Ministry of Labour and Attorney General's Chambers in 1976. She was appointed as a Magistrate in Malacca in January 1979 and became President of the Session Court in Johor Bahru in December 1981. In the middle to late 1980s, she was Senior Federal Counsel to several Government units, including the Ministry of Defence in November 1985 and the Prime Minister's Department in March 1988. She was appointed Chief Registrar of the Federal Court of Malaysia in November 1994 and Judicial Commissioner of the High Court of Malaya, Kuala Lumpur in August 1996. She served as High Court Judge in Shah Alam, Johor and Kuala Lumpur from 1998 to 2001. In 2006, she was elevated to be Court of Appeal Judge and served until 2012. She was appointed as Federal Court Judge on 4 April 2012.

Tan Sri Datuk Zainun retired from the Malaysian Judiciary in October 2018. Tan Sri Datuk Zainun was appointed as one of ten members of the United Nations Office on Drug and Crime Advisory Board of the Global Judiciary Integrity Network in April 2018 which is established to promote judicial integrity amongst Judges and stakeholders.

Other Information

Tan Sri Datuk Zainun does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Board of Directors' Profile

as at 21 March 2024

Dr. Muhammed Bin Abdul Khalid

Independent Non-Executive Director

Board Meeting Attendance in 2023:

6/6

Age	Nationality	Gender
48	Malaysian	Male

Date of Appointment
15 July 2022

Length of Service
1 year 8 months

Date of Last Re-election
22 June 2023

Qualifications
- Doctor of Philosophy, Institut d'études Politiques de Paris, France in 2010
- Master of Public Affairs, Institut d'études Politiques de Paris, France in 2008
- Master of Economics, University of Malaya in 2005
- Bachelor of Science, University of Southern California, Los Angeles, USA in 1998

Present Directorships

Listed entity:
- AMB

Other public company:
- Chairman of Allianz General

Membership of Board Committees
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee

Working Experience

Dr. Muhammed is currently a Research Fellow at the Institute of Malaysian and International Studies of University Kebangsaan Malaysia. He is also a member of the Honorary Council of Advisors at the European-Malaysian Chamber of Commerce, member of the Economic Committee of Malaysia Competition Commission and Senior Associate of Malaysian Industry-Government Group for High Technology.

He is formerly the Economic Adviser to the former Prime Minister, Yang Amat Berbahagia Tun Dr. Mahathir bin Mohamad and Member of the Economic Action Council from 2018 to 2020.

Dr. Muhammed has also served as consultant for the World Bank, United Nations Development Program ("UNDP"), United Nations Children's Fund, United Nations Population Fund, United Nations Economic and Social Commission for Asia and the Pacific and United Nations High Commission for Refugees.

He had also served as Director of Research at Khazanah Research Institute, Head of Economics at the Securities Commission Malaysia and a Senior Analyst at the Institute of Strategic and International Studies. He was also a Senior Technical Advisor at the UNDP Malaysia.

Other Information

Dr. Muhammed does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Board of Directors' Profile
as at 21 March 2024

Anusha A/P Thavarajah
Non-Independent Non-Executive Director

Board Meeting Attendance in 2023:

6/6

Age	Nationality	Gender
56	Malaysian	Female

Date of Appointment
17 March 2022

Length of Service
2 years

Date of Last Re-election
22 June 2022

Qualifications
- Fellow of the Malaysian Insurance Institute in 2018
- Fellow of the Institute of Actuaries in United Kingdom in 2001
- Bachelor of Science (First Class Honours) in Mathematics & Statistic, University of Birmingham, United Kingdom in 1990

Present Directorship
Listed entity:
- AMB

Other public company:
Nil

Membership of Board Committee
Nil

Working Experience
Anusha Thavarajah is Allianz's Regional CEO for Asia Pacific since 1 December 2021. She is also a member of Allianz Asia's Regional Executive Board, which is responsible for setting and executing Allianz's growth strategy in Asia.

Anusha was previously Allianz's Regional CEO, Life & Health for Asia Pacific, where she was responsible for the profit and loss and functional development of Allianz's Life & Health business in Asia.

Prior to joining Allianz Asia Pacific in December 2019, Anusha held the position of CEO at AIA Bhd. In addition to its three main business lines – Agency, Partnership Distribution and Corporate Solutions, Anusha oversaw AIA Malaysia's Takaful, General Insurance, Pension and Asset Management and Health Services units.

Anusha was also the first female President of the Life Insurance Association of Malaysia, Chairperson of the Malaysian Insurance Institute as well as the first female CEO in the AIA Group when she was appointed to head AIA Malaysia in June 2015.

Anusha has almost 30 years' experience in the financial services industry having served in various senior leadership roles in the United Kingdom, Hong Kong and Malaysia. She graduated with First Class Honours in Mathematics and Statistics from the University of Birmingham and is a Fellow of the Institute of Actuaries, United Kingdom, as well as a Fellow of the Malaysian Insurance Institute.

Anusha also serves as a member of the Monetary Authority of Singapore ("MAS")'s Financial Centre Advisory Panel, which advised the MAS on Singapore's financial sector reforms and strategies.

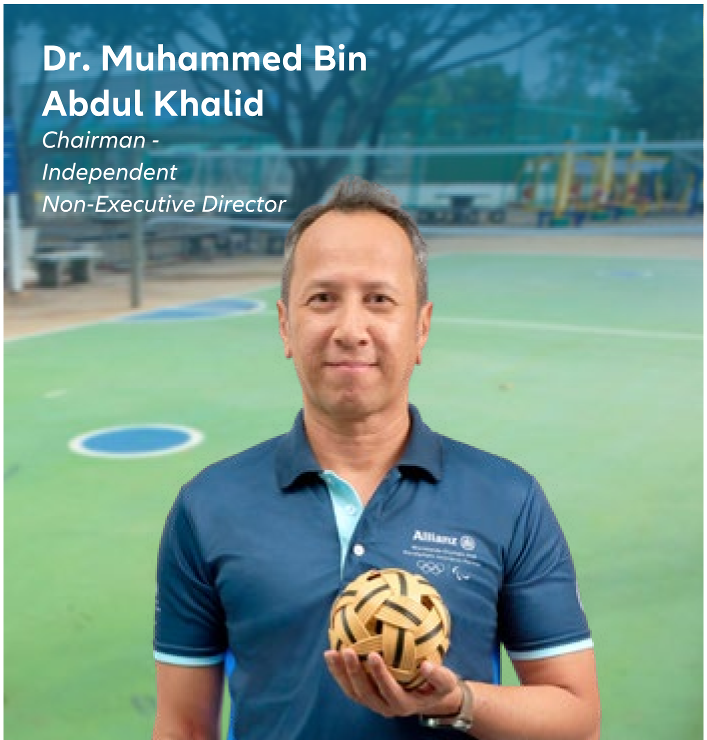
Other Information
Anusha does not have any family relationship with any Director and/or major shareholder of the Company except by virtue of being a nominee Director of Allianz SE on the Board of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Allianz General Board Members

as at 21 March 2024

Dr. Muhammed Bin Abdul Khalid

Chairman - Independent Non-Executive Director



Age	Nationality	Gender
48	Malaysian	Male

Lim Tuang Ooi

Independent Non-Executive Director

Age	Nationality	Gender
61	Malaysian	Male

Wee Lay Hua

Independent Non-Executive Director

Age	Nationality	Gender
59	Malaysian	Female

Sean Wang Wee Keong

Executive Director/CEO

Age	Nationality	Gender
51	Malaysian	Male

Allianz Life Board Members

as at 21 March 2024

Goh Ching Yin
Chairman –
Independent
Non-Executive Director

Age	Nationality	Gender
66	Malaysian	Male

Peter Ho Kok Wai
Independent
Non-Executive Director

Age	Nationality	Gender
64	Malaysian	Male

Lim Fen Nee
Independent
Non-Executive
Director

Age	Nationality	Gender
50	Malaysian	Female

Foo Chee It
Independent
Non-Executive Director

Age	Nationality	Gender
65	Malaysian	Female

Charles Ong Eng Chow
Executive
Director/
CEO

Age	Nationality	Gender
58	Malaysian	Male

Senior Management Team Profile

as at 21 March 2024

Age
51

Nationality
Malaysian

Gender
Male

Qualification

- Bachelor of Commerce and Management - Majoring in Accounting and Finance from Lincoln University, New Zealand

Working Experience and Other Information

Sean Wang Wee Keong ("Sean") has over 22 years of experience in the insurance industry. He started his professional career as an auditor in Price Waterhouse Coopers in 1997. In 1998, Sean joined American Malaysian Insurance as the Head of Healthcare and Personal Accident, responsible for underwriting, claims and policy management. In 2001, he joined ING Insurance Berhad and assumed responsibility for sales in Employee Benefits, managing direct clients and brokers.

On 17 May 2004, Sean joined the Company as Head of Personal Lines, being responsible for underwriting and introduction of retail products. He then moved on to become Head of Branch Operations in 2007, managing 31 branches nationwide. Sean was the Chief Operations Officer of Allianz Life in 2010 and the Chief Operations Officer of both Allianz General and the Company from 2011 until 2021. He assumed his current positions as the CEO of the Company on 1 January 2022 and CEO of Allianz General on 1 July 2021. In addition, he was appointed as Non-Independent Executive Director ("ED") of Allianz General effective 1 January 2022.

Save as disclosed below, Sean does not have any family relationship with any other Director and/or major shareholder of the Company:

- He is a nominee Director of Allianz SE on the Board of Allianz General.

Save for holding 100 ordinary shares and 200 irredeemable convertible preference shares in the Company, Sean does not have any other interest in the shares of the Company or its subsidiaries.

He also does not have any conflict of interest with the Company and has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Allianz General

Senior Management Team Profile

as at 21 March 2024

Age
58

Nationality
Malaysian

Gender
Male

Qualifications

- Bachelor of Commerce from the University of Canterbury, New Zealand
- Chartered Accountant of the Malaysian Institute of Accountants
- Chartered Accountant of the New Zealand Institute of Chartered Accountants

Working Experience and Other Information

Charles Ong Eng Chow ("Charles") has more than 35 years of experience in the financial services industry, of which 28 years have been in the insurance industry. He started his professional career as an auditor in KPMG Peat Marwick, New Zealand in 1988. In 1991, Charles joined Hume Industries (Malaysia) Berhad (a related company of Hong Leong Group) as the Group Accountant, responsible for the preparation of financial information for Merger and Acquisitions activities and group planning process and tax planning. In 1993, he was transferred to Akoko Sdn Bhd, a newly acquired subsidiary of Hong Leong Industries Bhd and assumed the position as Finance Manager responsible for the overall financial functions of Akoko Sdn Bhd. He left Hong Leong Group in 1995 and assumed the position as the Finance Manager EON CMG Life Assurance Berhad from 1995 to 1999.

He joined Allianz Life on 1 June 1999 as Financial Controller and was promoted to Chief Financial Officer ("CFO") in 2003. In addition to his role as CFO of Allianz Life, he was the Chief Risk Officer of Allianz Life from 2005 to 2010. He was appointed as CFO of the Company in 2008, to oversee the financial management of the Company and its insurance subsidiaries (collectively, "Group") and part of the leadership driving business growth, profitability and financial sustainability of Group. He relinquished his positions as CFO of Allianz Life and the Company on 31 March 2022 before he assumed his current position as CEO of Allianz Life on 1 April 2022. In addition, he was appointed as ED of Allianz Life effective 1 January 2023.

Save as disclosed below, Charles does not have any family relationship with any other Director and/or major shareholder of the Company:

- He is a nominee Director of Allianz SE on the Board of Allianz Life.

Save for holding 100 ordinary shares and 100 irredeemable convertible preference shares in the Company, Charles does not have any other interest in the shares of the Company or its subsidiaries.

He also does not have any conflict of interest with the Group and has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Allianz Life

Senior Management Team Profile

as at 21 March 2024

Giulio Slavich

Chief Financial Officer of AMB and Allianz Life

Age	Nationality	Gender
47	Italian	Male

Qualifications

- Member, Professional Association of Italian Actuaries (Ordine Nazionale Attuari)
- Master in Insurance and Risk Management, MIB School of Management Trieste, Italy
- Bachelor of Science in Statistical and Actuarial Sciences, University of Trieste, Italy

Working Experience and Other Information

Giulio Slavich has over 25 years of international experience in the insurance industry across different roles and geographies. Before joining Allianz Malaysia as the Chief Financial Officer on 1 August 2022, Giulio was the Global Head of the Centre of Competence for Life & Health of Allianz Group, where he successfully drove the segment to international leadership with the introduction of innovative financial products, stronger protection offerings and capital optimisation transactions. Giulio was previously responsible for the Life segment at Allianz Italy and was in leadership actuarial roles with regional and global scope in Eastern Europe, Germany and Italy. Giulio holds a master's degree in insurance and Risk Management and an Actuarial and Statistics degree, both with honors, and is a qualified actuary for the Italian Actuarial professional body. Currently Giulio also serves as a non-executive director of Allianz PNB Philippines and was previously a member of the Supervisory Board of Allianz Global Benefits.

Giulio Slavich does not have any interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Stefan Ritz

Chief Operations Officer and Chief Digital Officer of Allianz Life and AMB

Age	Nationality	Gender
52	German	Male

Qualification

- Diploma in Business Computing

Working Experience and Other Information

Stefan Ritz has 27 years of work experience, of which 25 years have been in the insurance industry. He joined Allianz in Germany in 1998 as Information Technology consultant and was assigned to Allianz Life Korea from 2000 where he held various project lead and management roles. In April 2012, he joined Allianz Life as Head of Operations and was subsequently appointed as Chief Operations Officer on 1 January 2013 before his appointment as Chief Digital Officer in 2016. In 2017, he re-assumed responsibility as Chief Operations Officer of Allianz Life in addition to his Chief Digital Officer role. He was appointed the role of Chief Operations Officer of the Company on July 2021.

Stefan Ritz does not have any interest in the shares of the Company or its subsidiaries.

Save for being a director of Allianz Technology Sdn Bhd, he does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Senior Management Team Profile

as at 21 March 2024

Amy Loke Siew Pei

Chief Market Management Officer of the Group

Age
45

Nationality
Malaysian

Gender
Female

Qualification

- Bachelor of Accounting

Working Experience and Other Information

Amy Loke Siew Pei ("Amy") has 22 years of work experience, of which 13 years have been in the insurance industry. She joined the Group as the Chief Market Management Officer on 4 September 2017.

Amy does not have any interest in the shares of the Company or its subsidiaries.

She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

David Brandl

Head of IT Strategy, Economics & Transformation

Age
29

Nationality
German

Gender
Male

Qualifications

- Bachelor in Business Administration & Management with focus on Health
- Master of Business Administration (MBA)

Working Experience and Other Information

David Brandl has over 10 years of work experience in the insurance industry. He joined Allianz Malaysia on 1 August 2023 and was appointed as Head of IT Strategy, Economics & Transformation. Prior to this, David joined Allianz SE in 2014 and held various positions in the areas of Operations, IT & Transformation projects.

David does not have any interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Senior Management Team Profile

as at 21 March 2024

Wong Woon Man

Chief People and Culture Officer

Age 55 | **Nationality** Malaysian | **Gender** Female

Qualification

- Bachelor of Science in Agribusiness

Working Experience and Other Information

Wong Woon Man has 30 years of work experience, of which 21 years have been in the insurance industry. She joined Allianz Malaysia on 15 August 2002 and was appointed to her current position on 1 May 2011.

Save for holding 100 ordinary shares and 200 irredeemable convertible preference shares in the Company, Wong Woon Man does not have any other interest in the shares of the Company or its subsidiaries.

She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Chin Xiao Wei

Chief Financial Officer of Allianz General

Age 41 | **Nationality** Malaysian | **Gender** Female

Qualifications

- Fellow of Institute and Faculty of Actuaries (IFoA, United Kingdom)
- Fellow of Actuarial Society of Malaysia
- Master of Science in Actuarial Management

Working Experience and Other Information

Chin Xiao Wei has 17 years of work experience, of which 17 years have been in the insurance industry. She joined Allianz General on 1 November 2020 and was appointed to Chief Financial Officer position on 15 July 2023.

Save for holding 100 ordinary shares in the Company, Chin Xiao Wei does not have any other interest in the shares of the Company or its subsidiaries.

She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Senior Management Team Profile

as at 21 March 2024

Horst Hermann Habbig

Chief Sales Officer of Allianz General

Age	Nationality	Gender
60	German	Male

Qualification

- Advanced Industrial Training Programme, Germany

Working Experience and Other Information

Horst Habbig has 41 years of work experience, of which 41 years have been in the insurance industry. He joined the Company in 1999 as Technical Advisor and was subsequently appointed as Chief Operations Officer in 2002. He was redesignated as the Head of Marketing Division in 2008 before he assumed his current position as Chief Sales Officer of Allianz General on 1 April 2010.

Save for holding 100 ordinary shares and 200 irredeemable convertible preference shares in the Company, Horst Habbig does not have any other interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Raymond Cheah Sin Beng

Chief Sales Officer, Agency Distribution of Allianz Life

Age	Nationality	Gender
50	Malaysian	Male

Qualification

- Sijil Tinggi Pelajaran Malaysia

Working Experience and Other Information

Raymond Cheah Sin Beng ("Raymond") has 31 years of work experience, of which 11 years have been in the insurance industry. He joined Allianz Life on 15 July 2013 as Deputy Chief Sales Officer. He was appointed as Chief Sales Officer on 1 January 2021.

Raymond does not have any interest in the shares of the Company or its subsidiaries.

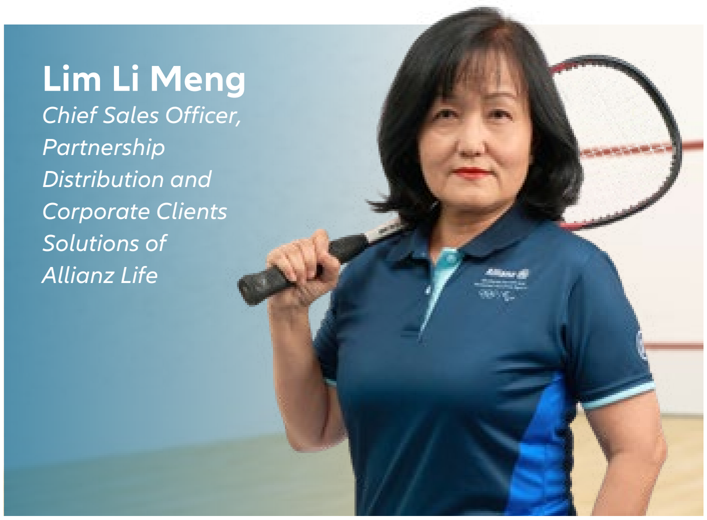
He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Senior Management Team Profile

as at 21 March 2024



Age
59

Nationality
Malaysian

Gender
Female

Qualifications
- Bachelor of Science (Honours)
- Associate, Society of Actuaries, USA
- Fellow of Life Management Institute

Working Experience and Other Information

Lim Li Meng has 34 years of work experience, of which 34 years have been in the insurance industry in Malaysia and Singapore. She joined Allianz Life on 9 June 2003 and has held several senior managerial positions in various functions within Allianz Life which include Product Development, Operations, Chief Market Management Officer with her current position as Chief Sales Officer of Allianz Life. Li Meng was appointed to her current position on 1 November 2012.

Save for holding 100 ordinary shares and 298 irredeemable convertible preference shares in the Company, Li Meng does not have any other interest in the shares of the Company or its subsidiaries.

She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Age
54

Nationality
Malaysian

Gender
Male

Qualification
- Diploma in General Insurance, Malaysian Insurance Institute

Working Experience and Other Information

Andrew Sim Kok Soon ("Andrew") has 32 years of work experience, of which 30 years have been in the insurance industry. He joined Allianz General in 2008 as Head of Bancassurance until 2016 with a change of portfolio from sales to operation as Head of Operations from thereon. He was appointed as Chief Operations Officer on 1 July 2021.

Save for holding 100 ordinary shares in the Company, Andrew does not have any other interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Senior Management Team Profile

as at 21 March 2024

Age
54

Nationality
Malaysian

Gender
Male

Qualifications

- Certificate of Insurance from the Institute Teknologi Mara
- Fellow of the Malaysia Insurance Institute

Working Experience and Other Information

Rafliz Ridzuan has 32 years of work experience, of which 31 years have been in the insurance industry. He joined Allianz General on 2 October 2000 as Head of Corporate Business. He was appointed Head of Sales in 2011 prior to his current role as Chief Underwriting Officer which he assumed on 1 September 2014.

Rafliz Ridzuan does not have any interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Age
49

Nationality
Malaysian

Gender
Male

Qualification

- Bachelor of Laws (Honours)

Working Experience and Other Information

Damian Williams has 27 years of work experience, of which he was an insurance adjuster for 12 years, an insurance broker for 2 years and the remaining with Allianz General. He joined Allianz General on 1 July 2011 and was appointed as Head of Claims on 1 September 2019 and later promoted to Chief Claims Officer on 1 April 2022.

Damian Williams does not have any interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Senior Management Team Profile
as at 21 March 2024

Tammy Lee Mui Kim
Chief Claims and Health Solutions Officer of Allianz Life

Age	Nationality	Gender
54	Malaysian	Female

Qualifications
- Diploma in Secretarial Studies
- Advance Diploma in Secretarial Studies
- Advance Diploma in Marketing & Management

Working Experience and Other Information
Tammy Lee Mui Kim ("Tammy") has 30 years of work experience, of which 26 years have been involved in the insurance industry focusing on Health Claims. She joined Allianz Life on 12 July 2019 and was appointed to Chief Claims and Health Solutions Officer position on 1 July 2021.

Tammy does not have any interest in the shares of the Company or its subsidiaries.

She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company
Nil

Ooi Haw Yun
Chief Product Officer of Allianz Life

Age	Nationality	Gender
41	Malaysian	Male

Qualifications
- Bachelor of Science in Actuarial Science
- Associate of Society of Actuaries

Working Experience and Other Information
Ooi Haw Yun has 18 years of work experience, of which 18 years have been in the insurance industry. He joined Allianz Life in 2013. He assumed the Chief Product Officer role on 1 January 2020.

Ooi Haw Yun does not have any interest in the shares of the Company or its subsidiaries.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company
Nil

Senior Management Team Profile

as at 21 March 2024

Felicia Lee Chi Kwan

Deputy Chief Financial Officer of Allianz General

Age	Nationality	Gender
57	Malaysian	Female

Qualifications

- Fellow of The Association of Chartered Certified Accountants (United Kingdom)
- Chartered Accountant (Malaysia) of Malaysian Institute of Accountants

Working Experience and Other Information

Felicia Lee Chi Kwan ("Felicia") has 33 years of work experience, of which 31 years have been in the insurance industry. She joined the Company in 2005, and assumed the position of Head of Finance of Allianz General on 1 November 2010. She was appointed as Deputy Chief Financial Officer of Allianz General on 1 April 2022.

Save for holding 100 ordinary shares and 100 irredeemable convertible preference shares in the Company, Felicia Lee does not have any other interest in the shares of the Company or its subsidiaries.

She does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past five years, other than traffic offences, and has not been imposed any penalties by the relevant regulatory bodies during the financial year 2023.

Directorship in Public Company

Nil

Corporate Governance Overview Statement

The Board of Directors takes the helm to promote sustainability values in business strategies towards long-term value creation.

This Statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and with guidance from the key corporate governance ("CG") principles as set out in the Malaysian Code on Corporate Governance issued on 28 April 2021 ("Code"). This Statement is to be read together with the CG Report of Allianz Malaysia Berhad ("Company") for financial year ended 31 December 2023 ("FY 2023"), available on the Company's website at www.allianz.com.my/corporate-governance.

The Corporate Governance Culture

The Board of Directors ("Board") and the Management are cognisant that CG is a continuous journey to foster long-term sustainability of the Company and its insurance subsidiaries (collectively referred to as "Group") and CG practices could only be embedded throughout the Group with the collective commitment and support from all levels of employees. With this in mind, constant review and awareness building throughout the Group are undertaken to ensure that CG practices remain robust and relevant to the Group's business.

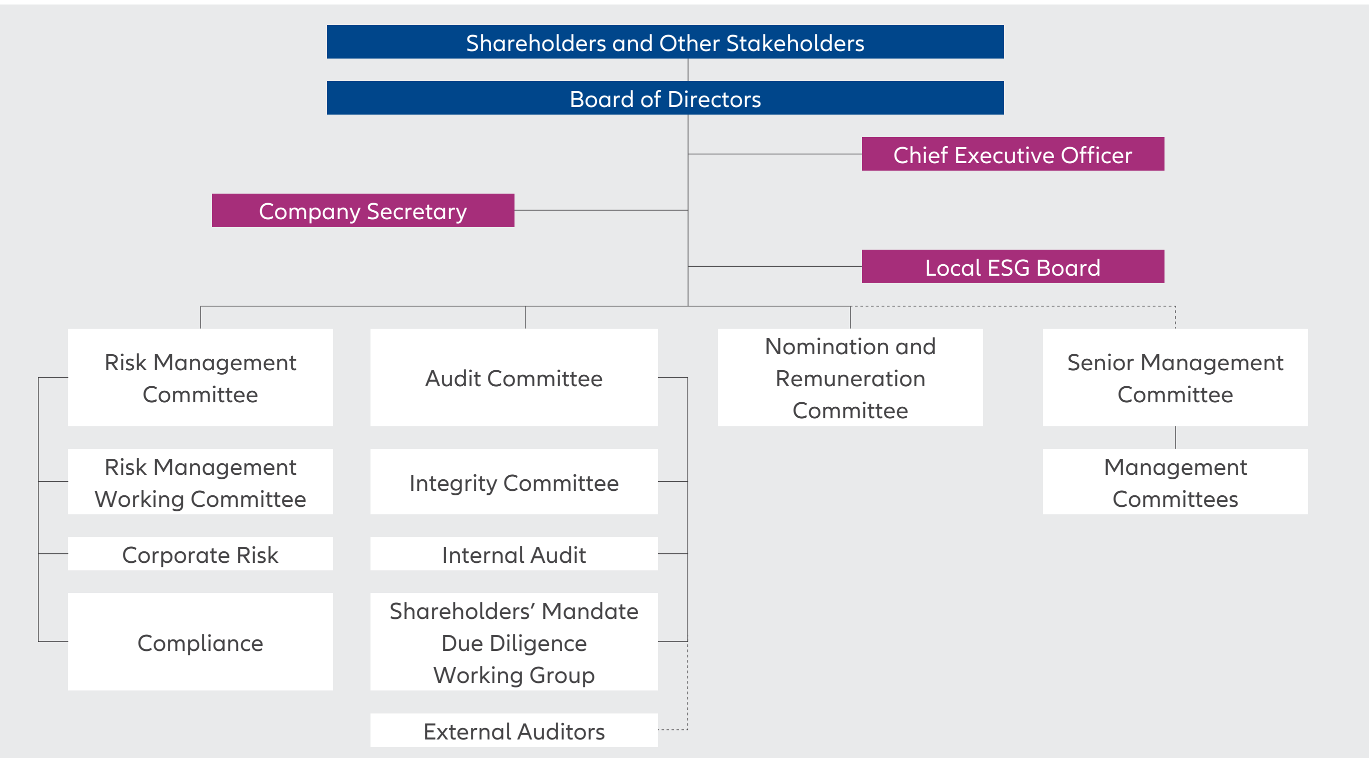
Save for those highlighted in the CG Report, the Company applied/adopted the practices recommended in the Code as at 31 December 2023. A summary of the Company's CG practices is as described below, under each CG principle.

Principle A Board Leadership and Effectiveness

I. Board Responsibilities

The Board is responsible for overseeing the overall affairs of the Company. In order to ensure effective discharge of its functions and responsibilities, distinction must be maintained between the Management's functions and the overall responsibilities of the Board.

The following chart illustrates the CG framework adopted by the Group:-



Corporate Governance Overview Statement

The Board is accountable to the shareholders and therefore exercises its best effort to ensure that the Company is properly managed and constantly improved to deliver sustainable value to the stakeholders of the Company.

The Board plays an active role in the Company's strategic direction and planning, either in long-term growth or in delivering short-term business goals. The strategic planning of the Company is forward-looking and encompasses a three-year action plan to address short-term business goals and long-term economic value creation including strategies on economic, environmental and social considerations.

The Board deliberated on a three-year business plan for 2023 to 2025 with detailed strategies, financial projections, key performance indicators, its execution and challenges faced by the insurance subsidiaries ("Business Plan"), which might have an impact on the dividend income of the Company and approved the Business Plan in November 2023.

A dedicated Board Offsite Strategy Discussion is held annually where the respective Boards of the Group and Senior Management have a deep dive discussion on the strategic directions of the Group.

The Board has in place a Board Charter which encompasses, among others, the Board's roles, duties, responsibilities, powers, code of conduct, division of responsibilities and powers between the Board and the Management, and between the Chairman and the Chief Executive Officer ("CEO") as well as performance evaluation process for the Directors and Board Committees, to serve as a guide or key reference points for the Directors and the stakeholders. The Board Charter is reviewed periodically to ensure that it is in line with internal and regulatory requirements as well as governance best practices.

As part of Allianz SE Group ("Allianz Group"), the Board adopted the Allianz Group Code of Conduct ("COC") for employees and Directors. The COC sets the values and principles that guide the actions of all employees and Directors in fulfilling Allianz Group's purpose – "We secure your future". The COC also reflects the Group's commitment to operate its business sustainably and with integrity.

The Group has also in place the Whistleblowing Policy and Procedures which describes the Group's encouragement for 'speaking-up', avenues for filing a concern and handling of whistleblowing incidents by the employees and external party or insurance intermediary. The Group has also established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breach of the COC, laws, regulations, orders or internal rules. All whistleblowing incidents in the Group are assessed confidentially by the Integrity Committee and the findings are reported to the Audit Committee.

The Board plays a crucial role in overseeing and staying informed about all of the Group's innovation initiatives. The respective Boards are responsible for approving the Product Development Management Frameworks of Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life"), which are reviewed periodically. The CEOs of Allianz General and Allianz Life are responsible for the development of new and existing products with the support from the respective Management Committees namely Allianz General's Profitability Committee and Allianz Life's Product and Market Committee. The Board is updated on the development of new and existing products by the Management periodically.

The IT & Digital Steering Committees chaired by the respective CEOs of the Group, oversee the IT and digital innovation. Their recommendations and proposals with regard to IT-related expenditure, technology-related policies and matters related to Internet Insurance, as well as the progress of approved IT and digital programs/projects were tabled to the Risk Management Committee and the respective Boards for approval. This oversight process ensures that innovation is promoted and enabled throughout the Group's operations and business in a comprehensive manner.

Furthermore, the Board takes cognisance of the Group's culture through periodic reviews of Allianz Engagement Survey results, such as the Employee Engagement Indices ("EEI"), the Work Well Index+ ("WWI+"), and the Inclusive Meritocracy Index ("IMIX"). The results of these engagements are embedded within the performance evaluation criteria of the Key Responsible Persons ("KRPs"), as discussed further in the Remuneration section of this Statement.

Board Support

The Board is supported by the Company Secretary, who is qualified pursuant to Section 235 of the Companies Act 2016. The Board has direct access to the advice and services of the Company Secretary who plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures, and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best CG practices.

Corporate Governance Overview Statement

Board and Board Committee Meetings

The Board and Board Committee Meetings are conducted in accordance with a structured agenda approved by the respective Chairmen. The agenda, together with the minutes and meeting papers are circulated electronically to the Directors at least one week prior to the meetings to accord sufficient time for the Directors to review and consider issues to be discussed at the meetings. In order to ensure the efficient flow of information between the Board and Management, the decisions made at the Board and Board Committee Meetings are circulated to the Directors, CEO and the relevant project owners no later than two working days after the conclusion of the respective Meetings.

The Board and Board Committee Meetings are conducted in a hybrid mode where options are offered to the Directors and other attendees to participate in the meetings virtually or physically.

The Board discharged their roles and responsibilities in accordance with the Board Charter. The Board in the course of carrying out its duties had set up Board Committees and delegated specific authority to the Board Committees as per the terms of reference as approved by the Board.

The Directors view their attendance at the Board and Board Committee Meetings seriously in discharging their responsibilities, and are required to observe the attendance requirement of at least 50% in each financial year as provided in the Board Charter, in line with the regulatory requirements. All Directors of the Company attended all Board and Board Committees Meetings in FY 2023.

In addition to the scheduled Board and Board Committee Meetings, the Directors engage the Management regularly.

The Directors devoted sufficient time to attend the respective Board and Board Committee Meetings held in FY 2023 detailed as follows:-

	Board	Board Committee		
	Company	AC	RMC	NRC
Independent Non-Executive Directors ("INEDs")				
Peter Ho Kok Wai	6/6	6/6	4/4	
Goh Ching Yin	6/6	6/6	4/4	5/5
Gerard Lim Kim Meng[1]	6/6	6/6		0/0
Tan Sri Datuk Zainun Binti Ali	6/6			
Dr. Muhammed Bin Abdul Khalid	6/6		4/4	5/5
Lim Tuang Ooi			4/4	
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz[2]	6/6			5/5
Non-Independent Non-Executive Directors ("NINEDs")				
Zakri Bin Mohd Khir	6/6			
Anusha A/P Thavarajah	6/6			

Notes:
AC Audit Committee
RMC Risk Management Committee
NRC Nomination and Remuneration Committee

Chairman
Member
Non-Member

[1] Appointed as member and Chairman of NRC on 28 November 2023. There was no NRC meeting held after his appointment.
[2] Retired as an INED of the Company and Chairman of NRC on 27 November 2023.

Corporate Governance Overview Statement

Board Training and Development

The Directors commit to on-going education and professional development.

During FY 2023, the following trainings had been organised internally for the Board:-

1. Allianz Integrated Reporting Capability Building Workshop
2. Fair Treatment of Financial Consumers
3. E-Invoicing and Transfer Pricing
4. Cloud and Cyber Security Awareness

In addition, newly appointed Directors of the Company are required to attend the Mandatory Accreditation Programme ("MAP") and in-house orientation programmes organised by the Company.

The Securities Commission Malaysia and Bursa Malaysia Securities Berhad had on 6 June 2023 announced the roll out of a new mandatory onboarding programme on sustainability known as MAP Part II – Leading for Impact. As at the date of this Statement, four out of seven Directors of the Company had completed the said programme.

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

The list of training programmes, seminars and conferences attended by the Directors in FY 2023 is disclosed in the CG Report.

The NRC was satisfied with the training programmes/courses attended by the Directors of the Group for FY 2023.

Governing Sustainability

The Board promotes sustainability through its strategic oversight and integration of sustainability considerations in the decision-making process and operations of the Group. This entails taking a holistic view of how the Group creates value and the economic, environmental, social, and governance ("ESG") impacts on its stakeholders. With increasing ESG expectations from stakeholders across the global financial landscape, the Group continues to strengthen its sustainability governance.

The Local ESG Board comprising of top management is responsible for decision-making on ESG topics across the Group. A cross-functional ESG Taskforce with representation from across the Group was established to support the Local ESG Board. The Local ESG Board serves as a forum to encourage the implementation of sustainability measures in multiple work streams, mainly operations, insurance and investments. The same also applies to enabling functions of sustainable strategy, risk and opportunities, culture and communications.

The Group has been monitoring and reporting its sustainability approach within its annual report for over a decade. This included its environmental performance, contributions to society, and employee relations, among others. The Group's sustainability approach is also communicated across the organisation through knowledge-sharing, training, internal communications, and as part of the Group's Employer Value Proposition, among others, to build an internal culture that embraces and supports sustainability priorities. Sustainability targets, forms part of the overall company strategies and business plan and the same have been incorporated into the performance evaluation of the CEO and Senior Management.

The Sustainability Department and Local ESG Board regularly reports to the respective Boards and Senior Management Committees of the Group to keep them informed and apprised of latest developments and trends relating to sustainability topics of the Group. Sustainability matters are also discussed at the Board and relevant Board Committees. An in-house orientation programme on sustainability topics has been organised for newly appointed Directors of the Group to ensure they have sufficient understanding of sustainability issues that are relevant to the Group and its business. The Directors also attend trainings concerning sustainability topics for their continuous development.

The Group's sustainability approach can be found in the **Progressing Our Sustainability Agenda** of this Integrated Annual Report ("IAR").

Corporate Governance Overview Statement

II. Board Composition

The Board composition of the Group is structured to encourage objective and independent deliberation, review and decision-making. The Board comprised entirely of Non-Executive Directors ("NEDs") with a majority of INEDs as at 31 December 2023.

The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. The size and composition of the Board shall be appropriate and well balanced to cater for the interest of the majority and minority shareholders as well as the business of the Company. Membership of the Board will be drawn from various fields as may be determined by the Board from time to time with a balance of skills and experiences appropriate to the business of the Company.

As at 31 December 2023, the Board recorded 29% female Directors, made up of two female Directors out of a total of seven Directors on the Board. The Board is committed to fulfill the requirement of 30% female Directors on the Board as recommended by Practice 5.9 of the Code by second half of 2024.

The Board's diversity of the Company as at 31 December 2023 is presented in the charts below:-

Board Experience and Expertise

- Finance, Accounting and Audit
- Banking and Insurance
- Governance
- Information Technology
- Legal and Regulatory
- Leadership
- Risk Management
- Actuarial
- Economics

The profiles of the Directors are set out in the **Board of Directors' Profile** of this IAR.

The Group adopted a tenure policy of not exceeding a consecutive service of nine years for the INEDs. Computation of the service tenure will commence from the date of the INED's first appointment in any company within the Group. Upon completion of the nine years tenure, the INEDs may, in the interest of the Company, continue to serve on the Board but in the capacity of a NINED, subject to the evaluation of the NRC and approval from the Board. The abovementioned policy is included in the Board Charter, which is published on the Company's website.

Tunku Zain Al-'Abidin Ibni Tuanku Muhriz retired as an INED of the Company on 27 November 2023, upon serving a consecutive period of nine years on the Board. Save for Tunku Zain Al-'Abidin Ibni Tuanku Muhriz, none of the INEDs of the Company has served a cumulative term of nine years during FY 2023.

Corporate Governance Overview Statement

Board Appointments and Evaluation Process

The Group has in place the evaluation process and procedures for appointment and re-appointment of Directors. Nomination of candidate for appointment as Director will be evaluated by the NRC. The NRC in making its recommendation on candidates for directorship, considers the fit and proper criteria prescribed by Bank Negara Malaysia ("BNM"), Group's Fit and Proper Policy and Procedure for KRPs as well as among others, the candidate's skill, knowledge, competencies, expertise, experience, professionalism, contribution, performance and diversity of the Board. The Group also takes into consideration the common directors' requirement of BNM guidelines when determining the composition of the Board.

The NRC conducts an annual assessment of the performance and effectiveness of the Board, Board Committees and the contribution by each Director to the effectiveness of the Board and Board Committees. The NRC also conducts performance evaluation on Board members of the Group who are subject to re-appointment and re-election. An independent consultant is engaged at least every three years to facilitate objective and candid Board evaluations.

In FY 2023, Deloitte Business Advisory Sdn Bhd ("Deloitte") was engaged to facilitate the conduct of Board Performance Assessment ("BPA") for the Group. The BPA was rolled out by Deloitte in fourth quarter of 2023 which covered the following assessment areas:-

(a) Board Governance and Oversight;
(b) Board Processes and Infrastructure;
(c) Board Capabilities Assessment;
(d) Self and Peer Assessment;
(e) Fit and Proper Assessment;
(f) Independence Assessment;
(g) AC Assessment;
(h) NRC Assessment; and
(i) RMC Assessment.

The analyses on the assessment of the Board, Board Committees and individual Directors were received in February 2024. The Board's overall score for the BPA was 93%, above the market average score of 88%, ranged from a cross-section of sectors, amongst others, include property, financial institutions, financial services, technology, and healthcare. The performance of the Board Committees was relatively strong against comparator entities with the AC, NRC and RMC scored 88%, 89% and 87% respectively.

The NRC and the Board will further evaluate the recommendations arising from the BPA, in the second quarter of 2024.

III. Remuneration

The Board has in place a remuneration policy for Directors. The remuneration of the Board is reviewed by the NRC based on the remuneration policy approved by the Board.

The composition of Directors' remuneration consists of Directors' fees, allowances and benefits payable to the Chairman and NEDs of the Group (excluding Nominee Directors of Allianz SE).

The Board approved that a review on the Directors' fees shall be carried out once in every three years. Therefore, an independent consultant, Deloitte was engaged by the Board to conduct remuneration review for the NEDs to determine the level of composition of remuneration of NEDs taking into account the complexity of the Company's business and the responsibilities of NEDs vis-a-vis the business strategy and long-term objectives of the Company.

The details of the remuneration received by the Directors in FY 2023 are disclosed under Practice 8.1 of the CG Report.

The shareholders of the Company had at the 49th Annual General Meeting ("AGM") held on 22 June 2023 approved the payment of Directors' fees as well as benefits payable for the period from 23 June 2023 until the next AGM of the Company in 2024. Further information on the Directors' remuneration is detailed in the Notice of 50th AGM of this IAR.

The Group has in place the Allianz Malaysia Group Policy for Remuneration ("Remuneration Policy") for the employees, which is in line with the Group's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance. The Remuneration Policy forms a key component of the governance and incentive structure through which the Board and Senior Management drive performance, convey acceptable risk-taking behaviour and reinforcing the Group's corporate and risk culture.

To ensure the KRPs are aligned with the Group's short-, medium-, and long-term business objectives, their individual performance are evaluated using selected key performance indicators ("KPIs"), each of which are linked to the Group's strategic pillars. Please refer to **How We Create Value** section of this IAR for more information.

An overview of some of these KPIs are as follows:-

Value Creation

- Operating profit
- Return on Equity
- New Business Value
- Capital/Expense Management
- Customer Growth
- Strategic initiative to drive productivity growth

Sustainability

- Customer: Net Promoter Score
- Employee Engagement: EEI, IMIX and WWI+
- Operations: Greenhouse gas emissions and renewable energy

Leadership Contribution

- Regulatory discipline enforcement
- Operational, compliance and legal risks

Each KPI is deliberated based on the Business Plan and are set over the short-, medium-, and long term (one to three years and beyond) business objectives. The performance of the KRPs is evaluated based on their alignment with the People Attributes, reflecting the Group's commitment to its culture and values.

The Terms of Reference of the NRC and the Remuneration Policy are published under the CG section on the Company's website.

Principle B Effective Audit and Risk Management

I. Audit Committee

During the FY 2023, the AC composed wholly of INEDs and is chaired by Peter Ho Kok Wai. The AC members bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and background and as a whole, have competence relevant to the sectors in which the Group operates.

The AC conducts annual assessment on the External Auditors based on the criteria as prescribed under Paragraph 15.21 of the Listing Requirements as well as BNM's guidelines on appointment of External Auditors. The AC also evaluates and recommends to the Board on the proposed appointment of the engagement partner and the concurring partner, ensuring there is a rotation of the said partners at least once in every five years.

In ensuring the independence of the External Auditors, significant attention is directed toward the appropriateness of the External Auditors to perform services other than statutory/financial audit. The Group has in place the Policy on Audit and Non-Audit Services Provided by External Auditors to ascertain that the independence and objectivity of the External Auditors are not compromised.

The Terms of Reference of AC and the Policy on Audit and Non-Audit Services Provided by External Auditors are published under the CG section on the Company's website.

Corporate Governance Overview Statement

II. Risk Management and Internal Control Framework

The Board is fully committed to ensure that effective risk management and internal control systems are in place within the Group and continuous reviews are undertaken to ensure adequacy and integrity of these systems. In this regard, the Board entrusted the AC and RMC with responsibilities on the risk management and internal control functions of the Group. The RMC comprised exclusively of INEDs during FY 2023 and is chaired by Lim Tuang Ooi, an INED of Allianz General, a wholly-owned subsidiary of the Company.

The RMC drives the risk management framework of the Group and reports quarterly to the respective Boards of the Group on its recommendations and/or decisions. The Risk Management Working Committee ("RMWC") is established at the management level of the respective insurance subsidiaries and serves as a platform for two-way communication between the Management and the RMC on matters relating to risk strategy and management. Through the quarterly reporting from RMWC, the RMC consolidates the status of the risks of the respective companies and reports to the respective Boards for consideration.

The Group has in place a Risk Management Framework Manual ("RMFM") which outlines the guiding principles of the risk management approach, structure, roles, responsibilities, accountabilities, reporting requirements as well as the risk identification, evaluation and monitoring process. The RMFM is in compliance with the relevant requirements of the guidelines and/or policies issued by BNM and Allianz Group.

The Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders' investments, the Group's assets, the interest of customers, regulators, employees and other stakeholders.

Further information with regard to the risk management and internal control framework is presented in the **Statement on Risk Management and Internal Control** of this IAR.

The Terms of Reference of RMC is published under the CG section on the Company's website.

Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. Engagement with Stakeholders

The Board is mindful that timely and easy accessibility to information is crucial for shareholders and stakeholders to make informed decisions. The Company has leveraged on information technology to disseminate information where all levels of stakeholders are able to access information more effectively and conveniently. The information is disseminated through the publication of quarterly report, the annual report, corporate announcement through Bursa LINK, quarterly briefing with analysts, press release, corporate website and social media platforms.

The Corporate Communications Department manages the relationship between the Group and its stakeholders and controls the flow of information in relation to strategy, finance, communication and marketing of the Group.

The Senior Management comprising the CEO, Chief Financial Officer ("CFO") and Chief Operations Officer of the Company holds quarterly briefings for fund managers and research analysts to report on the quarterly performance, business development and progress of the Group. The quarterly briefings also serve as a platform of dialogue between the fund managers and research analysts with the Senior Management of the Group, where the fund managers and research analysts are able to raise questions and seek clarification from the Senior Management on pertinent issues relating to the Group. In addition, the Senior Management also engages with analysts and fund managers where necessary to provide an overview of the Group's operations and business prospects.

The Group encourages enquiries and feedback through the Investor Relations platform, and the contact details are available on the Company's website.

The Group had in 2022 engaged an external consultant, EY Consulting Sdn Bhd to support its journey towards full adoption of integrated reporting. The Group's progress towards integrated reporting can be seen in the **How We Create Value** section of this IAR.

II. Conduct of General Meetings

The Notice of the 49th AGM was despatched to shareholders on 28 April 2023, 53 clear days prior to date of the 49th AGM held on 22 June 2023, well in advance of the 28 days' notice recommended by the Code, to provide sufficient time for the shareholders to review the Group's financial and operational performance and to evaluate the resolutions tabled at the AGM, as well as to enable the shareholders to make the necessary arrangement to attend the AGM.

As part of the Company's effort to facilitate effective communication, the Notice of 49th AGM, circular to shareholders, proxy form and administrative details for the 49th AGM were published on the Company's website under the Investor Updates section.

The 49th AGM of the Company was held virtually from the broadcast venue, Aloft Kuala Lumpur Sentral on 22 June 2023 via Remote Participation and Voting facilities ("RPV"), which were available on TIIH Online website at https://tiih.online.

The members or proxies ("Participants") were given opportunities to submit questions to the Company since the issuance of the Notice of 49th AGM, via TIIH Online website, or email to the Investor Relations of the Company. The Participants could also submit their questions through RPV during the 49th AGM.

The 49th AGM was conducted via RPV which facilitates real-time interaction of Participants with the Board and Senior Management. The questions posed by Participants prior to and during the AGM were projected on the screen to all Participants during the meeting and responded by the Board and Senior Management.

At the 49th AGM, the CEO of the Company and Allianz General presented the highlights of the general insurance business and how the Group embed sustainability into its business followed by the presentation by the CEO of Allianz Life on the highlights of the life insurance business. The CFO of the Company and Allianz Life was then invited to present the 2022 financial highlights of the Group and the financial results of the Company as of 31 December 2022 and first quarter of 2023 following the implementation of Malaysian Financial Reporting Standards ("MFRS") 9 – Financial Instruments and MFRS 17 – Insurance Contracts.

The participation was encouraging with a total of 304 Participants, representing approximately 80.77% of the total issued ordinary shares of the Company, registered via RPV at the 49th AGM. Majority of the questions received from the Participants were related to the Group's business and performance.

The 49th AGM poll results were validated by Mega Corporate Services Sdn Bhd, an independent scrutineer appointed by the Company. Upon the completion of poll results validation, the Chairman of 49th AGM declared that all resolutions were carried.

The questions received from the Participants prior and during the 49th AGM together with the Company's responses thereto, minutes of the 49th AGM detailing the meeting proceedings were published on the Company's website under the Investor Updates section on 28 July 2023, within 30 business days from the date of the 49th AGM.

Key focus areas and future priorities

For FY 2024, the following areas are the key focus of the Board:-

(a) Board succession planning taking into account of Board's skill set, diversity and experience.

(b) Enhancing sustainability integration throughout the Group's operations and value chain.

This Statement was approved by the Board on 1 April 2024.

Audit Committee Report

Roles of the Audit Committee ("AC")

AC carries out its duties and responsibilities in assisting the respective Boards of the Allianz Malaysia Berhad ("AMB" or "Company") and its insurance subsidiaries (collectively referred to as "Group") in their oversight, amongst others, as follows:-

- Support the Board in ensuring that there is a reliable and transparent financial reporting process
- Monitor and evaluate the performance and effectiveness of the external and internal audit functions
- Assess the internal control environment
- Review and report to the Board of conflict of interest situations and related party transactions ("RPTs")

The main roles and responsibilities of the AC are set out in its written Terms of Reference, available on the Company's website at www.allianz.com.my/corporate-governance

The AC for the Group is centralised at the holding company level.

Composition

The AC as at the date of this report comprises the following Independent Non-Executive Directors:-

Members

Peter Ho Kok Wai (Chairman - Independent Non-Executive Director)	**Goh Ching Yin** (Independent Non-Executive Director)	**Gerard Lim Kim Meng** (Independent Non-Executive Director)

The composition of the AC is in compliance with the following requirements:-

(a) Paragraph 15.09(1)(a) and (b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") which states that the AC must be composed of not fewer than three members and that all the AC members must be non-executive directors, with a majority of them being independent directors.

(b) Paragraph 15.09(1)(c)(i) of the Listing Requirements which requires at least one member of the AC to be a qualified accountant.

(c) Practice 9.1 of the Malaysian Code on Corporate Governance ("Code") that the Chairman of the AC is not the Chairman of the Board.

(d) Step-up Practice 9.4 of the Code that AC comprises solely of independent directors.

The Independent Non-Executive Directors fulfilled the criteria of independence as defined in the Listing Requirements. None of the AC members are directly responsible for, or part of any committee involved in, the management functions of the Group.

The AC members bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and background and as a whole, have competence relevant to the sectors in which the Group operates.

The AC Chairman, Peter Ho Kok Wai is a Member of the Malaysian Institute of Accountants, Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants. He has more than 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. As the Chairman of AC, he is known to harness his wealth of financial, accounting and auditing experience in leading the AC.

Audit Committee Report

Goh Ching Yin, a member of AC, has led a rich career that spans 39 years in strategic leadership and management positions in capital market regulations, investment banking, regional business development, strategic consultancy, corporate recovery and insolvency, and auditing. He holds a Master of Business Administration from the Cranfield School of Management, Cranfield University in 1992.

Gerard Lim Kim Meng, a member of AC, has over 28 years' experience in the Technology, Media and Telecommunications sector with a proven track record in delivering digital solutions for some of the world's largest corporations and even serving within the Malaysian Government's machinery. With his vast experience in the information technology, he provides insight on the information technology related risk as well as enhancement to the internal control in respect thereto. He holds an Executive Master of Business Administration from Open University Malaysia in 2012 and a certificate in Big Data Business Analytics from Harvard Business School in 2017.

The detailed profiles of the AC members are set out in the **Board of Directors' Profile** of this Integrated Annual Report ("IAR").

Annual Performance Assessment

The Nomination and Remuneration Committee ("NRC") reviews the term of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee evaluation.

The NRC conducts an annual assessment of the performance and effectiveness of the Board, Board Committees and the contribution by each Director to the effectiveness of the Board and Board Committees. An independent consultant is engaged at least every three years to facilitate objective and candid Board evaluations.

In the financial year ended 31 December 2023 ("FY 2023"), Deloitte Business Advisory Sdn Bhd ("Deloitte") was engaged to facilitate the conduct of Board Performance Assessment ("BPA") for the Group including the AC. The details of the BPA for FY 2023 are set out in the **Corporate Governance Overview Statement** of this IAR.

The NRC and the Board were satisfied that the AC members have the required skills and competencies to discharge the duties and responsibilities of the AC, and the AC had discharged its functions and duties in accordance with the Terms of Reference of the AC.

Meetings and Attendance of Meetings

The AC held six meetings in 2023 and the AC members' attendance records are outlined in the **Corporate Governance Overview Statement** of this IAR.

The respective Chief Executive Officers ("CEOs") of the Group, the Chief Financial Officers of the Group and the Group Head of Internal Audit Department ("IAD") are permanent invitees to the AC meetings, to assist in the deliberation of matters within their purview. Other members of the Management are also invited to the AC meetings to facilitate discussion on specific agenda items under the AC's purview.

The AC also invites External Auditors to the AC meetings to present their audit plan, financial statements and findings on internal control weaknesses noted during the financial audit. The External Auditors have direct access to the AC Chairman at all times and meet with the AC, without presence of the Management, at least once per annum.

The meetings of the AC are transparent, with all proceedings and actions being recorded and documented. The AC member who has a direct or deemed interest in a proposal or subject matter presented at the AC meeting shall abstain from deliberation and voting on the said proposal or subject matter. After each AC meeting, the Chairman of the AC reports to the respective Boards of the Group on key issues deliberated during the AC meeting. The minutes of the AC, upon confirmation, are presented to the respective Boards of the Group for their information.

Audit Committee Report

Summary of Activities of the AC

During the FY 2023, the AC had carried out the following activities in the discharge of its roles and responsibilities:-

Financial Reporting

(a) Reviewed and recommended the following for the approvals of the respective Boards of the Group:-

(i) The Audited Financial Statements and Directors' Reports ("AFS") of the Company and its insurance subsidiaries for the financial year ended 31 December 2022 ("FY 2022").

(ii) The audited and unaudited consolidated quarterly reports for the financial quarters for the FY 2023 of the Group.

(iii) The AFS and AFS for Investment-Linked ("IL") Funds for the FY 2022 and the Interim Financial Statements for the financial period ended 30 September 2023 ("Interim Review") of the life insurance subsidiary.

(iv) The AFS for the FY 2022 and the Interim Review of the general insurance subsidiary.

(v) The unaudited Interim Financial Statements for the half-year ended 30 June 2023 of the insurance subsidiaries.

(vi) The audited annual returns for the FY 2022 of the insurance subsidiaries.

The review of the AC on the above covers among others, significant and unusual events, the going concern assumption, compliance with accounting standards and other regulatory requirements, material litigation, profit contribution by insurance operations and prospects of the Group.

The Chief Financial Officer/Deputy Chief Financial Officers ("Finance Team") had given their assurance to AC that the financial statements of the respective companies were prepared on a going concern basis and complied with relevant statutory and regulatory requirements.

The External Auditors of the Group, PricewaterhouseCoopers ("PwC") PLT, had given an unqualified opinion on the AFS of the Company and its insurance subsidiaries for FY 2022.

(b) Reviewed and recommended for the approvals of the respective Boards of the Group, the Management Representation Letters to the External Auditors in respect of the statutory audits of the Group and AFS for IL Funds for the FY 2022 of the Company's life insurance subsidiary.

The Management Representation Letters set out the representations made by the respective Boards/ Management on information and/or assumptions presented to External Auditors during the course of their audit, confirming the financial statements have been drawn up to give a true and fair view in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act 2016, the Financial Services Act 2013 and guidelines/circulars issued by Bank Negara Malaysia ("BNM") as well as the Management's responsibilities for the financial statements.

AC also reviewed and recommended for the approval of the respective Boards of the insurance subsidiaries, the respective Management Representation Letters to the External Auditors in respect of the Interim Review of the insurance subsidiaries.

(c) Reviewed and recommended for the approvals of the respective Boards of the insurance subsidiaries, the Actuarial Reports and Audited Reporting Forms in relation to Risk-Based Capital Framework for the FY 2022.

Audit Committee Report

Adoption of MFRS 17, 'Insurance Contract' and MFRS 9, 'Financial Instruments'

(a) Reviewed the quarterly progress of the implementation of IFRS 9 and IFRS 17 by the Management for submission to BNM. The Group has successfully implemented and applies the new accounting standard MFRS 17 and MFRS 9 for the first time for FY 2023.

(b) Reviewed the remaining position paper with respect to the Accounting for Reinsurance Contracts Held under IFRS 17 ("Position Paper"). The Position Paper has been reviewed by the PwC PLT and all audit queries have been cleared in January 2023. AC recommended the Position Paper to the Board of the life insurance subsidiary for approval.

(c) Reviewed and discussed the progress updates and the report on internal control recommendations for MFRS 17 and MFRS 9 Proactive Assurance by PwC PLT ("Assurance Review").

PwC PLT had completed the Assurance Review based on the following phases:-

(i) Phase 1: review of the insurance subsidiaries Technical Accounting Paper for MFRS 17 as well as Opening Balance Sheet as at 1 January 2022 (being the comparative financial statements for the first MFRS 17-compliant financial statements in 2023). The review has been completed in August 2022.

(ii) Phase 2: review of documentation, processes and control. There were no control weaknesses identified by PwC PLT but merely recommendation on documentation and procedural matters, as tabled and discussed at the AC meeting in May 2023.

(iii) Phase 3: review of comparative reporting, comparative testing and financial statements disclosures for 2023. The review has been completed with the tabling of the AFS of the Company and its insurance subsidiaries for the FY 2023 in February 2024 for AC's review.

(d) Reviewed and submitted its recommendations to the Board on the proposed engagement of PwC PLT for the limited review of the consolidated quarterly report of the Company and its insurance subsidiaries for the first quarter ended 31 March 2023 given the publication of the Company's first quarterly report for the first quarter of 2023 prepared under MFRS 17 and MFRS 9, to Bursa Malaysia Securities Berhad by end of May 2023.

External Auditors Related Matters

(A) Audit Plan, Findings and Recommendations

During the FY 2023, the External Auditors attended the AC meetings and reviewed the following matters with the AC:-

(a) the final audit findings of the Group covered significant accounting, auditing and internal control issues following their statutory audit of the Group for the FY 2022. There was no material concern/weakness on internal controls of the Group that warrant the AC's immediate attention.

(b) the respective Management Letters issued by the External Auditors on matters related to system of internal control which came to the External Auditors' attention during the course of their statutory audit of the insurance subsidiaries for the FY 2022 and the respective Managements' responses in relation thereto. AC was satisfied with the responses provided by the respective Managements and recommended the same to the respective Boards of the insurance subsidiaries for approval.

(c) the External Audit Plan of the Group for the FY 2023 which sets out, amongst others, an overview on the areas of audit emphasis identified in response to changes within the Group's business and the reporting requirements during the financial year.

(d) the interim audit findings raised by the External Auditors in their Limited Review and Status Update Report of the insurance subsidiaries and the Management's responses to the audit findings. AC was satisfied with the Management's responses.

(e) Internal Control Recommendations for MFRS 17 and MFRS 9 Proactive Assurance Report of the insurance subsidiaries and the Management's responses to the recommendations by PwC PLT. AC was satisfied with the Management's responses.

One private discussion was held between AC and External Auditors without the presence of the Management in February 2023 to allow them to express concerns, problems and reservations, if any, arising from their audits.

PwC PLT was satisfied with the cooperation extended to them by the Management during the course of their audit.

Audit Committee Report

(B) Re-appointment of External Auditors

(a) In line with AC's responsibility to review and appoint the External Auditors, AC reviewed the performance assessment of PwC PLT including its engagement partner ("EP") and concurring partner ("CP"), based on the criteria prescribed by the relevant authorities, amongst others, PwC PLT's independence, the adequacy of its experience and resources, the level of knowledge, capabilities, experience and quality of previous work, level of engagement, ability to perform the audit work within the agreed timeframe, adequacy in audit coverage, effectiveness in planning and conduct of audit, ability to provide constructive observations and independence.

In February 2023, AC undertook an annual assessment on the performance of PwC PLT, including its EP and CP. The assessment on the performance of PwC PLT based on the criteria prescribed by the relevant authorities had been performed by the Finance Team of the respective companies within the Group. The Finance Team of the Group were satisfied with the work delivered by PwC PLT and recommended the re-appointment of PwC PLT as External Auditors for the FY 2023 based on the following rationales:-

(i) PwC PLT is familiar with the local insurance industry and they are also the external auditors of Allianz SE Group ("Allianz Group").

(ii) In view of the above, PwC PLT would be able to provide effective co-ordination of the audits between the companies within the Group as well as between the Group and Allianz Group.

(iii) PwC PLT met the criteria for appointment, as specified by BNM.

(iv) PwC PLT completed the Group's 2022 audit satisfactorily.

PwC PLT confirmed that, for the audit of the financial statements of the Company and its insurance subsidiaries for the FY 2023, PwC PLT maintained its independence in accordance with the firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

AC deliberated on the evaluation and recommendation of the Finance Team and concurred with the Finance Team's evaluation and recommendation to re-appoint PwC PLT as the External Auditors for the Group, and recommended the re-appointment of PwC PLT as the External Auditors for the Group for the FY 2023 for the respective Boards' approval.

AC also ensures that there is a rotation on the EP and the CP at least once in every five years. During the FY 2023, AC reviewed the proposed re-appointment of EP and CP for the Group. AC satisfied that the EP and the CP met the qualification criteria as prescribed by BNM. AC therefore recommended the re-appointment of EP and CP for the Group for the respective Boards' approval.

(b) Reviewed the scope of work and the audit fees of the Group for the FY 2023 ("2023 Audit Fees") and recommended the same for the respective Boards' consideration.

(c) The 2023 Audit Fees for the Company and the Group are as set out below:-

	Group RM'000	Company RM'000
Statutory Audit Fees	1,470	220
Other Audit Related Fees	1,376	380

(d) Reviewed and recommended the following proposals for the approval of the respective Boards of the Group:-

(i) the re-appointment of PwC PLT to review the Statement on Risk Management and Internal Control ("SORMIC") of the Company for the FY 2023;

(ii) the engagement of PwC PLT to perform agreed-upon procedures in relation to the reporting to Motor Insurers' Bureau of West Malaysia for the general insurance subsidiary for FY 2022;

Audit Committee Report

(iii) the engagement of PwC PLT to perform Interim Review on the insurance subsidiaries; and

(iv) the engagement of PwC PLT to perform Limited Assurance on selected sustainability information in the Sustainability Report of the Company for FY 2023.

(C) Provision of Non-Audit Services by the External Auditors

AC is required to ensure proper check and balances are in place so that provision of non-audit services by the External Auditors do not interfere with their exercise of independent judgment. In this regard, the Policy on Audit and Non-Audit Services Provided by External Auditors ("Audit and Non-Audit Policy") was put in place to govern the professional relationship between the Group and its External Auditors in relation to audit and non-audit services. The Audit and Non-Audit Policy aims to ensure that the independence and objectivity of the External Auditors are not compromised.

During the year under review, AC recommended the below mentioned non-audit services and their respective fees for the respective Boards' approval ("Non-Audit Services & Fees"). The Non-Audit Services & Fees were approved by the respective Boards of the Group during the FY 2023:-

	Subsidiaries RM'000	Company RM'000
Non-Audit Fees		
• Review of interim financial information for the Interim Review for the insurance subsidiaries	226	-
• Review of SORMIC	-	10
• Review of selected sustainability information in the Sustainability Report of the Company	-	370

The total non-audit fees of the Group for the FY 2023 amounted to RM606,000.

Please refer to www.allianz.com.my/corporate-governance for the Audit and Non-Audit Policy.

RPTs

(a) During the FY 2023, AC reviewed and deliberated on RPTs taking into account the nature and underlying details of the transactions, and compliance with local laws and regulatory requirements in relation to RPTs. AC also reviewed recurrent RPTs ("RRPTs") including renewal of existing RRPTs for inclusion in shareholders' mandate for the ensuing year in accordance with the internal authority limits approved by the Board and recommended to the Board for consideration.

(b) All RPTs and RRPTs were reviewed by the Shareholders' Mandate Due Diligence Working Group ("DDWG") prior to the said transactions being presented to AC or respective CEOs for consideration. The DDWG reviewed all RPTs and RRPTs and submitted its recommendations to AC or respective CEOs based on the criteria, including but not limited to the following:-

(i) transaction prices or contract rates;
(ii) justification on the charging basis;
(iii) compliance with the requirements under the applicable tax laws including transfer pricing guidelines issued by the relevant authority;
(iv) terms and conditions of the contract;
(v) efficiency, quality, level of service and/or expertise and/or technical support provided;
(vi) benefits arising from the services/products;
(vii) satisfactory past year experience and working relationship; and
(viii) in respect of the insurance activities, pursuant to reinsurance, underwriting and treaty arrangements entered into between relevant parties.

AC reviewed the RPTs and RRPTs within its purview to ensure that they were carried out at arm's length and on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders of the Company. Subsequently, the AC submitted its recommendation to the respective Boards for consideration. The AC also reviewed and recommended the announcement in respect of the renewal of shareholders' mandate for RRPTs, for the Board's approval.

None of the AC member has a direct or deemed interest in the RPTs and RRPTs presented at the AC meetings during the financial year under review.

Audit Committee Report

AC also reviewed the list of RPTs entered into by the insurance subsidiaries for the periods from 1 January 2022 to 31 December 2022 and from 1 January 2023 to 30 June 2023 which were submitted to BNM.

During the FY 2023, the AC reviewed the review procedures for RRPTs and made minor editorial amendments to the said review procedures ("Revised Review Procedures"). The AC was of the view that the Revised Review Procedures are sufficient to ensure that the RPTs/RRPTs are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, and the Group has in place adequate procedures and processes to monitor, track and identify RPTs/RRPTs in a timely and orderly manner. In view thereof, AC approved the AC Statement in respect of the Revised Review Procedures for inclusion in the Circular to shareholders in relation to the renewal of shareholders' mandate for RRPTs.

(c) AC reviewed the disclosure of RRPTs outstanding amount due from related parties ("Outstanding Amount") including the Management's action plan to collect the Outstanding Amount as well as the Management's view on the recoverability of the Outstanding Amount (collectively referred to as the "Outstanding Amount Disclosure"), and agreed with the Management's view and action plan in relation thereto. AC having satisfied that the Outstanding Amount Disclosure met the disclosure requirements of Bursa Malaysia Securities Berhad, resolved that the same be recommended for the Board's approval.

(d) In ensuring that RPTs and RRPTs have been carefully reviewed, AC reviewed the disclosures of the directorships and shareholdings held by Directors on a half yearly basis or when the changes occurred.

Internal Audit Related Matters

(a) In its oversight over the Internal Audit function, AC had approved the Group's five-year (2024 – 2028) Internal Audit Plan. The said five-year Internal Audit Plan is a dynamic plan and the review will be conducted on an annual basis. AC had also approved the management expenses budget of IAD.

(b) AC reviewed on a quarterly basis, the progress reports of the Group's Internal Audit Plan 2023 ("2023 Plan") to ensure that the 2023 Plan was on track. The 2023 Plan was developed based on annual risk assessment. The AC also discussed the progress reports on various outstanding audit findings. AC noted that the 2023 Plan has been fully executed.

(c) The various Internal Audit Reports and Internal Assessment Reports covering core operations, non-core operations and information technology were tabled for deliberations at AC meetings. The system of internal control over the audited areas, including Management oversight, were found to be adequate or with moderate shortcomings. Lapses/shortcomings reflected in the reports were deemed not significant or material and hence did not impact the effectiveness of the Group's overall internal control environment. AC took note that rectification measures were taken to address the audit concerns raised. Where appropriate, AC provided its opinions and directives to improve the existing processes and procedures.

(d) AC reviewed the notification from Perbadanan Insurans Deposit Malaysia ("PIDM") in respect of the Differential Levy Systems Score, levy category and annual levy rate for assessment year 2023 for the insurance subsidiaries. The Return on Calculation of Premiums for submission to PIDM was validated by the IAD.

(e) AC reviewed the results of the self-assessment of the IAD in 2023. The internal audit self-assessment is designed to evaluate the internal audit activity's efficiency, effectiveness and identifies opportunities for improvement. The overall performance of the IAD was rated Satisfactory.

(f) AC reviewed the Annual Audit Report prepared by the Group Head of IAD. The Annual Audit Report provides an overview of the audit function objectives, execution of the 2022 audit plan and follow-up of overdue findings.

(g) AC reviewed and recommended for the approval of the respective Boards, the Allianz Group Audit Policy ("AGAP") version 12.0. AGAP aims to ensure that the organisation and work of the Allianz Group's Internal Audit functions worldwide adhere to a consistent set of minimum rules and operating procedures such that the effectiveness of the controls necessary to achieve the Allianz Group's goals. The gap observed in respect of AGAP version 12.0 with AGAP version 11.0 was on the enhancement of the frequency of engagement with external auditor, where local Internal Audit function is to have quarterly meetings with external auditor. Group Head of IAD had discussed the gap with the External Auditors and agreed on quarterly engagement as required under the AGAP version 12.0.

AC also reviewed the revised Allianz Standard Audit Manual, aligned with the revision of AGAP version 12.0.

(h) AC reviewed and recommended for the approval of the respective Boards, the AGAP version 12.1. The changes in the AGAP version 12.1 were editorial updates for clarity with no impact on the local internal audit function.

(i) In February 2023, AC evaluated the 2022 performance of the Group Head of IAD and submitted its recommendations to the NRC and the respective Boards for review. AC also reviewed the 2023 target letter of the Group Head of IAD and recommended the same for the approval of the NRC and the respective Boards.

(j) The Group Head of IAD had in February 2023 and November 2023 met with AC without the presence of the Management to discuss on key internal controls and internal audit matters. AC also reviewed together with the Group Head of IAD, the resources, staffing and succession plan of the IAD.

Integrity and Ethics

(a) The oversight of whistleblowing and fraud matters of the Group is performed by the Company's Integrity Committee. The Integrity Committee coordinates all activities concerning prevention and detection of fraud and handling of whistleblowing incidents and reports its findings and recommendation to AC.

(b) AC reviewed the findings and recommendations of the Integrity Committee on the updates of reported whistleblowing cases and new whistleblowing cases. There were no material issues reported. AC approved the actions to be taken and the closure of cases as recommended by the Integrity Committee.

(c) AC reviewed the findings and recommendations by the Integrity Committee on the updates of reported fraud cases and new fraud cases discovered by the insurance subsidiaries. There were no fraud cases of material or significant impact detected. AC approved the actions to be taken and the closure of cases as recommended by the Integrity Committee.

Annual Report

(a) Reviewed the SORMIC for the FY 2022 ("2022 SORMIC") prior to the same being submitted to External Auditors for review.

The Management had given assurance that:-

(i) the present risk management framework and internal control system were adequate and effective in mitigating risks to achieve its business objectives; and

(ii) no significant deficiencies had been identified in the design or operation of internal controls that could adversely affect the Group's ability to meet its business objectives.

External Auditors had reviewed the 2022 SORMIC and concluded that nothing had come to their attention that caused them to believe that the 2022 SORMIC, in all material aspects had not been prepared in accordance with the relevant disclosures requirements or were factually inaccurate. Following clearance obtained from the External Auditors, AC recommended for the inclusion of 2022 SORMIC in the Annual Report of the Company for the FY 2022 ("2022 Annual Report") for the Board's approval.

AC also reviewed the Management Representation Letter in relation to 2022 SORMIC and was satisfied with the contents of the same. AC approved the Management Representation Letter for submission to the External Auditors.

(b) AC reviewed and recommended for the approval of the Board, the Chairman's Statement, CEO's Message and Management Discussion and Analysis, AC Report and the Corporate Governance Overview Statement for inclusion in the 2022 Annual Report.

Others

(a) AC reviewed and discussed on the tax audit development of the insurance subsidiaries.

(b) AC reviewed and deliberated on the BNM's 2021 and 2022 supervisory review observations of the insurance subsidiaries and the Management's responses and remediation actions, prior to the same being presented to the respective Boards. AC also monitored the remedial measures to address the findings highlighted in BNM's 2021 and 2022 supervisory review on a quarterly basis.

Audit Committee Report

(c) AC reviewed and recommended for the approval of the respective Boards of the Group, the Allianz Group Accounting and Reporting Policy version 10.0 ("GARP"). GARP defines the framework for the provision of reliable and high-quality financial information by Allianz Group, and shall thus, facilitate the implementation of regulatory and accounting requirements. It aims to minimise any Accounting and Reporting risk to protect Allianz Group's financial stability and reputation. Hence, the GARP outlines the principles for Accounting and Reporting functions and processes in Allianz Group and sets the related governance structure. A gap analysis was performed and there were no material gaps or applications that require adaptation.

(d) AC deliberated on the progress of investigation by Malaysia Competition Commission in respect of the allegation by Federation of Automobile Workshop Owners' Association of Malaysia on Persatuan Insurans Am Malaysia and its members, including the general insurance subsidiary of the Company.

(e) AC reviewed and recommended for the approval of the Board of the general insurance subsidiary, the impairment assessment on bancassurance distribution right as at 31 December 2023. No impairment of the intangible asset was required for FY 2023.

(f) AC reviewed and discussed on the Transparency Report issued by the External Auditors, PwC PLT.

Internal Audit Function

The mission of Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight to the Group.

While the Board is responsible to ensure the establishment of an effective Internal Audit function, the oversight of the function is delegated to the AC. The areas under the AC's purview include amongst others, review of audit scope, audit findings and actions taken by Management, appointment, performance evaluation and succession planning of the Group Head of IAD.

The IAD is independent of business operations and is headed by the Group Head of IAD, who reports directly to the AC and to the CEO administratively.

To ensure that the responsibilities of the internal auditors are fully discharged in accordance with the BNM's guidelines with regard to Internal Audit, International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and other relevant practices and guidelines from Allianz Group/Allianz Regional Audit, the AC reviews the adequacy of the scope, authority of Internal Audit function and resources of the IAD as well as the competency and experience of the internal auditors annually.

Further information on the resources, objectivity, and independence of the Group Head of IAD and internal auditors are provided in the Corporate Governance Report in accordance with Practice 11.2 of the Code.

The IAD carried out its duties in accordance with the Internal Audit Charter ("Audit Charter") and the 2023 Plan, approved by the Board and AC respectively. A review on the Audit Charter was performed against the regulatory and Allianz Group requirements as well as best practices from the Institute of Internal Auditors guidance. Based on the outcome of the review exercise, the existing Audit Charter was adequate to fulfil the local regulatory requirements, and international best practices. Hence, no revision to the Audit Charter is required.

Based on 2023 Plan, the identified key audit areas for 2023 encompassed amongst others, qualitative and emerging risk management, claims management, sales and distribution management, actuarial pricing, policy management and underwriting, sanction, finance – cash transaction and reconciliation, environment, social and governance, strategic & operational marketing and brand & campaign, information technology, as well as regulatory compliance audit such as business continuity management and replacement of policy.

A total of 42 internal audit assignments were carried out during the FY 2023. A total of 39 internal audit and assessment reports generated during the FY 2023 were reviewed and deliberated by AC. There were no significant or material audit findings detected during the FY 2023.

The IAD also established a follow-up audit review to monitor and ensure that audit recommendations have been effectively implemented. The progress reports of the audit observations on remedial measures taken by the Management of the respective companies were tabled at AC meetings on a quarterly basis for AC's review.

The total cost incurred by the IAD in discharging the internal audit functions of the Group for the FY 2023 was RM4.3 million (FY 2022: RM3.7 million).

This AC Report was approved by the Board on 1 April 2024.

Statement of Risk Management and Internal Control

This Statement on Risk Management and Internal Control ("Statement") is made pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") and prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers issued by an industry-led task force in December 2012.

Board Responsibility

The Board of Directors ("Board") is fully committed to ensure that effective risk management and internal control systems are in place within Allianz Malaysia Berhad ("AMB" or "Company") and its insurance subsidiaries (collectively referred to as the "Group") and continuous reviews are undertaken to ensure adequacy and integrity of these systems. While such systems, are designed to safeguard shareholders' investments and the Group's assets, they can only mitigate rather than eliminate the risk of failure to achieve the business objectives of the Group. These systems, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established an on-going process for identifying, evaluating and managing the significant risks encountered by the Group in achieving its business objectives. The process, which is reviewed and updated from time to time to cater for changes in business environment, has been in place throughout the financial year ended 31 December 2023 and up to the date of this Statement.

In discharging its oversight responsibilities in risk management and internal control, the Board is assisted by the Audit Committee ("AC") and Risk Management Committee ("RMC"), which comprises exclusively of Independent Directors. However, the ultimate responsibility for the decision on all matters, lies with the respective Boards.

The AC through the Internal Audit function assists the Board to assess the effectiveness and adequacy of the Group's internal control system. The AC has oversight on the Internal Audit's independence, scope of work and resources. The AC deliberates on key internal audit findings and investigation reports (if any), tabled on a quarterly basis.

The RMC deliberates on the on-going assessment and key risks identified and actions taken to mitigate and/or minimise the risks of the Group. This is to ensure that the key risks are adequately managed and the management process is in place and functioning effectively.

The Board is also informed of the decision and significant issues deliberated and recommendations by the AC and RMC via the reporting of the respective Chairman of AC and RMC as well as the minutes of the AC meetings and RMC meetings tabled at the Board Meetings.

The Chief Executive Officer and the Chief Financial Officer have given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system. For the financial year ended 31 December 2023 and up to the date of this Statement, the Management has not identified any significant deficiencies in the design or operation of risk management and internal controls of the Group that could adversely affect the Group's ability in meeting its business objectives.

Control Structure

The key processes that the Board has established for reviewing the adequacy and integrity of risk management and internal controls of the Group are as described below.

Risk Management Framework

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

The RMFM is in compliance with the relevant requirements of the guidelines and/or policies issued by Bank Negara Malaysia ("BNM") and Allianz SE Group.

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

Statement of Risk Management and Internal Control

Risk Management Framework (continued)

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

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

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

Risk Management function assists the respective Board and Senior Management of the OEs to achieve its strategic goals and objectives by implementing risk management activities and controls across the organisation.

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

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

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

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

The RMC drives the risk management framework of the Group and reports quarterly to the Boards of the OEs on its recommendations and/or decisions. The Risk Management Working Committee ("RMWC") is established at the Management level of the respective OEs and serves as a platform for two-way communication between the Management and the RMC on matters relating to risk strategy and management. Through the quarterly reporting from RMWC, the RMC consolidates the status of the risks and presents them to the respective Board of the OEs for consideration.

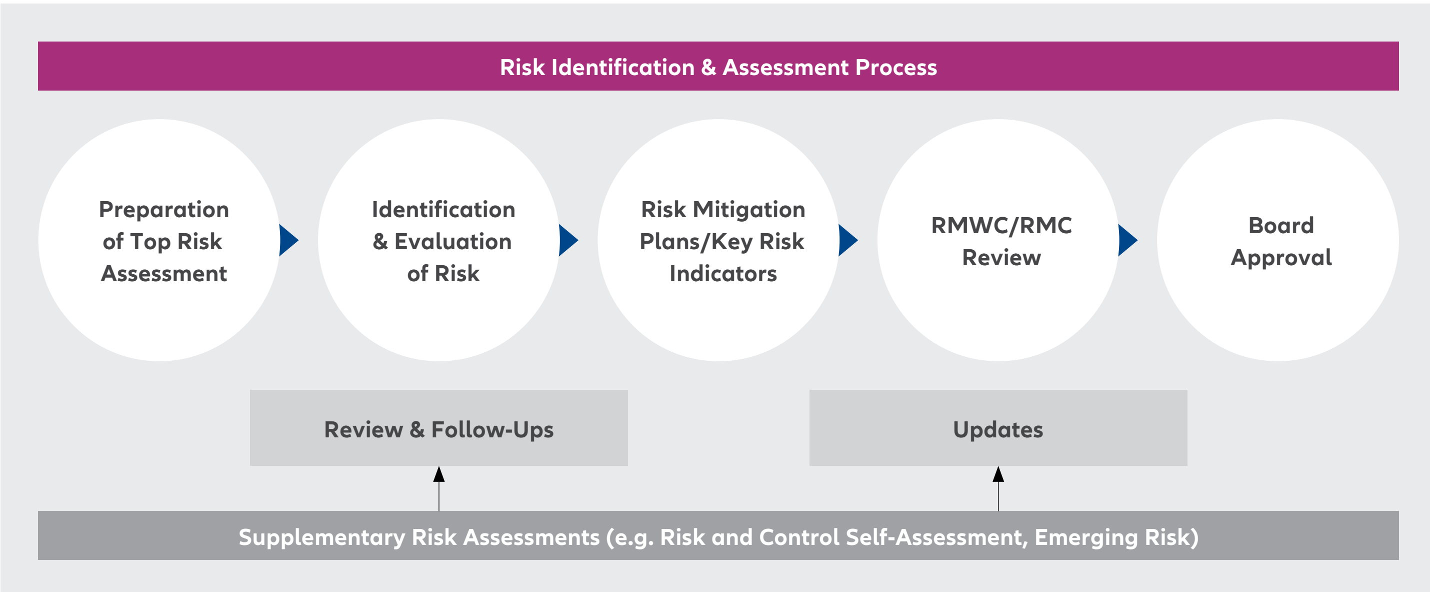
The Governance and Control Committee ("GovCC") supports the respective OEs' Management to fulfil its responsibilities with respect to regulatory governance, organisational and control requirements. The GovCC also provides a platform for structured and institutionalised interaction and collaboration on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

Statement of Risk Management and Internal Control

Risk Management Process

Risk management is considered and managed as part of the daily process of managing and directing the business. These include the implementation of a limit system, various frameworks, manuals and policies.

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



(i) Top Risk Assessment ("TRA")

TRA approach is in place to periodically analyse all material quantifiable and non-quantifiable risks including market, credit, underwriting, business, operational, liquidity, reputational, strategic risks, and also transversal risks such as concentration risks, emerging risks and Environmental, Social or Governance ("ESG") risk.

The Group identifies and remediates significant threats to financial results, operational viability or the delivery of key strategic objectives, regardless of whether they relate to quantifiable or non-quantifiable risks using the approved TRA Matrix. The identified top risks are assessed quarterly by the assigned risk owners; and the same is reviewed by the RMWC and the RMC and approved by the Board. Key risk indicators are also put in place to monitor changes in risk exposure or control effectiveness for the top risks on a quarterly basis. The key risks and their salient points on how the Group manages these risks are set out below:-

Key Risks	Broad Definition	Risk Management Practices
Market	Unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. In particular, these include changes driven by equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities. It also includes changes in market prices due to worsening of market liquidity.	• Investment activity is strictly governed by the pre-approved limits and appetite and monitored through a front end system. Any exception requires pre-approval. • An asset and liability process has been put in place to manage the risks and returns expected from the insurance obligations. • Selectively using derivative to either hedge the portfolio against adverse market movements or reduce reinvestment risk.

Statement of Risk Management and Internal Control

(i) TRA (continued)

Key Risks	Broad Definition	Risk Management Practices
Credit	Unexpected losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments.	• Credit analyses are conducted prior to purchase and regular review on portfolio. • Investment activity is strictly governed by the pre-approved limits to ensure the diversification of investment portfolio in order to minimise the impact of default by any single counterparty. • Only uses pre-approved reinsurance partners with strong credit profiles.
Underwriting	Unexpected financial losses due to inadequacy of premiums for catastrophe and non-catastrophe risks, due to the inadequacy of reserves or due to the unpredictability of mortality or longevity.	• Managed through a comprehensive and strict standard for underwriting limit guidelines. Where necessary, the risk will be surveyed by the loss control engineers. • Regular monitoring of products, assumptions used against actual industry statistics and re-pricing will be considered if necessary. • Adequate reinsurance is purchased and reviewed annually to ensure adequate continuous cover within acceptable appetite and costs. • New products undergo a robust product development process.
Business	Unexpected decrease in actual results as compared to business assumptions, which leads to a decline in income without a corresponding decrease in expenses; this includes lapse risk.	• Regular monitoring of actual experience. • New products undergo a robust product development review process.
Legal and Regulatory	Losses arising from a breach of relevant laws and regulations.	• Trainings will be provided and annual declarations required from all staff. • New guidelines will be published in the Group's staff e-portal and highlighted through e-mails. • Regular reviews are conducted to ensure compliance.
Information Security	Information security breach losses triggered by both information technology ("IT") and non-IT leading to loss of data confidentiality, loss of data integrity, as well as business disruption and loss of availability of services resulting in legal costs, fines, forensic costs, remediation costs, compensation and/or reputation management costs.	• Strict policy and disciplinary action for security breach. • Staff awareness on IT Security and Privacy. • Access Control. • Regular review on User ID access. • Use of virus protection software. • Data Loss Prevention solution. • Conduct of Annual Penetration Testing by independent party to detect possible external and internal vulnerabilities. • IT security controls in place, such as Firewall, Malware Protection and Distributed Denial-of-Service protection. • Privilege Identity Management. • Database encryption. • Privacy Impact Assessment. • Data privacy contractual obligations for Service Providers.

Statement of Risk Management and Internal Control

(ii) Operational Risk Management ("ORM")

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

ORM is monitored through a combination of the following activities:-

- Integrated Risk and Control System.
- Analysis of actual loss events reported into the Loss Data Capture database.
- Periodic audits by the Internal Audit function and reviews by Risk Management function.
- Other key risk indicators and feedback from subject matter experts (for example IT Security Officer, Data Privacy Officer, Business Continuity Management Officers, Anti-Fraud and Anti-Corruption Coordinators, as well as respective operation managers).

(iii) Reputational Risk Management

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

The Group has adopted Allianz SE Group's Allianz Standard for Reputational Risk Management ("ASRRIM") which establishes a core set of principles and processes for the management of reputational risks within the Group. The management of direct reputational risks requires balancing the benefits of a given business decision against the potential reputational impacts, taking into account the Group's reputational risk strategy as well as ESG approach. Indirect reputational risks are managed through the TRA as well as risk and control self-assessment processes, which apply the same reputational risk assessment methodology used for direct reputational risks.

The Corporate Communications function of the Group actively manages the reputational risk by assessing any potential risk arising from media and social media.

(iv) Liquidity Risk Management

Liquidity risk is a consequential risk, i.e. another adverse event has to happen before the Group runs into liquidity issues. On this background, the Group has identified various events that might lead to liquidity shortages. To mitigate this, limits on minimum liquid asset have been put in place and closely monitored. In addition to this, stress testing is performed to assess the liquidity intensity ratio against the defined limits and action required at the various defined limits.

(v) ESG Risk Management

ESG events or conditions (include climate change) are those which, if they occur, may potentially have significant negative impacts on the assets, profitability or reputation of the Group and/or Allianz SE.

Climate risks and opportunities that are emerging today are expected to increase over the mid- and long-term. In acknowledgement of this, and to align with ESG initiatives of BNM and Allianz SE, ESG related matters including climate change are discussed at both the Local ESG Board as well as the Risk Management Committee ("RMC"). The Local ESG Board, comprising top management, reports to the respective Boards of the OEs and is tasked with driving ESG, including climate-related matters, as part of business considerations. Meanwhile, the RMC focuses on the risk management perspective of climate change.

ESG-related matters are considered in operational, underwriting and investment decisions as guided by Sensitive Business Guidelines under ASRRIM to facilitate the identification of reputational risks, while physical risks such as floods are simulated and considered in both operations and underwriting activities annually.

Efforts are undertaken to promote ESG in the Group's dealings with its business partners and stakeholders through awareness trainings and engagement.

Statement of Risk Management and Internal Control

In addition, as the Group is operating in insurance business, the following risk evaluation tools are also adopted as part of the Group's risk management framework:-

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

ICAAP is an overall process by which the insurance OEs adopted to ensure it has adequate capital to meet its capital requirements which reflects its own risk profile on an on-going basis. The formal assessment is conducted at least on an annual basis and its results are reported to the Boards of the insurance OEs.

The review of the ICAAP coincides with the annual planning process and any changes in the strategic directions and business plans of the insurance OEs will be updated in its Risk Strategy, and accordingly all risks identified will also be taken into account when computing the Individual Target Capital Level ("ITCL") of the insurance OEs.

The ITCL is validated by stress testing to ensure that it will still be above the Supervisory Target Capital Level imposed by the regulator even after the occurrence of a severe plausible event demonstrating a focus on balance sheet strength and protection of shareholders' value. A Capital Management Plan ("CMP") was drawn up with the objective to optimise risk and return, while maintaining sufficient level of capital in accordance with the insurance OE's risk appetite and regulatory requirements. The CMP identified the action plans and sources of capital that are available for a pre-determined ITCL thresholds if they are triggered to bring the capital adequacy ratio above the internal soft threshold level.

(ii) Stress Testing

Stress test is an effective risk management tool and the Group conducts such stress test regularly. The stress test process is designed based on the respective insurance OEs' solvency position, lines of business, current position within the market, investment policy, business plan and general economic conditions. The results of the stress test will then be incorporated into the respective insurance OEs' capital management plan, in determining the extent of capital affected by the threats arising from adverse events and the actions required to mitigate such threats.

The Boards and Management of the insurance OEs participated actively in providing feedbacks on the stress test results and appropriateness of the methodology and assumptions adopted to perform the stress test for the respective insurance OEs.

Internal Audit

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

Internal Audit Plan is developed based on annual risk assessment and approved by the AC. The audit scope covers auditable areas encompassing various activities of finance, sales and distribution channels such as agency, broker and bancassurance, actuarial pricing, privacy and data protection and sanction, environmental, social and corporate governance program, investment, qualitative and emerging risk management function, various operation processes such as underwriting, claims provider and fraud management, various IT process and system; and, internal and regulatory compliance audit such as business continuity management, and replacement of policy.

Internal audit findings are discussed at management level. Senior and functional line management are tasked to ensure that management action plans are carried out in accordance with the internal audit recommendations. All internal audit reports are submitted to the AC. The AC deliberates on key audit findings and management actions to address these findings during the AC meetings.

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

Statement of Risk Management and Internal Control

Other Key Internal Control Process

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

Clear and Defined Organisational Structure

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

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

Management Authority Limit

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

- The Management's authority limits include limits for underwriting of risks, claims settlement, reinsurance, and capital expenditures and are reviewed and updated to ensure relevance to the Group's operations. Such authority limits are documented and made available to all staff via the Group's staff e-portal.

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

Policies and Procedures

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

- These policies and procedures are subject to review and improvement to reflect changing risks and process enhancement, as and when required. Policies and procedures are also made available via the Group's staff e-portal for easy access by the employees.

Annual Business Plan and Performance Review

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

Related Party Transactions

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

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

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

Statement of Risk Management and Internal Control

Underwriting and reinsurance

- The insurance OEs employ high standards in their respective underwriting process. This includes among others, risk segmentation and selection, setting adequate pricing and terms and conditions, setting of right retention limit and adequate reinsurance protection.
- Underwriting authority is controlled centrally at the Head Office level. Reinsurance is in place primarily to ensure that no single loss or aggregation of losses arising from a single event will have an adverse financial impact on the Group. Reinsurers selection is guided by the guidelines issued by the regulator and the Allianz SE Group. Reinsurance needs are reviewed annually in respect of reinsurance treaties and on case to case basis on facultative arrangements.

Financial control procedures

- Financial control procedures are put in place and are documented in the procedural workflows of each business unit. These workflows are subject to reviews and improvements to reflect changing risks and process enhancement as and when required.

Investment

- The Investment Committee of the insurance OEs is responsible for setting investment policies, objectives, guidelines and controls for the Investment Department, whereas the Investment Department is responsible for managing the investment functions of the Group within the pre-determined parameters.
- The Group has in place the Group Investment Manual which sets out the detailed investment procedures and controls, including an Investment Code of Ethics to ensure the fiduciary duties to policyholders and the Group's interests are always upheld.
- The investment limits are set at various levels which are on top of and more stringent than the regulatory limits as prescribed by BNM. The investment levels are monitored monthly to ensure compliance with the investment limits as specified in the Risk Based Capital Framework for Insurers and the Investment-linked Business Policy Document issued by BNM.
- The investment performance reports are amongst the reports submitted to the Investment Committee and the Board of the insurance OEs for review at their quarterly meetings.

Code of Conduct ("COC")

- Every employee is required to attest on an annual basis that they understand and comply with the Allianz SE Group's COC. The COC among others, is essential in promoting ethical conduct within the Group and reflects the Group's values and principles, and provides guidance to employees in their actions and decisions. Each employee has a responsibility to live by the principles contained in the COC, i.e. to:-
  (i) Treat each other fairly and respectfully;
  (ii) Act with integrity;
  (iii) Be transparent and tell the truth; and
  (iv) Take ownership and responsibility.

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

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

Product Development

- The insurance OEs have each in place a Product Development Management Policy ("PDM Policy") which sets out the policies and procedures on product development in accordance with the requirements of the Guideline on Introduction of New Products by Insurers and Takaful Operators (BNM/RH/STD 029-10) issued by BNM.
- The PDM Policy aims to promote sound risk management practices in managing and controlling product risk by ensuring the appropriate assessment and mitigation of risk during the development and marketing stages. The PDM Policy will also assist to ensure that the products developed and marketed by the respective insurance OEs are appropriate to the needs, resources and financial capability of the targeted consumer segments.
- The on-going product risk management is embedded within the risk management framework of the Group.

Statement of Risk Management and Internal Control

Whistleblowing and Anti-Fraud

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

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

- In respect of whistleblowing, the Group has established a whistleblowing mechanism to enable anonymous and non-anonymous reporting of any breach of the COC, any laws, regulations, orders or any internal rules. These whistleblowing cases are assessed confidentially by the InC to determine its validity and reports the findings and any recommendations to the AC.

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

Anti-corruption

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

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

- The Vendor Integrity Screening process is a part of the Allianz SE Group's Anti-Corruption Programme which aims at ensuring an integrity based due diligence is performed before any third party vendor is engaged. The screening contains a self-assessment section which among others, includes questions on anti-corruption to be answered by the potential vendor and a risk evaluation to be completed by the relevant staff/department in charge. Only those vendors whose screening does not reveal any negative findings will be engaged.

Employees

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

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

Standard for Sales Compliance

- The Group's insurance intermediaries are guided by the Allianz Standard for Sales Compliance in order to promote professional sales conduct of intermediaries representing the Group. The Group has established an Ethics and Compliance Committee in insurance OEs to deal with intermediary behaviour that are contrary to the Allianz Standard for Sales Compliance.

- In addition, agents of the insurance OEs are also required to comply with the Code of Ethics and Conduct imposed by the respective insurance associations.

- All internal control deficiencies or breaches related to the Allianz Standard for Sales Compliance are reported to the respective Senior Management Committee of the insurance OEs together with corrective measures.

Statement of Risk Management and Internal Control

Agent Sales Disciplinary Policy

- As part of the measures to improve uniformity in disciplining the agency force, insurance OEs have each formalised a Sales Disciplinary Policy detailing definition of types of offences/ misconduct and the associated recommended disciplinary actions.

Business Continuity Management

- Business Continuity Plans for all OEs have been formulated to ascertain that the Group will recover and restore any interrupted critical functions within a predetermined time upon the occurrence of any disastrous events.

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

Crisis Management

- Crisis Management Plans for all OEs have been developed to outline the processes and procedures that guides crisis handling and manage any incident with crisis potential. The plan helps to mitigate the impact of a crisis and prevent an incident with crisis potential from escalating into a crisis. It is supplemented by Crisis Scenario Plans which detailed out the crisis handling for specific scenarios.

Information System

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

- Following the issuance of Risk Management in Technology Policy Document ("RMiT Policy") by BNM, the insurance OEs are committed to remedy the gaps to meet the expectations and requirements prescribed under the RMiT Policy. Accordingly, the Group has implemented two frameworks, namely the Technology Risk Management Framework and Cyber Resilience Framework. The Technology Risk Management Framework formalises the technology risk management approach across the Group, and the Cyber Resilience Framework provides guidance on situational awareness of the cyber threats it may be exposed to.

- Effective October 2023, IT services to the Group is handled by Allianz Technology SE ("AZT")'s Malaysian subsidiary, namely Allianz Technology Sdn Bhd ("AZTMY"). AZT is a related company and a subsidiary of Allianz SE tasked with consolidating all IT capabilities of Allianz SE Group's operating entities, which will lead to improvement of IT capabilities globally. In Asia Pacific, the setting up of AZTMY is to carry out the Allianz SE Group's IT strategic direction for Malaysia and subsequently for other Asia Pacific operating entities. AZTMY is subject to the same standards imposed by Allianz SE Group including but not limited to Outsourcing, business continuity management, Information Security; while the Group will continue to be responsible to ensure that AZTMY meets all relevant local regulatory requirements in relation to the IT services.

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

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

Data Management Framework

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

Statement of Risk Management and Internal Control

Data Privacy

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

Human Resources Policies and Procedures

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

Review of Statement by External Auditors

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants in November 2022 for inclusion in the annual report of the Group for the year ended 31 December 2023. In the External Auditor's limited assurance review, they have reported to the Board that nothing has come to their attention that cause them to believe that this Statement in all material respects has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, nor is this Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion made by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

Based on the Board's review through the various Board Committees, External Auditors' limited assurance review and the assurance and reports from the Management, the Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to safeguard shareholders' investments and the Group's assets.

This Statement was approved by the Board on 26 February 2024.

Additional Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2023, there were no proceeds raised from corporate proposals.

2. MATERIAL CONTRACTS

Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries (collectively referred to as "Group") have not entered into any material contracts involving the interest of the Directors, Chief Executive Officer ("CEO") who is not a Director or major shareholders, which is either still subsisting at the end of the financial year ended 31 December 2023 or, had been entered into since the end of the previous financial year.

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024

3.1 Ordinary Shares

Distribution of Shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100	217	4.47	1,881	0.00
100 to 1,000	2,667	54.93	1,239,608	0.70
1,001 to 10,000	1,534	31.60	5,717,865	3.21
10,001 to 100,000	380	7.83	10,389,100	5.84
100,001 to less than 5% of issued shares	55	1.13	36,153,590	20.31
5% and above of issued shares	2	0.04	124,467,195	69.94
Total	**4,855**	**100.00**	**177,969,239**	**100.00**

Substantial Shareholders as per the Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	No. of Shares Held	% of Shares Held	No. of Shares Held	% of Shares Held
ALLIANZ ASIA HOLDING PTE. LTD.	115,362,295	64.82		
ALLIANZ EUROPE B.V.			115,362,295[a]	64.82
ALLIANZ SE			115,362,295[b]	64.82
EMPLOYEES PROVIDENT FUND BOARD	12,017,900	6.75		

Notes:

[a] Allianz Europe B.V. is the holding company of Allianz Asia Holding Pte. Ltd.. Therefore, Allianz Europe B.V. is deemed to have an indirect interest in the shares of AMB by virtue of section 8(4)(c) of the Companies Act 2016.

[b] Allianz SE is the holding company of Allianz Europe B.V. and ultimate holding company of Allianz Asia Holding Pte. Ltd.. Therefore, Allianz SE is deemed to have an indirect interest in the shares of AMB by virtue of section 8(4)(c) of the Companies Act 2016.

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.1 Ordinary Shares (continued)

30 Largest Shareholders as in the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	% of Shares Held
1	ALLIANZ ASIA HOLDING PTE. LTD.	115,362,295	64.82
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,104,900	5.12
3	PERTUBUHAN KESELAMATAN SOSIAL	4,958,722	2.79
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	3,851,000	2.16
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	3,000,900	1.69
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	2,913,000	1.64
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	2,768,100	1.56
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	2,087,600	1.17
9	WOO KHAI YOON	1,605,200	0.90
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	1,317,000	0.74
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	1,065,600	0.60
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	962,800	0.54
13	LIM SU TONG @ LIM CHEE TONG	802,000	0.45
14	NEOH CHOO EE & COMPANY, SDN BERHAD	718,600	0.40
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC SELECT TREASURES EQUITY FUND	516,900	0.29
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	507,300	0.29
17	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR LIM SU TONG @ LIM CHEE TONG (8335-1101)	500,000	0.28

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.1 Ordinary Shares (continued)

30 Largest Shareholders as in the Record of Depositors (continued)

No.	Name of Shareholder	No. of Shares Held	% of Shares Held
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	473,700	0.27
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM ABSR EQ)	442,000	0.25
20	SHH INDUSTRIES SDN BHD	430,000	0.24
21	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	391,600	0.22
22	FONG LAI LENG	374,000	0.21
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	350,000	0.20
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NOBLE SOUND SDN BHD (PB)	325,000	0.18
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WHITE FEATHERS INDUSTRIES (M) SDN BHD (E-JBU/PNS)	282,100	0.16
26	LIM KUAN GIN	268,700	0.15
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	250,000	0.14
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAY BOON SENG	234,100	0.13
29	GOH BENG CHOO	230,500	0.13
30	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	228,000	0.13

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.1 Ordinary Shares (continued)

Directors' Shareholdings in the Company and/or its Related Corporations based on Register of Directors' Shareholdings

Name of Director	Direct Interest No. of Shares Held	Direct Interest % of Shares Held	Deemed Interest No. of Shares Held	Deemed Interest % of Shares Held
Directors' Shareholdings in the Company				
ZAKRI BIN MOHD KHIR	100	^	-	-
GOH CHING YIN	-	-	-	-
PETER HO KOK WAI	-	-	-	-
GERARD LIM KIM MENG	-	-	-	-
TAN SRI DATUK ZAINUN BINTI ALI	-	-	-	-
DR. MUHAMMED BIN ABDUL KHALID	-	-	-	-
ANUSHA A/P THAVARAJAH	-	-	-	-
Directors' Shareholdings in the Ultimate Holding Company, Allianz SE				
ZAKRI BIN MOHD KHIR	1[a]	^	4[c]	^
ANUSHA A/P THAVARAJAH	258.681[b]	^	-	-

Notes:-

^ Negligible

(a) Free share granted under Allianz Free Share Program

(b) This includes 255.681 shares acquired via Allianz Employees Share Purchase Plan and 3 free shares granted under Allianz Free Share Program

(c) Deemed interest by virtue of shares held by his son and daughter-in-law

CEO's Shareholdings in the Company and/or its Related Corporations

Name of CEO	Direct Interest No. of Shares Held	Direct Interest % of Shares Held	Deemed Interest No. of Shares Held	Deemed Interest % of Shares Held
CEO's Shareholdings in the Company				
WANG WEE KEONG	100	^	-	-
CEO's Shareholdings in the Ultimate Holding Company, Allianz SE				
WANG WEE KEONG	3[a]	^	2[b]	^

Notes:-

^ Negligible

(a) Free shares granted under Allianz Free Share Program

(b) Deemed interest by virtue of shares held by his stepson

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.2 Irredeemable Convertible Preference Shares ("ICPS")

Number of Issued ICPS	:	168,236,546
Class of Shares	:	Preference shares
Voting Rights	:	The ICPS holders shall carry no right to vote at any general meeting of the Company except for the following circumstances:- (a) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months; (b) on a proposal to wind-up the Company; (c) during the winding-up of the Company; (d) on a proposal that affect the rights attached to the ICPS; (e) on a proposal to reduce the Company's share capital; or (f) on a proposal for the disposal of the whole of the Company's property, business and undertaking.

In any such cases, the ICPS holders shall be entitled to vote together with the holders of ordinary shares and exercise 1 vote for each ICPS held.

Distribution of ICPS Holdings

Size of Holdings	No. of ICPS Holders	% of ICPS Holders	No. of ICPS Held	% of ICPS Held
Less than 100	24	2.75	421	0.00
100 to 1,000	404	46.28	152,808	0.09
1,001 to 10,000	289	33.10	1,094,898	0.66
10,001 to 100,000	129	14.78	3,718,593	2.21
100,001 to less than 5% of issued ICPS	26	2.98	19,066,958	11.33
5% and above of issued ICPS	1	0.11	144,202,868	85.71
Total	**873**	**100.00**	**168,236,546**	**100.00**

Substantial ICPS Holders

	Direct Interest		Deemed Interest	
Name of Substantial ICPS Holders	No. of ICPS Held	% of ICPS Held	No. of ICPS Held	% of ICPS Held
ALLIANZ ASIA HOLDING PTE. LTD.	144,202,868	85.71		
ALLIANZ EUROPE B.V.			144,202,868[a]	85.71
ALLIANZ SE			144,202,868[b]	85.71

Notes:
[a] Allianz Europe B.V. is the holding company of Allianz Asia Holding Pte. Ltd.. Therefore, Allianz Europe B.V. is deemed to have an indirect interest in the ICPS of AMB by virtue of section 8(4)(c) of the Companies Act 2016.

[b] Allianz SE is the holding company of Allianz Europe B.V. and ultimate holding company of Allianz Asia Holding Pte. Ltd.. Therefore, Allianz SE is deemed to have an indirect interest in the ICPS of AMB by virtue of section 8(4)(c) of the Companies Act 2016.

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.2 Irredeemable Convertible Preference Shares ("ICPS") (continued)

30 Largest ICPS Holders as in the Record of Depositors

No.	Name of ICPS Holder	No. of ICPS Held	% of ICPS Held
1	ALLIANZ ASIA HOLDING PTE. LTD.	144,202,868	85.71
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	5,624,400	3.34
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,271,200	1.94
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	2,771,000	1.65
5	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AHAM SELECT OPPORTUNITY FUND	1,416,458	0.84
6	OLIVE LIM SWEE LIAN	1,150,000	0.68
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	767,300	0.46
8	AU YONG MUN YUE	500,000	0.30
9	HSBC NOMINEES (ASING) SDN BHD CACEIS BANK FOR HMG GLOBETROTTER	360,000	0.21
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEN KONG @ JOSEPH YONG	337,900	0.20
11	FONG LAI LENG	328,000	0.19
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAU LONG YIH (E-JBU/PNS)	224,600	0.13
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	220,000	0.13
14	LOH CHAI KIAM	204,000	0.12
15	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR LIM SU TONG @ LIM CHEE TONG (8335-1101)	200,000	0.12
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NOBLE SOUND SDN BHD (PB)	175,000	0.10
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN LING	172,500	0.10

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.2 Irredeemable Convertible Preference Shares ("ICPS") (continued)

30 Largest ICPS Holders as in the Record of Depositors (continued)

No.	Name of ICPS Holder	No. of ICPS Held	% of ICPS Held
18	NEOH CHOO EE & COMPANY, SDN BERHAD	167,600	0.10
19	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE PIK WAH (MY0288)	164,000	0.10
20	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (RETAIL CLIENTS)	150,000	0.09
21	LIM TEAN KAU	128,000	0.08
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KATHRYN MA WAI FONG (PB)	125,000	0.07
23	HII YU HO SDN BHD	125,000	0.07
24	EVERGREEN ANGLE SDN BHD	123,000	0.07
25	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR KEGANI PACIFIC LTCFUND L.P.	123,000	0.07
26	EE YIH CHIN	120,900	0.07
27	SU MING KEAT	118,100	0.07
28	YAP AH NGAH @ YAP NEO NYA	100,000	0.06
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SKYTURE CAPITAL SDN BHD (KL C/PIV)	92,000	0.05
30	INSAS PLAZA SDN BHD	90,900	0.05

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2024 (CONTINUED)

3.2 Irredeemable Convertible Preference Shares ("ICPS") (continued)

Directors' ICPS Holdings in the Company

	Direct Interest		Deemed Interest	
Name of Director	No. of ICPS Held	% of ICPS Held	No. of ICPS Held	% of ICPS Held
ZAKRI BIN MOHD KHIR	200	^	-	-
GOH CHING YIN	-	-	-	-
PETER HO KOK WAI	-	-	-	-
GERARD LIM KIM MENG	-	-	-	-
TAN SRI DATUK ZAINUN BINTI ALI	-	-	-	-
DR. MUHAMMED BIN ABDUL KHALID	-	-	-	-
ANUSHA A/P THAVARAJAH	-	-	-	-

Note:-

^ Negligible

CEO's ICPS Holdings in the Company

	Direct Interest		Deemed Interest	
Name of CEO	No. of ICPS Held	% of ICPS Held	No. of ICPS Held	% of ICPS Held
WANG WEE KEONG	200	^	-	-

Note:-

^ Negligible

Additional Compliance Information

4. LIST OF TOP TEN PROPERTIES AS AT 31 DECEMBER 2023 OWNED BY THE GROUP

No	Location	Existing Use	Tenure	Built-up Area (Sq. meters)	Type of Building	Age of Building	Latest Date of revaluation	Net Book Value RM'000
1	Block 3A, Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Wilayah Persekutuan		Freehold		Corporate office	21 years		
	Level 10 and 12	Head office		1,493			28/08/2021	**14,880**
	Level 13A	Head office		745			21/08/2021	**7,408**
	Level 13 & 15	Head office		1,493			28/08/2021	**14,881**
2	Wisma Allianz Life No. 11, 12, 13 and 14 Jalan 53 Desa Jaya Commercial Centre Taman Desa, Kepong 52100 Kuala Lumpur Wilayah Persekutuan	Branch office	Leasehold Expiring 08/03/2081	2,500	Terrace shop/office	24 years	30/08/2023	**12,406**
3	Wisma Allianz 33, Jalan Gereja 50100 Kuala Lumpur Wilayah Persekutuan	Branch office	Lot PT1-Leasehold Expiring 06/09/2072	3,328	Office building	42 years	28/08/2021	**4,454**
			Lot 263 Freehold			40 years	28/08/2021	**7,546**
4	No. 42 & 46, Jalan Tiara 2C Bandar Baru Klang, Klang 41150 Selangor Darul Ehsan	Branch office	Leasehold Expiring 08/05/2093	1,228	Terrace shop/office	20 years	30/08/2023	**4,818**
5	No. 487, Jalan Permatang Rawa Bandar Perda Bukit Mertajam, 14000 Penang	Branch office	Freehold	758	4-storey shop office	20 years	30/08/2023	**2,389**
6	Unit Nos. A-G-1, A-1-1, A-2-1, A-2-2 Block A, Greentown Square Jalan Dato' Seri Ahmad Said, Ipoh 30450 Perak Darul Ridzuan	Branch office	Leasehold Expiring 01/10/2102	884	Commercial building	19 years	30/08/2023	**2,386**
7	No. 374, 374A & 347B Jalan Melaka Raya 6 Taman Melaka Raya, 75000 Melaka	Branch office	Leasehold Expiring 24/10/2082	937	3-storey shophouse	38 years	28/08/2021	**2,167**
8	No.300 & 301 Jalan Lumpur, 05100 Alor Star, Kedah Darul Aman	Branch office	Freehold	1,088	3-storey shophouse	19 years	28/08/2021	**1,906**
9	TB 320, Block 38, Fajar Complex 91009 Tawau, Sabah	Branch office	Leasehold 31/12/2895	613	4-storey shophouse	26 years	28/08/2021	**1,618**
10	No. 486, Jalan Permatang Rawa Bandar Perda Bukit Mertajam, 14000 Penang	Branch office	Freehold	613	4-storey shop office	27 years	30/08/2023	**1,555**

Additional Compliance Information

5. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of a revenue or trading nature entered into by the Group during the financial year ended 31 December 2023 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/(Expenses) RM'000
1	Reinsurance arrangements between the Company's insurance subsidiaries and Allianz SE Group where the risk and premium are shared between the parties in accordance with the reinsurance arrangements entered into between the parties*	**Allianz SE Group	(317,053)
2	Payment of annual maintenance and support fees by the Company's life insurance subsidiary to Allianz Technology SE ("Allianz Technology") for the software system provided by Allianz Technology	**Allianz Technology	(1,059)
3	Payment of fees by the Company's insurance subsidiaries to Allianz Technology for purchasing of various software licenses	**Allianz Technology	(15,575)
4	Engagement of Allianz Technology, Munich branch Wallisellen for the support and maintenance support service on the Company's life insurance subsidiary Expert Underwriting System	**Allianz Technology	(632)
5	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for information technology security services provided by Allianz Technology	**Allianz Technology	(80)
6	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for purchase of Allianz Virtual Client and Windows Distributor File System	**Allianz Technology	(2,529)
7	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the implementation of a software intelligence platform namely Dynatrace	**Allianz Technology	(349)
8	Payment of fees by the Company's life insurance subsidiary to IDS GmbH ("IDS") for conducting performance attribution analysis	**IDS	(136)
9	Payment of fund management charges and receipt of rebate on fund management charges on fund distributed by Allianz Global Investors Singapore Limited ("AGI") by the Company's life insurance subsidiary	**AGI	2,636
10	Payment of fees by the Company's insurance subsidiaries to Allianz Investment Management Singapore Pte Ltd ("AIM Singapore") for investment advisory services provided by AIM Singapore	**AIM Singapore	(3,852)
11	Payment of fees by the Company's life insurance subsidiary to Allianz Investment Management SE ("AIM SE") and IDS for IT infrastructure and operational investment controlling and support services	**AIM SE	(249)
12	Payment of fees by the Company's insurance subsidiaries to AIM SE for supporting advisory services in various areas of the investment process	**AIM SE	(528)
13	Payment of fees by the Company's insurance subsidiaries to Allianz SE Singapore Branch ("AZAP") for the business building advisory services and regional investment provided by AZAP	**AZAP	(10,386)
14	Payment of fees by the Company's insurance subsidiaries to AZAP for sharing of marketing measures undertaken by Allianz SE	**AZAP	(4,885)
15	Payment of fees by the Company's insurance subsidiaries to Allianz SE to support the development and improvement of technical excellence	**Allianz SE	(3,607)
16	Payment of service fees by the Company's general insurance subsidiary to Allianz Worldwide Partners Services Sdn Bhd ("AWP") for road assistance services provided by AWP to the policyholders of the Company's general insurance subsidiary	**AWP	(690)
17	Operational fees received by the Company's general insurance subsidiary for the services rendered by the Company's general insurance subsidiary to Euler Hermes Singapore Services Pte Ltd ("EHS")	**EHS	2,106

Additional Compliance Information

5. RECURRENT RELATED PARTY TRANSACTIONS (CONTINUED)

The recurrent related party transactions of a revenue or trading nature entered into by the Group during the financial year ended 31 December 2023 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/(Expenses) RM'000
18	Fees received by the Company for providing audit services to Allianz SE Group under the Regional Audit Hub	**Allianz SE Group	356
19	Fees received by the Company for providing life actuarial modeling services to Allianz SE Group under the Regional Actuarial Center of Competence	**Allianz SE Group	1,734
20	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the implementation of Allianz Global Network	**Allianz Technology	(1,386)
21	Payment of annual maintenance fees by the Company's life insurance subsidiary to Allianz Technology for SAP Central Accounting Platform/Investment Management Accounting	**Allianz Technology	(855)
22	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the purchase of Actuarial Reporting Group Object	**Allianz Technology	(161)
23	Fees received by the Company for providing Master Data Management support services to Allianz SE Group	**Allianz SE Group	589
24	Payment of annual membership fees by the Company's life insurance subsidiary to Allianz Global Benefits GmbH ("AGB") for participating in the Allianz International Employee Benefits Network	**AGB	(194)
25	Fees received by the Company's general insurance subsidiary for providing reinsurance and Midcorp services to AZAP	**AZAP	1,610
26	Payment of fees by the Company's life insurance subsidiary to Allianz SE Group for implementation of Human Resource Transformation solution	**Allianz SE Group	(1,006)
27	Payment of fees by the Company's insurance subsidiaries to Allianz SE Group for Azeus Convene Meeting Management Software	**Allianz SE Group	(82)
28	Payment of fees by the Company's life insurance subsidiary to Allianz Digital Health GmbH to support the suite of digital health tools	**Allianz Digital Health GMBH	(1,075)
29	Payment of fees by the Company's life insurance subsidiary to Allianz SE for sharing of Group Data Analytics for Data Analytics/Artificial Intelligence solutions assets and services	**Allianz SE	(137)
30	Payment of fees by the Company's insurance subsidiaries to Allianz Technology for subscription of licences for Jira, Confluence and Plugin under Jira Master Platform	**Allianz Technology	(1,650)
31	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for procurement of Adobe's software licenses and the usage of the Agile Delivery Platform	**Allianz Technology	(202)
32	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the purchase of ServiceNow implementation services	**Allianz Technology	(357)
33	Payment of fees by the Company's life insurance subsidiary to Allianz SE for the Group Privacy services	**Allianz SE	(13)
34	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the usage of Smart Cloud Connected services for the Remote Onboarding Program for the Company's life insurance subsidiary's intermediaries to conduct non face-to face sales activity	**Allianz Technology	(692)
35	Payment of fees by the Company's insurance subsidiaries to Rapidpro Consulting Sdn Bhd ("Rapidpro") for consulting and training services rendered by Rapidpro	Rapidpro	(747)

Notes:-

* As the Group is in the insurance business, the figures do not include payment obligations arising from claims duly made pursuant to any insurance policies issued.

** Deemed to be related parties via Allianz Asia Holding Pte. Ltd's direct interest as a major shareholder and immediate holding company of AMB.

Income/(expense) as disclosed above is net of any reversal during the year.

Media Highlights

Media engagement is an integral part of the communication strategy for Allianz Malaysia Berhad ("AMB" or "Company") along with our subsidiaries, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group"). It enables us to disseminate information, provide updates, and inform our stakeholders about important initiatives. We value our partnership with the media and have always maintained a cooperative and constructive relationship with them. We aim to drive positive visibility, enhance our brand's credibility and build trust among all our stakeholders.

Media Highlights

Chee Keong (tengah) merasmikan RDC Allianz Asia Pacific bersama Wang (dua dari kanan), di Kuala Lumpur, semalam. (Foto BERNAMA)

Allianz Asia Pasific pilih Malaysia jadi Pusat Penghantaran Serantau

Malaysia terus menjadi destinasi menarik bagi penubuhan hab serantau dengan terkini, Allianz Asia Pacific (AZAP) melancarkan Pusat Penghantaran Serantau (RDC) yang berpangkalan di Kuala Lumpur secara rasmi.

Dengan RDC itu, AZAP akan mengubah perkhidmatan dan keupayaan teknologi maklumat (IT) menjadi model operasi standard dan berindustri bagi menyampaikan perkhidmatan pelanggan yang berada dalam kelasnya yang tersendiri, mempercepatkan inovasi dan mengatasi prestasi persaingan di rantau ini.

Penstrukturan bersama dengan Allianz Technology SE (AzT), bahagian teknologi kumpulan yang bertanggungjawab untuk perkhidmatan data dan digital, AZAP kini akan menempatkan semua kecekapan bekalan IT di rantau ini untuk meningkatkan kecekapan operasi.

RDC itu memulakan operasi di Menara Allianz Sentral di Kuala Lumpur dan ia akan menyediakan perkhidmatan IT kepada semua Entiti Operasi (OE) Allianz di Asia Tenggara.

Ketua Pegawai Eksekutif Allianz Malaysia Bhd, Sean Wang, berkata RDC yang ditubuhkan itu adalah langkah besar dalam usaha kumpulan untuk mencapai kecemerlangan teknologi.

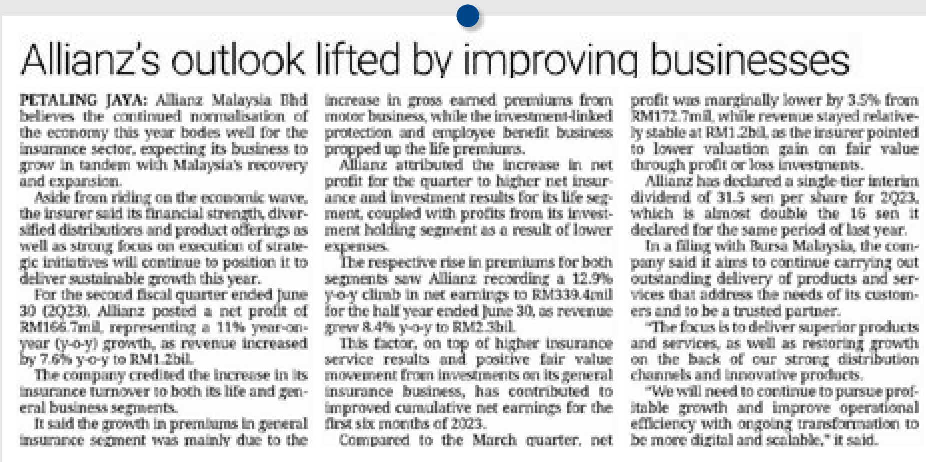
Beliau berkata, pusat itu akan membolehkan pihaknya menyatukan amalan terbaik syarikat dan menambah baik penyampaian perkhidmatan IT bukan saja untuk Allianz Malaysia tetapi untuk semua entiti operasi di rantau Asia Tenggara.

Katanya, Malaysia dipilih kerana lokasi geografi strategiknya di rantau ini, di samping mempunyai tenaga kerja yang berbakat dengan kemahiran yang tepat untuk menjayakan projek itu.

"Hab IT serantau yang baharu ini dijangka akan mencipta 500 peluang pekerjaan berasaskan teknologi yang berkemahiran dan bergaji tinggi untuk rakyat Malaysia.

"Ini mencerminkan keyakinan Allianz dalam menjadikan Malaysia sebagai hab untuk inovasi dan kecemerlangan teknologi," katanya ketika ditemui selepas pelancaran pusat berkenaan, semalam.

Pelancaran disempurnakan Timbalan Menteri Kewangan II, Steven Sim Chee Keong.



Allianz's outlook lifted by improving businesses

PETALING JAYA: Allianz Malaysia Bhd believes the continued normalisation of the economy this year bodes well for the insurance sector, expecting its business to grow in tandem with Malaysia's recovery and expansion.

Aside from riding on the economic wave, the insurer said its financial strength, diversified distributions and product offerings as well as strong focus on execution of strategic initiatives will continue to position it to deliver sustainable growth this year.

For the second fiscal quarter ended June 30 (2Q23), Allianz posted a net profit of RM166.7mil, representing a 11% year-on-year (y-o-y) growth, as revenue increased by 7.6% y-o-y to RM1.2bil.

The company credited the increase in its insurance turnover to both its life and general business segments.

It said the growth in premiums in general insurance segment was mainly due to the increase in gross earned premiums from motor business, while the investment-linked protection and employee benefit business propped up the life premiums.

Allianz attributed the increase in net profit for the quarter to higher net insurance and investment results for its life segment, coupled with profits from its investment holding segment as a result of lower expenses.

The respective rise in premiums for both segments saw Allianz recording a 12.9% y-o-y climb in net earnings to RM339.4mil for the half year ended June 30, as revenue grew 8.4% y-o-y to RM2.3bil.

This factor, on top of higher insurance service results and positive fair value movement from investments on its general insurance business, has contributed to improved cumulative net earnings for the first six months of 2023.

Compared to the March quarter, net profit was marginally lower by 3.5% from RM172.7mil, while revenue stayed relatively stable at RM1.2bil, as the insurer pointed to lower valuation gain on fair value through profit or loss investments.

Allianz has declared a single-tier interim dividend of 31.5 sen per share for 2Q23, which is almost double the 16 sen it declared for the same period of last year.

In a filing with Bursa Malaysia, the company said it aims to continue carrying out outstanding delivery of products and services that address the needs of its customers and to be a trusted partner.

"The focus is to deliver superior products and services, as well as restoring growth on the back of our strong distribution channels and innovative products.

"We will need to continue to pursue profitable growth and improve operational efficiency with ongoing transformation to be more digital and scalable," it said.

ALLIANZ RISK BAROMETER

Top concerns for Malaysian businesses in 2024

KUALA LUMPUR: Business interruption, fire and explosion, and natural catastrophes are the top three risks to businesses in Malaysia this year, according to the Allianz Risk Barometer.

The 13th annual business risk ranking, compiled by Allianz Group's corporate insurer Allianz Commercial and other Allianz entities, incorporates the views of 3,069 risk management experts in 92 countries and territories, including chief executive officers, risk managers, brokers and insurance experts.

"Business interruption is closely linked to many of this year's highly ranked risks, such as cyber, natural catastrophes, and fire, and remains a key concern in a rapidly changing world," said Allianz General Insurance Company (Malaysia) Bhd chief underwriting officer Raffiz Ridzuan.

"Disruption from fire can be very high as it can take longer to recover from than many other perils. The impact on suppliers can often be great.

"For sectors that deal with highly flammable and explosive materials, damaged facilities can sometimes take years to rebuild and get production back up and running to full capacity. It is crucial that companies have robust risk management plans and supply chains in place to enhance resilience and withstand business interruption," he added.

Due to Malaysia's topography, the country has been susceptible to coastal flooding and flash floods, both of which are increasing in frequency and intensity.

Based on the climate change projection report released by the World Bank, floods are likely to occur 20 per cent more often over the next five years.

Last year also saw several major fires in the country, including at one of Kuala Lumpur's biggest and most popular malls, Mid Valley Megamall.

Earlier last year, two fires caused by an electrical short-circuit at Jakel, a leading textile store in Shah Alam, resulted in estimated losses of about RM100 million.

More recently, a fire broke out at three recycling facilities in Bukit Selambau. It was later reported that they were operating without proper authorisation and had failed to comply with Environment Department regulations.

Raffiz Ridzuan

TOP 10 BUSINESS RISKS IN MALAYSIA 2024

Rank		%
1	Business interruption (including supply chain disruption)	37
1	Fire, explosion	37
1	Natural catastrophes (e.g. storms, floods, earthquakes, wildfires, extreme weather events)	37
4	Changes in legislation and regulation (e.g. tariffs, economic sanctions, protectionism, eurozone disintegration)	27
4	Cyber incidents (e.g. cybercrime, IT network and service disruptions, malware/ransomware, data breaches, fines and penalties)	27
6	Critical infrastructure blackouts (e.g. power disruption) or failures (e.g. ageing dams, bridges, rail tracks)	20
7	Pandemic outbreak (e.g. health and workforce issues, restrictions on movements, cancellation of events)	17
8	Climate change (e.g. physical, operational and financial risks as a result of global warming)	13
8	Theft, fraud, corruption	13
10	Energy crisis (e.g. supply shortage/outage, price fluctuations)	7

Source: Allianz Commercial

Note: Figures represent how often a risk was selected as a percentage of all responses for that country. Figures don't add up to 100 per cent as up to three risks could be selected

Insurance firm weighs in for World Cleanup Day

EMPLOYEES of Allianz Malaysia Bhd from nationwide branches collected 1,000.36kg of waste in World Cleanup Day activities.

The initiative was held in conjunction with Allianz Charity Day, an effort by Allianz Malaysia to promote volunteerism among employees.

For World Cleanup Day, employees organised several activities ranging from beach cleanups in Port Dickson's Pantai Tanjung Tuan in Negri Sembilan to park cleanups in Taman Rekreasi Sultan Abdul Aziz (Padang Polo) in Ipoh, Perak.

Some 460 employees from 24 departments and branches collectively spent 1,768 hours on the volunteer events.

Employees from its Kuala Terengganu branch collected and disposed of the most waste, amounting to 150kg.

Head of Allianz4Good, Ng Siew Gek, said Allianz Malaysia was delighted to be a part of World Cleanup Day this year to tackle the global waste crisis.

"At Allianz Malaysia, we are always mindful of the impact we create for future generations.

"We are proud of our employees who are aware of efforts needed to manage the waste crisis and go out of their way to organise their own cleanup activities," said Ng.

Last year, Allianz Malaysia organised a digital cleanup where the company reminded its employees to be mindful of digital waste and dispose of non-essential emails, documents and pictures, among others.

Allianz Malaysia with its cleanup team in Bagan Lalang, Sepang.

Allianz Malaysia launches three more products

Allianz Malaysia's FY23 net profit rises to RM730.90 mln

Media Highlights

50 children take the plunge at launch of KLAS Swim

TNG, Allianz, and Yayasan Prihatin Nasional to offer insurance protection for B40

Allianz dividend hits all-time high

PETALING JAYA: Allianz Malaysia Bhd has declared a second interim single-tier dividend for the financial year ending Dec 31, 2023 (FY23), amounting to 69 sen per ordinary share and 82.8 sen per irredeemable convertible preference share.

In a statement, the insurer said the dividend announcement comes after its robust financial performance in the third quarter of the 2023 financial year, reaffirming its position as a leading insurance and financial services provider in Malaysia.

Perlindungan pengecas mudah alih yang pertama diperkenal dalam industri

Allianz lancar Perlindungan EV Allianz

Memorable 10/10 experience at concerts by top artists

ALLIANZ TRUCK WARRIOR

PROTECTING OVER 5,000 GOODS-CARRYING VEHICLES

Allianz mum on FY2023 dividend, but targets over 30% payout ratio

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Directors' Report

for the year ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group (Allianz Malaysia Berhad and its subsidiaries) and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year attributable to owners of the Company	**730,908**	**444,959**

DIVIDENDS

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

(i) In respect of the financial year ended 31 December 2022:

Interim Dividend paid on 17 February 2023

- a single tier interim dividend of 82.80 sen per Irredeemable Convertible Preference Shares ("ICPS") totaling RM139,300,000; and
- a single tier interim dividend of 69.00 sen per ordinary share totaling RM122,799,000.

(ii) In respect of the financial year ended 31 December 2023:

First Interim Dividend paid on 28 June 2023

- a single tier interim dividend of 37.80 sen per ICPS totaling RM63,594,000; and
- a single tier interim dividend of 31.50 sen per ordinary share totaling RM56,060,000.

Second Interim Dividend paid on 8 February 2024

- a single tier interim dividend of 82.80 sen per ICPS totaling RM139,299,000; and
- a single tier interim dividend of 69.00 sen per ordinary share totaling RM122,799,000.

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

Directors' Report

for the year ended 31 December 2023

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Zakri Bin Mohd Khir (Chairman)
Peter Ho Kok Wai
Goh Ching Yin
Gerard Lim Kim Meng
Tan Sri Datuk Zainun Binti Ali
Anusha A/P Thavarajah
Dr. Muhammed Bin Abdul Khalid
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz (Retired on 27 November 2023)

LIST OF DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and during the period from the end of the financial year to the date of this report is as follows:

Allianz Life Insurance Malaysia Berhad
Goh Ching Yin (Chairman)
Peter Ho Kok Wai
Lim Fen Nee
Foo Chee It
Ong Eng Chow (Appointed on 1 January 2023)

Allianz General Insurance Company (Malaysia) Berhad
Dr. Muhammed Bin Abdul Khalid (Chairman)
Lim Tuang Ooi
Wang Wee Keong
Wee Lay Hua

Directors' Report

for the year ended 31 December 2023

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Interests in the Company	At 1.1.2023	Bought	Sold	At 31.12.2023
Zakri Bin Mohd Khir	**100**	**-**	**-**	**100**

	Number of ICPS			
Interests in the Company	At 1.1.2023	Bought	Sold	At 31.12.2023
Zakri Bin Mohd Khir	**200**	**-**	**-**	**200**

	Number of registered shares			
Interests in the Ultimate Holding Company, Allianz SE	At 1.1.2023	Bought	Sold	At 31.12.2023
Zakri Bin Mohd Khir				
- Direct Interest	**1** [(a)]	**-**	**-**	**1**
- Indirect Interest [(b)]	**2** [(a)]	**2** [(a)]	**-**	**4**
Interests in the Ultimate Holding Company, Allianz SE				
Anusha A/P Thavarajah				
- Direct Interest	**2** [(a)]	**1** [(a)]	**-**	**3**
- Direct Interest	**186.064** [(c)]	**69.617** [(c)]	**-**	**255.681**

Notes:

[(a)] Free shares granted under Allianz Free Share Program

[(b)] Deemed interest by virtue of shares held by his son and daughter-in-law

[(c)] Shares acquired by way of exercise of Employees Share Purchase Plan

Saved as disclosed above, none of the other Directors holding office as at 31 December 2023 had any interest in the ordinary shares and/or ICPS of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

Directors' Report

for the year ended 31 December 2023

DIRECTORS' REMUNERATION

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

	Group				Company			
	Fee RM'000	Other Emoluments[a] RM'000	Benefits-in-kinds RM'000	Total RM'000	Fee RM'000	Other Emoluments[a] RM'000	Benefits-in-kinds RM'000	Total RM'000
Non-Executive Directors								
Zakri Bin Mohd Khir[b]	120	169	-	289	120	169	-	289
Peter Ho Kok Wai	324	72	-	396	204	54	-	258
Goh Ching Yin	348	231	-	579	228	66	-	294
Gerard Lim Kim Meng	170	39	-	209	170	39	-	209
Tan Sri Datuk Zainun Binti Ali	120	21	-	141	120	21	-	141
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	300	213	3	516	180	48	-	228
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	131	38	-	169	131	38	-	169
Lim Tuang Ooi[c]	-	-	-	-	36	14	-	50
Non-Executive Directors of the Subsidiaries								
Lim Fen Nee	120	18	-	138				
Lim Tuang Ooi	156	32	-	188				
Wee Lay Hua	120	18	-	138				
Foo Chee It	120	18	-	138				
Total remuneration of Non-Executive Directors	2,029	869	3	2,901	1,189	449	-	1,638
Executive Directors								
Wang Wee Keong[d]	-	-	-	-	-	-	-	-
Ong Eng Chow[d]	-	-	-	-	-	-	-	-
Total remuneration of Executive Directors	-	-	-	-	-	-	-	-

Notes:

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

[b] In addition to the Director's remuneration, Zakri Bin Mohd Khir provides consultancy and advisory services and support to Allianz SE Singapore Branch ("AZAP") on matters relating to all Property & Casualty entities in AZAP region effective 1 January 2022. The total consultancy fees for the services rendered by Zakri Bin Mohd Khir for financial year ended 31 December 2023 amounting to RM1,090,087.04.

[c] The fee received by Lim Tuang Ooi, an Independent Non-Executive Director of Allianz General Insurance Company (Malaysia) Berhad, for his services rendered as Chairman of the Risk Management Committee.

[d] No remuneration received for their position as the Executive Directors of the subsidiaries. The remuneration received for their position as the Chief Executive Officers of the subsidiaries is disclosed in Note 23.2.

Directors' Report
for the year ended 31 December 2023

ULTIMATE HOLDING COMPANY

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

IMMEDIATE HOLDING COMPANY

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SUBSEQUENT EVENT

Pursuant to an internal group re-organisation exercise of Allianz SE, the ultimate holding company of the Company, Allianz SE had on 6 February 2024 transferred 115,362,295 ordinary shares and 144,202,868 ICPS of the Company to Allianz Europe B.V.. On 8 February 2024, Allianz Europe B.V. transferred the same number of ordinary shares and ICPS of the Company to Allianz Asia Holding Pte. Ltd.. As a result of these transactions, Allianz Asia Holding Pte. Ltd. and Allianz SE became the Company's immediate holding company and ultimate holding company, respectively.

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

The Group and the Company maintain a Directors' and Officers' Liability Insurance for the purpose of Section 289(5) of the Companies Act 2016 in Malaysia, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM63,340.

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

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

However, in the ordinary course of business of the general insurance subsidiary of the Company in the underwriting of all classes of general insurance business, Allianz General Insurance Company (Malaysia) Berhad had provided a professional indemnity insurance to its auditors during the financial year.

Directors' Report
for the year ended 31 December 2023

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

(i) all known bad debts have been written off and adequate provision made for doubtful debts;

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise; and

(iii) there was adequate provision for insurance contract liabilities in the Group in accordance with Malaysian Financial Reporting Standard ("MFRS") 17, *Insurance Contracts*.

At the date of this report, the Directors are not aware of any circumstances:-

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

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

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

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year, other than those disclosed in Note 36 to the financial statements.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due. For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Directors' Report
for the year ended 31 December 2023

AUDITORS

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

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

	Group RM'000	Company RM'000
Statutory audit fees	1,470	220
Other audit related fees	1,376	380
	2,846	600

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

....

Zakri Bin Mohd Khir
Director

....

Peter Ho Kok Wai
Director

Kuala Lumpur
Date: 26 February 2024

Statements of Financial Position

as at 31 December 2023

		Group			Company		
	Note	31.12 2023 RM'000	31.12.2022 RM'000 Restated	1.1.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated	1.1.2022 RM'000 Restated
Assets							
Property, plant and equipment	3	**116,959**	110,682	110,148	**1,533**	1,736	1,121
Right-of-use assets	4	**43,670**	33,657	41,530	**-**	-	-
Intangible assets	5	**425,639**	421,835	348,456	**-**	-	-
Investments in subsidiaries	6	**-**	-	-	**961,088**	961,088	961,088
Deferred tax assets	13	**-**	11,635	15,276	**-**	-	-
Investments	7	**23,052,458**	20,329,422	19,883,274	**18,424**	18,267	52,044
Derivative financial assets	8	**17,028**	18,996	46,434	**-**	-	-
Reinsurance contract assets	9	**542,263**	663,680	833,071	**-**	-	-
Current tax assets		**36,323**	12,165	9,856	**-**	8	-
Other assets	10	**125,973**	128,657	122,886	**337,254**	250,535	247,270
Cash and cash equivalents		**1,561,635**	2,258,940	1,519,631	**44,493**	62,539	30,432
Total assets		**25,921,948**	23,989,669	22,930,562	**1,362,792**	1,294,173	1,291,955
Equity							
Share capital							
- Ordinary shares	11	**236,037**	236,037	234,573	**236,037**	236,037	234,573
- Irredeemable convertible preference shares	11	**534,992**	534,992	536,456	**534,992**	534,992	536,456
Reserves	12	**4,369,591**	3,906,125	3,714,313	**315,077**	251,870	275,911
Total equity attributable to owners of the Company		**5,140,620**	4,677,154	4,485,342	**1,086,106**	1,022,899	1,046,940
Liabilities							
Deferred tax liabilities	13	**539,242**	471,895	445,420	**101**	106	103
Insurance contract liabilities	14	**19,315,930**	18,011,818	17,226,395	**-**	-	-
Reinsurance contract liabilities	15	**69,777**	150,591	150,326	**-**	-	-
Derivative financial liabilities	8	**4,875**	1,293	1,641	**-**	-	-
Lease liabilities	16	**25,304**	19,171	24,788	**-**	-	-
Other liabilities	17	**803,793**	648,309	583,079	**276,493**	271,168	244,885
Current tax liabilities		**22,407**	9,438	13,571	**92**	-	27
Total liabilities		**20,781,328**	19,312,515	18,445,220	**276,686**	271,274	245,015
Total equity and liabilities		**25,921,948**	23,989,669	22,930,562	**1,362,792**	1,294,173	1,291,955

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

Statements of Profit or Loss

for the year ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Insurance revenue	18	**4,941,641**	4,418,823	**-**	-
Insurance service expenses	19	**(3,896,553)**	(3,347,655)	**-**	-
Net expenses from reinsurance contracts held	20	**(228,539)**	(277,336)	**-**	-
Insurance service result		**816,549**	793,832	**-**	-
Interest revenue on financial assets not measured at fair value through profit or loss ("FVTPL")		**520,291**	496,601	**2,508**	1,953
Net losses on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal		**(1,703)**	(7,420)	**-**	-
Net gains/(losses) on FVTPL investments		**475,705**	(10,118)	**133**	(128)
Dividend income		**147,527**	142,282	**456,203**	310,099
Net credit impairment gains on financial assets		**41**	43	**-**	4
Net investment income	21	**1,141,861**	621,388	**458,844**	311,928
Finance expenses from insurance contracts issued		**(847,795)**	(384,634)	**-**	-
Finance income from reinsurance contracts held		**15,449**	15,903	**-**	-
Net insurance finance expenses	22	**(832,346)**	(368,731)	**-**	-
Net insurance and investment results		**1,126,064**	1,046,489	**458,844**	311,928
Other operating income		**1,132**	1,308	**16**	27
Other operating expenses	23	**(170,307)**	(174,071)	**(13,292)**	(12,607)
Profit before tax		**956,889**	873,726	**445,568**	299,348
Tax expense	24	**(225,981)**	(260,055)	**(609)**	(512)
Profit for the year		**730,908**	613,671	**444,959**	298,836
Profit for the year attributable to: Owners of the Company		**730,908**	613,671	**444,959**	298,836
Basic earnings per ordinary share (sen)	25(a)	**296.69**	248.48		
Diluted earnings per ordinary share (sen)	25(b)	**211.12**	177.29		

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

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Profit for the year		**730,908**	613,671	**444,959**	298,836
Other comprehensive income/(losses), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Net gains/(losses) on investments in debt securities measured at FVOCI		**245,058**	(274,885)	**-**	-
Net realised losses transferred to profit or loss	21	**1,703**	7,420	**-**	-
Tax effects thereon		**(28,934)**	35,337	**-**	-
Fair value losses on cash flow hedge		**(5,831)**	(7,277)	**-**	-
Tax effects thereon		**466**	582	**-**	-
Changes in expected credit losses	7	**(17)**	(73)	**-**	(2)
Tax effects thereon		**(4)**	17	**-**	1
Finance (expenses)/income from insurance contract issued	22(a)	**(122,130)**	182,682	**-**	-
Tax effects thereon		**15,199**	(26,283)	**-**	-
Finance income/(expenses) from reinsurance contract held	22(a)	**2,052**	(22,589)	**-**	-
Tax effects thereon		**(492)**	5,421	**-**	-
Items that will not be reclassified subsequently to profit or loss					
Net gains on investments in equity instruments measured at FVOCI		**3,580**	317	**-**	-
Tax effects thereon		**(286)**	(25)	**-**	-
Revaluation of property, plant and equipment and right-of-use assets		**4,340**	-	**-**	-
Tax effects thereon		**(394)**	-	**-**	-
Reversal of deferred tax on revaluation surplus of land and buildings upon disposal		**-**	373	**-**	-
Total other comprehensive income/(losses) for the year, net of tax		**114,310**	(98,983)	**-**	(1)
Total comprehensive income for the year, net of tax		**845,218**	514,688	**444,959**	298,835
Total comprehensive income attributable to:					
Owners of the Company		**845,218**	514,688	**444,959**	298,835

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

Statements of Changes in Equity

for the year ended 31 December 2023

		Attributable to owners of the Company								
		Non-distributable							Distributable	
Group	Note	Ordinary shares RM'000	ICPS RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings - Life fund* RM'000	Retained earnings RM'000	Total equity RM'000
At 31 December 2022, as previously reported		**236,037**	**534,992**	**(60,801)**	**-**	**41,882**	**(18,919)**	**1,365,229**	**2,112,688**	**4,230,027**
Impact arising from adoption of MFRS 17 and MFRS 9		**-**	**-**	**(18,409)**	**(19,890)**	**6,988**	**(31,311)**	**326,792**	**151,646**	**447,127**
At 1 January 2023, Restated		**236,037**	**543,992**	**(79,210)**	**(19,890)**	**48,870**	**(50,230)**	**1,692,021**	**2,264,334**	**4,677,154**
Net gains on investments in debt securities measured at FVOCI		**-**	**-**	**216,124**	**-**	**-**	**216,124**	**-**	**-**	**216,124**
Net realised losses transferred to profit or loss		**-**	**-**	**1,703**	**-**	**-**	**1,703**	**-**	**-**	**1,703**
Fair value losses on cash flow hedge		**-**	**-**	**(5,365)**	**-**	**-**	**(5,365)**	**-**	**-**	**(5,365)**
Finance expense from insurance contract issued		**-**	**-**	**-**	**(106,931)**	**-**	**(106,931)**	**-**	**-**	**(106,931)**
Finance income from reinsurance contract held		**-**	**-**	**-**	**1,560**	**-**	**1,560**	**-**	**-**	**1,560**
Changes in expected credit losses		**-**	**-**	**(21)**	**-**	**-**	**(21)**	**-**	**-**	**(21)**
Net gains on investments in equity instruments measured at FVOCI		**-**	**-**	**3,294**	**-**	**-**	**3,294**	**-**	**-**	**3,294**
Revaluation of property, plant and equipment and right-of-use assets		**-**	**-**	**-**	**-**	**3,946**	**3,946**	**-**	**-**	**3,946**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**147,751**	**583,157**	**730,908**
Total comprehensive income/ (losses) for the year		**-**	**-**	**215,735**	**(105,371)**	**3,946**	**114,310**	**147,751**	**583,157**	**845,218**
Contributions by and distributions to owners of the Company										
Dividends to owners of the Company	26	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(381,752)**	**(381,752)**
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(381,752)**	**(381,752)**
At 31 December 2023		**236,037**	**534,992**	**136,525**	**(125,261)**	**52,816**	**64,080**	**1,839,772**	**2,465,739**	**5,140,620**
		Note 11	Note 11	Note 12.1	Note 12.2	Note 12.3		Note 12.4	Note 12.4	

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

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

Statements of Changes in Equity

for the year ended 31 December 2023

Group	Note	Ordinary shares RM'000	ICPS RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings - Life fund* RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Company								
		Non-distributable							Distributable	
At 31 December 2021, as previously reported		234,573	536,456	3,653	-	43,175	46,828	1,241,518	2,084,778	4,144,153
Impact arising from adoption of MFRS 17 and MFRS 9 (Note 1.1.3)		-	-	155,724	(159,121)	6,988	3,591	252,338	85,260	341,189
At 1 January 2022, Restated		234,573	536,456	159,377	(159,121)	50,163	50,419	1,493,856	2,170,038	4,485,342
Net losses on investments in debt securities measured at FVOCI		-	-	(239,548)	-	-	(239,548)	-	-	(239,548)
Net realised losses transferred to profit or loss		-	-	7,420	-	-	7,420	-	-	7,420
Fair value losses on cash flow hedge		-	-	(6,695)	-	-	(6,695)	-	-	(6,695)
Finance income from insurance contract issued		-	-	-	156,399	-	156,399	-	-	156,399
Finance expense from reinsurance contract held		-	-	-	(17,168)	-	(17,168)	-	-	(17,168)
Changes in expected credit losses		-	-	(56)	-	-	(56)	-	-	(56)
Net gains on investments in equity instruments measured at FVOCI		-	-	292	-	-	292	-	-	292
Disposal of land and buildings		-	-	-	-	(1,293)	(1,293)	-	1,293	-
Reversal of deferred tax on revaluation surplus		-	-	-	-	-	-	-	373	373
Profit for the year		-	-	-	-	-	-	198,165	415,506	613,671
Total comprehensive (losses)/income for the year		-	-	(238,587)	139,231	(1,293)	(100,649)	198,165	417,172	514,688
Contributions by and distributions to owners of the Company										
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,464	(1,464)	-	-	-	-	-	-	-
Dividends to owners of the Company	26	-	-	-	-	-	-	-	(322,876)	(322,876)
Total transactions with owners of the Company		1,464	(1,464)	-	-	-	-	-	(322,876)	(322,876)
At 31 December 2022		236,037	534,992	(79,210)	(19,890)	48,870	(50,230)	1,692,021	2,264,334	4,677,154
		Note 11	Note 11	Note 12.1	Note 12.2	Note 12.3		Note 12.4	Note 12.4	

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

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

Statements of Changes in Equity

for the year ended 31 December 2023

		Attributable to owners of the Company					
		Non-distributable				*Distributable*	
Company	**Note**	**Share capital RM'000**	**ICPS RM'000**	**FVOCI reserves RM'000**	**Total reserves RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 31 December 2021, as previously reported		234,573	536,456	-	-	275,910	1,046,939
Impact arising from adoption of MFRS 17 and MFRS 9		-	-	1	1	-	1
At 1 January 2022, Restated		234,573	536,456	1	1	275,910	1,046,940
Changes in expected credit losses		-	-	(1)	(1)	-	(1)
Profit for the year		-	-	-	-	298,836	298,836
Total comprehensive (losses)/income for the year		-	-	(1)	(1)	298,836	298,835
Contributions by and distributions to owners of the Company							
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,464	(1,464)	-	-	-	-
Dividends to owners of the Company	26	-	-	-	-	(322,876)	(322,876)
Total transactions with owners of the Company		1,464	(1,464)	-	-	(322,876)	(322,876)
At 31 December 2022/1 January 2023		**236,037**	**534,992**	**-**	**-**	**251,870**	**1,022,899**
Profit for the year		**-**	**-**	**-**	**-**	**444,959**	**444,959**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**444,959**	**444,959**
Contributions by and distributions to owners of the Company							
Dividends to owners of the Company	26	**-**	**-**	**-**	**-**	**(381,752)**	**(381,752)**
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(381,752)**	**(381,752)**
At 31 December 2023		**236,037**	**534,992**	**-**	**-**	**315,077**	**1,086,106**
		Note 11	Note 11	Note 12.1		Note 12.4	

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

Statements of Cash Flows

for the year ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities				
Profit before tax	**956,889**	873,726	**445,568**	299,348
Purchase of financial assets at FVOCI	**(6,687,714)**	(4,272,395)	**(1,561,871)**	(1,669,697)
Maturity of financial assets at FVOCI	**2,804,162**	3,151,225	**1,565,828**	1,706,040
Proceeds from sale of financial assets at FVOCI	**2,990,002**	778,698	**-**	-
Purchase of financial assets at FVTPL	**(2,558,422)**	(2,108,773)	**(4,146)**	(3,213)
Maturity of financial assets at FVTPL	**171,104**	397,952	**-**	-
Proceeds from sale of financial assets at FVTPL	**1,098,387**	1,108,690	**-**	-
Non-cash items:				
Investment income	**(911,083)**	(836,715)	**(458,608)**	(312,062)
Realised gains recorded in profit or loss	**(2,362)**	(1,141)	**-**	-
Interest on lease liabilities	**753**	791	**-**	-
Fair value (gains)/losses on investments recorded in profit or loss	**(224,574)**	236,716	**(133)**	128
Unrealised foreign exchange gains	**(18,322)**	(7,056)	**-**	-
Depreciation of property, plant and equipment	**16,201**	16,013	**320**	326
Depreciation of right-of-use assets	**20,745**	21,136	**-**	-
Impairment of property, plant and equipment	**60**	-	**-**	-
Amortisation of intangible assets	**28,092**	26,735	**-**	-
Reversal of expected credit losses	**(41)**	(43)	**-**	(4)
Gains on disposal of property, plant and equipment	**(2)**	(89)	**-**	-
Property, plant and equipment written off	**448**	270	**-**	2
Reversal of impairment losses on reinsurance contract assets	**-**	(2,575)	**-**	-
Reversal of impairment losses on LRC receivables	**(3,455)**	(28,142)	**-**	-
Bad debts recovered on LRC receivables	**(26)**	(52)	**-**	-
Bad debts written off on LRC receivables	**2,798**	-	**-**	-
Bad debts written off on other receivables	**-**	69	**-**	-
Net (gains)/losses on financial investments and derivatives	**(3,789)**	6,170	**-**	2
Operating (losses)/gains before changes in working capital	**(2,320,149)**	(638,790)	**(13,042)**	20,870

Statements of Cash Flows

for the year ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Changes in working capital:				
Decrease/(Increase) in other assets	**2,684**	(5,771)	**(8,438)**	67,200
Increase in insurance contract liabilities	**1,221,894**	998,246	**-**	-
Increase in reinsurance contract liabilities	**42,655**	147,067	**-**	-
Increase in other liabilities	**103,034**	55,718	**5,325**	3,531
Cash (used in)/generated from operating activities	**(949,882)**	556,470	**(16,155)**	91,601
Tax paid	**(211,860)**	(220,399)	**(514)**	(543)
Dividends received	**147,527**	142,282	**377,921**	239,634
Interest income received	**774,578**	706,680	**2,571**	2,482
Interest paid on lease liabilities	**(753)**	(791)	**-**	-
Net cash (used in)/generated from operating activities	**(240,390)**	1,184,242	**363,823**	333,174
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**385**	908	**-**	-
Proceeds from disposal of right-of-use asset	**-**	2,068	**-**	-
Acquisition of property, plant and equipment	**(32,234)**	(21,098)	**(117)**	(943)
Acquisition of intangible assets	**(21,904)**	(105,739)	**-**	-
Net cash used in investing activities	**(53,753)**	(123,861)	**(117)**	(943)
Cash flows from financing activities				
Dividends paid to owners of the Company	**(381,752)**	(300,124)	**(381,752)**	(300,124)
Repayment of lease liabilities	**(21,410)**	(20,948)	**-**	-
Net cash used in financing activities	**(403,162)**	(321,072)	**(381,752)**	(300,124)
Net (decrease)/increase in cash and cash equivalents	**(697,305)**	739,309	**(18,046)**	32,107
Cash and cash equivalents at 1 January	**2,258,940**	1,519,631	**62,539**	30,432
Cash and cash equivalents at 31 December	**1,561,635**	2,258,940	**44,493**	62,539

Statements of Cash Flows

for the year ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions (with maturity of less than three months)	**1,473,681**	2,125,357	**42,995**	59,513
Cash and bank balances	**87,954**	133,583	**1,498**	3,026
	1,561,635	2,258,940	**44,493**	62,539

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

Included in the fixed and call deposits are RM106,497,800 (2022: RM87,992,000) held as cash collateral for guarantees issued to the beneficiaries on behalf of the policyholders.

Group and Company

Reconciliation of liabilities arising from financing activities

	Note	Lease liabilities RM'000	Total RM'000
At 1 January 2022		24,788	24,788
Cash flows		(21,739)	(21,739)
Interest charge		791	791
Lease additions		249	249
Modification/Termination of lease		15,082	15,082
At 31 December 2022/At 1 January 2023	16	**19,171**	**19,171**
Cash flows		**(22,163)**	**(22,163)**
Interest charge		**753**	**753**
Lease additions		**8,722**	**8,722**
Modification/Termination of lease		**18,821**	**18,821**
At 31 December 2023	16	**25,304**	**25,304**

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

Notes to the Financial Statements

PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Allianz Malaysia Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6.

The ultimate holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

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

The financial statements were authorised for issue by the Board of Directors on 26 February 2024.

1. Basis of preparation

1.1 Statement of compliance

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

The following are accounting standards, amendments to standards and interpretations that have been issued by Malaysian Accounting Standards Board ("MASB") for the financial year beginning on or after 1 January 2023 and adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101, *Classification of liabilities as current or non-current*
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on *Disclosure of Accounting Policies* and *Definition of Accounting Estimate*
- Amendments to MFRS 112, *Deferred tax related to Assets and Liabilities arising from a Single Transaction* and *International Tax Reform – Pillar Two Model Rules*
- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

The adoption of the above did not have any significant effects on the Group's and the Company's financial statements for financial year 2023 and or prior periods upon their initial application, and it is not likely to affect future periods other than as disclosed under Notes 1.1.1, 1.1.2, 1.1.3 and 1.1.4 below.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.1 MFRS 17, *Insurance Contracts*

MFRS 17 replaces the guidance in MFRS 4, *Insurance Contracts*.

MFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4. The standard provides a comprehensive guidance on accounting for insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features. It introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance.

The Group has restated comparative information for the year 2022 in Note 1.1.4. The nature of the changes in accounting policies can be summarised as follows:

(a) Changes to recognition

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

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

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

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

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

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

Reinsurance contracts held are recognised as follows:

(a) a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
    i. the beginning of the coverage period of the group of reinsurance contracts held; and
    ii. the initial recognition of any underlying insurance contract;
(b) all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.1 MFRS 17, *Insurance Contracts* (continued)

(a) Changes to recognition (continued)

MFRS 17 requires expected losses over a contract's lifetime to be reflected at initial recognition in the statement of profit or loss and the statement of financial position as a loss component, inclusive of risk adjustment. The approach to determine loss components is very similar to the current premium deficiency testing, but MFRS 17 requires the calculation on a more granular level. As offsetting with profitable groups of insurance contracts is not allowed, the increasing granularity leads to an increasing number of onerous groups of contracts.

(b) Changes to measurement

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

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

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

The VFA is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts.

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

Life insurance

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

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

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.1 MFRS 17, *Insurance Contracts* (continued)

(b) Changes to measurement (continued)

General insurance

The Group has performed PAA eligibility for all its non-life insurance contracts at transition, and they are qualified to apply the PAA measurement model.

The measurement principles of MFRS 17 differ from MFRS 4 in the following key areas:

Separation of components

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

Liability for remaining coverage ("LRC")

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

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

Liability for incurred claims ("LIC")

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

Estimates of expected cash flows

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

1. **Basis of preparation (continued)**

1.1 **Statement of compliance (continued)**

1.1.1 **MFRS 17, *Insurance Contracts* (continued)**

(b) **Changes to measurement (continued)**

Discounting

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

Risk adjustment for non-financial risk

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

Contractual service margin

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

Reinsurance contracts held

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

(c) **Changes to presentation and disclosure**

MFRS 17 is conceptually based on a prospective cash view. All expected FCF arising from the contract are considered and reflected in one position, the insurance contract asset or liability.

In the statement of financial position, deferred acquisition costs and insurance related receivables and payables are no longer presented separately but as part of the insurance or reinsurance contract assets or liabilities.

The amounts presented in the statement of profit or loss are disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses.

Income or expenses from reinsurance contracts held are presented separately from the expenses or income from insurance contracts issued.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.1 MFRS 17, *Insurance Contracts* (continued)

(d) Transition

For life insurance contracts issued, the Group has adopted the Standard using the full retrospective approach for all currently modelled products in annual cohorts 2014 or later. For modelled products in annual cohorts prior to 2014, the modified retrospective approach has been applied. Unmodelled products will continue to be not modelled under MFRS 17 on the basis of insignificance.

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

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

The quantitative impact of the Group applying MFRS 17 as at 1 January 2022 is disclosed in Note 1.1.3.

1.1.2 MFRS 9, *Financial Instruments*

MFRS 9 'Financial Instruments' replaces MFRS 139 'Financial Instruments: Recognition and Measurement' on the classification and measurement of financial assets and financial liabilities and on hedge accounting, effective for annual periods beginning on or after 1 January 2018. However, as the Group qualifies for the temporary exemption under the guidance on Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* from applying MFRS 9 in financial year 2018, it has deferred and adopted MFRS 9 together with MFRS 17, *Insurance Contracts* for the financial year beginning on 1 January 2023.

The Group has applied MFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in scope of MFRS 9. Differences arising from the adoption of MFRS 9 were recognised in retained earnings as of 1 January 2022 and are disclosed in Note 1.1.3. For all assets that were disposed of in the comparative period, the Group has applied the classification overlay as permitted by paragraph C28E of Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17).

1. **Basis of preparation (continued)**

1.1 Statement of compliance (continued)

1.1.2 MFRS 9, *Financial Instruments* (continued)

The key changes to the Group's accounting policies resulting from the adoption of MFRS 9 are summarised below.

(a) Changes to classification and measurement

To determine their classification and measurement category, MFRS 9 requires all financial assets to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

The MFRS 139 measurement categories for financial assets (fair value through profit or loss ("FVTPL"), available for sale ("AFS"), held-to-maturity ("HTM") and loans and receivables ("L&R") at amortised cost ("AC")) have been replaced by:

- Financial assets at FVTPL;
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with gains or losses not to be recycled to profit or loss on derecognition; and
- Financial assets at AC.

The Group's accounting policies on classification of financial assets are included in Note 2.6.3.

The impact of applying MFRS 9 on classification as at 1 January 2023 is disclosed in Note 1.1.2(c).

(b) Changes to impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for debt instruments held at FVOCI or amortised cost by replacing the incurred loss impairment model used in MFRS 139. The expected credit loss ("ECL") model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

It applies to the Group's financial assets classified at amortised cost and debt instruments measured at FVOCI.

The adoption of the ECL requirements of MFRS 9 resulted in an increase in impairment allowance in respect of the Group's financial assets, which was adjusted to retained earnings.

The Group's accounting policies on impairment of financial assets are included in Note 2.7(i).

The impact of applying MFRS 9 on impairment as at 1 January 2023 is disclosed in Note 1.1.2(c).

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.2 MFRS 9, *Financial Instruments* (continued)

(c) Impact on classification and measurement

In summary, the impact of adopting MFRS 9 on classification and measurement are as follows:

Classification of financial assets and financial liabilities

The following table explains the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's financial assets as at 1 January 2023.

<u>**Financial assets**</u>

	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139 RM'000	New carrying amount under MFRS 9 RM'000
Investment in equity instruments not held for trading	(a)	AFS	FVOCI	638,701	638,701
Investment in equity instruments held for trading	(a)	FVTPL (held for trading)	FVTPL	2,082,880	2,082,880
Unit trusts and real estate investment trusts ("REITs")	(b)	AFS	FVTPL	592,510	592,510
Unit trusts and REITs	(b)	FVTPL (held for trading)	FVTPL	274,784	274,784
Investment in debt securities	(c)	FVTPL (held for trading)	FVTPL	4,996,080	4,996,080
Investment in debt securities	(c)	AFS	FVOCI	6,997,620	6,997,620
Investment in debt securities	(c)	FVTPL (designated upon initial recognition)	FVOCI	4,702,723	4,702,723
Other investments		L&R	FVOCI	-	19,796
Derivative assets	(d)	FVTPL (held for trading)	FVTPL	18,996	18,996
Other assets*		L&R	AC	131,231	111,271
Other assets – staff loans		L&R	FVOCI	17,386	17,386
Cash and cash equivalents		L&R	AC	2,258,899	2,258,940
Fixed deposits with licensed banks	(e)	L&R	FVOCI	24,414	24,328
Total financial assets				22,736,224	22,736,015

* Excluding balance with Malaysia Motor Insurance Pool ("MMIP").

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.2 MFRS 9, *Financial Instruments* (continued)

(c) Impact on classification and measurement (continued)

Classification of financial assets and financial liabilities (continued)

Financial assets (continued)

The application of these policies resulted in the reclassifications set out in the table above and explained below.

(a) Equity investments were classified as AFS and held for trading (FVTPL) under MFRS 139. On the adoption of MFRS 9, the Group has elected to measure equity investments not held for trading at FVOCI, while equity investments held for trading are mandatorily measured at FVTPL.

(b) Investment in unit trusts and REITs were classified as AFS and held for trading (FVTPL) under MFRS 139. On the adoption of MFRS 9, these assets are mandatorily classified as FVTPL because they do not give rise to cash flows that are SPPI on the principal amount outstanding.

(c) Debts securities were designated as AFS and FVTPL (either held for trading or designated upon initial recognition) under MFRS 139. On the adoption of MFRS 9, these assets meet the criteria for mandatory measurement of FVOCI because the contractual cash flows of these assets are solely payments of principal and interest on the principal outstanding and because the Group holds these debt securities under the hold to collect and sell model. For investments in debt securities that are held for trading, the Group continues to measure these at FVTPL.

(d) Derivatives continued to be classified as FVTPL financial assets under MFRS 9.

(e) Liquid investments were classified as loans and receivables under MFRS 139. On the adoption of MFRS 9, the liquid investments meet the criteria for mandatory measurement of FVOCI because the contractual cash flows of these deposits are solely payments of principal and interest on the principal outstanding and because the Group holds these assets under the hold to collect and sell model.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.2 MFRS 9, *Financial Instruments* (continued)

(c) Impact on classification and measurement (continued)

Classification of financial assets and financial liabilities (continued)

Financial assets (continued)

The following table reconciles the carrying amounts of financial assets under MFRS 139 to the carrying amounts under MFRS 9 on transition to MFRS 9 on 1 January 2023.

	31 December 2022			Classification under MFRS 9			
	MFRS 139 RM'000	Remeasurement RM'000	Reclassification RM'000	FVTPL RM'000	FVOCI RM'000	AC RM'000	Total RM'000
AFS							
Investment in equity instruments not held for trading	638,701	-	-	-	638,701	-	638,701
Unit trusts and REITs	592,510	-	-	592,510	-	-	592,510
Investment in debt securities	6,997,620	-	-	-	6,997,620	-	6,997,620
FVTPL (held for trading)							
Investment in debt securities	4,996,080	-	-	4,996,080	-	-	4,996,080
Investment in equity instruments held for trading	2,082,880	-	-	2,082,880	-	-	2,082,880
Unit trusts and REITs	274,784	-	-	274,784	-	-	274,784
Derivative assets	18,996	-	-	18,996	-	-	18,996
FVTPL (designated upon initial recognition)							
Investment in debt securities	4,702,723	-	-	-	4,702,723	-	4,702,723
L&R							
Other investments	-	-	19,796	-	19,796	-	19,796
Other assets*	148,617	(164)	(19,796)	-	17,386	111,271	128,657
Cash and cash equivalents	2,258,899	(45)	86	-	-	2,258,940	2,258,940
Fixed deposits with licensed banks	24,414	-	(86)	-	24,328	-	24,328
	22,736,224	(209)	-	7,965,250	12,400,554	2,370,211	22,736,015

* Excluding balance with MMIP.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.2 MFRS 9, *Financial Instruments* (continued)

(c) Impact on classification and measurement (continued)

Classification of financial assets and financial liabilities (continued)

Financial liabilities

There were no changes to the Group's classification and measurement of financial liabilities on the adoption of MFRS 9.

Impairment of financial assets

The following table reconciles the closing impairment allowance under MFRS 139 as at 31 December 2022 with the opening loss allowance under MFRS 9 as at 1 January 2023.

	31 December 2022 MFRS 139 RM'000	Remeasurement RM'000	1 January 2023 MFRS 9 RM'000
Financial assets			
L&R			
Other assets	1,538	(1,538)	-
FVOCI			
Investment in debt securities	-	5,582	5,582
Other investments	-	823	823
Amortised cost			
Other assets	-	906	906
Cash and cash equivalents	-	45	45
	1,538	5,818	7,356

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.3 Impact of transition to MFRS 17 and MFRS 9 on reserves and retained earnings

The following table summarises the impact, net of tax, of transition to MFRS 17 and MFRS 9 on the opening reserves and retained earnings. There is no impact on other components of equity.

	FVOCI reserves RM'000	Retained earnings RM'000	Total equity RM'000
Impact under MFRS 9			
Closing balance under MFRS 139 at 31 December 2021	3,653	3,326,296	4,144,153
Reclassification of AFS reserve of investment in equity instruments and debt securities from insurance contract liabilities to FVOCI reserve	140,219	(134)	140,085
Reclassification of unquoted unit trust in Malaysia from AFS to FVTPL	2,864	(2,864)	-
Recognition of MFRS 9 ECLs for other assets measured at AC	-	(177)	(177)
Recognition of MFRS 9 ECLs for other investments measured at FVOCI	37	-	37
Recognition of MFRS 9 ECLs for investment in debt securities measured at FVOCI	5,630	(2,273)	3,357
Recognition of MFRS 9 ECLs for cash and cash equivalents measured at AC	-	(18)	(18)
Deferred tax in relation to MFRS 9 application	6,974	(6,747)	227
Opening balance under MFRS 9 at 1 January 2022	159,377	3,314,083	4,287,664

1. **Basis of preparation (continued)**

1.1 Statement of compliance (continued)

1.1.3 Impact of transition to MFRS 17 and MFRS 9 on reserves and retained earnings (continued)

	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings RM'000	Total equity RM'000
<u>**Impact under MFRS 17**</u>					
Closing balance under MFRS 4 at 31 December 2021	-	43,175	43,175	3,326,296	4,144,153
Impact of initial application of MFRS 17	(175,993)	6,988	(169,005)	440,201	271,196
Deferred tax in relation to MFRS 17 application	16,872	-	16,872	(90,390)	(73,518)
Opening balance under MFRS 17 at 1 January 2022	(159,121)	50,163	(108,958)	3,676,107	4,341,831

	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total reserves RM'000	Retained earnings RM'000	Total equity RM'000
Closing balance under MFRS 4/MFRS 139 at 31 December 2021	3,653	-	43,175	46,828	3,326,296	4,144,153
Impact of initial application of MFRS 17	-	(159,121)	6,988	(152,133)	349,811	197,678
Impact of initial application of MFRS 9	155,724	-	-	155,724	(12,213)	143,511
Opening balance under MFRS 17/MFRS 9 at 1 January 2022	159,377	(159,121)	50,163	50,419	3,663,894	4,485,342

The combined effect on the Group's consolidated statement of financial position on transition to MFRS 9 and MFRS 17 as at 1 January 2022 is to improve total equity measured under MFRS 17 by approximately 8%. The results of 1 January 2022 and comparative financial year or period of 2022's consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are presented under the new accounting standard in this report.

Notes to the Financial Statements

1. **Basis of preparation (continued)**

1.1 **Statement of compliance (continued)**

1.1.4 Overall impact on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income

Statement of financial position

	1 January 2022		
	As previously reported RM'000	Effect of adoption of MFRS 17 and 9 RM'000	Restated balance RM'000
Assets			
Property, plant and equipment	110,148	-	110,148
Right-of-use assets	41,530	-	41,530
Intangible assets	348,456	-	348,456
Deferred tax assets	34,404	(19,128)	15,276
Investments	19,941,622	(58,348)	19,883,274
Derivative financial assets	45,516	918	46,434
Reinsurance contract assets	1,126,083	(293,012)	833,071
Current tax assets	9,856	-	9,856
Insurance receivables	191,207	(191,207)	-
Other assets	151,396	(28,510)	122,886
Deferred acquisition costs	123,661	(123,661)	-
Cash and cash equivalents	1,519,608	23	1,519,631
Total assets	23,643,487	(712,925)	22,930,562
Equity			
Share capital:			
Ordinary shares	234,573	-	234,573
ICPS	536,456	-	536,456
Reserves	3,373,124	341,189	3,714,313
Total equity attributable to owners of the Company	4,144,153	341,189	4,485,342
Liabilities			
Deferred tax liabilities	391,257	54,163	445,420
Insurance contract liabilities	17,648,547	(422,152)	17,226,395
Reinsurance contract liabilities	-	150,326	150,326
Derivatives financial liabilities	1,641	-	1,641
Lease liabilities	24,788	-	24,788
Insurance payables	584,557	(584,557)	-
Other liabilities	834,973	(251,894)	583,079
Current tax liabilities	13,571	-	13,571
Total liabilities	19,499,334	(1,054,114)	18,445,220
Total equity and liabilities	23,643,487	(712,925)	22,930,562

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.4 Overall impact on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income (continued)

Statement of financial position (continued)

	31 December 2022		
	As previously reported RM'000	Effect of adoption of MFRS 17 and 9 RM'000	Restated balance RM'000
Assets			
Property, plant and equipment	110,682	-	110,682
Right-of-use assets	33,657	-	33,657
Intangible assets	421,835	-	421,835
Deferred tax assets	48,994	(37,359)	11,635
Investments	20,386,957	(57,535)	20,329,422
Derivative financial assets	18,996	-	18,996
Reinsurance contract assets	887,623	(223,943)	663,680
Current tax assets	12,165	-	12,165
Insurance receivables	219,442	(219,442)	-
Other assets	152,786	(24,129)	128,657
Deferred acquisition costs	131,020	(131,020)	-
Cash and cash equivalents	2,258,900	40	2,258,940
Total assets	24,683,057	(693,388)	23,989,669
Equity			
Share capital:			
Ordinary shares	236,037	-	236,037
ICPS	534,992	-	534,992
Reserves	3,458,998	447,127	3,906,125
Total equity attributable to owners of the Company	4,230,027	447,127	4,677,154
Liabilities			
Deferred tax liabilities	395,960	75,935	471,895
Insurance contract liabilities	18,528,102	(516,284)	18,011,818
Reinsurance contract liabilities	-	150,591	150,591
Derivatives financial liabilities	1,293	-	1,293
Lease liabilities	19,171	-	19,171
Insurance payables	603,173	(603,173)	-
Other liabilities	895,893	(247,584)	648,309
Current tax liabilities	9,438	-	9,438
Total liabilities	20,453,030	(1,140,515)	19,312,515
Total equity and liabilities	24,683,057	(693,388)	23,989,669

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

1.1.4 Overall impact on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income (continued)

__Statement of profit or loss and other comprehensive income__

	Effect to the financial year ended 31 December 2022		
	As previously reported RM'000	Effect of adoption of MFRS 17 and 9 RM'000	Restated balance RM'000
Profit for the year	472,831	140,840	613,671
Other comprehensive income, net of tax			
FVOCI reserve, net of tax	(64,454)	(174,077)	(238,531)
ECL, net of tax	-	(56)	(56)
Insurance finance expense, net of tax	-	139,231	139,231
Items that will not be reclassified subsequently to profit or loss	373	-	373
Total comprehensive income for the year, net of tax	408,750	105,938	514,688

Except as disclosed above on MFRS 17 and MFRS 9, the adoption of new standards, amendments to standards and interpretations by the Group for the first time for the financial year beginning on or after 1 January 2023 did not have any material impact on the current and/or prior periods.

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

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

- Amendments to MFRS 7 and MFRS 107, *New disclosures for supplier finance arrangements*
- Amendments to MFRS 121 on *Lack of Exchangeability*
- Amendments to MFRS 16 on *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Classification of liabilities as current or non-current and Non-current liabilities with covenant*

The adoption of these amendments will not have material impact to the Group and the Company in future periods.

1.2 Basis of measurement

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

Notes to the Financial Statements

1. Basis of preparation (continued)

1.3 Functional and presentation currency

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

1.4 Use of estimates and judgements

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

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

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

Note 2.21.1 - Valuation of general insurance contract liabilities and reinsurance contract assets
Note 2.21.2 - Valuation of life insurance contract liabilities and reinsurance contract liabilities

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.21.

2. Material accounting policies

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

2.1 Basis of consolidation

2.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group and the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Group has determined that the investment in structured securities, such as unit trust investments that the Group has an interest in are structured entities.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.1 Basis of consolidation (continued)

2.1.1 Subsidiaries (continued)

Investments in subsidiaries are measured in the Company's separate statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.1.2 Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2.1.3 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Material accounting policies (continued)

2.2 Foreign currency

Foreign currency transactions and balances

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

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

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

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

2.3 Property, plant and equipment

2.3.1 Recognition and measurement

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

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

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

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

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

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.3 Property, plant and equipment (continued)

2.3.1 Recognition and measurement (continued)

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

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

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

2.3.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2.3.3 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for intangible assets are as follows:

Buildings	50 years
Office equipment, computers, furniture and fittings	2 to 10 years
Motor vehicles	5 years
Office renovations and partitions	10 years

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

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2.5.1 on right-of-use assets for these assets.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.4 Intangible assets

2.4.1 Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses. See accounting policy in Note 2.7(ii) on impairment of goodwill.

2.4.2 Development costs

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

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.4.3 Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

2.4.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2.4.5 Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill with indefinite useful lives is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired. See accounting policy in Note 2.7(ii) on impairment of goodwill.

Intangible assets with finite useful lives are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives for intangible assets are as follows:

Capitalised software development costs	3 to 5 years
Other intangible assets	10 to 15 years

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.5 Leases

2.5.1 Accounting by lessee

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

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

Lease term

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

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

ROU assets

ROU assets are initially measured at cost comprising the following:

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

ROU assets are subsequently measured at valuation/cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

ROU assets are presented as a separate line item in the statement of financial position.

2. Material accounting policies (continued)

2.5 Leases (continued)

2.5.1 Accounting by lessee (continued)

Lease liabilities

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

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

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

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the interest expenses in profit or loss in the statement of profit or loss.

Short term leases and leases of low value assets

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

2.5.2 The Group and the Company as a lessor

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

Operating lease

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

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

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

Sublease classification

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.6 Financial instruments

2.6.1 Initial recognition and measurement

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

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

2.6.2 Amortised cost and effective interest rates

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

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

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

2.6.3 Financial instrument categories and subsequent measurement

The Group categorises and measures financial instruments as follows:

Financial assets

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

(a) Amortised cost;
(b) FVOCI; or
(c) FVTPL.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Debt instruments

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

The classification and subsequent measurement of debt instruments depend on:

(a) the Group's business model for managing the asset; and
(b) the cash flow characteristics of the asset (represented by SPPI).

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

(a) Amortised cost

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

(b) Fair value through other comprehensive income

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

(c) Fair value through profit or loss

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Debt instruments (continued)

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

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

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

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

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

Equity instruments

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

The Group subsequently measures all equity investments at FVTPL. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments in established.

Gains and losses on equity investments at FVTPL are included in the line 'Net gains/(losses) on FVTPL investments' in the consolidated statement of profit or loss.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Classification and subsequent measurement

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

Derecognition

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

2.6.4 Regular way purchase or sale of financial assets

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

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

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

2.6.5 Hedge accounting

Cash flow hedge

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.7 Impairment

(i) Financial assets

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

Stage 1 – from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).

Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the financial asset (Lifetime ECL).

Stage 3 – when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime ECL is to be recognised (Lifetime ECL - credit impaired).

(ii) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (groups of CGUs) on a *pro rata* basis.

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

2. Material accounting policies (continued)

2.7 Impairment (continued)

(iii) LRC - Expected premium receipts net of insurance acquisition cash flow

Cash flow components included in LRC are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated FCF of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

The Group assessed the recoverability of the LRC - expected premium receipts net of insurance acquisition cash flow and charge the impairment allowance to profit or loss accordingly.

The Group applied the simplified ECL concept under MFRS 9 to incorporate forward-looking elements. However, management overlays are applied to the model outputs if they are consistent with the objective of identifying a significant increase in credit risk.

Objective evidence of impairment is deemed to exist where the principal or interest or both for the cash flow components included in LRC is past due for more than 90 days or 3 months, as prescribed in the Guidelines on Financial Reporting for Insurers issued by BNM.

An impairment loss in LRC is recognised in profit or loss and is measured as the difference between the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced using an allowance account.

If, in a subsequent period, the fair value of the cash flow components included in LRC increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the cash components included in LRC does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.8 Cash and cash equivalents and placements with financial institutions

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

2.9 Equity instruments

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

2.9.1 Ordinary share capital

Ordinary share capital is classified as equity.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.9 Equity instruments (continued)

2.9.2 Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

2.9.3 Dividends on ordinary shares

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

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

2.10 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected FCF at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

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

2.11 Other financial liabilities

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

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts

2.12.1 Definition and classification

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

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

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

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

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

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

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

2.12.2 Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

(a) contracts that are onerous at initial recognition (if any);
(b) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any); and
(c) a group of the remaining contracts in the portfolio (if any).

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.3 Recognition and derecognition

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

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

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

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

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

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

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

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

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

(a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
    i. is not within the scope of MFRS 17;
    ii. results in different separable components;
    iii. results in a substantially different contract boundary; or
    iv. belongs to a different group of contracts;
(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.3 Recognition and derecognition (continued)

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

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

(a) adjusts the FCF to eliminate the PVFCF and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
(b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
    i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
    ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
    iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and
(c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement

Fulfilment cash flows within contract boundary

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

The estimates of FCF:

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

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

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

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

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

The Group uses consistent assumptions to measure the estimates of the PVFCF for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

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

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

(a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
(b) both of the following criteria are satisfied:
    i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
    ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement (continued)

Contract boundary (continued)

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

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

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

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

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

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

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

Insurance acquisition costs

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.4 Measurement (continued)

Risk adjustment for non-financial risk

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

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

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

(a) Initial measurement

Contractual service margin

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

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

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

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

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

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

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

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

(a) Initial measurement (continued)

Contractual service margin (continued)

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

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

(b) Subsequent measurement

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

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

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

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

Changes in fulfilment cash flows

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

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

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

Notes to the Financial Statements

2. **Material accounting policies (continued)**

2.12 Life insurance and reinsurance contracts (continued)

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

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows (continued)

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

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

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

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

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

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

(a) changes in the amount of the Group's share of the fair value of the underlying items; and
(b) changes in the FCF that do not vary based on the returns of underlying items:
    i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
    ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;
    iii. changes in estimates of the PVFCF in the LRC, except those described in the following paragraph;
    iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
    v. changes in the risk adjustment for non-financial risk that relate to future service.

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

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

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

(b) Subsequent measurement (continued)

Changes in fulfilment cash flows (continued)

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

(a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
(b) changes in the FCF that do not vary based on the returns of underlying items:
  i. changes in the FCF relating to the LIC; and
  ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
  iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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

Changes to the contractual service margin

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

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

The Group does not publish interim financial statements for the last quarter in the year. If an estimate reported in the previous quarter changes significantly in the fourth quarter, the nature and amount of such changes are disclosed in the annual statements. There were no such items that would require disclosures in these consolidated financial statements in 2023 and 2022.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

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

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

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

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

Interest accretion on the CSM

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

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

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

Release of the CSM to profit or loss

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

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

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

(b) Subsequent measurement (continued)

Changes to the contractual service margin (continued)

Release of the CSM to profit or loss (continued)

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service), and the management of underlying items on behalf of the policyholder (investment-related service). The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Group expects these amounts to include an investment return that is achieved by the Group by performing investment activities to generate that investment return.

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

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

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

Onerous contracts – Loss component

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

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

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

(a) Initial measurement

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

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

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

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

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:
(a) the LRC; and
(b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
(a) the remaining coverage; and
(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
(a) increased for ceding premiums paid in the period; and
(b) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

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

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's nonperformance.

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

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.7 Amount recognised in comprehensive income

Insurance revenue

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

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

- Amounts relating to the changes in the LRC:

(a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    i. amounts allocated to the loss component;
    ii. repayments of investment components and policyholder rights to withdraw an amount;
    iii. insurance acquisition expenses; and
    iv. amounts related to the risk adjustment for non-financial risk;
(b) amounts of the CSM recognised for the services provided in the period;
(c) experience adjustments – arising from premiums received in the period other than those that relate to future service; and
(d) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

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

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

Insurance service expenses

Insurance service expenses include the following:

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.12 Life insurance and reinsurance contracts (continued)

2.12.7 Amount recognised in comprehensive income (continued)

Net income (expenses) from reinsurance contract held

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

(a) reinsurance expenses;
(b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
(c) other incurred directly attributable expenses;
(d) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
(e) effect of changes in the risk of reinsurers' non-performance; and
(f) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts; and
    ii. reversals of a loss-recovery component.

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

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

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

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

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

2. **Material accounting policies (continued)**

2.12 Life insurance and reinsurance contracts (continued)

2.12.7 Amount recognised in comprehensive income (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money; and
(b) the effect of financial risk and changes in financial risk.

For contracts measured under the BBA, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the FCF and the CSM;
(b) the effect of changes in interest rates and other financial assumptions; and
(c) foreign exchange differences.

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

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the LIC; and
(b) the effect of changes in interest rates and other financial assumptions.

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations

(a) Definition and classification

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

The Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

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

(b) Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

(a) contracts that are onerous at initial recognition (if any);
(b) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any); and
(c) a group of the remaining contracts in the portfolio (if any).

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

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(a) contracts for which there is a net gain at initial recognition, if any;
(b) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(c) remaining contracts in the portfolio, if any.

2. **Material accounting policies (continued)**

2.13 General insurance operations (continued)

(b) Unit of account (continued)

Transition approaches that were applied by the Group on adoption of MFRS 17 with respect to contracts aggregation requirements are included in Note 1.1.1(d).

Before the Group accounts for an insurance contract based on the guidance in MFRS 17, it analyses whether the contract contains distinct components that should be separated. MFRS 17 distinguishes three categories of distinct components which must be accounted for under another MFRS instead of under MFRS 17:
- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

Currently, the Group's products do not include any distinct components that require separation and apply MFRS 17 to all components of the insurance contract.

When determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract in the legal form. Currently, the Group does not have any contracts that require combination of insurance contracts, and separates components within a single contract for several package products.

(c) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:
- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:
- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  (i) the beginning of the coverage period of the group of reinsurance contracts; and
  (ii) the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

  Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(c) Recognition and derecognition (continued)

An insurance contract is derecognised when it is:
- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

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

(a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   i. is not within the scope of MFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts; or
(b) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, component separation requirements and contract aggregation requirements.

When an insurance contract is derecognised, any net difference between the derecognised part of the LRC of the original contract and any other cash flows will be charged immediately to profit or loss to remove related rights and obligations.

(d) Contract boundary

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

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

(a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
(b) both of the following criteria are satisfied:
   i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

2. **Material accounting policies (continued)**

2.13 General insurance operations (continued)

(d) Contract boundary (continued)

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

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

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

(e) Measurement

The Group applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

(a) The coverage period of each contract in the group of insurance contracts is one year or less; or
(b) For contracts longer than one year, the Group has applied PAA eligibility test and reasonably expects that the measurement is not materially different from that under the general measurement model.

Initial measurement

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

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The fulfilment cash flows include an explicit risk adjustment for non-financial risk. A loss component is established by the Group for the LRC for such onerous group depicting the losses recognised.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement

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

(a) the LRC; and
(b) the LIC, comprising the PVFCF related to past service allocated to the group at the reporting date, including an explicit adjustment for non-financial risk (risk adjustment).

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

(a) the remaining coverage; and
(b) the incurred claims, comprising the PVFCF related to past service allocated to the group at the reporting date, including an explicit adjustment for non-financial risk (risk adjustment).

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

(a) increased for premiums received in the period;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts recognised as insurance revenue for the services provided in the period; and
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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

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

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

There are no investment components within insurance contracts issued and reinsurance contracts held.

The Group estimates the LIC as the FCF related to incurred claims. FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those FCF, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group adjust the FCF for the time value of money, since insurance contracts issued by the Group typically have a claims settlement period of over one-year.

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement (continued)

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued except the following:

(a) For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer;
(b) In the measurement of reinsurance contracts held, the probability-weighted estimates of the PVFCF include the allowance for non-performance risk of the reinsurer;
(c) Loss recovery component will subsequently be reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

(f) Recognition and measurement of insurance acquisition cash flows

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

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis; and amortised over the coverage period of the related group.

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

(g) Amount recognised in comprehensive income

Insurance revenue

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

Insurance revenue is the amount of:

(a) Expected premium receipts based on the passage of time for the Group's insurance contracts issued; and
(b) Expected premium receipts based on the passage of time for the Group's reinsurance inward contracts issued. The expected premium receipts are reduced by the fixed reinsurance inward commissions that are not contingent on claims and are settled net of reinsurance premiums received from cedants.

The Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Notes to the Financial Statements

2. **Material accounting policies (continued)**

2.13 General insurance operations (continued)

(g) Amount recognised in comprehensive income (continued)

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits;
(b) other incurred directly attributable expenses;
(c) insurance acquisition cash flows amortisation based on the passage of time;
(d) changes that relate to past service – changes in the FCF relating to the LIC; and
(e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

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

Net income (expenses) from reinsurance contract held

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

(a) reinsurance expenses;
(b) incurred claims recovery;
(c) other incurred directly attributable expenses;
(d) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
(e) effect of changes in the risk of reinsurers' non-performance; and
(f) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts; and
    ii. reversals of a loss-recovery component.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. The reinsurance expenses are recognised based on the passage of time over the coverage period of a group of contracts.

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

2. Material accounting policies (continued)

2.13 General insurance operations (continued)

(g) Amount recognised in comprehensive income (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money; and
(b) the effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

(a) interest accreted on the LIC; and
(b) the effect of changes in interest rates and other financial assumptions.

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

The Group applies the OCI option and recognises the impact of changes in discount rates and other financial variables arising from the application of MFRS 17 in OCI. This is to minimise the accounting mismatch between the accounting for investments and insurance assets and liabilities as The Group's investments are predominantly FVOCI investments.

2.14 Other revenue recognition

The following specific recognition criteria must also be met before revenue is recognised.

2.14.1 Interest income

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

2.14.2 Rental income

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

2.14.3 Dividend income

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

2.14.4 Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on disposal of financial assets. Gains and losses 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.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.15 Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

2.16 Provision for agent's retirement benefits

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

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

2.17 Income tax

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

2. Material accounting policies (continued)

2.18 Earnings per ordinary share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. The profit or loss attributable to ordinary shareholders is adjusted for the after tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

2.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.20 Fair value measurement

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

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.21.1 Valuation of general insurance's insurance contract liabilities and reinsurance contract assets

Liability for remaining coverage

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under MFRS 4.

The Group applied judgement in assessing the onerous groups' profitability and the remeasurement of loss component. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

Undiscounted insurance contract liabilities

For general insurance contracts, insurance liabilities in relation to claims incurred are the outstanding claims reserve required for the future settlement of losses on claims which have occurred but have yet to be fully settled. It is consisting of two components: expected ultimate cost of claims reported and expected ultimate cost of claims incurred but not yet reported at the end of the reporting period.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The expected ultimate cost of claims reported are based on estimates of future payments that will be made with respect to individual claims. Such estimates are made on a case-by-case basis, based on the information available at the time the reserves are established. The estimates reflect the informed judgement of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim.

These reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available. IBNR reserves are established to recognise the estimated cost of losses that have occurred but where the Group has not yet been notified. The valuation of IBNR reserves is carried out by an Appointed Actuary approved by BNM using professional judgement in applying actuarial methodology and assumptions, based on the Group's current and past claims experience, taking into account the Group's underwriting practice and industry experience. IBNR reserves are estimated based on actuarial statistical projections of the expected cost of the ultimate settlement and administration of claims. The projections are based on available information at the time and include factors such as trends in claims frequency, severity and speed of settlement. IBNR reserves are reviewed and revised quarterly as additional information becomes available with the actual claims development.

When measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. For reinsurance contracts held, the liabilities for incurred claims also includes the allowance for non-performance risk of the reinsurer.

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.1 Valuation of general insurance's insurance contract liabilities and reinsurance contract assets (continued)

Discount rates

The Group applied a bottom-up approach in determining the discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts. The resulting yield curve will be Group's basis for discounting the insurance contract liabilities.

The risk-free yield curve was derived using Malaysian government bonds yield. The illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

The yield curves that were used to discount the estimates of FCF for insurance contracts and reinsurance contracts held are as follows:

	2023			2022		
	1 year	5 years	10 years	1 year	5 years	10 years
Locked-in Rates (with illiquidity adjustment)	**3.83%**	**4.38%**	**4.70%**	2.97%	4.15%	4.83%
Current Rates (with illiquidity adjustment)	**3.80%**	**4.19%**	**4.43%**	4.04%	4.53%	4.77%
Current Rates (without illiquidity adjustment)	**3.12%**	**3.49%**	**3.73%**	3.27%	3.76%	3.99%

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

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion.

The Group estimates an adjustment for non-financial risk separately from all other estimates; segregating the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

The risk adjustment was calculated at the reserving class level and then allocated down to each group of contracts using undiscounted FCF as the allocation driver. The percentile approach was used to derive the overall risk adjustment for non-financial risk.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.1 Valuation of general insurance's insurance contract liabilities and reinsurance contract assets (continued)

Risk adjustment for non-financial risk (continued)

In the percentile approach, a range of methodologies such as Mack and Bootstrapping are used to determine the risk adjustment. The Group has aligned the confidence level of the risk adjustment with the confidence level required on reserves by the local statutory requirement of 75% (2022: 75%) confidence level.

The risk adjustment for reinsurance held is determined from the difference between the gross and retained risk adjustment calculated. The Group adopts the same approach used for Direct business in determining the retained risk adjustment, which is then allocated to group of reinsurance contracts level using undiscounted ceded FCF as the allocation driver.

Expenses

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

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

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

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities

Fulfilment cash flows

Fulfilment cash flows comprise:

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

(a) Estimates of future cash flows

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

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(a) Estimates of future cash flows (continued)

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

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

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

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

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(a) Estimates of future cash flows (continued)

Contract boundaries

Insurance contracts

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

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

Reinsurance contracts

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

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

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(a) Estimates of future cash flows (continued)

Assumptions used in estimating future cash flows

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

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

- Mortality and Morbidity Rates

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

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

- Expenses

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

- Persistency

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

  The assumptions that have significant effects on the FCF are disclosed in Note 32.1(ii).

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(b) Discount rates

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

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

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

The discount rates used in the discounting of FCF and sensitivity analysis on the key assumptions are disclosed in Note 32.1(ii) and Note 32.1(iii) respectively.

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

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

	2022				
	Currency	1 year	5 years	10 years	20 years
Participating portfolio	MYR	3.46%	3.96%	4.18%	4.66%
Non-participating portfolio	MYR	3.97%	4.47%	4.70%	5.17%
Investment-linked and universal life	MYR	3.37%	3.86%	4.09%	4.57%

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(c) Contractual service margin

Risk adjustments for non-financial risk

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

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

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

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 81% (2022: 81%).

The methods used to determine the risk adjustment for non-financial risk were not changed in 2023 and 2022.

<u>Determination of coverage units</u>

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

The CSM release is determined by:

- identifying the coverage units in the group;
- allocating the CSM equally to coverage units provided in the current period and expected to be provided in the future; and
- recognising in profit or loss the amount allocated to coverage units to reflect insurance contract services provided in the period.

Notes to the Financial Statements

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(c) Contractual service margin (continued)

Risk adjustments for non-financial risk (continued)

Determination of coverage units (continued)

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

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

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

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

(d) Investment components

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

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

2. Material accounting policies (continued)

2.21 Significant accounting judgements, estimates and assumptions (continued)

2.21.2 Valuation of life insurance's insurance contract liabilities and reinsurance contract liabilities (continued)

Fulfilment cash flows (continued)

(e) Expenses

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

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

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

2.22 Restatement of comparatives

Comparatives have been restated as disclosed in Note 1.1.4 due to the adoption of MFRS 17 and MFRS 9.

Notes to the Financial Statements

3. **Property, plant and equipment**

Group	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost/Valuation									
At 1 January 2022		9,760	61,339	1,559	136,938	2,551	35,806	6,891	254,844
Additions		-	-	-	8,351	605	1,235	10,907	21,098
Disposals		-	(850)	-	(56)	(69)	(15)	-	(990)
Written off		-	-	-	(1,188)	(342)	(1,682)	(178)	(3,390)
Reclassification		-	-	-	2,109	-	4,182	(6,291)	-
Transfer to intangible assets	5	-	-	-	-	-	-	(3,462)	(3,462)
At 31 December 2022/ At 1 January 2023		**9,760**	**60,489**	**1,559**	**146,154**	**2,745**	**39,526**	**7,867**	**268,100**
Additions		**-**	**-**	**-**	**8,313**	**676**	**4,421**	**18,824**	**32,234**
Disposals		**-**	**-**	**-**	**(910)**	**-**	**-**	**-**	**(910)**
Written off		**-**	**-**	**-**	**(671)**	**(342)**	**-**	**(242)**	**(1,255)**
Reclassification		**-**	**-**	**-**	**2,719**	**741**	**5,450**	**(8,910)**	**-**
Transfer to intangible assets	5	**-**	**-**	**-**	**-**	**-**	**-**	**(9,992)**	**(9,992)**
Impairment		**(60)**	**-**	**-**	**-**	**-**	**-**	**-**	**(60)**
Revaluation		**(200)**	**1,292**	**-**	**-**	**-**	**-**	**-**	**1,092**
At 31 December 2023		**9,500**	**61,781**	**1,559**	**155,605**	**3,820**	**49,397**	**7,547**	**289,209**
Depreciation									
At 1 January 2022		-	5,739	67	113,572	1,736	23,582	-	144,696
Depreciation for the year	23	-	1,833	20	10,496	412	3,252	-	16,013
Disposals		-	(44)	-	(50)	(69)	(8)	-	(171)
Written off		-	-	-	(1,131)	(342)	(1,647)	-	(3,120)
At 31 December 2022/ At 1 January 2023		**-**	**7,528**	**87**	**122,887**	**1,737**	**25,179**	**-**	**157,418**
Depreciation for the year	23	**-**	**1,861**	**21**	**9,833**	**595**	**3,891**	**-**	**16,201**
Disposals		**-**	**-**	**-**	**(527)**	**-**	**-**	**-**	**(527)**
Written off		**-**	**-**	**-**	**(670)**	**(137)**	**-**	**-**	**(807)**
Revaluation		**-**	**(35)**	**-**	**-**	**-**	**-**	**-**	**(35)**
At 31 December 2023		**-**	**9,354**	**108**	**131,523**	**2,195**	**29,070**	**-**	**172,250**

* The carrying amounts of land and buildings are not segregated as the required information is not available.

3. Property, plant and equipment (continued)

Group	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Carrying amounts								
At 1 January 2022	9,760	55,600	1,492	23,366	815	12,224	6,891	110,148
At 31 December 2022/ At 1 January 2023	**9,760**	**52,961**	**1,472**	**23,267**	**1,008**	**14,347**	**7,867**	**110,682**
At 31 December 2023	**9,500**	**52,427**	**1,451**	**24,082**	**1,625**	**20,327**	**7,547**	**116,959**

* The carrying amounts of land and buildings are not segregated as the required information is not available.

Company	Office equipment, computers, furniture and fittings RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost				
At 1 January 2022	2,495	526	70	3,091
Additions	23	25	895	943
Disposals	(6)	-	-	(6)
Written off	(12)	-	-	(12)
Reclassification	-	809	(809)	-
At 31 December 2022/At 1 January 2023	**2,500**	**1,360**	**156**	**4,016**
Additions	**116**	**-**	**1**	**117**
Written off	**(82)**	**-**	**-**	**(82)**
At 31 December 2023	**2,534**	**1,360**	**157**	**4,051**

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Company	Note	Office equipment, computers, furniture and fittings RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Depreciation					
At 1 January 2022		1,862	108	-	1,970
Depreciation for the year	23	191	135	-	326
Disposals		(6)	-	-	(6)
Written off		(10)	-	-	(10)
At 31 December 2022/At 1 January 2023		**2,037**	**243**	**-**	**2,280**
Depreciation for the year	23	**185**	**135**	**-**	**320**
Written off		**(82)**	**-**	**-**	**(82)**
At 31 December 2023		**2,140**	**378**	**-**	**2,518**
Carrying amounts					
At 1 January 2022		633	418	70	1,121
At 31 December 2022/At 1 January 2023		**463**	**1,117**	**156**	**1,736**
At 31 December 2023		**394**	**982**	**157**	**1,533**

3.1 Revaluation of properties

The Group's land and buildings were revalued in August & September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuers using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the land and buildings are compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered. Listings and offers may also be considered. There is no material change in fair value in 2023.

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

Group	2023 RM'000	2022 RM'000
Land	**6,074**	6,306
Buildings	**43,532**	43,303
Land and buildings	**2,056**	2,085
	51,662	51,694

3. Property, plant and equipment (continued)

3.2 Fair value information

Fair value of land and buildings are categorised as follows:

Group	2023 Level 1 RM'000	2023 Level 2 RM'000	2023 Level 3 RM'000	2023 Total RM'000	2022 Level 1 RM'000	2022 Level 2 RM'000	2022 Level 3 RM'000	2022 Total RM'000
Land	-	-	9,500	9,500	-	-	9,760	9,760
Buildings	-	-	52,427	52,427	-	-	52,961	52,961
Land and buildings	-	-	1,451	1,451	-	-	1,472	1,472
	-	-	63,378	63,378	-	-	64,193	64,193

Level 3 fair value

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

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

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

Land and buildings

Valuation technique used	2023 Fair Value RM'000	2023 Adjusted Price per sq foot RM/psf	2022 Fair Value RM'000	2022 Adjusted Price per sq foot RM/psf
Comparison Approach	63,378	249 – 2,811	64,193	223 – 2,811

Notes to the Financial Statements

4. Right-of-use assets

Group	Note	Leasehold land RM'000	Buildings RM'000	Total RM'000
Valuation/Cost				
At 1 January 2022		18,570	73,943	92,513
Additions		-	249	249
Disposals		(2,150)	-	(2,150)
Modification/Termination of leases		-	12,192	12,192
At 31 December 2022/At 1 January 2023		**16,420**	**86,384**	**102,804**
Additions		**-**	**8,722**	**8,722**
Modification/Termination of leases		**-**	**6,611**	**6,611**
Revaluation		**2,420**	**-**	**2,420**
At 31 December 2023		**18,840**	**101,717**	**120,557**
Depreciation				
At 1 January 2022		666	50,317	50,983
Depreciation for the year	23	289	20,847	21,136
Disposal		(82)	-	(82)
Modification/Termination of leases		-	(2,890)	(2,890)
At 31 December 2022/At 1 January 2023		**873**	**68,274**	**69,147**
Depreciation for the year	23	**272**	**20,473**	**20,745**
Modification/Termination of leases		**-**	**(12,210)**	**(12,210)**
Revaluation		**(795)**	**-**	**(795)**
At 31 December 2023		**350**	**76,537**	**76,887**
Carrying amounts				
At 1 January 2022		17,904	23,626	41,530
At 31 December 2022/At 1 January 2023		**15,547**	**18,110**	**33,657**
At 31 December 2023		**18,490**	**25,180**	**43,670**

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

The total cash outflow for leases amounts to RM22,163,000 (2022: RM21,739,000) and income from subleasing right-of-use assets amounts to RM74,000 (2022: RM73,000).

4. Right-of-use assets (continued)

4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in August 2021 and September 2023 by Hartamas Valuation & Consultancy Sdn Bhd, an external independent qualified valuers using the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the leasehold land is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM5,446,000 (2022: RM5,530,000).

4.2 Fair value information

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

Level 3 fair value

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

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

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

Leasehold land

Valuation technique used	2023 Fair Value RM'000	2023 Adjusted Price per sq foot RM/psf	2022 Fair Value RM'000	2022 Adjusted Price per sq foot RM/psf
Comparison Approach	**18,490**	**222 - 1,532**	15,547	222 - 1,532

Notes to the Financial Statements

5. Intangible assets

Group	Note	Goodwill RM'000	Software development costs RM'000	Other intangible assets RM'000	Total RM'000
Cost					
At 1 January 2022		244,600	97,551	144,995	487,146
Additions		-	9,885	95,854	105,739
Written off		-	-	(50,495)	(50,495)
Transfer from property, plant and equipment	3	-	3,462	-	3,462
At 31 December 2022/At 1 January 2023		244,600	110,898	190,354	545,852
Additions		-	11,904	10,000	21,904
Transfer from property, plant and equipment	3	-	9,992	-	9,992
At 31 December 2023		244,600	132,794	200,354	577,748
Amortisation					
At 1 January 2022		-	70,882	67,808	138,690
Amortisation for the year	23	-	13,563	13,172	26,735
Written off		-	-	(41,408)	(41,408)
At 31 December 2022/At 1 January 2023		-	84,445	39,572	124,017
Amortisation for the year	23	-	14,549	13,543	28,092
At 31 December 2023		-	98,994	53,115	152,109
Carrying amounts					
At 1 January 2022		244,600	26,669	77,187	348,456
At 31 December 2022/At 1 January 2023		244,600	26,453	150,782	421,835
At 31 December 2023		244,600	33,800	147,239	425,639
		Note 5.1	Note 5.2	Note 5.3	

5. Intangible assets (continued)

5.1 Goodwill

The aggregate carrying amount of goodwill is attributable to the acquisition of the following subsidiaries:

Group	2023 RM'000	2022 RM'000
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	**239,610**	239,610
Allianz Life Insurance Malaysia Berhad ("ALIM")	**4,990**	4,990
	244,600	244,600

(i) AGIC

Impairment test for cash-generating unit containing goodwill

For goodwill attributable to the acquisition of AGIC, the carrying amount of goodwill had been allocated to the entire integrated general insurance business of the Group as one CGU, which represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The estimated recoverable amount is calculated based on value in use, determined by discounted cash flows generated by the general insurance business using approved 5-year financial budgets projected to perpetuity.

The following key assumptions have been used in the cash flow projections in respect of the determining the value in use for CGU containing goodwill:

Key assumptions	2023	2022
Discount rate - pre tax	**9.2%**	10.2%
Terminal growth rate	**3.0%**	3.0%

(ii) ALIM

For goodwill attributable to the acquisition of ALIM, the annual impairment test was done by comparing the estimated recoverable amount of ALIM with its carrying amount including the goodwill attributed. The recoverable amount is the value in use which is measured by the Embedded Value attributable to ALIM calculated by an appointed actuary. ALIM computes the Embedded Value using market consistent embedded value approach whereby the Embedded Value is the present value of future shareholders distributable profits after tax discounted at the risk free yield curve with volatility adjustment plus the Net Assets Value. The projected FCF are based on the best estimate of assumptions, either derived from the operating unit experience or industry experience.

The estimated recoverable amounts of both the CGUs were determined to be higher than their carrying amounts and thus no impairment loss was recognised. Based on the assessment of value in use for both the CGUs, the Group does not expect that any reasonable change in the key assumptions will cause the carrying amount of the goodwill to exceed their respective recoverable amounts. In conclusion, the key assumptions are not sensitive.

Notes to the Financial Statements

5. Intangible assets (continued)

5.2 Software development costs

The software development costs are in relation to internal development expenditures incurred for the Open Product Underwriting System ("OPUS"), Alternate Front End System ("ALPHA"), Business Intelligence System ("BI") and digital application. These systems are integrated systems designed to improve the efficiency of the business activities of the subsidiaries. The costs of developed software are amortised over a period of three to five years.

5.3 Other intangible assets

The carrying amounts of other intangible assets are as follows:

Group	Note	2023 RM'000	2022 RM'000
The Bancassurance Agreements:			
- General insurance business	5.3.1	**67,176**	64,560
- Life insurance business	5.3.2	**80,063**	86,222
		147,239	150,782

5.3.1 The Bancassurance Agreement – General insurance business

The intangible asset is in relation to the exclusive Bancassurance Agreement with Standard Chartered Bank ("SCB Bancassurance Agreement") which is effective from 1 July 2017, Marketing Agreement with Pos Malaysia which is effective from 1 October 2019, and Bancassurance Agreement with HSBC Bank ("HSBC Bancassurance Agreement") which is effective from 1 January 2022 for the distribution of the Group's general insurance products.

For the SCB Bancassurance Agreement, the fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method, whereas for the Marketing Agreement, the fee for the exclusive right is amortised over its useful life of 10 years using the straight-line method. For the HSBC Bancassurance Agreement, the fee for the exclusive right is amortised over its useful life of 15 years using the straight-line method.

In the impairment assessment conducted by AGIC, the future economic benefits that are attributable to the SCB Bancassurance Agreement and Marketing Agreement with Pos Malaysia were valued at the present value of projected FCF to be derived from the tenure of the agreement of 12 years and 6 years respectively, using the discounted cash flow model.

The following key assumptions have been used in cash flow projections:

Key assumptions	2023	2022
Average annualised gross written premium growth rate	**3.0%**	1.5%
Discount rate – pre tax	**9.3%**	9.3%

Notes to the Financial Statements

5. Intangible assets (continued)

5.3 Other intangible assets (continued)

5.3.2 The Bancassurance Agreement – Life insurance business

The intangible asset is in relation to the exclusive Bancassurance Agreement which provides the Group's life insurance subsidiary with an exclusive right to the use of the bancassurance network of a local commercial bank ("the Bank") to sell, market and promote conventional life product.

The fee for this exclusive right is amortised over its useful life of 15 years using the straight-line method. In the impairment assessment conducted by ALIM, the future economic benefits that are attributable to the Bancassurance Agreement were valued at the present value of projected FCF to be derived from the remaining tenure of the agreement of 13 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of the Bancassurance Agreement:

Key assumptions	2023	2022
Bancassurance average annualised new premium growth rate	**16.7%**	11.8%
Discount rate - pre tax	**11.1%**	11.1%

5.3.3 Sensitivity to changes in key assumptions

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

6. Investments in subsidiaries

Company	2023 RM'000	2022 RM'000
At cost		
Unquoted shares	**961,088**	961,088

The principal activities of the subsidiaries, the place of incorporation and the interest of the Company are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Effective ownership interest 2023 %	Effective ownership interest 2022 %
Allianz Life Insurance Malaysia Berhad ("ALIM")	Underwriting life insurance and investment-linked business	Malaysia	**100**	100
Allianz General Insurance Company (Malaysia) Berhad ("AGIC")	Underwriting general insurance business	Malaysia	**100**	100
Affin Hwang Income Fund 5	Investment in debt securities and money market instruments	Malaysia	**100**	100

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

AGIC and ALIM holds a 96.4% (2022: 96.4%) and 3.6% (2022: 3.6%) stake in collective investment scheme, namely, Affin Hwang Income Fund 5, which consist of RM626,236,640 (2022: RM593,384,593) unitholders' capital.

The funds aim to provide investors with steady income over the medium-term to long-term investment horizon. The investee fund is classified as FVOCI investment and the change in fair value of the investee fund is included in the statement of financial position and statement of profit or loss and other comprehensive income of the subsidiaries' financial statements. The investee fund is managed by Affin Hwang Asset Management Berhad and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and available for sale value in the investee fund's net assets.

Allianz Malaysia Berhad determines that it has control over Affin Hwang Income Fund 5 and accordingly, the investment in Affin Hwang Income 5 has been consolidated with those of the Company.

PricewaterhouseCoopers PLT is the auditor for all Allianz Malaysia Berhad's subsidiaries.

The financial information of Affin Hwang Income 5 is disclosed below:

Statement of financial position as at 31 December 2023

	2023 RM'000	2022 RM'000
Assets		
Cash and cash equivalents	4,277	5,663
Investments	622,069	587,825
Total assets	626,346	593,488
Liability		
Other liabilities	109	103
Total liability	109	103
Net asset value of the Fund	626,237	593,385

Statement of profit or loss for the year ended 31 December 2023

	2023 RM'000	2022 RM'000 Restated
Interest revenue on financial assets not measured at FVTPL	21,710	17,818
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	(6,087)	(7,907)
Net credit impairment (losses)/gains on financial assets	(6)	8
Investment return	15,617	9,919
Other operating expenses	(1,132)	(1,070)
Net investment income	14,485	8,849
Profit before tax	14,485	8,849
Tax expense	-	-
Profit for the year	14,485	8,849

7. Investments

Group	2023 RM'000	2022 RM'000 Restated
Malaysian government securities	**8,922,906**	7,372,304
Malaysian government guaranteed bonds	**3,161,120**	3,542,427
Quoted equity securities of corporations in Malaysia	**3,129,958**	2,558,921
Quoted equity securities of corporations outside Malaysia	**88,998**	155,513
Unquoted equity securities of corporations in Malaysia	**14,511**	10,232
Unquoted bonds of corporations in Malaysia	**6,012,173**	5,681,248
Unquoted bonds of corporations outside Malaysia	**106,385**	100,446
Quoted unit trusts in Malaysia	**90,911**	70,463
Unquoted unit trusts in Malaysia	**479,451**	567,640
Unquoted unit trusts outside Malaysia	**305,435**	226,104
Commercial paper	**4,957**	-
Other investments	**14,772**	19,796
Fixed and call deposits with:		
Licensed financial institutions	**720,881**	24,328
	23,052,458	20,329,422

The life insurance subsidiary has designated at FVOCI investment in listed shares in the Participating fund with a total fair value amounting to RM644,847,000 (2022: RM631,554,000) with details below:

By sector	2023 RM'000	2022 RM'000
Financial services	**244,588**	279,468
Industrial products and services	**86,099**	63,485
Consumer products and services	**71,721**	78,258
Energy	**65,885**	66,337
Telecommunications and media	**52,262**	46,525
Technology	**29,803**	28,589
Plantation	**25,288**	31,372
Property	**24,755**	17,761
Construction	**16,131**	17,672
Healthcare	**14,959**	-
Utilities	**13,356**	-
Transportation and logistics	**-**	2,087
	644,847	631,554

Notes to the Financial Statements

7. Investments (continued)

The total amount of dividends recognised from these investments during the year was RM28,695,000 (2022: RM30,630,000), all of which related to investments held at the end of the year.

There was no transfer of the cumulative gain within equity during the year.

The life insurance subsidiary chooses this presentation alternative because these financial assets are held for the purpose of backing insurance liabilities, rather than with a view to profit on regular sales.

Financial investments are summarised by categories as follows:

Group	Current		Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
FVTPL	**9,515,616**	7,946,251	**9,515,616**	7,946,251
FVOCI	**13,536,842**	12,383,171	**13,536,842**	12,383,171
	23,052,458	20,329,422	**23,052,458**	20,329,422

7.1 Composition of underlying items

Group	2023 RM'000	2022 RM'000 Restated
Fair value of the underlying assets		
Malaysian government securities	**3,690,863**	3,149,521
Malaysian government guaranteed bonds	**2,024,198**	1,941,629
Quoted equity securities of corporations in Malaysia	**3,129,958**	2,558,921
Quoted equity securities of corporations outside Malaysia	**88,998**	155,513
Unquoted bonds of corporations in Malaysia	**2,952,954**	2,804,116
Unquoted bonds of corporations outside Malaysia	**106,385**	100,446
Quoted unit trusts in Malaysia	**90,911**	70,463
Unquoted unit trusts in Malaysia	**21,543**	18,325
Unquoted unit trusts outside Malaysia	**305,435**	226,104
Fixed and call deposits with:		
Licensed financial institutions	**229,388**	875
	12,640,633	11,025,913

Notes to the Financial Statements

7. Investments (continued)

Group	FVOCI 2023 RM'000	FVOCI 2022 RM'000 Restated	FVTPL 2023 RM'000	FVTPL 2022 RM'000 Restated	Total 2023 RM'000	Total 2022 RM'000 Restated
Malaysian government securities	**6,152,031**	5,197,347	**2,770,875**	2,174,957	**8,922,906**	7,372,304
Malaysian government guaranteed bonds	**2,198,532**	2,626,323	**962,588**	916,104	**3,161,120**	3,542,427
Quoted equity securities of corporations in Malaysia	**644,847**	631,554	**2,485,111**	1,927,367	**3,129,958**	2,558,921
Quoted equity securities of corporations outside Malaysia	**-**	-	**88,998**	155,513	**88,998**	155,513
Unquoted equity securities of corporations in Malaysia	**7,147**	7,147	**7,364**	3,085	**14,511**	10,232
Unquoted bonds of corporations in Malaysia	**3,916,678**	3,776,230	**2,095,495**	1,905,018	**6,012,173**	5,681,248
Unquoted bonds of corporations outside Malaysia	**106,385**	100,446	**-**	-	**106,385**	100,446
Quoted unit trusts in Malaysia	**-**	-	**90,911**	70,463	**90,911**	70,463
Unquoted unit trusts in Malaysia	**-**	-	**479,451**	567,640	**479,451**	567,640
Unquoted unit trusts outside Malaysia	**-**	-	**305,435**	226,104	**305,435**	226,104
Commercial paper	**4,957**	-	**-**	-	**4,957**	-
Other investments	**14,772**	19,796	**-**	-	**14,772**	19,796
Fixed and call deposits with:						
Licensed financial institutions	**491,493**	24,328	**229,388**	-	**720,881**	24,328
	13,536,842	12,383,171	**9,515,616**	7,946,251	**23,052,458**	20,329,422

Notes to the Financial Statements

7. Investments (continued)

The movements in carrying values of the financial investments are as follows:

Group	FVOCI RM'000	FVTPL RM'000	Total RM'000
At 1 January 2023, Restated	**12,383,171**	**7,946,251**	**20,329,422**
Purchases/Placements	**6,707,614**	**2,590,988**	**9,298,602**
Maturities	**(2,804,162)**	**(171,104)**	**(2,975,266)**
Disposals	**(2,992,312)**	**(1,094,322)**	**(4,086,634)**
Fair value gains recorded in:			
Profit or loss:			
- Unrealised gains	**-**	**224,220**	**224,220**
Other comprehensive income	**250,341**	**-**	**250,341**
Accretion of discounts	**5,990**	**1,335**	**7,325**
Amortisation of premiums	**(25,753)**	**(6,496)**	**(32,249)**
Unrealised foreign exchange gains	**4,405**	**13,701**	**18,106**
Movement in income due and accrued	**7,548**	**11,043**	**18,591**
At 31 December 2023	**13,536,842**	**9,515,616**	**23,052,458**
At 1 January 2022, Restated	12,344,007	7,539,267	19,883,274
Purchases/Placements	4,272,755	2,104,254	6,377,009
Maturities	(3,151,225)	(397,952)	(3,549,177)
Disposals	(799,130)	(1,100,129)	(1,899,259)
Fair value losses recorded in:			
Profit or loss:			
- Unrealised losses	-	(217,316)	(217,316)
Other comprehensive income	(267,148)	-	(267,148)
Accretion of discounts	2,446	1,509	3,955
Amortisation of premiums	(25,588)	(5,773)	(31,361)
Unrealised foreign exchange gains	5,778	15,768	21,546
Movement in income due and accrued	1,276	6,623	7,899
At 31 December 2022, Restated	12,383,171	7,946,251	20,329,422

7. Investments (continued)

Amounts arising from expected credit losses

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

Group	Note	Stage 1 (12-month ECL)		Stage 2 (Lifetime ECL)		Stage 3 (Lifetime ECL – credit impaired)		Total	
		Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
Balance as at 1 January 2023		**11,744,470**	**(5,596)**	**-**	**-**	**-**	**-**	**11,744,470**	**(5,596)**
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		**4,925,208**	**(1,496)**	**-**	**-**	**-**	**-**	**4,925,208**	**(1,496)**
Matured or sold		**(4,014,002)**	**96**	**-**	**-**	**-**	**-**	**(4,014,002)**	**96**
Remeasurements	(b)	**229,172**	**1,417**	**-**	**-**	**-**	**-**	**229,172**	**1,417**
Net charge for the year	(c)	**1,140,378**	**17**	**-**	**-**	**-**	**-**	**1,140,378**	**17**
Balance as at 31 December 2023		**12,884,848**	**(5,579)**	**-**	**-**	**-**	**-**	**12,884,848**	**(5,579)**
Balance as at 1 January 2022		11,585,870	(5,669)	-	-	-	-	11,585,870	(5,669)
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		2,451,112	(2,226)	-	-	-	-	2,451,112	(2,226)
Matured or sold		(1,998,504)	120	-	-	-	-	(1,998,504)	120
Remeasurements	(b)	(294,008)	2,179	-	-	-	-	(294,008)	2,179
Net charge for the year	(c)	158,600	73	-	-	-	-	158,600	73
Balance as at 31 December 2022		11,744,470	(5,596)	-	-	-	-	11,744,470	(5,596)

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

Notes to the Financial Statements

7. Investments (continued)

Company	2023 RM'000	2022 RM'000 Restated
Unquoted equity securities of corporations in Malaysia	**12,364**	8,085
Fixed and call deposits with:		
Licensed financial institutions	**6,060**	10,182
	18,424	18,267

The Company has designated at FVOCI certain private equity investments with a total fair value amounting to RM5,000,000 (2022: RM5,000,000) with details below:

By sector	2023 RM'000	2022 RM'000
Facilities services	**5,000**	5,000
	5,000	5,000

There was no dividend recognised from these investments during the year.

There was no transfer of the cumulative gain within equity during the year.

The Company chooses this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Financial investment summarised by category as follows:

	Current		Total	
Company	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
FVTPL	**7,364**	3,085	**7,364**	3,085
FVOCI	**11,060**	15,182	**11,060**	15,182
	18,424	18,267	**18,424**	18,267

Notes to the Financial Statements

7. Investments (continued)

Company	FVOCI 2023 RM'000	FVOCI 2022 RM'000 Restated	FVTPL 2023 RM'000	FVTPL 2022 RM'000 Restated	Total 2023 RM'000	Total 2022 RM'000 Restated
Unquoted equity securities of corporations in Malaysia	**5,000**	5,000	**7,364**	3,085	**12,364**	8,085
Fixed and call deposits with:						
Licensed financial institutions	**6,060**	10,182	**-**	-	**6,060**	10,182
	11,060	15,182	**7,364**	3,085	**18,424**	18,267

The movements in carrying values of the financial investments are as follows:

Company	FVOCI RM'000	FVTPL RM'000	Total RM'000
At 1 January 2022, Restated	52,044	-	52,044
Purchases/Placements	1,669,697	3,213	1,672,910
Maturities	(1,706,040)	-	(1,706,040)
Fair value losses recorded in:			
Profit or loss:			
- Unrealised losses	-	(128)	(128)
Movement in accrued interest	(519)	-	(519)
At 31 December 2022, Restated/At 1 January 2023	**15,182**	**3,085**	**18,267**
Purchases/Placements	**1,561,871**	**4,146**	**1,566,017**
Maturities	**(1,565,828)**	**-**	**(1,565,828)**
Fair value gains recorded in:			
Profit or loss:			
- Unrealised gains	**-**	**133**	**133**
Movement in accrued interest	**(165)**	**-**	**(165)**
At 31 December 2023	**11,060**	**7,364**	**18,424**

Notes to the Financial Statements

7. **Investments (continued)**

Amounts arising from expected credit losses

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

Company	Note	Stage 1 (12-month ECL)		Stage 2 (Lifetime ECL)		Stage 3 (Lifetime ECL – credit impaired)		Total	
		Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000	Carrying amount RM'000	Related ECL allowance RM'000
Balance as at 1 January 2023		**10,182**	**-**	**-**	**-**	**-**	**-**	**10,182**	**-**
Transfer between stages	(a)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Originated or purchased		**14,044**	**(12)**	**-**	**-**	**-**	**-**	**14,044**	**(12)**
Matured or sold		**(18,000)**	**1**	**-**	**-**	**-**	**-**	**(18,000)**	**1**
Remeasurements	(b)	**(166)**	**11**	**-**	**-**	**-**	**-**	**(166)**	**11**
Net charge for the year	(c)	**(4,122)**	**-**	**-**	**-**	**-**	**-**	**(4,122)**	**-**
Balance as at 31 December 2023		**6,060**	**-**	**-**	**-**	**-**	**-**	**6,060**	**-**
Balance as at 1 January 2022		47,044	(2)	-	-	-	-	47,044	(2)
Transfer between stages	(a)	-	-	-	-	-	-	-	-
Originated or purchased		18,217	(6)	-	-	-	-	18,217	(6)
Matured or sold		(54,560)	5	-	-	-	-	(54,560)	5
Remeasurements	(b)	(519)	3	-	-	-	-	(519)	3
Net charge for the year	(c)	(36,862)	2	-	-	-	-	(36,862)	2
Balance as at 31 December 2022		10,182	-	-	-	-	-	10,182	-

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

Notes to the Financial Statements

8. Derivative financial assets and (liabilities)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2023			
Collateralised interest rate swap	**400,000**	**16,857**	**-**
Cross currency swap	**98,740**	**171**	**(4,875)**
	498,740	**17,028**	**(4,875)**
2022			
Collateralised interest rate swap	400,000	16,590	-
Cross currency swap	98,740	2,406	(1,293)
	498,740	18,996	(1,293)

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

9. Reinsurance contract assets

General insurance

		2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		
Group PAA	Note	Excluding loss recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
As at 1 January 2023		**(68,462)**	**18,992**	**624,719**	**88,431**	**663,680**
Reinsurance expenses		**(279,417)**	**-**	**-**	**-**	**(279,417)**
Incurred claims recovery		**-**	**-**	**100,944**	**11,656**	**112,600**
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		**-**	**-**	**(74,258)**	**(32,689)**	**(106,947)**
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		**-**	**(11,392)**	**-**	**-**	**(11,392)**
(Expenses)/Income from reinsurance contracts held	20	**(279,417)**	**(11,392)**	**26,686**	**(21,033)**	**(285,156)**
Net reinsurance finance income	22	**-**	**-**	**15,955**	**2,656**	**18,611**
Net (expenses)/income from reinsurance contracts held		**(279,417)**	**(11,392)**	**42,641**	**(18,377)**	**(266,545)**
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		**267,959**	**-**	**-**	**-**	**267,959**
Recoverable from reinsurance contract held		**-**	**-**	**(122,831)**	**-**	**(122,831)**
Total cash flows		**267,959**	**-**	**(122,831)**	**-**	**145,128**
As at 31 December 2023		**(79,920)**	**7,600**	**544,529**	**70,054**	**542,263**

Notes to the Financial Statements

9. Reinsurance contract assets (continued)

General insurance (continued)

		2022				
		Liabilities for remaining coverage		Liabilities for incurred claims		
Group (continued) PAA (continued)	Note	Excluding loss recovery component RM'000	Loss-recovery component RM'000	PVFCF RM'000	RA for non-financial risk RM'000	Total RM'000
As at 1 January 2022		(143,358)	18,568	828,653	129,308	833,071
Reinsurance expenses		(230,976)	-	-	-	(230,976)
Incurred claims recovery		-	-	141,125	15,850	156,975
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	(120,791)	(57,646)	(178,437)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	424	-	-	424
(Expenses)/Income from reinsurance contracts held	20	(230,976)	424	20,334	(41,796)	(252,014)
Net reinsurance finance income	22	-	-	5,226	919	6,145
Net (expenses)/income from reinsurance contracts held		(230,976)	424	25,560	(40,877)	(245,869)
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		305,972	-	-	-	305,972
Recoverable from reinsurance contract held		-	-	(229,494)	-	(229,494)
Total cash flows		305,972	-	(229,494)	-	76,478
As at 31 December 2022		(68,462)	18,992	624,719	88,431	663,680

Notes to the Financial Statements

10. Other assets

Group	Note	2023 RM'000	2022 RM'000 Restated
Non-current			
Other receivables - FVOCI			
Other receivables		5,276	4,849
		5,276	4,849
Staff loans - FVOCI			
Mortgage loans		4,944	6,460
Other secured loans		1,095	1,206
		6,039	7,666
Other receivables - amortised cost			
Other receivables		10,257	3,268
		10,257	3,268
		21,572	15,783
Current			
Other receivables - FVOCI			
Other receivables		2,511	3,846
		2,511	3,846
Staff loans - FVOCI			
Mortgage loans		696	867
Other secured loans		399	402
		1,095	1,269
Other receivables - amortised cost			
Dividend receivables		3,555	4,912
Sundry deposits		4,446	4,526
Prepayment		499	355
MMIP *		36,647	40,708
Other receivables		42,581	38,122
Sales contract outstanding		9,011	18,113
Due from related companies	10.1	4,056	1,023
		100,795	107,759
		104,401	112,874
Total		125,973	128,657

* The balance with MMIP as at 31 December 2023 is a net receivable of RM21,493,000 (2022: RM23,160,000) after setting off the amounts receivable from MMIP against the Group's share of MMIP's insurance contract liabilities of RM15,154,000 (2022: RM17,548,000) included in Note 14 to the financial statements.

Notes to the Financial Statements

10. Other assets (continued)

The carrying amounts of other assets reasonably approximate their fair values at the end of the reporting year due to the relatively short-term nature of these financial instruments.

10.1 Amounts due from related companies

The amount due from related companies are unsecured, interest free and repayable on demand.

Company	Note	2023 RM'000	2022 RM'000 Restated
Non-current			
Other receivables - FVOCI			
Other receivables		**634**	244
		634	244
Staff loans - FVOCI			
Mortgage loans		**92**	292
Other secured loans		**54**	66
		146	358
		780	602
Current			
Staff loans - FVOCI			
Mortgage loans		**22**	52
Other secured loans		**26**	19
		48	71
Other receivables - amortised cost			
Other receivables, deposits and prepayments		**8,120**	3,837
Due from subsidiaries	10.2	**10,452**	6,452
Dividend receivable from subsidiaries		**317,854**	239,573
		336,426	249,862
		336,474	249,933
Total		**337,254**	250,535

10.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

11. Share capital

Group and Company	2023 Amount RM'000	2023 Number of shares '000	2022 Amount RM'000	2022 Number of shares '000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares (Note 11.1)				
At 1 January	**236,037**	**177,969**	234,573	177,509
Issued during the year	**-**	**-**	1,464	460
At 31 December	**236,037**	**177,969**	236,037	177,969
Irredeemable Convertible Preference Shares ("ICPS") (Note 11.2)				
At 1 January	**534,992**	**168,237**	536,456	168,697
Conversion during the year	**-**	**-**	(1,464)	(460)
At 31 December	**534,992**	**168,237**	534,992	168,237

During the financial year, the Group and the Company issued Nil (2022: 460,300) ordinary shares via conversion of ICPS.

11.1 Ordinary shares

The holders of the ordinary shares are entitled to one vote per share at meetings of the Company, and to receive dividends as declared from time to time.

11.2 ICPS

The ICPS holders do not carry the right to vote at any general meeting except for when the dividend or part of the dividend is in arrears for more than 6 months, on a proposal to wind-up of the Company, during the winding-up of the Company, on a proposal that affects the rights attached to the ICPS, on a proposal to reduce the Company's share capital or on a proposal for the disposal of the whole of the Company's property, business and undertaking.

Holders of ICPS receive a non-cumulative preferential dividend equivalent to 1.2 times of the dividend rate of the ordinary shares declared for the same financial year/period at the discretion of the Company.

The ICPS may be converted at any time on a date falling 12 months after the quotation date of the ICPS. The conversion price is fixed at 1 ordinary share of the Company and shall be satisfied by surrendering 1 ICPS for each ordinary share of the Company, subject to adjustment to the conversion price. No cash is payable by the holder of the ICPS upon conversion of the ICPS to ordinary shares. The ordinary shares resulting from each conversion shall rank *pari passu* in all respect with the remaining ordinary shares.

In the event of repayment of capital by the Company (including any cancellation of capital which is lost or unrepresented by assets), each ICPS holder will be entitled to participate in such repayment and shall rank *pari passu* with the existing ordinary shareholders.

Notes to the Financial Statements

12. Reserves

12.1 FVOCI reserves

The FVOCI reserves comprise:

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

12.2 Insurance finance reserves

The insurance finance reserves comprise the cumulative insurance finance income and expenses on insurance contracts issued and reinsurance contracts held recognised in OCI as disclosed in Note 22.

12.3 Other reserves

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

12.4 Retained earnings

Restriction on payment of dividends by insurance subsidiaries

Pursuant to the Risk-Based Capital Framework for Insurers ("RBC Framework"), the insurance subsidiaries of the Group ("Insurance Subsidiaries") shall not pay dividends if the Capital Adequacy Ratio ("CAR") position of the Insurance Subsidiaries is less than the Insurance Subsidiaries' internal target capital levels or if the payment of dividends would impair Insurance Subsidiaries' CAR position to below Insurance Subsidiaries' internal target capital levels.

Pursuant to Section 51(1) of the FSA, the Insurance Subsidiaries are required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend on its shares.

Notes to the Financial Statements

13. Deferred tax assets and (liabilities)

13.1 Recognised deferred tax assets and (liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Group						
Property, plant and equipment	**-**	-	**(17,186)**	(16,947)	**(17,186)**	(16,947)
Intangible assets	**-**	-	**(969)**	(788)	**(969)**	(788)
LRC – Allowance for impairment	**5,367**	4,484	**-**	-	**5,367**	4,484
Other payables and accruals	**35,950**	31,081	**-**	-	**35,950**	31,081
Investments recognised in PL	**1,579**	15,717	**(4,996)**	-	**(3,417)**	15,717
Investments recognised in OCI	**-**	16,111	**(12,643)**	-	**(12,643)**	16,111
Insurance contract liabilities recognised in PL	**38,979**	26,602	**(52,028)**	(32,668)	**(13,049)**	(6,066)
Insurance contract liabilities recognised in OCI	**12,696**	3,519	**(2,075)**	(8,097)	**10,621**	(4,578)
Reinsurance contract held recognised in PL	**3,843**	1,325	**-**	-	**3,843**	1,325
Reinsurance contract held recognised in OCI	**1,623**	2,115	**-**	-	**1,623**	2,115
Expected credit losses recognised in PL	**983**	988	**-**	-	**983**	988
Expected credit losses recognised in OCI	**-**	-	**(764)**	(760)	**(764)**	(760)
Retained earnings – Life fund	**-**	-	**(549,601)**	(502,942)	**(549,601)**	(502,942)
Tax assets/(liabilities)	**101,020**	101,942	**(640,262)**	(562,202)	**(539,242)**	(460,260)
Offset of tax	**(101,020)**	(90,307)	**101,020**	90,307	**-**	-
Net deferred tax assets/(liabilities)	**-**	11,635	**(539,242)**	(471,895)	**(539,242)**	(460,260)
Company						
Property, plant and equipment	**-**	-	**(101)**	(106)	**(101)**	(106)
Net tax liabilities	**-**	-	**(101)**	(106)	**(101)**	(106)

Notes to the Financial Statements

13. Deferred tax assets and (liabilities) (continued)

13.1 Recognised deferred tax assets and (liabilities) are attributable to the following: (continued)

	2023 RM'000	2022 RM'000 Restated
Group		
Deferred tax assets to be recovered:		
- Within 12 months	**2,778**	2,051
- After 12 months	**98,242**	99,891
Total deferred tax assets	**101,020**	101,942
Deferred tax liabilities to be settled:		
- Within 12 months	**(32,023)**	(25,549)
- After 12 months	**(608,239)**	(536,653)
Total deferred tax liabilities	**(640,262)**	(562,202)
Company		
Deferred tax liabilities to be settled:		
- After 12 months	**(101)**	(106)
Total deferred tax liabilities	**(101)**	(106)

13. Deferred tax assets and (liabilities) (continued)

13.2 Movement in temporary differences during the year:

	At 1.1.2022, Restated RM'000	Recognised in profit or loss RM'000	Recognised in OCI (Note 24.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 24.2) RM'000	At 31.12.2022 /At 1.1.2023, Restated RM'000	Recognised in profit or loss RM'000	Recognised in OCI (Note 24.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 24.2) RM'000	At 31.12.2023 RM'000
Group									
Property, plant and equipment	(16,446)	(874)	373	-	**(16,947)**	**155**	**(394)**	**-**	**(17,186)**
Intangible assets	(3,058)	2,270	-	-	**(788)**	**(181)**	**-**	**-**	**(969)**
LRC – Allowance for impairment	12,035	(7,551)	-	-	**4,484**	**883**	**-**	**-**	**5,367**
Other payables and accruals	33,989	(2,908)	-	-	**31,081**	**4,869**	**-**	**-**	**35,950**
Hedging reserve	(627)	-	627	-	**-**	**-**	**-**	**-**	**-**
Investments recognised in PL	(3,430)	3,034	-	16,113	**15,717**	**(1,371)**	**-**	**(17,763)**	**(3,417)**
Investments recognised in OCI	(19,156)	-	35,267	-	**16,111**	**-**	**(28,754)**	**-**	**(12,643)**
Insurance contract liabilities recognised in PL	(10,016)	3,950	-	-	**(6,066)**	**(6,983)**	**-**	**-**	**(13,049)**
Insurance contract liabilities recognised in OCI	20,178	-	(24,756)	-	**(4,578)**	**-**	**15,199**	**-**	**10,621**
Reinsurance contract held recognised in PL	2,435	(1,110)	-	-	**1,325**	**2,518**	**-**	**-**	**3,843**
Reinsurance contract held recognised in OCI	(3,306)	-	5,421	-	**2,115**	**-**	**(492)**	**-**	**1,623**
Expected credit losses recognised in PL	1,000	(12)	-	-	**988**	**(5)**	**-**	**-**	**983**
Expected credit losses recognised in OCI	(777)	-	17	-	**(760)**	**-**	**(4)**	**-**	**(764)**
Retained earnings – Life fund	(442,965)	(59,977)	-	-	**(502,942)**	**(46,659)**	**-**	**-**	**(549,601)**
	(430,144)	(63,178)	16,949	16,113	**(460,260)**	**(46,774)**	**(14,445)**	**(17,763)**	**(539,242)**
Company									
Property, plant and equipment	(102)	(4)	-	-	**(106)**	**5**	**-**	**-**	**(101)**
Investments recognised in OCI	(1)	-	1	-	**-**	**-**	**-**	**-**	**-**
	(103)	(4)	1	-	**(106)**	**5**	**-**	**-**	**(101)**

Notes to the Financial Statements

14. Insurance contract liabilities

Group	Note	2023 Non PAA RM'000	2023 PAA RM'000	2023 Total RM'000	2022 Non PAA RM'000 Restated	2022 PAA RM'000 Restated	2022 Total RM'000 Restated
Life insurance	14(a)	**14,737,182**	**306,138**	**15,043,320**	13,675,069	227,124	13,902,193
General insurance	14(b)	**-**	**4,272,610**	**4,272,610**	-	4,109,625	4,109,625
		14,737,182	**4,578,748**	**19,315,930**	13,675,069	4,336,749	18,011,818

(a) Life insurance

A. Movements in carrying amounts

(1) Non PAA

Analysis by remaining coverage and incurred claims:

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

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Non PAA (continued)

Reconciliation of the measurement components of insurance contract balances:

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

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Non PAA (continued)

Analysis by remaining coverage and incurred claims:

	2022			
	Liabilities for remaining coverage			
Group	Excluding loss component RM'000	Loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	11,677,767	16,311	1,136,126	12,830,204
Insurance revenue	(1,541,133)	-	-	(1,541,133)
Insurance service expenses				
Incurred claims and other insurance service expenses	11,668	-	874,376	886,044
Amortisation of insurance acquisition cash flows	304,651	-	-	304,651
Losses and reversal of losses on onerous contracts	-	(8,557)	-	(8,557)
	316,319	(8,557)	874,376	1,182,138
Insurance service result	(1,224,814)	(8,557)	874,376	(358,995)
Finance expenses from insurance contracts issued	186,950	-	-	186,950
Investment components	(752,681)	-	752,681	-
Net insurance and investment results	(1,790,545)	(8,557)	1,627,057	(172,045)
Cash flows				
Premium received	3,066,704	-	-	3,066,704
Claims and other insurance service expenses paid, including investment components	(1,315)	-	(1,474,692)	(1,476,007)
Insurance acquisition cash flows	(557,215)	-	-	(557,215)
Total cash flows	2,508,174	-	(1,474,692)	1,033,482
Tax on underlying items	(16,572)	-	-	(16,572)
Closing balance	12,378,824	7,754	1,288,491	13,675,069

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Non PAA (continued)

Reconciliation of the measurement components of insurance contract balances:

Group	2022 Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	9,644,579	358,743	2,826,882	12,830,204
Changes that relate to current services				
CSM recognised for services provided	-	-	(368,603)	(368,603)
Change in risk adjustment for non-financial risk for risk expired	-	(44,233)	-	(44,233)
Experience adjustments	57,530	-	-	57,530
Changes that relate to future services				
Contracts initially recognised in the year	(442,827)	49,462	393,365	-
Changes in estimates that adjust the CSM	(77,484)	1,076	76,408	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(8,557)	-	-	(8,557)
Changes in unmodelled reserves	4,868	-	-	4,868
Insurance service result	(466,470)	6,305	101,170	(358,995)
Finance expenses/(income) from insurance contracts issued	184,715	(865)	3,100	186,950
Net insurance and investment results	(281,755)	5,440	104,270	(172,045)
Cash flows				
Premium received	3,066,704	-	-	3,066,704
Claims and other insurance service expenses paid, including investment components	(1,476,007)	-	-	(1,476,007)
Insurance acquisition cash flows	(557,215)	-	-	(557,215)
Total cash flows	1,033,482	-	-	1,033,482
Tax on underlying items	(16,572)	-	-	(16,572)
Closing balance	10,379,734	364,183	2,931,152	13,675,069

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(2) PAA

Analysis by remaining coverage and incurred claims:

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

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

A. Movements in carrying amounts (continued)

(2) PAA (continued)

Analysis by remaining coverage and incurred claims: (continued)

	2022			
	Liabilities for remaining coverage		Liabilities for incurred claims	
Group	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Total RM'000
Opening balance	73,399	-	104,837	178,236
Insurance revenue	(311,214)	-	-	(311,214)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	-	263,987	263,987
Amortisation of insurance acquisition cash flows	33,068	-	-	33,068
	33,068	-	263,987	297,055
Insurance service result	(278,146)	-	263,987	(14,159)
Investment components	(11,351)	-	11,351	-
Net insurance and investment results	(289,497)	-	275,338	(14,159)
Cash flows				
Premium received	335,800	-	-	335,800
Claims and other insurance service expenses paid, including investment components	-	-	(238,499)	(238,499)
Insurance acquisition cash flows	(34,254)	-	-	(34,254)
Total cash flows	301,546	-	(238,499)	63,047
Closing balance	85,448	-	141,676	227,124

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(a) Life insurance (continued)

B. Effect of contracts initially recognised in the year:

Group	2023 Profitable contracts issued RM'000	2022 Profitable contracts issued RM'000
Insurance acquisition cash flows	**598,612**	505,303
Claims and other insurance service expenses payable	**1,119,394**	736,316
Estimates of present value of cash outflows	**1,718,006**	1,241,619
Estimates of present value of cash inflows	**(2,273,594)**	(1,684,446)
Risk adjustment for non-financial risk	**78,076**	49,462
CSM	**477,512**	393,365
Insurance contract liabilities from contracts recognised in the year	**-**	-

C. Expected recognition of the contractual service margin:

Group	1 year or less RM'000	> 1 year RM'000	> 2 years RM'000	> 3 years RM'000	> 4 years RM'000	> 5 years RM'000	Total RM'000
2023							
Contracts not measured under PAA	**414,621**	**372,956**	**334,801**	**300,301**	**267,542**	**1,558,014**	**3,248,235**
2022							
Contracts not measured under PAA	348,534	314,868	284,215	256,377	230,856	1,496,302	2,931,152

14. Insurance contract liabilities (continued)

(b) General insurance

A. Movements in carrying amounts

(1) PAA

Analysis by remaining coverage and incurred claims:

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	Excluding loss component RM'000	Loss component RM'000	PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Total RM'000
Opening balance	**1,170,774**	**58,173**	**2,663,566**	**217,112**	**4,109,625**
Insurance revenue	**(2,772,793)**	**-**	**-**	**-**	**(2,772,793)**
Insurance service expenses					
Incurred claims and other directly attributable expenses	**-**	**-**	**1,988,090**	**67,299**	**2,055,389**
Insurance acquisition cash flows amortisation	**456,721**	**-**	**-**	**-**	**456,721**
Initial recognition of onerous underlying contracts and reversal of loss component	**-**	**(35,059)**	**-**	**-**	**(35,059)**
Changes that relate to past services – changes in the FCF relating to the LIC	**-**	**-**	**(362,503)**	**(85,059)**	**(447,562)**
	456,721	**(35,059)**	**1,625,587**	**(17,760)**	**2,029,489**
Insurance service result	**(2,316,072)**	**(35,059)**	**1,625,587**	**(17,760)**	**(743,304)**
Finance expenses from insurance contracts issued	**-**	**-**	**81,452**	**6,637**	**88,089**
Total amounts recognised in comprehensive income	**(2,316,072)**	**(35,059)**	**1,707,039**	**(11,123)**	**(655,215)**
Cash flows					
Premium received	**2,943,615**	**-**	**-**	**-**	**2,943,615**
Claims and other directly attributable expenses paid	**-**	**-**	**(1,631,413)**	**-**	**(1,631,413)**
Insurance acquisition cash flows	**(494,002)**	**-**	**-**	**-**	**(494,002)**
Total cash flows	**2,449,613**	**-**	**(1,631,413)**	**-**	**818,200**
Closing balance	**1,304,315**	**23,114**	**2,739,192**	**205,989**	**4,272,610**

Notes to the Financial Statements

14. Insurance contract liabilities (continued)

(b) General insurance (continued)

A. Movements in carrying amounts (continued)

(1) PAA (continued)

Analysis by remaining coverage and incurred claims: (continued)

	2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
Group	**Excluding loss component RM'000**	**Loss component RM'000**	**PVFCF RM'000**	**Risk adjustment for non-financial risk RM'000**	**Total RM'000**
Opening balance	1,045,481	69,093	2,844,582	258,798	4,217,954
Insurance revenue	(2,566,476)	-	-	-	(2,566,476)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,928,728	74,306	2,003,034
Insurance acquisition cash flows amortisation	418,346	-	-	-	418,346
Initial recognition of onerous underlying contracts and reversal of loss component	-	(10,920)	-	-	(10,920)
Changes that relate to past services – changes in the FCF relating to the LIC	-	-	(424,577)	(117,517)	(542,094)
	418,346	(10,920)	1,504,151	(43,211)	1,868,366
Insurance service result	(2,148,130)	(10,920)	1,504,151	(43,211)	(698,110)
Finance expenses from insurance contracts issued	-	-	13,477	1,525	15,002
Total amounts recognised in comprehensive income	(2,148,130)	(10,920)	1,517,628	(41,686)	(683,108)
Cash flows					
Premium received	2,715,427	-	-	-	2,715,427
Claims and other directly attributable expenses paid	-	-	(1,698,644)	-	(1,698,644)
Insurance acquisition cash flows	(442,004)	-	-	-	(442,004)
Total cash flows	2,273,423	-	(1,698,644)	-	574,779
Closing balance	1,170,774	58,173	2,663,566	217,112	4,109,625

Notes to the Financial Statements

15. Reinsurance contract liabilities

Life insurance

	2023 RM'000	2022 RM'000
Contracts not measured under PAA	45,105	107,310
Contracts measured under PAA	24,672	43,281
	69,777	150,591

A. Movements in carrying amounts

(1) Non PAA

Analysis by remaining coverage and incurred claims:

Group	2023		
	Liabilities for remaining coverage excluding loss component RM'000	Liabilities for incurred claims RM'000	Total RM'000
Opening balance	81,505	25,805	107,310
Reinsurance expenses	93,986	-	93,986
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	28,282	(133,152)	(104,870)
Adjustments to liabilities for incurred claims	-	(32,706)	(32,706)
	28,282	(165,858)	(137,576)
Expenses/(Income) from reinsurance contracts held	122,268	(165,858)	(43,590)
Net reinsurance finance expenses	1,000	-	1,000
Effect of movements in reinsurer's non-performance	110	-	110
Net expenses/(income) from reinsurance contracts held	123,378	(165,858)	(42,480)
Cash flows			
Premium received	(89,587)	-	(89,587)
Claims and other insurance service expenses paid, including investment components	(36,283)	98,166	61,883
Insurance acquisition cash flows	8,000	-	8,000
Total cash flows	(117,870)	98,166	(19,704)
Tax on underlying items	(21)	-	(21)
Closing balance	86,992	(41,887)	45,105

Notes to the Financial Statements

15. **Reinsurance contract liabilities (continued)**

Life insurance (continued)

A. **Movements in carrying amounts (continued)**

(1) **Non PAA (continued)**

Reconciliation of the measurement components of reinsurance contract balances:

Group	Note	2023 Estimate of PVFCF RM'000	2023 Risk adjustment for non-financial risk RM'000	2023 Contractual service margin RM'000	2023 Total RM'000
Opening balance		242,522	(22,459)	(112,753)	107,310
Changes in the statement of profit or loss and OCI					
Changes that relate to current services					
CSM recognised for services provided		-	-	16,919	16,919
Change in risk adjustment for non-financial risk for risk expired		-	3,038	-	3,038
Experience adjustments		(63,547)	-	-	(63,547)
Changes that relate to future services					
Contracts initially recognised in the year		7	-	(7)	-
Changes in estimates that adjust the CSM		45,528	(5,640)	(39,888)	-
Income from reinsurance contracts held		(18,012)	(2,602)	(22,976)	(43,590)
Net reinsurance finance expenses/ (income)	22	8,358	(476)	(6,882)	1,000
Effect of movements in reinsurer's non-performance	22	110	-	-	110
Net income from reinsurance contracts held		(9,544)	(3,078)	(29,858)	(42,480)
Cash flows					
Premium received		(89,587)	-	-	(89,587)
Claims and other insurance service expenses paid, including investment components		61,883	-	-	61,883
Insurance acquisition cash flows		8,000	-	-	8,000
Total cash flows		(19,704)	-	-	(19,704)
Tax on underlying items		(21)	-	-	(21)
Closing balance		213,253	(25,537)	(142,611)	45,105

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Non PAA (continued)

Analysis by remaining coverage and incurred claims:

	2022		
Group	**Liabilities for remaining coverage excluding loss component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Opening balance	64,947	51,582	116,529
Reinsurance expenses	82,639	-	82,639
Reinsurance recoveries			
Incurred claims and other reinsurance service expenses	18,307	(92,526)	(74,219)
	18,307	(92,526)	(74,219)
Expenses/(Income) from reinsurance contracts held	100,946	(92,526)	8,420
Net reinsurance finance expenses	12,757	-	12,757
Effect of movements in reinsurer's non-performance	74	-	74
Net expenses/(income) from reinsurance contracts held	113,777	(92,526)	21,251
Cash flows			
Premium received	(78,912)	-	(78,912)
Claims and other insurance service expenses paid, including investment components	(18,307)	66,749	48,442
Total cash flows	(97,219)	66,749	(30,470)
Closing balance	81,505	25,805	107,310

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(1) Non PAA (continued)

Reconciliation of the measurement components of reinsurance contract balances:

Group	2022 Estimate of PVFCF RM'000	Risk adjustment for non-financial risk RM'000	Contractual service margin RM'000	Total RM'000
Opening balance	301,276	(22,010)	(162,737)	116,529
Changes in the statement of profit or loss and OCI				
Changes that relate to current services				
CSM recognised for services provided	-	-	13,855	13,855
Change in risk adjustment for non-financial risk for risk expired	-	2,643	-	2,643
Experience adjustments	(8,078)	-	-	(8,078)
Changes that relate to future services				
Contracts initially recognised in the year	4	(5)	1	-
Changes in estimates that adjust the CSM	(39,972)	(2,321)	42,293	-
(Income)/Expenses from reinsurance contracts held	(48,046)	317	56,149	8,420
Net reinsurance finance expenses/(income)	19,688	(766)	(6,165)	12,757
Effect of movements in reinsurer's non-performance	74	-	-	74
Net (income)/expenses from reinsurance contracts held	(28,284)	(449)	49,984	21,251
Cash flows				
Premium received	(78,912)	-	-	(78,912)
Claims and other insurance service expenses paid, including investment components	48,442	-	-	48,442
Total cash flows	(30,470)	-	-	(30,470)
Closing balance	242,522	(22,459)	(112,753)	107,310

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

A. Movements in carrying amounts (continued)

(2) PAA

Analysis by incurred claims – Contracts measured under PAA:

Group	2023 Total RM'000
Opening balance	**43,281**
Reinsurance expenses	**42,428**
Reinsurance recoveries	
Incurred claims and other reinsurance service expenses	**(55,455)**
Income from reinsurance contracts held/Net income from reinsurance contracts held	**(13,027)**
Cash flows	
Premium received	**(42,428)**
Claims and other insurance service expenses paid, including investment components	**36,283**
Insurance acquisition cash flows	**563**
Total cash flows	**(5,582)**
Closing balance	**24,672**

Group	2022 Total RM'000
Opening balance	33,797
Reinsurance expenses	25,909
Reinsurance recoveries	
Incurred claims and other reinsurance service expenses	(9,007)
Expenses from reinsurance contracts held/Net expenses from reinsurance contracts held	16,902
Cash flows	
Premium received	(25,909)
Claims and other insurance service expenses paid, including investment components	18,307
Insurance acquisition cash flows	184
Total cash flows	(7,418)
Closing balance	43,281

Notes to the Financial Statements

15. Reinsurance contract liabilities (continued)

Life insurance (continued)

B. Effect of contracts initially recognised in the year

Group	2023 Contracts originated not in a net gain RM'000	2022 Contracts originated in a net gain RM'000
Estimates of present value of cash inflows	**(30)**	(300)
Estimates of present value of cash outflows	**37**	304
Risk adjustment for non-financial risk	**-**	(5)
CSM	**(7)**	1
Reinsurance contract liabilities from contracts recognised in the year	**-**	-

C. Expected recognition of the contractual service margin:

Group	1 year or less RM'000	> 1 year RM'000	> 2 years RM'000	> 3 years RM'000	> 4 years RM'000	> 5 years RM'000	Total RM'000
2023							
Contracts not measured under PAA	**(18,111)**	**(16,320)**	**(14,754)**	**(13,319)**	**(11,945)**	**(68,162)**	**(142,611)**
2022							
Contracts not measured under PAA	(13,205)	(12,093)	(11,061)	(10,046)	(9,092)	(57,256)	(112,753)

16. Lease liabilities

	2023 RM'000	2022 RM'000
Non-current	**14,547**	2,792
Current	**10,757**	16,379
	25,304	19,171

Notes to the Financial Statements

17. Other liabilities

	Note	2023 RM'000	2022 RM'000 Restated
Group			
Current			
Cash collateral payables		5,967	11,198
Performance bond deposits	17.1	106,498	87,992
Outstanding purchase of investment securities		58,654	6,188
Other payables		259,962	193,438
Accrued expenses		75,744	71,684
Dividend payable		262,099	262,099
Due to holding company	17.2	9,456	1,368
Due to related companies	17.2	25,413	14,342
		803,793	648,309
Company			
Current			
Other payables and accrued expenses		14,394	9,069
Dividend payable		262,099	262,099
		276,493	271,168

17.1 Performance bond deposits

Performance bond deposits are interest bearing collateral deposits received from policyholders for guarantees issued on behalf of policyholders.

17.2 Amounts due to holding company and related companies

The amounts due to holding company and related companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

18. Insurance revenue

Group	Note	2023 RM'000	2022 RM'000 Restated
Contracts not measured under the PAA			
Amount relating to changes in liabilities for remaining coverage			
- CSM recognised for services provided	14	**433,142**	368,603
- Change in risk adjustment for non-financial risk for risk expired	14	**54,164**	44,233
- Expected incurred claims and other insurance service expenses		**883,860**	812,233
Recovery of insurance acquisition cash flows		**406,096**	304,713
		1,777,262	1,529,782
Contracts measured under the PAA		**3,164,379**	2,889,041
Total insurance revenue	14	**4,941,641**	4,418,823

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

Group	2023 RM'000	2022 RM'000 Restated
Insurance contracts issued		
Insurance revenue		
New contracts and contracts measured under the full retrospective approach at transition	**4,422,140**	3,934,603
Contracts measured under the modified retrospective approach at transition	**519,501**	484,220
	4,941,641	4,418,823
CSM as at 31 December		
New contracts and contracts measured under the full retrospective approach at transition	**2,654,735**	2,358,354
Contracts measured under the modified retrospective approach at transition	**593,500**	572,798
	3,248,235	2,931,152
Reinsurance contracts held		
CSM as at 31 December		
New contracts and contracts measured under the full retrospective approach at transition	**(17)**	19
Contracts measured under the modified retrospective approach at transition	**(142,594)**	(112,772)
	(142,611)	(112,753)

Notes to the Financial Statements

19. Insurance service expenses

Group	Note	2023 RM'000	2022 RM'000 Restated
Incurred claims and other directly attributable expenses	14	**3,472,185**	3,153,161
Insurance acquisition cash flows amortisation	14	**902,969**	756,065
Changes that relate to past services – changes in the FCF relating to the LIC	14	**(447,562)**	(542,094)
Losses on onerous insurance contracts	14	**(31,039)**	(19,477)
		3,896,553	3,347,655

20. Net expenses from reinsurance contracts held

Group	Note	2023 RM'000	2022 RM'000 Restated
Net income/(expenses) from reinsurance contracts held			
Amounts relating to the changes in the remaining coverage			
- Expected incurred claims and other directly attributable expenses recovery		**(30,841)**	(5,256)
- Change in the risk adjustment for non-financial risk for the risk expired	15	**3,038**	2,643
- CSM recognised for the services received	15	**16,919**	13,855
Changes that relate to past service	15	**(32,706)**	(2,822)
Reinsurance expenses – contracts not measured under the PAA		**(43,590)**	8,420
Reinsurance expenses – contracts measured under the PAA	9	**279,417**	230,976
Other incurred directly attributable expenses		**(13,027)**	16,902
Incurred claims recovery	9	**(112,600)**	(156,975)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	9	**106,947**	178,437
Change in loss recovery component	9	**11,392**	(424)
Total net expenses from reinsurance contracts held		**228,539**	277,336

Notes to the Financial Statements

21. Net investment income

Group	2023 RM'000	2022 RM'000 Restated
Investment income from financial assets not measured at FVTPL	**518,588**	489,181
Interest revenue from financial assets not measured at FVTPL	**520,291**	496,601
- Interest income	**520,387**	479,473
- Interest expense	**(4,680)**	(4,518)
- Other investment income	**4,584**	21,646
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	**(1,703)**	(7,420)
- Realised gains	**9,878**	3,207
- Realised losses	**(11,581)**	(10,627)
Net credit impairment gains on financial assets	**41**	43
Net investment income - not measured at FVTPL	**518,629**	489,224
Net gains/(losses) on FVTPL investments	**475,705**	(10,118)
- Interest income	**244,332**	216,198
- Realised gains	**4,065**	8,561
- Other investment income	**2,734**	1,839
- Fair value gains/(losses)	**224,574**	(236,716)
Net investment income/(expenses) – other investment	**475,705**	(10,118)
Dividend income not measured at FVTPL	**28,695**	30,630
Dividend income measured at FVTPL	**118,832**	111,652
Dividend income	**147,527**	142,282
Total net investment income	**1,141,861**	621,388

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

Group	2023 RM'000	2022 RM'000 Restated
Malaysian government securities	**210,598**	181,943
Malaysian government guaranteed bonds	**93,645**	96,326
Unquoted bonds of corporations in Malaysia	**161,889**	157,489
Unquoted bonds of corporations outside Malaysia	**3,733**	3,695
Fixed and call deposits with:		
Licensed financial institutions	**36,838**	22,692
Other investments	**11,885**	27,036
Investment income from financial assets not measured at FVTPL	**518,588**	489,181

Notes to the Financial Statements

21. Net investment income (continued)

The net gains or losses for each class of financial instrument by measurement category is as follows: (continued)

Group (continued)	2023 RM'000	2022 RM'000 Restated
Malaysian government securities	**157,618**	27,080
Malaysian government guaranteed bonds	**76,988**	12,854
Quoted equity securities of corporations in Malaysia	**45,728**	(24,921)
Quoted equity securities of corporations outside Malaysia	**4,323**	951
Unquoted bonds of corporations in Malaysia	**137,716**	29,534
Quoted unit trusts in Malaysia	**4,760**	(158)
Unquoted unit trusts in Malaysia	**8,126**	(3,272)
Unquoted unit trusts outside Malaysia	**18,024**	(55,251)
Fixed and call deposits with:		
Licensed financial institutions	**13,847**	10,573
Other investments	**2,869**	1,712
Derivative financial assets/liabilities:		
Collateralised interest rate swap	**4,947**	(10,070)
Cross currency swap	**759**	850
Net gains/(losses) on FVTPL investments	**475,705**	(10,118)
Malaysian government securities	**(97)**	(108)
Malaysian government guaranteed bonds	**80**	(101)
Unquoted bonds of corporations in Malaysia	**119**	229
Fixed and call deposits with:		
Licensed financial institutions	**(90)**	43
Other investments	**29**	(20)
Net credit impairment gains on financial assets	**41**	43
Quoted equity securities of corporations in Malaysia	**28,014**	29,386
Unquoted equity securities of corporations in Malaysia	**681**	1,244
Dividend income not measured at FVTPL	**28,695**	30,630
Quoted equity securities of corporations in Malaysia	**88,772**	83,466
Quoted equity securities of corporations outside Malaysia	**7,360**	1,461
Quoted unit trusts in Malaysia	**6,344**	11,779
Unquoted unit trusts in Malaysia	**16,356**	14,946
Dividend income measured at FVTPL	**118,832**	111,652
Total interest revenue and investment income	**1,141,861**	621,388

Notes to the Financial Statements

21. Net investment income (continued)

Company	2023 RM'000	2022 RM'000 Restated
Investment income from financial assets not measured at FVTPL	2,508	1,953
Interest revenue from financial assets not measured at FVTPL	2,508	1,953
- Interest income	2,405	1,963
- Other investment income/(expenses)	103	(10)
Net credit impairment gains on financial assets	-	4
Net investment income - not measured at FVTPL	2,508	1,957
Net gains/(losses) on FVTPL investments	133	(128)
- Fair value gains/(losses)	133	(128)
Net investment income/(expenses) - other investment	133	(128)
Dividend income from subsidiaries	456,203	310,099
Dividend income	456,203	310,099
Total net investment income	458,844	311,928

The net gains or losses for each class of financial instrument by measurement category is as follows: (continued)

Company	2023 RM'000	2022 RM'000 Restated
Fixed and call deposits with:		
Licensed financial institutions	2,405	1,963
Other investments	103	(10)
Investment income from financial assets not measured at FVTPL	2,508	1,953
Other investments	133	(128)
Net gains/(losses) on FVTPL investments	133	(128)
Fixed and call deposits with:		
Licensed financial institutions	-	4
Net credit impairment gains on financial assets	-	4
Dividend income from subsidiaries	456,203	310,099
Dividend income	456,203	310,099
Total interest revenue and investment income	458,844	311,928

Notes to the Financial Statements

22. Insurance finance expense

Group	Note	2023 RM'000	2022 RM'000
Changes in value of underlying assets of contracts measured under the VFA		**853,899**	178,447
Interest accreted		**84,338**	74,862
Effect of changes in interest rates and other financial assumptions		**20,129**	(24,253)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates		**11,559**	(27,104)
Finance expenses from insurance contracts issued	22(a)	**969,925**	201,952
Interest accreted		**(15,449)**	(15,526)
Effect of changes in interest rates and other financial assumptions		**(5,394)**	9,642
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates		**3,452**	13,021
Changes in the risk of reinsurers' non-performance		**(110)**	(451)
Finance (income)/expenses from reinsurance contracts held	22(a)	**(17,501)**	6,686
Net insurance finance expense		**952,424**	208,638
Represented by:			
Amounts recognised in profit or loss		**832,346**	368,731
Amounts recognised in OCI		**120,078**	(160,093)
		952,424	208,638

(a) Insurance finance income and expenses

Group	2023 RM'000	2022 RM'000
Finance expenses/(income) from insurance contracts issued		
Recognised in profit or loss	**847,795**	384,634
Recognised in OCI	**122,130**	(182,682)
	969,925	201,952
Finance (income)/expenses from reinsurance contracts held		
Recognised in profit or loss	**(15,449)**	(15,903)
Recognised in OCI	**(2,052)**	22,589
	(17,501)	6,686

Notes to the Financial Statements

23. Expenses by nature

Group	Note	Expenses attributed to insurance acquisition cash flows* RM'000	Other directly attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
2023					
Advertising and marketing expenses		17,068	5,479	18,495	41,042
Amortisation of intangible assets	5	-	14,549	13,543	28,092
Auditors' remuneration:					
- statutory audit fees		-	1,166	304	1,470
- other audit related fees		-	948	428	1,376
Insurance and other receivables:					
- allowance for impairment losses		-	-	46	46
Bank charges		2,589	12,592	39	15,220
Depreciation of property, plant and equipment	3	713	14,055	1,433	16,201
Depreciation of right-of-use assets	4	769	17,881	2,095	20,745
Impairment of property, plant and equipment		-	-	60	60
Employee benefits expense	23.1	91,518	185,244	81,324	358,086
Executive directors' emoluments	23.2	-	-	4,890	4,890
Non-executive directors' fee and other emoluments	23.2	-	-	2,898	2,898
Short-term lease expenses		21	112	379	512
Lease expense on low-value assets		22	121	33	176
Claim expenses		-	17,231	-	17,231
Commissions		785,864	39,000	-	824,864
Other expenses		250,559	311,118	44,340	606,017
		1,149,123	619,496	170,307	1,938,926

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

Notes to the Financial Statements

23. Expenses by nature (continued)

Group	Note	Expenses attributed to insurance acquisition cash flows* RM'000	Other directly attributable expenses RM'000	Other operating expenses RM'000	Total RM'000 Restated
2022					
Advertising and marketing expenses		7,597	5,903	17,081	30,581
Amortisation of intangible assets	5	-	13,563	13,172	26,735
Auditors' remuneration:					
- statutory audit fees		-	770	224	994
- other audit related fees		-	1,453	140	1,593
Insurance and other receivables:					
- allowance for impairment losses		-	-	655	655
Bank charges		2,589	12,539	75	15,203
Depreciation of property, plant and equipment	3	3,543	10,770	1,700	16,013
Depreciation of right-of-use assets	4	825	14,549	5,762	21,136
Employee benefits expense	23.1	81,379	169,253	83,639	334,271
Executive directors' emoluments	23.2	-	-	3,599	3,599
Non-executive directors' fee and other emoluments	23.2	-	-	2,846	2,846
Short-term lease expenses		12	156	420	588
Lease expense on low-value assets		18	150	26	194
Claim expenses		-	14,513	-	14,513
Commissions		760,152	42,000	-	802,152
Other expenses		177,358	226,530	44,732	448,620
		1,033,473	512,149	174,071	1,719,693

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

Notes to the Financial Statements

23. Expenses by nature (continued)

Company	Note	2023 Other operating expenses RM'000	2022 Other operating expenses RM'000 Restated
Advertising and marketing expenses		**10**	208
Auditors' remuneration:			
- statutory audit fees		**220**	168
- other audit related fees		**380**	10
Bank charges		**9**	7
Depreciation of property, plant and equipment	3	**320**	326
Employee benefits expense	23.1	**7,115**	5,741
Non-executive directors' fee and other emoluments	23.2	**1,638**	1,589
Other expenses		**3,600**	4,558
		13,292	12,607

The following breakdown represent the reconciliation of directly attributable expenses and non-directly attributable expenses:

	2023 RM'000	2022 RM'000 Restated
Group		
Directly attributable expenses:		
Management expenses	**619,496**	512,149
Insurance acquisition cash flows	**1,149,123**	1,033,473
Non-directly attributable expenses:		
Management expenses		
Investment expenses	**12,191**	10,055
Other operating expenses	**148,661**	134,217
Other operating expenses/(income)		
Other operating expenses	**23,160**	28,477
Foreign currency exchange (gains)/losses	**(13,705)**	1,322
	1,938,926	1,719,693
Company		
Non-directly attributable expenses:		
Other operating expenses	**13,292**	12,607
	13,292	12,607

23. Expenses by nature (continued)

23.1 Employee benefits expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries	**253,952**	248,797	**4,094**	3,285
Social security contributions	**1,876**	2,141	**19**	12
Contributions to Employees' Provident Fund	**36,620**	35,590	**494**	403
Other benefits	**65,638**	47,743	**2,508**	2,041
	358,086	334,271	**7,115**	5,741

23.2 Key management personnel compensation

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors/Chief Executive Officers:				
Salaries and other emoluments	**2,606**	2,026	**-**	-
Bonus	**1,708**	1,340	**-**	-
Contributions to Employees' Provident Fund	**576**	233	**-**	-
	4,890	3,599	**-**	-
Estimated monetary value of benefits-in-kind	**92**	135	**-**	-
	4,982	3,734	**-**	-
Non-Executive Directors:				
Fees	**2,029**	2,004	**1,189#**	1,155#
Other emoluments	**869**	842	**449**	434
	2,898	2,846	**1,638**	1,589
Estimated monetary value of benefits-in-kind	**3**	10	**-**	5
	2,901	2,856	**1,638**	1,594
Other key management personnel*				
Short term employee benefits	**14,197**	12,400	**-**	-

* Other key management personnel are defined as those persons other than the Directors of the Group and of the Company having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

Inclusive of fees for non-executive directors of subsidiaries who are members of Board Committees of the Company amounting to RM36,000 (2022: RM27,000).

Notes to the Financial Statements

23. Expenses by nature (continued)

23.2 Key management personnel compensation (continued)

The remuneration of CEOs of the Group who are also the Executive Directors of the subsidiaries, including benefits-in-kind, amounted to RM4,982,000 (2022: RM3,734,000).

The number of executive and non-executive directors whose total remuneration and other emoluments received during the year falls within the following bands is:

	Number of directors			
	Group		Company	
	2023	2022	2023	2022
Executive Directors/Chief Executive Officers:				
Below RM1,000,000	**-**	-	**-**	-
RM1,000,000 and above	**2**	2	**-**	-
Non-Executive Directors:				
RM0	**-**	-	**-**	-
Below RM100,000	**-**	2	**1**	1
RM100,001 – RM200,000	**6**	5	**2**	4
RM200,001 – RM300,000	**2**	2	**5**	4
RM300,001 – RM400,000	**1**	3	**-**	-
RM400,001 – RM500,000	**-**	-	**-**	-
RM500,001 – RM600,000	**2**	1	**-**	-
RM600,001 – RM700,000	**-**	-	**-**	-
RM700,001 – RM800,000	**-**	-	**-**	-

23.3 Chief Executive Officers remuneration

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other emoluments	**2,746**	3,138	**140**	127
Bonus	**1,800**	1,600	**92**	50
Contributions to Employees' Provident Fund	**607**	425	**31**	26
Estimated monetary value of benefits-in-kind	**97**	165	**5**	8
	5,250	5,328	**268**	211
Amount included in employee benefits expense	**5,153**	5,163	**263**	203

23. **Expenses by nature (continued)**

23.4 The total remuneration (including benefits-in kind) of the Directors are as follows:

	Group				Company			
	Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2023								
Executive Directors								
Wang Wee Keong	-	-	-	-	-	-	-	-
Ong Eng Chow	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non-Executive Directors								
Zakri Bin Mohd Khir	120	169	-	289	120	169	-	289
Peter Ho Kok Wai	324	72	-	396	204	54	-	258
Goh Ching Yin	348	231	-	579	228	66	-	294
Gerard Lim Kim Meng	170	39	-	209	170	39	-	209
Tan Sri Datuk Zainun Binti Ali	120	21	-	141	120	21	-	141
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	300	213	3	516	180	48	-	228
Tunku Zain-'Abidin Ibni Tunku Muhriz	131	39	-	170	131	39	-	170
Lim Tuang Ooi	-	-	-	-	36	13	-	49
Non-Executive Directors of the Subsidiaries								
Lim Fen Nee	120	18	-	138	-	-	-	-
Lim Tuang Ooi	156	31	-	187	-	-	-	-
Wee Lay Hua	120	18	-	138	-	-	-	-
Foo Chee It	120	18	-	138	-	-	-	-
	2,029	869	3	2,901	1,189	449	-	1,638

Notes to the Financial Statements

23. Expenses by nature (continued)

23.4 The total remuneration (including benefits-in kind) of the Directors are as follows: (continued)

	Group				Company			
	Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2022								
Executive Director								
Wang Wee Keong	-	-	-	-	-	-	-	-
Joseph Kumar Gross	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non-Executive Directors								
Zakri Bin Mohd Khir	120	94	-	214	120	94	-	214
Tunku Zain-'Abidin Ibni Tunku Muhriz	164	39	-	203	144	36	-	180
Peter Ho Kok Wai	324	69	-	393	204	54	-	258
Goh Ching Yin	348	228	-	576	228	66	-	294
Gerard Lim Kim Meng	142	24	-	166	142	24	-	166
Tan Sri Datuk Zainun Binti Ali	95	15	-	110	95	15	-	110
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	223	123	-	346	103	28	-	131
Tan Sri Datuk (Dr) Rafiah Binti Salim	149	183	10	342	92	104	5	201
Lim Tuang Ooi	-	-	-	-	27	13	-	40
Non-Executive Directors of the Subsidiaries								
Lim Fen Nee	120	15	-	135	-	-	-	-
Lim Tuang Ooi	147	31	-	178	-	-	-	-
Wee Lay Hua	90	12	-	102	-	-	-	-
Foo Chee It	20	3	-	23	-	-	-	-
Dato' Dr. Kantha A/L Rasalingam	62	6	-	68	-	-	-	-
	2,004	842	10	2,856	1,155	434	5	1,594

24. Tax expense

24.1 Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Current tax expense				
Current year	**181,249**	197,966	**613**	506
(Over)/Under provision in prior years	**(2,042)**	(1,089)	**1**	2
	179,207	196,877	**614**	508
Deferred tax expense/(income)				
Origination and reversal of temporary differences	**51,022**	64,308	**(2)**	26
Over provision in prior year	**(4,248)**	(1,130)	**(3)**	(22)
	46,774	63,178	**(5)**	4
Total tax expense	**225,981**	260,055	**609**	512

24.2 Deferred tax recognised directly in other comprehensive income

	Note	2023 RM'000	2022 RM'000 Restated
Group			
FVOCI reserves			
At 1 January		**15,352**	(20,559)
Net (losses)/gains arising from change in fair value during the year	13.2	**(28,758)**	35,911
At 31 December		**(13,406)**	15,352
Insurance finance reserves			
At 1 January		**(2,463)**	16,872
Net gains/(losses) arising from change in fair value during the year	13.2	**14,707**	(19,335)
At 31 December		**12,244**	(2,463)
Other reserves			
At 1 January		**(4,443)**	(4,816)
Net (losses)/gains arising from change in fair value during the year	13.2	**(394)**	373
At 31 December		**(4,837)**	(4,443)
Company			
FVOCI reserves			
At 1 January		**1**	-
Net gain arising from change in fair value during the year	13.2	**-**	1
At 31 December		**1**	1

Notes to the Financial Statements

24. Tax expense (continued)

24.3 Reconciliation of tax expense

	2023 RM'000	2022 RM'000 Restated
Group		
Profit before tax	**956,889**	873,726
Tax at Malaysian tax rate of 24% (2022: 24%)	**226,178**	207,571
Tax rate differential of 16% (2022: 16%) in respect of life fund	**13,715**	19,831
Income not subject to tax	**(173,239)**	(176,578)
Section 110B tax and deferred tax credit set off	**(16,172)**	(5,675)
Non-deductible expenses	**181,789**	181,679
Difference in tax rate due to Cukai Makmur	**-**	35,446
	232,271	262,274
Over provision in prior years	**(6,290)**	(2,219)
Total tax expense	**225,981**	260,055
Company		
Profit before tax	**445,568**	299,348
Tax at Malaysian tax rate of 24% (2022: 24%)	**106,936**	71,844
Income not subject to tax	**(109,517)**	(74,412)
Non-deductible expenses	**3,192**	3,100
	611	532
Over provision in prior years	**(2)**	(20)
Total tax expense	**609**	512

The income of the general business and life business shareholders' fund is taxed at 24% (2022: 24%). The income tax provided in the life fund for the current and previous financial years is in respect of investment income which is taxed at a reduced tax rate of 8% (2022: 8%) applicable for life insurance business and 24% (2022: 24%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967 ("Act").

25. Earnings per ordinary share

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders adjusted for preference dividends of RM202,893,000 (2022: RM171,603,000) and the weighted average number of ordinary shares in issue during the year of 177,969,000 (2022: 177,911,000).

Group	2023	2022 Restated
Profit attributable to ordinary shareholders (RM'000)	**730,908**	613,671
Adjustment:		
- Preference dividends declared	**(202,893)**	(171,603)
Adjusted profit attributable to ordinary shareholders (RM'000)	**528,015**	442,068
Weighted average number of shares in issue ('000)	**177,969**	177,911
Basic earnings per ordinary share (sen)	**296.69**	248.48

(b) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2023 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2023	2022 Restated
Profit attributable to equity shareholders (RM'000)	**730,908**	613,671
Weighted average number of shares in issue ('000)	**177,969**	177,911
Effect of conversion of ICPS ('000)	**168,237**	168,237
Diluted weighted average number of ordinary shares during the year ('000)	**346,206**	346,148
Diluted earnings per ordinary share (sen)	**211.12**	177.29

Notes to the Financial Statements

26. Dividends

Dividends recognised by the Company:

	Sen per share (single tier)	Total amount RM'000	Date of payment
2023			
First Interim 2023 preference dividend	**37.80**	**63,594**	**28 June 2023**
First Interim 2023 ordinary dividend	**31.50**	**56,060**	**28 June 2023**
		119,654	
Second Interim 2023 preference dividend	**82.80**	**139,299**	**8 February 2024**
Second Interim 2023 ordinary dividend	**69.00**	**122,799**	**8 February 2024**
		262,098	
		381,752	
2022			
First Interim 2022 preference dividend	19.20	32,303	5 August 2022
First Interim 2022 ordinary dividend	16.00	28,474	5 August 2022
		60,777	
Second Interim 2022 preference dividend	82.80	139,300	17 February 2023
Second Interim 2022 ordinary dividend	69.00	122,799	17 February 2023
		262,099	
		322,876	

27. Operating leases

Leases as lessor

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

	2023 RM'000	2022 RM'000
Less than one year	**176**	802
Between 1 and 2 years	**149**	442
Between 2 and 3 years	**30**	33
	355	1,277

Notes to the Financial Statements

28. Capital commitments

Group	2023 RM'000	2022 RM'000
Property, plant and equipment		
Contracted but not provided for	**3,550**	7,167
Software development		
Contracted but not provided for	**2,248**	5,239

29. Operating segments

Segment information is presented in respect of the Group's business segments. Each business segment is managed separately based on the Group's management and internal reporting structure.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment capital expenditure

Segmental capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

29.1 Business segments

The Group comprises the following main business segments:

Investment holding	Investment holding
General insurance	Underwriting of all classes of general insurance business
Life insurance	Underwriting of all classes of life insurance and investment-linked business

29.2 Geographical segments

The Group operates predominantly in Malaysia and, accordingly, the Directors are of the opinion that the financial information by geographical segments of the Group's operations is not necessary to be presented.

Notes to the Financial Statements

29. Operating segments (continued)

Business segments	Investment holding RM'000	General insurance RM'000	Life insurance RM'000	Consolidated RM'000
2023				
Segment insurance revenue	-	2,772,793	2,168,848	4,941,641
Segment interest revenue	13,533	202,076	549,110	764,719
Segment results	(10,450)	556,172	411,167	956,889
Profit before tax				956,889
Tax expense				(225,981)
Profit for the year				730,908
Segment assets	740,186	7,183,853	17,997,909	25,921,948
Segment liabilities	173,372	4,464,610	16,143,346	20,781,328
Capital expenditure	117	38,595	15,426	54,138
Depreciation of property, plant and equipment	320	10,107	5,774	16,201
Amortisation of intangible assets	-	16,686	11,406	28,092
Allowance for impairment losses on receivables	-	-	46	46

Business segments	Investment holding RM'000 Restated	General insurance RM'000 Restated	Life insurance RM'000 Restated	Consolidated RM'000 Restated
2022				
Segment insurance revenue	-	2,566,476	1,852,347	4,418,823
Segment interest revenue	13,808	180,104	501,759	695,671
Segment results	(19,259)	515,336	377,649	873,726
Profit before tax				873,726
Tax expense				(260,055)
Profit for the year				613,671
Segment assets	783,775	6,760,858	16,445,036	23,989,669
Segment liabilities	346,110	4,167,683	14,798,722	19,312,515
Capital expenditure	943	22,480	103,414	126,837
Depreciation of property, plant and equipment	326	10,028	5,659	16,013
Amortisation of intangible assets	-	16,607	10,128	26,735
Allowance for impairment losses on receivables	-	-	655	655

30. Related parties

30.1 Identity of related parties

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

Related Parties	Relationship
Allianz SE, Munich ("Allianz SE")	Holding company
Allianz Life Insurance Malaysia Berhad	Subsidiary of the Company
Allianz General Insurance Company (Malaysia) Berhad	Subsidiary of the Company
Allianz SE Insurance Management Asia Pacific	Related company of AMB
Allianz Technology SE	Related company of AMB
Allianz Technology (Thailand) Corporation Limited	Related company of AMB
Allianz Technology Sdn Bhd	Related company of AMB
Allianz Investment Management SE	Related company of AMB
Allianz Investment Management Singapore Pte Ltd	Related company of AMB
Allianz Global Benefits GmbH	Related company of AMB
Allianz Global Investors Singapore Limited	Related company of AMB
Allianz Global Investors Asia Pacific Limited	Related company of AMB
Allianz Digital Health GMBH	Related company of AMB
AWP Services Sdn Bhd	Related company of AMB
Euler Hermes Singapore Services Pte Ltd	Related company of AMB
IDS GmBH	Related company of AMB
PT Asuransi Allianz Life Indonesia	Related company of AMB
Allianz SE Life Reinsurance Branch Labuan	Related company of AMB
Allianz SE General Reinsurance Branch Labuan	Related company of AMB
Allianz Beratungs- Und Vertriebs-AG	Related company of AMB
Allianz SE Reinsurance Branch Asia Pacific	Related company of AMB
Rapidpro Consulting Sdn Bhd	Company connected to the Director of the Company

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and the Company, and certain members of Senior Management Committee of the Group and the Company. There were no significant transactions with the Group and the Company during the financial year other than key management personnel compensation as disclosed in Note 23.2.

Notes to the Financial Statements

30. Related parties (continued)

30.2 The significant transactions with related parties are as follows:

Group	Amount transacted for the year ended 31 December 2023 RM'000	Amount transacted for the year ended 31 December 2022 RM'000
Trade		
Holding company		
Reinsurance premium ceded, net of commission income	**(9,625)**	(4,214)
Related companies*		
Reinsurance premium ceded, net of commission income	**(307,428)**	(257,503)
Non-trade		
Holding company		
(Payment)/Reversal of personnel expenses	**(1,922)**	727
Payment of global marketing expenses	**(4,885)**	(4,775)
Reimbursement of expenses made on behalf	**1,610**	979
Payment of license fees	**(43)**	(43)
Payment of training and other fees	**-**	(63)
Reversal of fees for cyber insurance services	**-**	34
Payment of fees for Human Resource Transformation ("HRT") run services	**(724)**	(615)
Reversal of fees for sharing of Global procurement (excluding Information Technology ("IT")) services and support	**-**	9
Payment for Employee Share Purchase Plan	**(1,784)**	(1,009)
Payment of business building and regional investment costs	**(10,386)**	(3,418)
Fee received for the provision of regional audit services	**356**	401
Payment of global technical support fees	**(3,416)**	(6,670)
Payment for support of design and development of Global Digital Factory	**-**	(42)
Reversal for the development of Allianz One Finance Programme	**-**	3
Reversal of IT security services	**-**	3
Payment for Employee Share Participation Programs related admin costs	**(33)**	(26)
Payment of global mobility service fees	**(177)**	(368)
Payment of Allianz Equity Incentive	**-**	(870)
Payment of fees for implementation of Azeus Convene Meeting Management Software	**(39)**	(39)
Payment of GHR IT Licenses & Maintenance	**(14)**	(22)
Payment of usage of finance application & workplace devices by COC	**(156)**	(112)
Payment of sharing of cost of the implementation of SAP Success Factors system and its share of Global Centre of Expertise cost under the HRT solution	**(295)**	(368)

30. Related parties (continued)

30.2 The significant transactions with related parties are as follows: (continued)

Group	Amount transacted for the year ended 31 December 2023 RM'000	Amount transacted for the year ended 31 December 2022 RM'000
Non-trade (continued)		
Holding company (continued)		
Payment of sharing of cost to support Group Data Analytics	**(137)**	(128)
Payment of support the development and improvement of Technical Excellence	**(191)**	(194)
Payment for group charges on Compliance Advanced Research Application (CARA)	**(24)**	-
Payment of legal advisory fees	**(17)**	-
Payment of services of Strategic Workforce Planning project	**-**	(28)
Payment of HR IT Licenses & Maintenance	**-**	(10)
Related companies*		
Payment of service fees	**(690)**	(1,035)
Reimbursement of other expenses	**1,474**	2,577
Investment and redemption of funds (including fund management fees)	**(53,471)**	(98,028)
Payment of investment advisory fees	**(4,150)**	(2,488)
Payment of performance attribution analysis expenses	**(136)**	(44)
Payment of sharing of common expenses	**(249)**	(254)
Sharing of asset and investment manager database expenses	**(230)**	(412)
Reimbursement of life actuarial modeling services	**1,734**	1,793
Reimbursement for SAP Master Data Management support services and ARIBA	**589**	495
Payment of annual maintenance and support fee for software system	**(3,461)**	(4,190)
Payment of IT security services	**(80)**	(88)
Payment of Allianz Virtual Client, Windows Distributor File System and Data Center Consolidation	**(2,453)**	(2,366)
Payment of software license fees	**(15,575)**	(8,541)
Sharing of expenses of HR Database Platform & e-Recruitment solution	**(194)**	(81)
Payment of global mobility service fees	**(55)**	(325)
Payment of fee to develop a suite of digital health tools	**(1,075)**	(1,280)
Payment for purchasing of various software licences	**-**	(32)
Reimbursement for service fee	**1,498**	766
Payment of fees for the implementation of a software intelligence platform	**(551)**	(327)
Payment of fees for usage of Google Analytics	**(425)**	(574)
Payment of fees for the purchase of ServiceNow implementation services	**(357)**	(158)
Payment of fees by for the usage of Public Cloud Service	**-**	(445)

Notes to the Financial Statements

30. Related parties (continued)

30.2 The significant transactions with related parties are as follows: (continued)

Group	Amount transacted for the year ended 31 December 2023 RM'000	Amount transacted for the year ended 31 December 2022 RM'000
Non-trade (continued)		
Related companies* (continued)		
Payment of OneMarketing set up cost	-	(15)
Payment for Hybrid Cloud Services	(692)	(494)
Payment for Allianz Virtual Client for shared remote app and license pack base remote app and license pack base	(76)	(65)
Reversal of personnel cost	9	-
Payment of Jira Master Platform user license subscription	(1,650)	-
Payment of implementation services for Local Identity and Access Management	(41)	-
Payment of AZT Malaysia IT Services	(3,474)	-
Payment of information and technology services	(5,079)	-
Related party – Company connected to the Director of the Company		
Payment of training and other fees	(747)	(1,620)

* Related companies are companies within the Allianz SE group.

Related party transactions have been entered into in the normal course of business under normal trade terms.

Significant related party balances related to the above transactions are disclosed in Notes 10 and 17.

30. Related parties (continued)

30.2 The significant transactions with related parties are as follows: (continued)

Company	Amount transacted for the year ended 31 December 2023 RM'000	Amount transacted for the year ended 31 December 2022 RM'000
Non-trade		
Holding company		
Fee received for the provision of regional audit services	356	401
Subsidiaries		
Dividend income	456,203	310,099
Reimbursement of other expenses	522	499
Reimbursement of expenses related to common resources	28,722	26,606
Rental of other premises	(696)	(643)
Reimbursement of life actuarial modeling services	314	373
Reimbursement for SAP Master Data Management support services	35	44
Related companies*		
Reimbursement of life actuarial modeling services	1,734	1,793
Reimbursement for SAP Master Data Management support services and ARIBA	589	495
Reimbursement for service fee	1,498	766

* Related companies are companies within the Allianz SE group.

Related party transactions have been entered into in the normal course of business under normal trade terms.

Significant related party balances related to the above transactions are disclosed in Notes 10 and 17.

Notes to the Financial Statements

31. Risk management framework

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

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

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

(a) Risk underwriting and identification

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

(b) Risk reporting and monitoring

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

(c) Risk strategy and risk appetite

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

(d) Communication and transparency

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

Risk governance structure

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

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

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

31. Risk management framework (continued)

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

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

The ALM process is subjected to external and internal constraints.

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

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

Governance and regulatory framework

The Group is required to comply with the requirements of the FSA, relevant regulations and guidelines imposed by BNM, including relevant guidelines from Life Insurance Association Malaysia ("LIAM"), Persatuan Insurans Am Malaysia ("PIAM") and Bursa Securities Malaysia Berhad.

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

32. Underwriting risk

32.1 Life insurance contracts

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

(a) Insurance risk

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

(b) Policyholder behaviour risk

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

(c) Expense risk

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

Management of underwriting risk

The board of directors sets ALIM's strategy for accepting and managing underwriting risk. The board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

Notes to the Financial Statements

32. Underwriting risk (continued)

32.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(i) Life insurance contract

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

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

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

(ii) Key assumptions

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

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

Mortality and morbidity rates

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

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

Expenses

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

Persistency

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

32. Underwriting risk (continued)

32.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(ii) Key assumptions (continued)

Discount rate

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

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

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

The assumptions that have significant effects on the gross insurance and reinsurance liabilities are listed below.

Group	Mortality and morbidity rates[1]		Lapse and surrender rates		Discount rate[2]	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 % Restated
Type of business						
With fixed and guaranteed terms and with DPF contracts						
Life insurance	**70-100**	60-100	**3-12**	3-20	**3.00-5.00**	3.00-6.00
Without DPF contracts						
Life insurance	**50-130**	70-130	**3-65**	3-70	**3.00-5.00**	3.00-6.00

(1) Industry mortality and morbidity experience tables that were observed in Malaysia between year 2011 and 2015 or the respective reinsurance risk rates.

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

Notes to the Financial Statements

32. Underwriting risk (continued)

32.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(iii) Sensitivity analysis

The table below analyses how the PVFCF, CSM, profit or loss and equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

Group	Change in assumptions	PVFCF		CSM		Profit or loss		Equity	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
Life insurance contracts									
31 December 2023									
Mortality rates	**+15%**	**207,875**	**97,981**	**(186,290)**	**(95,901)**	**(26,618)**	**(14,396)**	**(14,623)**	**(5,291)**
Morbidity rates	**+5%**	**296,205**	**275,689**	**(260,866)**	**(243,700)**	**(40,197)**	**(37,787)**	**(29,707)**	**(27,833)**
Discount rate	**-0.5%**	**274,978**	**275,895**	**35,789**	**35,789**	**(4,750)**	**(1,368)**	**13,194**	**28,717**
Expenses	**+10%**	**106,655**	**106,655**	**(95,275)**	**(95,150)**	**(13,762)**	**(13,746)**	**(10,487)**	**(10,456)**
Lapse and surrender rates	**+10%**	**204,154**	**109,601**	**(164,821)**	**(154,541)**	**(5,836)**	**(5,156)**	**(3,886)**	**(3,387)**
31 December 2022									
Mortality rates	+15%	187,809	88,186	(169,629)	(86,255)	(22,894)	(11,336)	(17,234)	(3,938)
Morbidity rates	+5%	230,469	211,767	(206,305)	(190,510)	(28,350)	(26,271)	(21,526)	(19,244)
Discount rate	-0.5%	300,281	300,333	20,480	20,480	(6,676)	(4,285)	(20,407)	(20,565)
Expenses	+10%	86,539	86,539	(78,804)	(78,990)	(10,153)	(10,178)	(7,698)	(7,725)
Lapse and surrender rates	+10%	198,517	184,772	(145,707)	(135,915)	(18,302)	(17,044)	(14,010)	(12,707)

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

32. Underwriting risk (continued)

32.1 Life insurance contracts (continued)

Management of underwriting risk (continued)

(iii) Sensitivity analysis (continued)

Changes in underwriting risk variables mainly affect the PVFCF and CSM, profit or loss and equity as follows:

PVFVF	Changes in PVFCF.
CSM	Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.
Profit or loss	Changes in fulfilment cash flows relating to loss components. Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
Equity	Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. The effect on profit or loss under profit or loss.

The insurance risk of life insurance contracts consists of mortality and morbidity. Mortality and morbidity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities.

The table below shows the concentration of insurance and reinsurance liabilities by type of contract (with and without DPF).

	Gross			Reinsurance			
Group	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
31 December 2023	**3,685,535**	**11,357,785**	**15,043,320**	**-**	**69,777**	**69,777**	**15,113,097**
31 December 2022	3,818,841	10,083,352	13,902,193	-	150,591	150,591	14,052,784

As all of the business is derived from Malaysia, the entire insurance contract liabilities are in Malaysia. There is no investment contract issued by ALIM during the current and previous financial years.

Notes to the Financial Statements

32. Underwriting risk (continued)

32.2 General insurance contracts

The board of directors sets AGIC's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared and reviewed by AGIC's chief underwriting officer. The board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

AGIC seeks to minimise underwriting risks through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised underwriting guidelines, limits and standards.

The insurance risk of LRC and LIC consists of premium and reserve risks. Premium risk represents the risk of loss because of an unexpected high loss volume resulting in an insufficient coverage of premiums. Reserve risks represent the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves.

The table below sets out the concentration of the general insurance risk based on the LIC (before impairment of reinsurance contract held) as at the end of the reporting period. The portfolios are aggregated for internal monitoring purposes as below:

	2023			2022		
Group	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000 Restated	Reinsurance RM'000 Restated	Net RM'000 Restated
Fire	**378,507**	**(119,946)**	**258,561**	377,889	(161,918)	215,971
Motor	**1,790,567**	**(85,730)**	**1,704,837**	1,708,612	(97,879)	1,610,733
Marine, aviation, cargo and transit	**62,544**	**(31,044)**	**31,500**	89,061	(55,146)	33,915
Miscellaneous	**713,563**	**(308,250)**	**405,313**	705,116	(316,498)	388,618
Total	**2,945,181**	**(544,970)**	**2,400,211**	2,880,678	(631,441)	2,249,237

Key assumptions

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

32. Underwriting risk (continued)

32.2 General insurance contracts (continued)

Sensitivities

Analysis of sensitivity around various scenarios provides an indication of the adequacy of the subsidiary's estimation process in respect of its insurance contracts. The table presented below demonstrates the sensitivity of the insurance contract liabilities estimates to particular movements in assumptions used in the estimation process.

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

Group	Change in assumptions	Impact on gross liabilities for incurred claims RM'000	Impact on net liabilities for incurred claims RM'000	Impact on profit after tax RM'000	Impact on equity after tax RM'000
31 December 2023					
Average claim cost	**+10%**	**303,683**	**252,661**	**(192,501)**	**(193,023)**
Average number of claims	**+10%**	**395,333**	**305,118**	**(232,427)**	**(231,890)**
31 December 2022					
Average claim cost	+10%	299,130	236,107	(181,526)	(179,441)
Average number of claims	+10%	317,424	279,183	(214,640)	(212,179)

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

Claims development table

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

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the subsidiary believes that the estimate of total claims outstanding as of 31 December 2023 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Notes to the Financial Statements

32. Underwriting risk (continued)

32.2 General insurance contracts (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2023:

Group Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	1,773,004	
One year later	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	1,601,371	-	
Two years later	1,352,452	1,362,861	1,372,723	1,407,591	1,243,949	1,515,767	-	-	
Three years later	1,325,371	1,336,934	1,347,544	1,390,544	1,221,463	-	-	-	
Four years later	1,254,542	1,324,758	1,322,821	1,367,014	-	-	-	-	
Five years later	1,244,392	1,312,706	1,314,965	-	-	-	-	-	
Six years later	1,206,793	1,283,180	-	-	-	-	-	-	
Seven years later	1,190,311	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,176,323)	(1,232,434)	(1,169,745)	(1,132,249)	(987,820)	(1,082,813)	(971,541)	(720,991)	(8,473,915)
Gross claims liabilities (Direct & Fac) – accident years from 2016 to 2023	13,988	50,746	145,220	234,765	233,643	432,954	629,830	1,052,013	2,793,159
Gross claims liabilities (Direct & Fac) – prior accident years									37,484
Gross claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									19,078
Claims handling expenses									28,742
Effect of discounting									(139,272)
Effect of the risk adjustment for non-financial risk									205,990
Gross LIC for contracts originated									**2,945,181**

32. **Underwriting risk (continued)**

32.2 General insurance contracts (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2022:

Group Accident year	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year	1,349,116	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	
One year later	1,278,469	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	-	
Two years later	1,256,084	1,352,452	1,362,861	1,372,723	1,407,591	1,243,949	-	-	
Three years later	1,235,679	1,325,371	1,336,934	1,347,544	1,390,544	-	-	-	
Four years later	1,224,698	1,254,542	1,324,758	1,322,821	-	-	-	-	
Five years later	1,203,126	1,244,392	1,312,706	-	-	-	-	-	
Six years later	1,192,204	1,206,793	-	-	-	-	-	-	
Seven years later	1,154,938	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,113,214)	(1,167,878)	(1,222,617)	(1,140,348)	(1,082,575)	(912,325)	(891,860)	(693,688)	(8,224,505)
Gross claims liabilities (Direct & Fac) – accident years from 2015 to 2022	41,724	38,915	90,089	182,473	307,969	331,624	679,670	1,023,890	2,696,354
Gross claims liabilities (Direct & Fac) – prior accident years									51,571
Gross claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									25,458
Claims handling expenses									26,567
Effect of discounting									(136,384)
Effect of the risk adjustment for non-financial risk									217,112
Gross LIC for contracts originated									2,880,678

Notes to the Financial Statements

32. **Underwriting risk (continued)**

32.2 General insurance contracts (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2023:

Group Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	1,668,776	
One year later	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	1,469,686	-	
Two years later	1,097,165	1,198,917	1,224,761	1,244,906	1,140,917	1,176,668	-	-	
Three years later	1,075,612	1,173,951	1,208,500	1,237,143	1,126,967	-	-	-	
Four years later	1,069,385	1,167,124	1,196,597	1,214,741	-	-	-	-	
Five years later	1,058,880	1,147,704	1,190,577	-	-	-	-	-	
Six years later	1,029,928	1,121,989	-	-	-	-	-	-	
Seven years later	1,025,447	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(1,014,609)	(1,080,536)	(1,089,712)	(1,061,873)	(930,070)	(875,278)	(932,405)	(693,012)	(7,677,495)
Net claims liabilities (Direct & Fac) – accident years from 2016 to 2023	10,838	41,453	100,865	152,868	196,897	301,390	537,281	975,764	2,317,356
Net claims liabilities (Direct & Fac) – prior accident years									17,364
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									17,128
Claims handling expenses									28,742
Effect of discounting									(116,963)
Effect of the risk adjustment for non-financial risk									135,936
Effect of non-performance risk of reinsurers									648
Net LIC for contracts originated									2,400,211

32. **Underwriting risk (continued)**

32.2 General insurance contracts (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2022:

Group Accident year	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year	1,101,455	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	
One year later	1,073,872	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	-	
Two years later	1,049,986	1,097,165	1,198,917	1,224,761	1,244,906	1,140,917	-	-	
Three years later	1,021,432	1,075,612	1,173,951	1,208,500	1,237,143	-	-	-	
Four years later	1,014,846	1,069,385	1,167,124	1,196,597	-	-	-	-	
Five years later	1,003,396	1,058,880	1,147,704	-	-	-	-	-	
Six years later	994,467	1,029,928	-	-	-	-	-	-	
Seven years later	968,019	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(951,769)	(1,007,421)	(1,071,913)	(1,066,274)	(1,017,622)	(858,851)	(843,445)	(649,947)	(7,467,242)
Net claims liabilities (Direct & Fac) – accident years from 2015 to 2022	16,250	22,507	75,791	130,323	219,521	282,066	583,818	956,763	2,287,039
Net claims liabilities (Direct & Fac) – prior accident years									17,391
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									(101,720)
Claims handling expenses									26,567
Effect of discounting									(109,479)
Effect of the risk adjustment for non-financial risk									128,681
Effect of non-performance risk of reinsurers									758
Net LIC for contracts originated									2,249,237

Notes to the Financial Statements

33. Financial risks

Exposure to credit, liquidity, market (currency risk, interest rate risk, equity price risk) and operational risk arises in the normal course of the Group's and the Company's business. The Group and the Company are guided by its risk management framework as well as policies and guidelines from the ultimate holding company, Allianz SE which set out its general risk management philosophy. Through financial risk management, business strategies are evaluated to ensure alignment with the Company's risk appetite and tolerance.

33.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a counterparty to a financial instrument fails to meet its contractual obligations or due to the non-performance of instruments (i.e., payment overdue). The Group's exposure to credit risk arises principally from the reinsurance, receivables and the investment/placement in fixed income instruments and bank balances. Financial loss may materialise when the counterparties failed to meet payment obligations for various reasons.

The Group has credit policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an on-going basis. Reinsurance is mainly to local insurers or offshore reinsurers, and if the Group has to place overseas, only counterparties that have a credit rating that is acceptable based on Allianz Guidelines for Reinsurance Security are used.

The Group's Investment Mandate imposes limits by issuer/counterparty and by credit ratings for investments in corporate fixed income securities (all securities that entails credit risks, e.g., credit facilities, bank deposits of longer than 1-year, certificates of deposits, notes, etc.); and these limits are reviewed at least on annual basis. Active monitoring of the exposure against those limits are in place and reported to RMWC, RMC and IC on quarterly basis.

33. **Financial risks (continued)**

33.1 Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

	Neither past-due nor impaired								
Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2023									
FVTPL									
Malaysian government securities	-	-	-	-	-	2,247,329	523,546	-	2,770,875
Malaysian government guaranteed bonds	-	-	-	-	-	932,089	30,499	-	962,588
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	743,046	1,742,065	-	2,485,111
Quoted equity securities of corporations outside Malaysia	-	-	-	-	-	-	88,998	-	88,998
Unquoted equity securities in Malaysia	-	-	-	-	-	7,364	-	-	7,364
Unquoted bonds of corporations in Malaysia	804,351	677,890	-	-	-	-	613,254	-	2,095,495
Quoted unit trusts in Malaysia	-	-	-	-	-	71,911	19,000	-	90,911
Unquoted unit trusts in Malaysia	-	-	-	-	-	457,908	21,543	-	479,451
Unquoted unit trusts outside Malaysia	-	-	-	-	-	-	305,435	-	305,435
Fixed and call deposits with:									
Licensed financial institutions	55,227	10,223	-	-	-	-	163,938	-	229,388
Derivatives financial assets									
Collateralised interest rate swap	16,857	-	-	-	-	-	-	-	16,857
Cross currency swap	171	-	-	-	-	-	-	-	171

Notes to the Financial Statements

33. **Financial risks (continued)**

33.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

Group	Neither past-due nor impaired								
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2023 (continued)									
FVOCI									
Malaysian government securities	-	-	-	-	-	6,152,031	-	-	6,152,031
Malaysian government guaranteed bonds	-	-	-	-	-	2,198,532	-	-	2,198,532
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	644,847	-	-	644,847
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	7,147	-	-	7,147
Unquoted bonds of corporations in Malaysia	2,191,492	1,653,940	-	-	-	71,246	-	-	3,916,678
Unquoted bonds of corporations outside Malaysia	-	-	8,115	54,301	-	43,969	-	-	106,385
Commercial paper	-	-	-	-	-	4,957	-	-	4,957
Fixed and call deposits with:									
Licensed financial institutions	343,020	148,473	-	-	-	-	-	-	491,493
Other investments	-	-	-	-	-	14,772	-	-	14,772
Other assets	-	-	-	-	-	14,921	-	-	14,921
Amortised cost									
Other assets *	-	-	-	-	-	74,405	-	-	74,405
Cash and cash equivalents	909,117	131,861	520,474	-	-	183	-	-	1,561,635
Reinsurance contract assets	-	313,550	37,099	78	2	191,534	-	-	542,263
	4,320,235	2,935,937	565,688	54,379	2	13,878,191	3,508,278	-	25,262,710

* Excluding balance with MMIP.

33. Financial risks (continued)

33.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Company	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Total RM'000
2023							
FVTPL							
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	7,364	7,364
FVOCI							
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	5,000	5,000
Fixed and call deposits with:							
Licensed financial institutions	4,050	2,010	-	-	-	-	6,060
Other assets	-	-	-	-	-	828	828
Amortised cost							
Other assets	-	-	-	-	-	336,426	336,426
Cash and cash equivalents	20,057	24,436	-	-	-	-	44,493
	24,107	26,446	-	-	-	349,618	400,171

Notes to the Financial Statements

33. Financial risks (continued)

33.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Group	← Neither past-due nor impaired →							Past-due but not impaired	Total
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	RM'000	RM'000
2022									
FVTPL									
Malaysian government securities	-	-	-	-	-	1,896,711	278,246	-	2,174,957
Malaysian government guaranteed bonds	-	-	-	-	-	896,596	19,508	-	916,104
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	633,677	1,293,690	-	1,927,367
Quoted equity securities of corporations outside Malaysia	-	-	-	-	-	-	155,513	-	155,513
Unquoted equity securities in Malaysia	-	-	-	-	-	3,085	-	-	3,085
Unquoted bonds of corporations in Malaysia	716,001	634,867	-	-	-	-	554,150	-	1,905,018
Quoted unit trusts in Malaysia	-	-	-	-	-	61,431	9,032	-	70,463
Unquoted unit trusts in Malaysia	-	-	-	-	-	549,316	18,324	-	567,640
Unquoted unit trusts outside Malaysia	-	-	-	-	-	-	226,104	-	226,104
Derivatives financial assets									
Collateralised interest rate swap	16,590	-	-	-	-	-	-	-	16,590
Cross currency swap	2,406	-	-	-	-	-	-	-	2,406

33. Financial risks (continued)

33.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated. (continued)

Group	Neither past-due nor impaired								
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-linked funds RM'000	Past-due but not impaired RM'000	Total RM'000
2022 (continued)									
FVOCI									
Malaysian government securities	-	-	-	-	-	5,197,347	-	-	5,197,347
Malaysian government guaranteed bonds	-	-	-	-	-	2,626,323	-	-	2,626,323
Quoted equity securities of corporations in Malaysia	-	-	-	-	-	631,554	-	-	631,554
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	7,147	-	-	7,147
Unquoted bonds of corporations in Malaysia	2,024,446	1,727,728	-	-	-	24,056	-	-	3,776,230
Unquoted bonds of corporations outside Malaysia	-	-	7,671	51,645	-	41,130	-	-	100,446
Fixed and call deposits with:									
Licensed financial institutions	23,256	197	-	-	-	-	875	-	24,328
Other investments	-	-	-	-	-	19,796	-	-	19,796
Other assets	-	-	-	-	-	17,630	-	-	17,630
Amortised cost									
Other assets *	-	-	-	-	-	70,319	-	-	70,319
Cash and cash equivalents	1,334,485	241,604	682,603	-	-	248	-	-	2,258,940
Reinsurance contract assets	-	400,106	45,550	143	2	217,879	-	-	663,680
	4,117,184	3,004,502	735,824	51,788	2	12,894,245	2,555,442	-	23,358,987

* Excluding balance with MMIP.

Notes to the Financial Statements

33. Financial risks (continued)

33.1 Credit risk (continued)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the credit rating agencies' credit ratings of counterparties. AAA is the highest possible rating. Financial assets that fall outside the range of AAA to BBB are classified as non-investment grade. Assets which are not rated by rating agencies are classified as non-rated.

Company	AAA RM'000 Restated	AA RM'000 Restated	A RM'000 Restated	BBB RM'000 Restated	Non-investment grade RM'000 Restated	Non-rated RM'000 Restated	Total RM'000 Restated
2022							
FVTPL							
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	3,085	3,085
FVOCI							
Unquoted equity securities of corporations in Malaysia	-	-	-	-	-	5,000	5,000
Fixed and call deposits with:							
Licensed financial institutions	10,182	-	-	-	-	-	10,182
Other assets	-	-	-	-	-	673	673
Amortised cost							
Other assets	-	-	-	-	-	249,862	249,862
Cash and cash equivalents	25,133	37,406	-	-	-	-	62,539
	35,315	37,406	-	-	-	258,620	331,341

33. Financial risks (continued)

33.2 Liquidity risk

Liquidity risk is the risk of loss resulting from the danger that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, along with the risk that in the case of a liquidity crisis of the Group and the Company, refinancing is only possible at higher interest rates or that assets may have to be liquidated at a discount.

Besides monitoring the liquidity position of the Group and the Company on a daily basis, the investment strategies particularly focus on the quality of investments and ensure a sufficient portion of liquid assets in the portfolio. Some other tools used by the Group include to ensure that its assets and liabilities are adequately matched and drawing down of funds to meet claim payments should the claim events exceed a certain amount as provided for in the reinsurance contracts.

Maturity profiles

The tables below summarise the maturity profile of the financial assets of the Group and the Company at the end of the reporting year based on remaining undiscounted contractual cash flows, including interest receivable:

Group	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023									
Malaysian government securities	8,922,906	1,200,678	748,645	999,232	779,658	1,352,749	3,841,944	-	8,922,906
Malaysian government guaranteed bonds	3,161,120	521,884	187,781	158,074	324,967	270,551	1,697,863	-	3,161,120
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	-	-	-	-	3,129,958	3,129,958
Quoted equity securities of corporations outside Malaysia	88,998	-	-	-	-	-	-	88,998	88,998
Unquoted equity securities of corporations in Malaysia	14,511	-	-	-	-	-	-	14,511	14,511
Unquoted bonds of corporations in Malaysia	6,012,173	835,246	875,287	729,471	732,435	562,132	2,277,602	-	6,012,173
Unquoted bonds of corporations outside Malaysia	106,385	54,301	-	-	-	-	52,084	-	106,385
Quoted unit trusts in Malaysia	90,911	-	-	-	-	-	-	90,911	90,911
Unquoted unit trusts in Malaysia	479,451	-	-	-	-	-	-	479,451	479,451
Unquoted unit trusts outside Malaysia	305,435	-	-	-	-	-	-	305,435	305,435
Commercial paper	4,957	4,957	-	-	-	-	-	-	4,957
Fixed deposit with licensed banks	720,881	720,881	-	-	-	-	-	-	720,881
Other investments	14,772	50	671	1,133	12,918	-	-	-	14,772
Collateralised interest rate swap	16,857	-	-	-	16,857	-	-	-	16,857
Cross currency swap	171	-	-	171	-	-	-	-	171
Reinsurance contract assets	542,263	365,631	85,568	58,393	19,720	10,275	2,676	-	542,263
Other assets *	89,326	67,754	14,695	2,236	1,554	906	2,181	-	89,326
Cash and cash equivalents	1,561,635	1,561,635	-	-	-	-	-	-	1,561,635
	25,262,710	5,333,017	1,912,647	1,948,710	1,888,109	2,196,613	7,874,350	4,109,264	25,262,710

* Excluding balance with MMIP.

Notes to the Financial Statements

33. Financial risks (continued)

33.2 Liquidity risk (continued)

Maturity profiles (continued)

The tables below summarise the maturity profile of the financial assets of the Group and the Company at the end of the reporting year based on remaining undiscounted contractual cash flows, including interest receivable: (continued)

Group	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2022									
Malaysian government securities	7,372,304	438,463	389,292	449,291	794,609	927,706	4,372,943	-	7,372,304
Malaysian government guaranteed bonds	3,542,427	166,852	178,030	157,944	186,510	367,534	2,485,557	-	3,542,427
Quoted equity securities of corporations in Malaysia	2,558,921	-	-	-	-	-	-	2,558,921	2,558,921
Quoted equity securities of corporations outside Malaysia	155,513	-	-	-	-	-	-	155,513	155,513
Unquoted equity securities of corporations in Malaysia	10,232	-	-	-	-	-	-	10,232	10,232
Unquoted bonds of corporations in Malaysia	5,681,248	718,421	1,015,311	737,909	677,559	536,743	1,995,305	-	5,681,248
Unquoted bonds of corporations outside Malaysia	100,446	-	7,671	51,645	41,130	-	-	-	100,446
Quoted unit trusts in Malaysia	70,463	-	-	-	-	-	-	70,463	70,463
Unquoted unit trusts in Malaysia	567,640	-	-	-	-	-	-	567,640	567,640
Unquoted unit trusts outside Malaysia	226,104	-	-	-	-	-	-	226,104	226,104
Fixed deposit with licensed banks	24,328	24,328	-	-	-	-	-	-	24,328
Other investments	19,796	419	754	18,623	-	-	-	-	19,796
Collateralised interest rate swap	16,590	-	-	-	16,590	-	-	-	16,590
Cross currency swap	2,406	-	-	671	1,735	-	-	-	2,406
Reinsurance contract assets	663,680	456,990	107,186	56,169	27,361	11,241	4,733	-	663,680
Other assets *	87,949	72,166	7,761	2,356	1,785	1,012	2,869	-	87,949
Cash and cash equivalents	2,258,940	2,258,940	-	-	-	-	-	-	2,258,940
	23,358,987	4,136,579	1,706,005	1,474,608	1,747,279	1,844,236	8,861,407	3,588,873	23,358,987

* Excluding balance with MMIP.

33. **Financial risks (continued)**

33.2 Liquidity risk (continued)

Maturity profiles (continued)

The tables below summarise the maturity profile of the financial assets of the Group and the Company at the end of the reporting year based on remaining undiscounted contractual cash flows, including interest receivable: (continued)

Company	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023									
Unquoted equity securities of corporations in Malaysia	**12,364**	**-**	**-**	**-**	**-**	**-**	**-**	**12,364**	**12,364**
Fixed deposit with licensed banks	**6,060**	**6,060**	**-**	**-**	**-**	**-**	**-**	**-**	**6,060**
Other assets	**337,254**	**337,254**	**-**	**-**	**-**	**-**	**-**	**-**	**337,254**
Cash and cash equivalents	**44,493**	**44,493**	**-**	**-**	**-**	**-**	**-**	**-**	**44,493**
	400,171	**387,807**	**-**	**-**	**-**	**-**	**-**	**12,364**	**400,171**
2022									
Unquoted equity securities of corporations in Malaysia	8,085	-	-	-	-	-	-	8,085	8,085
Fixed deposit with licensed banks	10,182	10,182	-	-	-	-	-	-	10,182
Other assets	250,535	250,535	-	-	-	-	-	-	250,535
Cash and cash equivalents	62,539	62,539	-	-	-	-	-	-	62,539
	331,341	323,256	-	-	-	-	-	8,085	331,341

Notes to the Financial Statements

33. Financial risks (continued)

33.2 Liquidity risk (continued)

Maturity profiles (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities of life insurance and general insurance, maturity profiles are determined based on estimated timing of net cash outflows of the PVFCF from the recognised insurance liabilities.

Investment-linked funds' liabilities are repayable or transferable on demand and are included in the "up to a year" column. Repayments which are subject to notice are treated as if notice were to be given immediately.

Non-derivative financial liabilities

	Carrying value RM'000	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Group									
2023									
Insurance contract liabilities									
With DPF	3,685,535	638,927	258,768	219,981	217,160	209,660	5,185,135	-	6,729,631
Without DPF	15,630,395	4,482,596	693,534	464,114	382,330	391,190	8,836,796	-	15,250,560
Lease liabilities	25,304	11,569	11,490	3,669	-	-	-	-	26,728
Other liabilities	803,793	803,793	-	-	-	-	-	-	803,793
Total liabilities	20,145,027	5,936,885	963,792	687,764	599,490	600,850	14,021,931	-	22,810,712
Company									
2023									
Other liabilities	276,493	276,493	-	-	-	-	-	-	276,493

33. **Financial risks (continued)**

33.2 Liquidity risk (continued)

Maturity profiles (continued)

Derivative financial liabilities

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Group								
2023								
Derivatives held for trading								
Cross currency swaps	-	-	(3,912)	(963)	-	-	-	(4,875)
Derivatives used for hedging								
Forward purchase agreements								
- Cash inflows	-	-	-	-	-	-	-	-
- Cash outflows	-	-	-	-	-	-	-	-
Net cash outflows	-	-	(3,912)	(963)	-	-	-	(4,875)

Non-derivative financial liabilities

	Carrying value RM'000 Restated	Up to a year RM'000 Restated	1-2 years RM'000 Restated	2-3 years RM'000 Restated	3-4 years RM'000 Restated	4-5 years RM'000 Restated	Over 5 years RM'000 Restated	No maturity date RM'000 Restated	Total RM'000 Restated
Group									
2022									
Insurance contract liabilities									
With DPF	3,818,841	673,416	324,925	247,866	208,153	209,233	5,503,599	-	7,167,192
Without DPF	14,192,977	4,117,330	353,485	185,438	166,867	205,118	8,882,656	-	13,910,894
Lease liabilities	19,171	17,173	1,850	518	-	-	-	-	19,541
Other liabilities	648,309	648,310	-	-	-	-	-	-	648,310
Total liabilities	18,679,298	5,456,229	680,260	433,822	375,020	414,351	14,386,255	-	21,745,937
Company									
2022									
Other liabilities	271,168	271,168	-	-	-	-	-	-	271,168

Notes to the Financial Statements

33. Financial risks (continued)

33.2 Liquidity risk (continued)

Maturity profiles (continued)

Derivative financial liabilities

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a gross basis.

	Up to a year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Group								
2022								
Derivatives held for trading								
Cross currency swaps	-	-	-	(1,293)	-	-	-	(1,293)
Derivatives used for hedging								
Forward purchase agreements								
- Cash inflows	-	-	-	-	-	-	-	-
- Cash outflows	-	-	-	-	-	-	-	-
Net cash outflows	-	-	-	(1,293)	-	-	-	(1,293)

The amounts from insurance contract liabilities that are payable on demand are set out below:

Group	Amount payable on demand 2023 RM'000	Carrying amount 2023 RM'000	Amount payable on demand 2022 RM'000	Carrying amount 2022 RM'000
Direct participating contracts	**3,300,469**	**13,976,313**	3,492,022	12,996,012
Other non-participating insurance contracts	**10,522,983**	**1,067,007**	9,341,963	906,181
	13,823,452	**15,043,320**	12,833,985	13,902,193

33. Financial risks (continued)

33.3 Market risk

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices, and in particular the resultant interest rate guarantee risks from asset liability management or from changes to participations. This includes changes in market prices due to worsening of market liquidity. Market risk comprises currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:

- IC actively monitors the investment activities undertaken by the Group.
- IC would make recommendations after balancing competing and legitimate objective of various stakeholders.
- The Investment Policy and Mandate which formulated the single counterparty limits, company limits and sector limits are in place. Compliance to such limits is monitored monthly and reported to RMWC, RMC and IC on a quarterly basis.
- Stress testing is performed as and when needed.
- Stop loss policy is in place.

The Group also issues investment-linked policies in a number of products. In the investment-linked business, the policyholders bear the investment risk on the assets held in the investment-linked funds as the policy benefits are directly linked to the value of the assets in the funds. The Group's exposure to market risk on this business is limited to the extent that income arising from fund management charges is based on the value of the assets in the funds.

33.3.1 Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates.

The Group's primary transactions are carried out in RM, and its exposure to foreign exchange risk arises principally with respect to US Dollar (USD), Singapore Dollar (SGD), Thai Baht (THB) and Indonesian Rupiah (IDR). As the Group's business is conducted primarily in Malaysia, the Group's financial assets are also primarily maintained in Malaysia as required under the FSA and hence, primarily denominated in the same currency (RM) as its insurance contract liabilities. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled.

As the Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant concentration of foreign currency risk. All currency risk in investment-linked funds is borne by policyholders.

Notes to the Financial Statements

33. Financial risks (continued)

33.3 Market risk (continued)

33.3.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

Group	Insurance and shareholders' fund 2023 RM'000	Investment-linked funds 2023 RM'000	Insurance and shareholders' fund 2022 RM'000 Restated	Investment-linked funds 2022 RM'000 Restated
Financial assets				
Denominated in				
USD	**106,385**	**272,428**	100,446	207,539
SGD	**-**	**87,114**	-	148,631
THB	**-**	**892**	-	6,107
IDR	**-**	**17,773**	-	19,340

Currency risk sensitivity analysis

It is estimated that a 10% (2022: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased the insurance contract liabilities by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted income and expenses.

Group	Impact on insurance contract liabilities 2023 RM'000	Impact on insurance contract liabilities 2022 RM'000 Restated
Denominated in		
USD	**(37,881)**	(30,799)
SGD	**(8,711)**	(14,863)
THB	**(89)**	(611)
IDR	**(1,777)**	(1,934)

It is estimated that a 10% (2022:10%) weakening of the RM against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all variables remained constant.

The method used for deriving sensitivity information and significant variables did not change from previous year.

Only Life Participating fund and investment-linked funds invested in foreign financial instruments.

33. Financial risks (continued)

33.3 Market risk (continued)

33.3.2 Interest rate risk

The Group is affected by changes in market interest rate because the change in interest rates will affect the value of mark to market fixed income investments and also the valuation of the liabilities, resulting in the risk of not being able to meet product guarantees.

Besides, due to the uncertainty of the cash flows of the insurance funds and scarcity of the longer dated instruments, it is not possible to hold assets that will perfectly match the policy liabilities.

Interest rate risk sensitivity analysis

The analysis below is performed for assumed movements of 100 bps in interest rate with all other variables held constant, showing the impact on the profit after tax, equity and insurance contract liabilities.

Life insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
31 December 2023				
Interest rate	**+100 basis points**	**(158,858)**	**(123,336)**	**(524,341)**
Interest rate	**-100 basis points**	**170,657**	**132,429**	**588,075**
31 December 2022, Restated				
Interest rate	+100 basis points	(137,492)	(110,432)	(229,923)
Interest rate	-100 basis points	148,227	118,972	264,665

The impact on profit after tax would be dependent on whether the interest rate risk resides in Shareholders' fund, Life Non-Participating fund, Life Participating fund, or investment-linked funds. Where the interest rate risk resides in shareholders' fund and life non-participating fund, the impact will be directly to profit after tax and equity of the Group. In respect of life participating fund and investment-linked funds, impact arising from changes in interest rate risk will affect the insurance contract liabilities. It should be noted that movements in these variables are non-linear.

* The impact on equity reflects adjustments for tax, where applicable.

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Notes to the Financial Statements

33. Financial risks (continued)

33.3 Market risk (continued)

33.3.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

General insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2023			
Interest rate	**+ 100 basis points**	**995**	**(93,339)**
Interest rate	**+ 50 basis points**	**496**	**(46,632)**
Interest rate	**- 100 basis points**	**(1,423)**	**92,598**
Interest rate	**- 50 basis points**	**(518)**	**46,532**

Group	Change in variables	Impact on profit after tax RM'000 Restated	Impact on equity RM'000 Restated
31 December 2022			
Interest rate	+ 100 basis points	6,527	(86,277)
Interest rate	+ 50 basis points	3,313	(43,057)
Interest rate	- 100 basis points	(6,626)	85,922
Interest rate	- 50 basis points	(3,203)	43,104

It should be noted that movements in these variables are non-linear.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

33.3.3 Equity price risk

Equity price risk is the risk that fair value of FCF of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rates or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer or factors affecting similar financial instruments traded in the market.

The Group's equity price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally with respect to investments securities not held for the account of the investment-linked business.

The Group's equity price risk policy requires it to prioritise capital preservation besides setting limits on overall portfolio, single security and sector holdings. The Group complies with BNM stipulated limits during the financial year and has no significant concentration of equity price risk.

33. Financial risks (continued)

33.3 Market risk (continued)

33.3.3 Equity price risk (continued)

Equity price risk sensitivity analysis

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

Life insurance:

Group	Changes in variables	2023 Impact on profit after tax# RM'000	2023 Impact on equity* RM'000	2023 Impact on insurance contract liabilities** RM'000	2022 Impact on profit after tax# RM'000 Restated	2022 Impact on equity* RM'000 Restated	2022 Impact on insurance contract liabilities** RM'000 Restated
Market indices							
Market value	+10%	-	-	(300,972)	-	-	(252,521)
Market value	-10%	-	-	300,972	-	-	252,521

\# The impact on profit after tax would be dependent on whether the equity price risk resides in Shareholders' fund, Life Non-Participating fund, Life Participating fund or investment-linked funds. Where the equity price risk resides in shareholders' fund and life non-participating fund, the profit after tax and equity of the Group will be impacted. In respect of life participating fund and investment-linked funds, impact arising from changes in equity price risk will affect the insurance contract liabilities. The above sensitivity test would yield proxy results if market price were to move in the opposite direction, with the Group.

* The impact on equity reflects adjustments for tax, where applicable.

** The impact on insurance contract liabilities only reflects the changes in the prescribed assumptions above without any adjustment to policyholders' bonuses for the participating insurance business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Only life participating fund, universal life fund and investment-linked funds invested in equity securities.

Notes to the Financial Statements

33. Financial risks (continued)

33.4 Operational risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Group's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

Relevant operational risks and control weaknesses are identified and evaluated via a structured self-assessment. Besides, operational risk events are collected so that significant losses can be used to analyse and provide measures aimed at avoiding or reducing future losses.

The Group puts in place the following controls to monitor and mitigate such risk:

- Effective segregation of duties;
- Access controls, authorisation and reconciliation procedures;
- Automation of processes where possible;
- Staff training; and
- Evaluation procedures such as internal audit.

33.5 Fair value of financial instruments

The Group's and the Company's basis in estimation of fair values for financial instruments is as follows:

- The fair values of structured deposits, negotiable certificate of deposits, collateralised interest rate swap and cross currency swap are based on the indicative market prices from the issuing banks.

- The fair values of quoted equity securities of corporations in and outside Malaysia and quoted unit trusts in Malaysia are based on quoted market bid price as at the end of the reporting period.

- The unquoted equity securities of corporations in Malaysia are stated at cost. Where in the opinion of the Directors, there is a decline other than temporary in value of unquoted equity securities, the allowance for impairment is recognised as an expense in the financial year in which the decline is identified.

- The fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by its custodian bank.

- The fair values of unquoted unit trust in and outside Malaysia are based on the net asset values of the unit trusts as at the date of the statements of assets and liabilities obtained from fund managers.

- The carrying amounts of mortgage loans and fixed and call deposits are assumed to reasonably approximate their fair values; and

- The carrying amounts of cash and cash equivalents, other assets (current) and other liabilities (current) reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Estimation of the fair values of Malaysian government securities, Malaysian government guaranteed bonds, unquoted bonds of corporations in and outside Malaysia are based on the indicative market prices provided by the custodian bank which involve projections of the market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

Notes to the Financial Statements

33. Financial risks (continued)

33.5 Fair value of financial instruments (continued)

It was not practicable to estimate the fair value of the Group's investment in unquoted equity securities of corporations in Malaysia due to lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

33.5.1 Fair value information

The table below analyses financial instruments carried at fair value.

Group	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023						
Financial assets						
Malaysian government securities	-	8,922,906	-	8,922,906	8,922,906	8,922,906
Malaysian government guaranteed bonds	-	3,161,120	-	3,161,120	3,161,120	3,161,120
Quoted equity securities of corporations in Malaysia	3,129,958	-	-	3,129,958	3,129,958	3,129,958
Quoted equity securities of corporations outside Malaysia	88,998	-	-	88,998	88,998	88,998
Unquoted equity securities of corporations in Malaysia	-	-	14,511	14,511	14,511	14,511
Unquoted bonds of corporations in Malaysia	-	6,012,173	-	6,012,173	6,012,173	6,012,173
Unquoted bonds of corporations outside Malaysia	-	106,385	-	106,385	106,385	106,385
Quoted unit trusts in Malaysia	90,911	-	-	90,911	90,911	90,911
Unquoted unit trusts in Malaysia	-	479,451	-	479,451	479,451	479,451
Unquoted unit trusts outside Malaysia	-	305,435	-	305,435	305,435	305,435
Collateralised interest rate swap	-	16,857	-	16,857	16,857	16,857
Cross currency swap	-	171	-	171	171	171
Commercial paper	-	4,957	-	4,957	4,957	4,957
Other investments	-	-	14,772	14,772	14,772	14,772
Fixed deposits with licensed banks	-	368,775	352,106	720,881	720,881	720,881
	3,309,867	19,378,230	381,389	23,069,486	23,069,486	23,069,486
Financial liability						
Cross currency swap	-	4,875	-	4,875	4,875	4,875
	-	4,875	-	4,875	4,875	4,875

Notes to the Financial Statements

33. Financial risks (continued)

33.5 Fair value of financial instruments (continued)

33.5.1 Fair value information (continued)

The table below analyses financial instruments carried at fair value. (continued)

Group	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2022						
Financial assets						
Malaysian government securities	-	7,372,304	-	7,372,304	7,372,304	7,372,304
Malaysian government guaranteed bonds	-	3,542,427	-	3,542,427	3,542,427	3,542,427
Quoted equity securities of corporations in Malaysia	2,558,921	-	-	2,558,921	2,558,921	2,558,921
Quoted equity securities of corporations outside Malaysia	155,513	-	-	155,513	155,513	155,513
Unquoted equity securities of corporations in Malaysia	-	-	10,232	10,232	10,232	10,232
Unquoted bonds of corporations in Malaysia	-	5,681,248	-	5,681,248	5,681,248	5,681,248
Unquoted bonds of corporations outside Malaysia	-	100,446	-	100,446	100,446	100,446
Quoted unit trusts in Malaysia	70,463	-	-	70,463	70,463	70,463
Unquoted unit trusts in Malaysia	-	567,640	-	567,640	567,640	567,640
Unquoted unit trusts outside Malaysia	-	226,104	-	226,104	226,104	226,104
Collateralised interest rate swap	-	16,590	-	16,590	16,590	16,590
Cross currency swap	-	2,406	-	2,406	2,406	2,406
Other investments	-	-	19,796	19,796	19,796	19,796
Fixed deposits with licensed banks	-	12,746	11,582	24,328	24,328	24,328
	2,784,897	17,521,911	41,610	20,348,418	20,348,418	20,348,418
Financial liability						
Cross currency swap	-	1,293	-	1,293	1,293	1,293
	-	1,293	-	1,293	1,293	1,293

There has been no transfer between Level 1, Level 2 and Level 3 fair values during the financial year (2022: no transfer in either direction).

34. Capital management

The Group aims to maintain a robust capital management in both its general and life insurance businesses to sustain adequate solvency levels to support business growth, dividend payment to shareholders, return on equity and maintaining capital adequacy above the regulatory requirements. There are no significant changes to the Group's capital management policies and processes during the financial year.

The primary sources of capital of the Group and the Company are shareholder's equity as disclosed in the statement of changes in equity. Share Capital of the Group and the Company comprises ordinary share capital and ICPS.

Regulatory capital requirements

Under the RBC Framework issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum CAR of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The insurance subsidiaries of the Group have been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirements.

35. Subsequent event

Pursuant to an internal group re-organisation exercise of Allianz SE, the ultimate holding company of the Company, Allianz SE had on 6 February 2024 transferred 115,362,295 ordinary shares and 144,202,868 ICPS of the Company to Allianz Europe B.V.. On 8 February 2024, Allianz Europe B.V. transferred the same number of ordinary shares and ICPS of the Company to Allianz Asia Holding Pte. Ltd.. As a result of these transactions, Allianz Asia Holding Pte. Ltd. and Allianz SE became the Company's immediate holding company and ultimate holding company, respectively.

36. Contingent liabilities

On 10 August 2016, the Malaysia Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia ("PIAM") and all 22 general insurers including the Company's general insurance subsidiary, Allianz General Insurance Company (Malaysia) Berhad ("AGIC"), of Section 4(2)(a) of the Competition Act 2010 ("CA"). The alleged infringement is in relation to the agreement reached between PIAM and the Federation Of Automobile Workshop Owners' Association Of Malaysia ("FAWOAM") in relation to trade discount rates on the parts for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops. These rates were applied by AGIC pursuant to a members' circular issued by PIAM, which arose from Bank Negara Malaysia ("BNM")'s directive to PIAM to engage FAWOAM to resolve the issues of parts trade discounts and labour hourly rate.

On 22 February 2017, AGIC received MyCC's notice of its proposed decision ("Proposed Decision") that AGIC and all the other 21 general insurers who are PIAM members had infringed one of the prohibitions under Part II of the CA. The Proposed Decision included a proposed financial penalty of RM213,454,814 on all the 22 general insurers. AGIC had a share of RM27,480,883 of the proposed penalty.

Following the parties' submission of their respective written representations and the Hearing of the oral representations, on 25 September 2020, AGIC's solicitors received MyCC's Decision that parties had infringed the prohibition under section 4 of the CA and imposed financial penalties for the said infringement on each of the 22 general insurers ("MyCC's Decision").

In view of the impact of the COVID-19 pandemic, MyCC had granted a reduction of 25% of the said financial penalties imposed and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on AGIC, taking into account the 25% reduction amounts to RM18,549,595.97.

Notes to the Financial Statements

36. Contingent liabilities (continued)

Appeal filed with the Competition Appeal Tribunal

On 13 October 2020, AGIC filed a Notice of Appeal against MyCC's Decision ("Appeal") with the Competition Appeal Tribunal ("CAT") and a formal Notice of Application was filed to the stay MyCC's Decision on 12 November 2020 ("Stay Application").

In response to AGIC's Notice of Appeal, MyCC filed a Statement in Reply ("SIR") and AGIC filed its Reply to the SIR on 11 December 2020.

Upon conclusion of the hearing of the respective parties' submissions, on 23 March 2021, the CAT allowed the Stay Application, pending the disposal of the Appeal.

As for the appeal proceedings before the CAT, MyCC as well as several other insurers presented their oral submissions on hearing dates in March and April 2022. AGIC presented its submissions in reply on 21 April 2022 and 22 April 2022 whereupon all parties' submissions concluded.

On 2 September 2022, the CAT unanimously allowed AGIC's appeal along with the appeals of PIAM and the other 21 general insurers ("CAT's Decision") thereby setting aside MyCC's Decision.

AGIC's Application for leave for Judicial Review filed at the High Court of Malaya

Separately, on 26 April 2021, the High Court of Malaya granted AGIC leave to apply for Judicial Review of MyCC's Decision and an interim stay of MyCC's Decision until the hearing of any objection or application by MyCC to set it aside. AGIC filed its Notice of Hearing of Application for Judicial Review at the High Court on 9 May 2021 ("AGIC's JR Proceedings") and MyCC then filed an application against the orders granting AGIC leave to apply for judicial review and interim stay ("MyCC's Setting Aside Application").

On conclusion of the parties' submissions, the High Court decided on 20 October 2021 to allow MyCC's Setting Aside Application. On its solicitors' recommendation, AGIC filed a Notice of Appeal against the said decision on 18 November 2021 ("AGIC's Appeal"). The matter was then fixed for further case management on 8 September 2022.

In light of the CAT's Decision, AGIC through its solicitors withdrew AGIC's Appeal since the same was superseded by the CAT's Decision. The case management on 8 September 2022 was vacated thereby bringing AGIC's JR Proceedings to an end.

36. Contingent liabilities (continued)

MYCC's Application for leave for Judicial Review filed at the High Court of Malaya

On 1 December 2022, MyCC filed an application at the High Court of Malaya seeking leave to apply for Judicial Review against CAT's Decision ("MyCC's Leave Application") and AGIC's solicitors filed an affidavit on AGIC's behalf to object to the said application.

MyCC in turn filed a further affidavit on 17 April 2023 and in response thereto, on 2 May 2023, AGIC's solicitors filed a further affidavit on behalf of AGIC.

MyCC's Leave Application initially fixed for Hearing on 8 May 2023 was converted into a case management at which the Court fixed a further case management for 16 May 2023 for parties to fix a new Hearing date for MyCC's Leave Application. At the case management on 16 May 2023, the Court fixed the Hearing for MyCC's Leave Application for 30 November 2023.

At the Hearing on 30 November 2023, the parties' solicitors made their respective oral submissions to the Court which then fixed 16 January 2024 to deliver its decision.

On 16 January 2024, the Court dismissed MyCC's Leave Application with the cost of RM10,000.00 to each insurer (including AGIC) and PIAM.

On 15 February 2024, MYCC filed an appeal at the Court of Appeal against the High Court's decision in dismissing MYCC's Leave Application.

AGIC's Intervener Application in the Malaysia Airlines and AirAsia case

On a separate but related matter, MyCC filed an application for the Federal Court to review ("Review Application") its previous decision in the Malaysia Airlines and AirAsia case ("Airlines case") wherein the Federal Court effectively held that MyCC is not allowed to apply for Judicial Review against its own appellate tribunal, the CAT.

As recommended by its solicitors and given its vested interest in the matter, AGIC filed an Intervener Application in respect of MyCC's Review Application with the Federal Court on 21 March 2023 ("AGIC's Intervener Application").

In response, MyCC filed its affidavit in Reply on 17 April 2023 and AGIC in turn filed a further affidavit on 2 May 2023.

At the Hearing of AGIC's Intervener Application on 27 June 2023, whilst the Federal Court dismissed the same on the basis that AGIC did not have direct interest in the proceedings relating to the Review Application in the Airlines case, AGIC's solicitors have been allowed to hold a watching brief at the Hearing of the proceedings.

The Hearing of the Review Application earlier fixed for 4 October 2023 was vacated by the Federal Court and adjourned to 1 November 2023.

At the Hearing on 1 November 2023, MyCC's Review Application in the Airlines case was dismissed by the Federal Court thereby bringing this proceeding to an end.

The management of AGIC believes that the criteria to disclose the above as a contingent liability are met. Saved as disclosed above, the Group does not have any other contingent assets and liabilities since last date of statement of financial position.

Statements by Directors

pursuant to Section 251 (2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 190 to 367 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

....

Zakri Bin Mohd Khir
Director

....

Peter Ho Kok Wai
Director

Kuala Lumpur

Date: 26 February 2024

Statutory Declaration

pursuant to Section 251 (1)(b) of the Companies Act 2016

I, **Giulio Slavich**, the officer primarily responsible for the financial management of Allianz Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 190 to 367 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Giulio Slavich, at Kuala Lumpur in the Federal Territory on 26 February 2024.

....
Giulio Slavich

Before me:

Thangaperumal A/L Andimuthu
No. W919
Pesuruhjaya Sumpah
Kuala Lumpur

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Allianz Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, comprising a summary of material accounting policies and other explanatory information, as set out on pages 184 to 361.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
First time adoption of MFRS 17 'Insurance Contracts' and MFRS 9 'Financial Instruments' Refer to Notes 1.1.1, 1.1.2, 1.1.3 and 1.1.4 of the Financial Statements. The Group adopted MFRS 17 and MFRS 9 for the first time for the financial year ended 31 December 2023. We focused on this area due to the significant and pervasive impact of the initial application of these accounting standards on the recognition and measurement of the Group's financial assets, insurance contract assets, and insurance contract liabilities, as well as the overall presentation of the financial statements of the Group. MFRS 17 introduces new areas where assumptions and estimates are significant in respect of recognition and measurement considerations. These new areas include the estimation of future cash flows, the determination of discount rates, risk adjustments, and contractual service margin ("CSM"). This new accounting standard also introduces new and different measurement models that are to be applied for each group of insurance contracts that meets the prescribed criteria. MFRS 9 introduces an expected credit loss ('ECL') impairment model which requires the use of judgement and significant assumptions about future economic conditions and credit behaviour. Both MFRS 17 and MFRS 9 are new and complex accounting standards which have required considerable judgement and interpretation in their implementation. The retrospective application of the new standards materially impacted the Group, which resulted in retained earnings as at 1 January 2022 increasing by approximately RM337.6 million.	Our audit procedures included the following: In relation to MFRS 17: i) We evaluated the design and operating effectiveness of controls set up by management as a result of the initial adoption of MFRS 17 and MFRS 9, and tested the relevant controls over the completeness and accuracy over the source data used in determining the impact of initial application of MFRS 17; ii) We involved our actuarial experts in assessing the appropriateness of the methodology applied and the judgements involved in determining the accounting estimates in respect of the Group's insurance contracts assets and/or liabilities against the requirements of MFRS 17. This includes the estimation of future cash flows, the determination of the discount rates, and risk adjustments, as well as the basis of recognising CSM. We also assessed and tested the significant modelling assumptions; iii) We involved our actuarial experts in assessing the appropriateness of the choice of the transition approaches used to determine the impact of the initial application of MFRS 17 in the Group's financial statements; and iv) We also assessed the appropriateness and adequacy of the Group's disclosures in relation to the requirements of the accounting standard. In relation to MFRS 9: i) We assessed the ECL methodology inherent within the ECL model applied against the requirements of MFRS 9; ii) We evaluated the design and operating effectiveness of the controls relating to governance over ECL methodology, and data used to determine the ECL losses; iii) We assessed and considered reasonableness of forward-looking forecast assumptions; and iv) We checked the accuracy of data and calculation of the ECL amount, on a sample basis. Based on the procedures performed above, we did not find any material exceptions to the Group's adoption of MFRS 17 and MFRS 9 on the retained earnings of the Group as at 1 January 2022.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of insurance contract liabilities - Life insurance contracts liabilities Refer to accounting policies 2.12, 2.21.2 and Notes 14(a) and 32.1 of the Financial Statements. As at 31 December 2023, the Group's life insurance contract liabilities comprise gross liabilities for remaining coverage and liabilities for incurred claims of RM15,043 million, which account for approximately 72.4% of the Group's total liabilities. The life insurance contract liabilities have been estimated based on MFRS 17 requirements. We focused on management's valuation of the life insurance contract liabilities as it involves significant judgement about uncertain future outcomes, including non- economic assumptions, expense, discount rates, as well as the actuarial valuation methodologies.	Our audit procedures included the following: We evaluated the design and tested key controls over the models and assumptions used in the valuation of the liabilities for remaining coverage and liabilities for incurred claims, including controls over the reliability of data used in the calculation of these liabilities. We engaged our actuarial experts in assessing if the valuation methodologies used by the Group is in accordance with the principles prescribed in MFRS 17 'Insurance Contracts'. We assessed the reasonableness of the key actuarial assumptions, particularly around mortality, morbidity, persistency, expense, discount rate by: i) Reviewing the approach used by management to derive the assumptions using our industry knowledge and experience; ii) Comparing them with the Group's actual historical experience, market observable data (as applicable) and our views of current trends and experience to-date. We performed an independent review of model points on a sample basis to assess if the methodologies and assumptions reviewed have been consistently applied. We performed independent recalculation of the amortisation of the contractual service margin during the year for selected products. The results are compared to those recognised by management. We assessed the analysis of movements in the insurance contract liabilities to determine whether the movements during the year are consistent with key actuarial assumptions adopted by the Group and our knowledge of developments in the life insurance business. Based on the procedures performed, we found the methodologies and key assumptions used by the Group in the valuation of the life insurance contract liabilities as at 31 December 2023 to be appropriate.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of insurance contract liabilities - General insurance contracts liabilities Refer to accounting policies 2.13, 2.21.1 and Notes 14(b) and 32.2 of the Financial Statements. As at 31 December 2023, the Group has gross general insurance contract liabilities of RM4,273 million, which account for approximately 20.6% of the Group's total liabilities. The general insurance contract liabilities have been estimated based on MFRS 17 requirements. We focused our audit on this area because of the level of subjectivity inherent in estimating the impact of claims events that have occurred but for which the ultimate outcome remains uncertain.	Our audit procedures included the following: We evaluated the design and tested key controls over the valuation process, including controls over the completeness and accuracy of claim settlement data that support key reserving calculations and controls over the valuation of general insurance liabilities for remaining coverage and liabilities for incurred claims. We tested the underlying data used in estimation of the liabilities for remaining coverage and liabilities for incurred claims to source documents. We engaged our actuarial experts in reviewing and assessing the methodologies, basis and key assumptions used in the valuation of the liabilities for remaining coverage and liabilities for incurred claims in accordance with MFRS 17 requirements. We reviewed and assessed the reasonableness of key actuarial assumptions by referencing to the Group's historical experiences, current trends and our own industry knowledge. Our actuarial experts performed independent re- projections of the liabilities for incurred claims for selected major portfolios, focusing on the largest and most uncertain liabilities. The re-projected liabilities for incurred claims are compared to those recognised by management and evaluated if they are within reasonable range. Based on the procedures performed, we found the methodology and key assumptions used by the Group in the valuation of general insurance contract liabilities as at 31 December 2023 to be appropriate.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
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Assessment of carrying values of goodwill and other intangible assets

Refer to accounting policies 2.4.1, 2.4.3 and Notes 5.1 and 5.3 of the Financial Statements.

a) Goodwill

The Group recorded goodwill of RM244.6 million as at 31 December 2023 which arose from a number of acquisitions made in prior years.

For purposes of the annual impairment assessment of goodwill, the Group determined that the recoverable amount of all CGUs was based on value-in-use ("VIU") which involves estimation of future cash flows. This estimation is inherently uncertain and requires significant judgement on both future cash flows and the discount rate applied to the future cash flows. Therefore, the extent of judgement and the size of the goodwill resulted in this matter being identified as an area of audit focus.

b) Other intangible assets

The Group recorded other intangible assets of RM147.2 million as at 31 December 2023, which comprises the carrying amounts of the bancassurance agreements for its general and life insurance businesses.

For the year ended 31 December 2023, management performed an impairment assessment over the other intangible assets based on the VIU method using the discounted cash flow approach, as well as performed sensitivity analysis by varying the key assumptions used (annualised premium growth rate and discount rate) to assess the impact on the impairment assessments. We focused on this area due to the significant judgement and inherent uncertainty involved in the estimation process.

Based on the assessments performed, the recoverable amounts of goodwill and other intangible assets exceed the carrying values and therefore no impairment is required.

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Our audit procedures included the following:

i) Assessed that each CGU represents the smallest identifiable group of assets that generate independent cash flows based on our understanding of the business model of the Group;

ii) Compared the cash flow projections of each CGU to the approved budget for the respective CGU;

iii) Compared previous cash flow projections to actual results of each CGU to assess the reasonableness of assumptions used in the cash flow projections;

iv) Independently computed discount rates which reflect the specific risks relating to each CGU based on publicly available information;

v) Assessed the reasonableness of the terminal growth rates based on historical results, economic outlook and industry forecasts;

vi) Independently performed a sensitivity analysis over projected cash flows, terminal growth rates and discount rates used in deriving the VIU to assess the potential impact of a reasonably possible change to any of these key assumptions on the recoverable amount of each CGU.

In addition to the procedures performed on the cash flows from the goodwill as described above, we performed the following audit procedures:

i) Compared the discount rates used to determine the recoverable amounts of the other intangible assets to the discount rates used to determine the recoverable amounts of the CGUs;

ii) Assessed the reasonableness of the annualised premium growth rates based on historical results, economic outlook and industry forecasts;

iii) Independently performed a sensitivity analysis over projected cash flows, annualised premium growth rates and discount rates used in deriving the VIU of the other intangible assets.

Based on the procedures performed, we did not find any material exceptions to the conclusions made by the Group on the impairment assessment of goodwill and other intangible assets as at 31 December 2023.

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We have determined that there are no key audit matters to report for the Company.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and remaining parts of the annual report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed 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.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

To The Members of Allianz Malaysia Berhad (Incorporated in Malaysia)
Registration No. 197201000819 (12428-W)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

WONG HUI CHERN
03252/05/2024 J
Chartered Accountant

Kuala Lumpur
26 February 2024

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting ("50th AGM") of Allianz Malaysia Berhad ("Company") will be held virtually from the broadcast venue at Ballroom A, Level 2, Aloft Kuala Lumpur Sentral, 5 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur ("Broadcast Venue") via the TIIH Online website at **https://tiih.online** on Thursday, 20 June 2024 at 11.00 a.m., to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of the following fees to the Non-Executive Directors for the period from 21 June 2024 until the next Annual General Meeting of the Company:- **Ordinary Resolution 1**

   (a) RM10,000 per month for holding the position of a Non-Executive Director;
   (b) RM4,000 per month for being an Audit Committee member;
   (c) RM3,000 per month for being a Risk Management Committee member; and
   (d) RM2,000 per month for being a Nomination and Remuneration Committee member.

3. To approve the benefits payable to the Non-Executive Directors, of up to an amount equivalent to RM1,208,000 for the period from 21 June 2024 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors, who retire by rotation in accordance with Clause 19.1 of the Constitution of the Company and who being eligible offer themselves for re-election:-

   (a) Peter Ho Kok Wai **Ordinary Resolution 3**

   (b) Gerard Lim Kim Meng **Ordinary Resolution 4**

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

6. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group** **Ordinary Resolution 6**

   "THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions with Allianz SE Group as specified in Section 2.2 (A) of the Company's Circular to Shareholders dated 30 April 2024, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

   AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

   (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or

Notice of Annual General Meeting

(b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 340 (2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd **Ordinary Resolution 7**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions with Rapidpro Consulting Sdn Bhd as specified in Section 2.2 (B) of the Company's Circular to Shareholders dated 30 April 2024, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or

(b) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 340 (2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business for which due notice shall have been given.

By Order of the Board

NG SIEW GEK
Company Secretary
MAICSA 7001251
CCM PC No. 201908001053

Kuala Lumpur
30 April 2024

Notice of Annual General Meeting

NOTES TO MEMBERS AND PROXIES

1. Registration for Remote Participation and Voting Facilities ("RPV")

1.1 The Company's 50th AGM will be held virtually from the Broadcast Venue. Members/proxies can attend, speak (posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV available on TIIH Online website at **https://tiih.online**.

1.2 The Broadcast Venue is strictly for the purpose of complying with Section 372 (2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.

1.3 Registration of RPV is open from the date of the Notice of 50th AGM on Tuesday, 30 April 2024 at 10.00 a.m. until such time before the voting session ends at the 50th AGM on Thursday, 20 June 2024.

1.4 Members/proxies are required to register as user with TIIH Online website (first time registration only) prior to pre-register their attendance for the 50th AGM for verification of their eligibility to attend the 50th AGM using the RPV based on the **Record of Depositors as at 11 June 2024**.

1.5 Please follow the Procedures for RPV provided in the **Administrative Details** for the 50th AGM in order to participate in the 50th AGM remotely via RPV.

2. Submission of Questions Before and During Meeting

2.1 Members may submit questions in relation to the agenda items for the 50th AGM prior to the 50th AGM via email to **InvestorRelations@allianz.com.my** or TIIH Online website at **https://tiih.online** by selecting "e-Services" to login, no later than Wednesday, 19 June 2024 at 11.00 a.m.

2.2 Alternatively, Members may use the query box to transmit questions via RPV during live streaming.

3. Appointment of Proxy/Proxies

3.1 For the purposes of determining a Member who shall be entitled to participate in the forthcoming 50th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 11 June 2024**. Only a depositor whose name appears in the **Record of Depositors as at 11 June 2024** shall be entitled to participate in the 50th AGM or appoint proxy/proxies to participate on his/her behalf.

3.2 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991, and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, is entitled to appoint one (1) or more proxy to exercise all or any of his rights to participate instead of him at the 50th AGM, and that such proxy need not be a Member.

3.3 Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3.4 The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

3.5 The instrument of proxy must be submitted in the following manner, **no later than Wednesday, 19 June 2024 at 11.00 a.m.**, being twenty-four (24) hours before the appointed time for holding the 50th AGM:-

(a) In hardcopy
The Form of Proxy must be deposited at the office of Tricor at **Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** or its **Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia**.

(b) In electronic form
The Form of Proxy can also be electronically lodged through TIIH Online website at **https://tiih.online**. Please refer to the Administrative Details for the 50th AGM for procedures on the electronic lodgement of Form of Proxy.

Notice of Annual General Meeting

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 31 December 2023 ("FY 2023")

The Audited Financial Statements for the FY 2023 and the Directors' and Auditors' Reports thereon are laid in accordance with Section 340 (1)(a) of the Companies Act 2016 for discussion only. Hence, this item will not be put for voting.

2. Directors' Fees and Benefits payable to Non-Executive Directors (excluding Nominee Directors of Allianz SE) ("NEDs")

Pursuant to Section 230 (1)(b) of the Companies Act 2016 which requires fees and any benefits payable to the Directors of a listed company and its subsidiaries to be approved at a general meeting, the proposed payment of Directors' fees and benefits to the NEDs under Ordinary Resolutions 1 and 2 include fees and benefits payable to the NEDs by the Company and its insurance subsidiaries, namely Allianz Life Insurance Malaysia Berhad and Allianz General Insurance Company (Malaysia) Berhad.

(a) Directors' fees from 21 June 2024 until the next Annual General Meeting ("AGM") of the Company

The shareholders of the Company had at the 49th AGM held on 22 June 2023 ("2023 AGM") approved the payment of Directors' fees to the NEDs effective 23 June 2023 until the next AGM scheduled for 20 June 2024 to be made on a monthly basis (excluding Service Tax), as detailed below ("Directors' Fees"):-

	Directors' Fees per month (RM)	Directors' Fees per annum (RM)
Fee to each NED	10,000	120,000
Fee for being an Audit Committee member	4,000	48,000
Fee for being a Risk Management Committee member	3,000	36,000
Fee for being a Nomination and Remuneration Committee ("NRC") member	2,000	24,000

The Board approved that a review on the Directors' fees shall be carried out once in every three years. Therefore, an independent consultant, Deloitte Business Advisory Sdn Bhd ("Deloitte") was engaged by the Board during FY 2023 to conduct remuneration review for the NEDs ("BRR") to determine the level of composition of remuneration of NEDs taking into account the complexity of the Company's business and the responsibilities of NEDs vis-a-vis the business strategy and long-term objectives of the Company.

The BRR was rolled-out in fourth quarter of 2023 and the analyses on the BRR was received in February 2024. The NRC and the Board will further evaluate the recommendations arising from the BRR, in the second quarter of 2024.

The Directors' Fees paid during the FY 2023 was RM2,029,000 and was reported in Note 23.4 of the Audited Financial Statements of the Company for the FY 2023.

The Ordinary Resolution 1, if passed, will allow the Company and its insurance subsidiaries to make payment of the Directors' Fees to the NEDs and the Board Committee members on a monthly basis and/or as and when incurred.

Notice of Annual General Meeting

(b) Directors' benefits for the period from 21 June 2024 until the next AGM of the Company

The benefits extended to the NEDs comprise allowances and benefits in-kind to the Chairman and members of the Board/Board Committees of the Company and its insurance subsidiaries (excluding Service Tax).

(i) Monthly fixed allowance
- Chairman of the Board: RM12,000 per month

(ii) Meeting allowance
- Chairman of the Board/Board Committee: RM3,500 per meeting
- Member of the Board/Board Committee: RM3,000 per meeting

(iii) Benefits in-kind
- Company car and driver: Chairman of the Board (based on taxable rate)
- Medical, personal accident and Directors' and Officers' Liability insurance

The shareholders of the Company had at the 2023 AGM approved the payment of benefits to the NEDs, of up to an amount of RM1,181,500 from 23 June 2023 until the next AGM scheduled for 20 June 2024.

Please refer to Note 23.4 of the Audited Financial Statements of the Company for the total benefits paid to the NEDs for FY 2023. The estimated total amount of benefits payable to the NEDs from 23 June 2023 to the 50th AGM is equivalent to RM790,500.

The proposed total amount of benefits payable to the NEDs is estimated to be up to an amount equivalent to RM1,208,000 from 21 June 2024 until the next AGM of the Company in 2025 ("2024/2025 Directors' Benefits"), taking into account the projected number of meetings for the Board/Board Committees as well as the projected number of NEDs involved in these meetings.

The Ordinary Resolution 2, if passed, will allow the Company and its insurance subsidiaries to make payment of the 2024/2025 Directors' Benefits to the NEDs on a monthly basis and/or as and when incurred.

3. Re-election of Directors who retire in accordance with Clause 19.1 of the Company's Constitution

Clause 19.1 of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3), shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires.

Peter Ho Kok Wai and Gerard Lim Kim Meng will retire at the 50th AGM pursuant to Clause 19.1 of the Constitution of the Company.

All retiring Directors have indicated their willingness to seek for re-election ("Retiring Directors").

The NRC conducted fit and proper assessment on the Retiring Directors in accordance with the Company's Fit and Proper Policy and Procedures for Key Responsible Persons ("Fit and Proper Policy").

Notice of Annual General Meeting

The Retiring Directors met the fit and proper criteria prescribed in the Fit and Proper Policy and the Retiring Directors have also fulfilled the independence criteria as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The NRC and the Board had assessed the Retiring Directors who were on the Board as at 31 December 2023 based on the Board Performance Assessment conducted by Deloitte covering assessment areas as set out in the Corporate Governance Overview Statement of this Integrated Annual Report ("IAR"). The NRC and the Board were satisfied with the performance and contribution of the Retiring Directors.

Based on the assessments, the NRC recommended the re-election of the Retiring Directors for the Board's approval. The Board approved the re-election of the Retiring Directors for recommendation to the shareholders for approval.

The Retiring Directors had abstained from deliberations and voting on their respective re-elections at the Board Meeting.

The profiles of the Retiring Directors are set out in the Board of Directors' Profile of this IAR.

4. Re-appointment of Auditors

The Audit Committee reviewed the proposed re-appointment of PricewaterhouseCoopers ("PwC") PLT (including of engagement partner and concurring partner) as Auditors for the Company and its insurance subsidiaries for the financial year ending 31 December 2024 ("FY 2024") and concluded that PwC PLT met all the evaluation criteria as prescribed by the relevant authorities. The Audit Committee recommended the proposed re-appointment of PwC PLT to the respective Boards of the Company and its insurance subsidiaries for consideration.

The Board having satisfied that PwC PLT met the evaluation criteria as prescribed by the relevant authorities, recommended the proposed re-appointment of PwC PLT as Auditors of the Company for the FY 2024, for the shareholders' approval.

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The Company is principally engaged in investment holding whilst the principal activities of its subsidiaries are underwriting of all classes of general insurance business, life insurance and investment-linked businesses.

It is anticipated that the Company and its insurance subsidiaries will, in the ordinary course of business, enter into recurrent related party transactions with classes of related parties as set out in Section 2.2 of the Company's Circular to Shareholders dated 30 April 2024 ("Circular").

In view of time sensitivity and the frequent nature of such related party transactions, the Directors of the Company are seeking shareholders' approval for the proposed Ordinary Resolutions 6 and 7, to allow the Company and its insurance subsidiaries in their ordinary course of business, to enter into recurrent related party transactions with the respective related parties as detailed in Section 2.2 of the Circular, provided that such transactions are made on arm's length basis and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

Detailed information in relation to the proposed shareholders' mandate for recurrent related party transactions are set out in the Circular, issued together with this IAR.

Notice of Annual General Meeting

ABSTENTION FROM VOTING

1. NEDs who are shareholders of the Company, will abstain from voting on Resolutions 1 and 2 with regard to their remunerations.

2. Directors referred to in Resolutions 3 and 4, who are shareholders of the Company, will abstain from voting on resolution with regard to their respective re-elections at the 50th AGM.

3. The interested Directors and interested major shareholder will abstain from voting in respect of their direct and/or indirect shareholdings on Resolutions 6 and 7 with regard to the proposed shareholders' mandate for recurrent related party transactions involving their interests and/or interests of persons connected to them at the 50th AGM. Please refer to the Circular for detailed information.

NOTE TO THE HOLDERS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

The holders of ICPS shall be entitled to attend the 50th AGM via RPV but have no right to vote at the 50th AGM. The voting rights of the ICPS holders are detailed in the Constitution of the Company published on the Company's website at **www.allianz.com.my/corporate-governance**.

Form of Proxy

ALLIANZ MALAYSIA BERHAD 197201000819 (12428-W)
(Incorporated in Malaysia)

Privacy Notice:
Any personal data collected will be used, disclosed, and retained for the purpose incidental to the 50th Annual General Meeting of the Company. By submitting this Form of Proxy to us, you confirm that you have consented and have obtained the consent of such proxy/proxies to enable us to use, disclose and retain the personal data provided in this Form of Proxy. If you or your proxy/proxies have a residential address in any of the European Union ("EU") member states, please reach out to us at: privacy@allianz.com.my in order for us to assess and comply with the EU Privacy Law - General Data Protection Regulation otherwise the local Personal Data Protection Act, 2010 shall apply to you and your proxy/proxies.

Number of Shares Held	
CDS Account No.	
Contact No.	

I/We ____
(Full Name of Shareholder as per NRIC/Passport/Certificate of Incorporation)

NRIC/Passport/Company No. ______________________ of ______________________

____
(Full Address)

being a member/members of ALLIANZ MALAYSIA BERHAD ("Company") hereby appoint:

Full Name		Proportion of Shareholdings	
NRIC/Passport No.		No. of Shares Held	%
Address			

and/or (delete as appropriate)

Full Name		Proportion of Shareholdings	
NRIC/Passport No.		No. of Shares Held	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 50th Annual General Meeting ("50th AGM") of the Company to be held virtually from the broadcast venue at Ballroom A, Level 2, Aloft Kuala Lumpur Sentral, 5 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur ("Broadcast Venue") and via the TIIH Online website at **https://tiih.online** on Thursday, 20 June 2024 at 11.00 a.m. and any adjournment thereof, to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Approval for payment of Directors' fees from 21 June 2024 until the next Annual General Meeting of the Company		
2.	Approval for payment of Directors' benefits from 21 June 2024 until the next Annual General Meeting of the Company		
3.	Re-election of Peter Ho Kok Wai as Director		
4.	Re-election of Gerard Lim Kim Meng as Director		
5.	Re-appointment of PricewaterhouseCoopers PLT as Auditors and authority to the Directors to fix the Auditors' remuneration		
6.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group		
7.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit.)

Dated this .... day of .... 2024.

____
Signature of Shareholder/Common Seal

NOTES TO MEMBERS AND PROXIES

1. **Registration for Remote Participation and Voting Facilities ("RPV")**
   1.1 The Company's 50th AGM will be held virtually from the Broadcast Venue. Members/proxies can attend, speak (posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV available on TIIH Online website at **https://tiih.online**.
   1.2 The Broadcast Venue is strictly for the purpose of complying with Section 372 (2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.
   1.3 Registration of RPV is open from the date of the Notice of 50th AGM on Tuesday, 30 April 2024 at 10.00 a.m. until such time before the voting session ends at the 50th AGM on Thursday, 20 June 2024.
   1.4 Members/proxies are required to register as user with TIIH Online website (first time registration only) prior to pre-register their attendance for the 50th AGM for verification of their eligibility to attend the 50th AGM using the RPV based on the **Record of Depositors as at 11 June 2024**.
   1.5 Please follow the Procedures for RPV provided in the **Administrative Details** for the 50th AGM in order to participate in the 50th AGM remotely via RPV.

2. **Submission of Questions Before and During Meeting**
   2.1 Members may submit questions in relation to the agenda items for the 50th AGM prior to the 50th AGM via email to **InvestorRelations@allianz.com.my** or TIIH Online website at **https://tiih.online** by selecting "e-Services" to login, no later than Wednesday, 19 June 2024 at 11.00 a.m.
   2.2 Alternatively, Members may use the query box to transmit questions via RPV during live streaming.

3. **Appointment of Proxy/Proxies**
   3.1 For the purposes of determining a Member who shall be entitled to participate in the forthcoming 50th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 11 June 2024**. Only a depositor whose name appears in the **Record of Depositors as at 11 June 2024** shall be entitled to participate in the 50th AGM or appoint proxy/proxies to participate on his/her behalf.
   3.2 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991, and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, is entitled to appoint one (1) or more proxy to exercise all or any of his rights to participate instead of him at the 50th AGM, and that such proxy need not be a Member.
   3.3 Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
   3.4 The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
   3.5 The instrument of proxy must be submitted in the following manner, **no later than Wednesday, 19 June 2024 at 11.00 a.m.**, being twenty-four (24) hours before the appointed time for holding the 50th AGM:-
   (a) In hardcopy
   The Form of Proxy must be deposited at the office of Tricor at **Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** or its **Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia**.

   (b) In electronic form
   The Form of Proxy can also be electronically lodged through TIIH Online website at **https://tiih.online**. Please refer to the Administrative Details for the 50th AGM for procedures on the electronic lodgement of Form of Proxy.

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AFFIX
STAMP

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Fold Here

ALLIANZ.COM.MY

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