Allianz

Building a better life

Annual Report 2022

Building a better life

The fundamental tenet of Allianz Malaysia's mission is to empower our customers with a sense of security and peace of mind in their daily lives. This principle permeates every facet of our business, from our values-driven and all-encompassing organisational culture to our cutting-edge financial solutions and our conscientious investment strategy. By upholding this mission, we enable our customers to build a better life.

Icons used in this report

This icon refers to further reading

This icon refers to more information available at allianz.com.my

Scan this QR code to read the digital version of this Annual Report which is available on our corporate website.

Inside this report

01 Overview & Who We Are

02 Message from Our Leadership

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04 Commitment to Good Governance

05 Financial Performance

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Bringing purpose to life

In our position as the world's number one insurer*, we aim to constantly deliver on our vision to be the most reliable partner by bringing purpose to your life and always delivering in moments of truth.

** According to the Interbrand's Best Global Brands Ranking 2022*

HealthInsured

Medical coverage designed to give you peace of mind. A new and improved medical plan that cares for your needs and protects you and your family with the most comprehensive coverage.

Scan this QR code to get more information about HealthInsured.

We are Allianz

Our Business

Allianz Malaysia Berhad (“AMB”) is part of the Allianz Group in Germany. The Allianz Group was founded in 1890 in Germany. With approximately 159,000 employees worldwide, the Allianz Group serves more than 122 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*

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.

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.

We are Allianz

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

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.

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.

We are Allianz

Value creation

Value creation = **Growth** +

1. Transform our Life/Health & Asset Management franchise
2. Expand our Property/Casualty leadership
3. Boost growth through our scalable platforms

The People Attributes

We identified four People Attributes with three underlying target behaviors as being essential to driving Inclusive Meritocracy. They are based on feedback from Allianz leaders worldwide and set the aspiration for how each and every one of us should act.

We are Allianz

Margin expansion + Capital efficiency

4 Drive verticalization & execution agility

5 Reinforce capital productivity & resilience

www.allianz.com/en/about-us/strategy-values/strategy.html

Entrepreneurship

- Act on opportunities, take risks and promote a culture that allows honest failure
- Take ownership and responsibility
- Embrace innovation

Customer & Market Excellence

- Foster state-of-the-art technical/operational knowledge and strive for simplification
- Strive for excellence at every touch
- Be the benchmark

Trust

- Act with integrity, honor commitments and tell the truth
- Act transparently and promote corporate social responsibility
- Foster diversity and inclusiveness

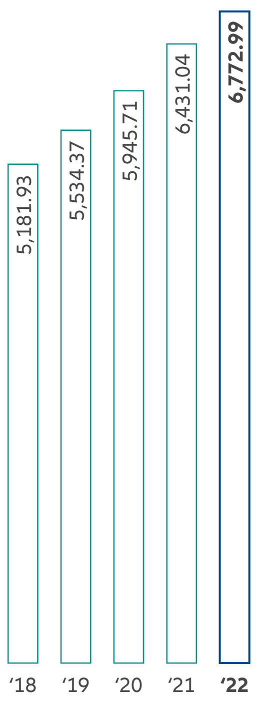
Collaborative Leadership

- Empower the team and provide purpose and direction
- Develop people, provide feedback and care for employee well-being
- Collaborate and exchange best practices

Allianz at a Glance

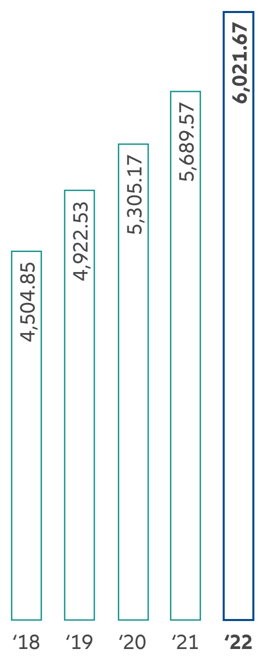
Operating Revenue
(RM' million)

5.3%
increased



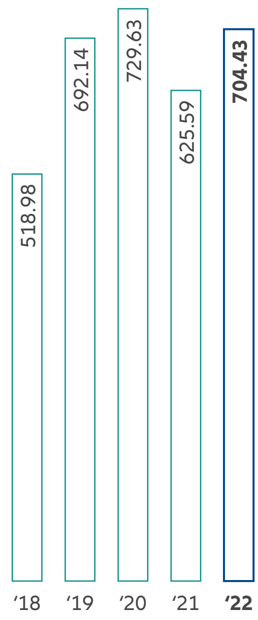
Gross Written Premium
(RM' million)

5.8%
increased



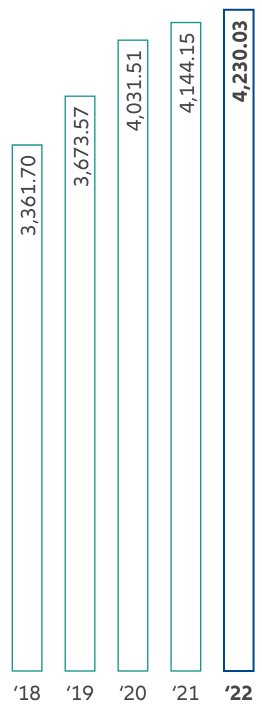
Profit Before Tax
(RM' million)

12.6%
increased



Shareholders' Fund
(RM' million)

2.1%
increased



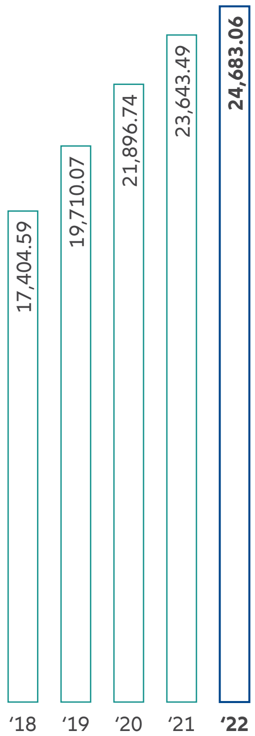
	2022	2021	2020	2019	2018
Operating Revenue (RM' million)	**6,772.99**	6,431.04	5,945.71	5,534.37	5,181.93
Gross Written Premium (RM' million)	**6,021.67**	5,689.57	5,305.17	4,922.53	4,504.85
Profit Before Tax (RM' million)	**704.43**	625.59	729.63	692.14	518.98
Total Assets (RM' million)	**24,683.06**	23,643.49	21,896.74	19,710.07	17,404.59
Shareholders' Fund (RM' million)	**4,230.03**	4,144.15	4,031.51	3,673.57	3,361.70
Market Capitalisation (RM' million)#	**4,925.83**	4,431.96	5,130.47	5,578.62	4,480.33
Interim Dividend per Share					
- Ordinary Share (sen)	**85.00**	63.00	58.00	65.00	40.00
- Preference Share (sen)	**102.00**	75.60	69.60	78.00	48.00

The market capitalisation is a combination of ordinary and preference share

Allianz at a Glance

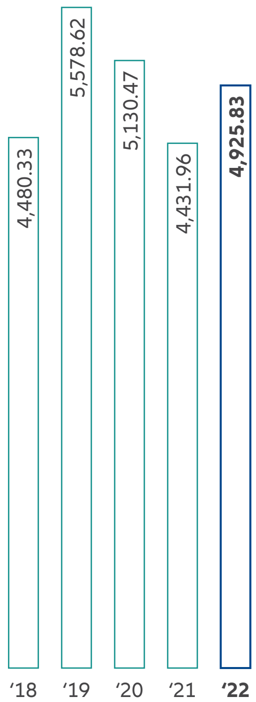
Total Assets
(RM' million)

4.4%
increased



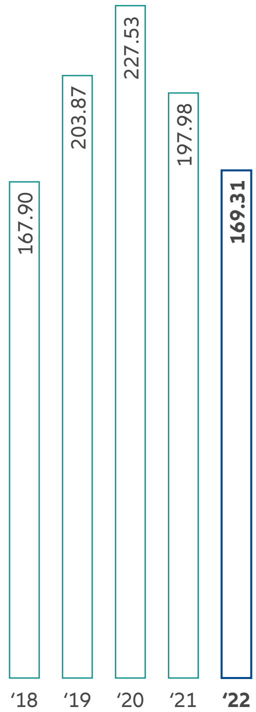
Market Capitalisation
(RM' million)

11.1%
increased



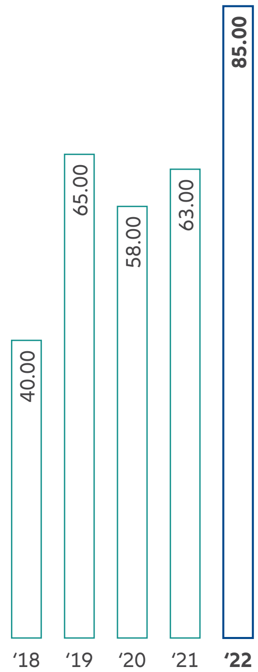
Basic Earnings Per Ordinary Share
(sen)

14.5%
decreased



Dividend Per Ordinary Share
(sen)

34.9%
increased

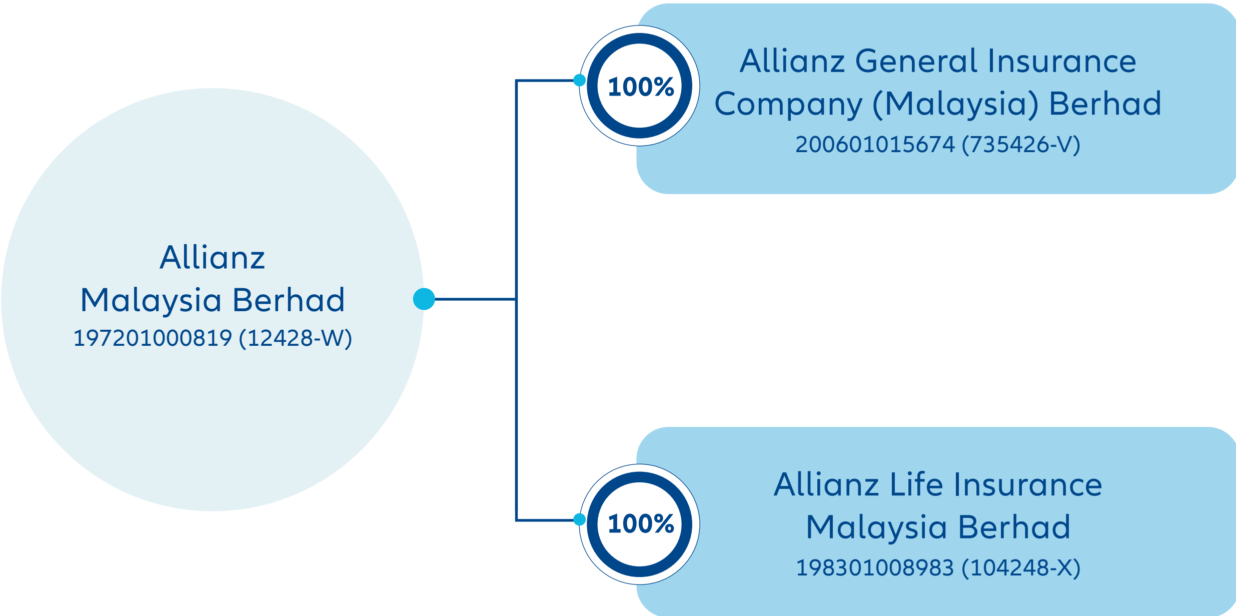


	2022	2021	2020	2019	2018
Total Amount of Dividend to the Shareholders					
- Ordinary Share (RM' 000)	**151,272.25**	111,925.13	102,595.53	114,976.97	70,675.38
- Preference Share (RM' 000)	**171,603.20**	127,421.42	117,844.59	132,068.15	81,368.33
Return on Equity^	**11.3%**	11.7%	13.5%	14.0%	11.6%
Operating Revenue Growth	**5.3%**	8.2%	7.4%	6.8%	7.9%
Gross Written Premium Growth	**5.8%**	7.2%	7.8%	9.3%	5.1%
Basic Earnings per Ordinary Share (sen)*	**169.31**	197.98	227.53	203.87	167.90
Diluted Earnings per Ordinary Share (sen)	**136.60**	138.29	150.29	142.29	109.09
Net Asset Value per Ordinary Share (RM)	**23.77**	23.35	22.79	20.77	19.03
Diluted Net Asset Value per Ordinary Share (RM)	**12.22**	11.97	11.64	10.61	9.71

^ *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*

Group Structure



Corporate Information

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

Classes of Share

Classes of Share	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

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

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

Exploring lives and opportunities

At Allianz, we stand by our principles of shaping a better tomorrow together with you, caring for our customers' hopes and fears, as well as delivering quality in a fair and simple way. Through these principles, we are able to bring out your full potential and provide confidence in your tomorrow.

Allianz Shield Plus

Comprehensive protection for whatever life brings you. Accidents can happen to anyone especially when we least expect them. Thus, be prepared by taking away the "what-ifs" with Allianz Shield Plus – a 24/7 worldwide personal insurance protection against accidents.

Scan this QR code to get more information about Allianz Shield Plus.

Chairman's Statement

Laying foundations for our ambitions

Dear Shareholders,

"

After serving as Chief Executive Officer of Allianz Malaysia Berhad ("AMB" or "Company") for more than seven years, it is now my privilege to address you as Chairman of the Company. Since taking the reins on 23 June 2022, the journey has been nothing short of fulfilling. As your Chairman, my responsibility is to monitor the performance of the Company, encourage our employees, and provide help to the Management where needed. It has been my pleasure to perform these duties and I look forward to the next chapter with all of you.

Zakri Khir
Chairman, Allianz Malaysia Behad

I am happy to report that AMB and its subsidiaries, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group") recorded stellar results for the financial year ended 31 December 2022 ("FY2022"). The Group recorded a total of RM6.02 billion in Gross Written Premiums ("GWP") for FY2022, reflecting a 5.8 percent growth from the RM5.69 billion recorded the year before. This is the very first time the Group's GWP has exceeded the RM6.0 billion mark. The Group's Profit Before Tax rose by 12.6 percent to RM704.4 million in FY2022 from RM625.6 million in FY2021, while Total Assets increased by 4.4 percent to RM24.68 billion in FY2022 from RM23.64 billion in FY2021.

These results as registered by the Group reflect the excellent performance delivered for FY2022, against a backdrop of global headwinds and depressed economic sentiment exacerbated by political uncertainty.

As a result of the Group's outstanding financial performance, the Board declared its highest ever total annual dividend in FY2022 at 85.00 sen per ordinary share (2021: 63.00 sen) and at 102.00 sen per irredeemable convertible preference share ("ICPS") (2021: 75.6 sen). This marks the first time that the sum of dividends paid has exceeded RM1 billion. The Board of AMB ("Board") announced a single tier interim dividend of 16.00 sen per ordinary share and 19.2 sen per ICPS in June 2022, followed by a single tier interim dividend of 69.00 sen per ordinary share and 82.8 sen per ICPS in December 2022.

Managing Risks

Amidst the present unpredictable economic climate, our results show that the Group is a very stable organisation delivering value to all its shareholders.

Chairman's Statement

The reality is that COVID-19 has literally changed the world, particularly in consumer behavioural patterns in managing risk. Moving forward, this is something that needs to be analysed and we are mindful that such changes will need to be monitored when establishing strategic directions.

Malaysia used to be viewed as a country with very few severe natural calamities but that is clearly no longer the case. Flooding is now an annual event and we have ensured that we have the financial strength to honour our obligation to our policyholders. This also includes claims management for flood-affected customers to support their speedy recovery during these events. We see the impact of climate change in weather variations whereby weather patterns are changing and flash flooding affects various states in the country. This directly affects our business, and we take this very seriously.

It is essential for any business to adopt a holistic and integrated risk assessment approach and drive more sustainable business practices. Therefore, climate impact is one of the Board's sustainability focus topics where we manage our own environmental footprint, encourage climate resilience and transition to a low-carbon economy through our insurance solutions and investments, as well as raise awareness on the importance of environment and climate topics among our internal and external stakeholders.

Pollution risk is also a significant hazard that affects our everyday life, intensified by the rapid development of certain economic sectors and under-development of others. Lifestyles and diets have also changed, resulting in an increase in diabetes, cancer and many other diseases. In the meantime, the cost of living continues to rise while wages are stagnant, leaving people with insufficient disposable income to purchase insurance.

Given these factors, historical data and referencing may not be able to paint an accurate picture of the future anymore. New models of forecasting and determining how risk evolves as well as how consumers deal with risk will have to be established, particularly for insurance companies to remain relevant. Failure to do so will be to the detriment of the organisation, and it is for this reason that the Board and Management of the Group have commenced utilising

AMB and its subsidiaries, recorded a total of **RM6.77 billion** in Operating Revenue for FY2022

The Group's Profit Before Tax rose by 12.6 percent to **RM704.4 million** in FY2022 from RM625.6 million in FY2021

Chairman's Statement

new technologies while ensuring the continuous enrichment of data to improve accuracy of risk-based pricing.

Our customers will continue to be our main focus and the Group will leverage on various initiatives in place to offer them the best protection as well as special healthcare and lifestyle related benefits.

Tackling the environmental, economic, and social impact of climate change requires a whole-of-society approach and commitment, and this must be a collective effort between the private and public sectors with support from the government. As always, the Group will work with the law of the land. Even if the law of the land does not entirely align with our interests, we will abide by it and continue to deliver value to our shareholders, leveraging our strength and resilience as an insurer.

On the economic front, the Malaysian economy has been opaque for far too long. The country has fallen into the vortex of racism, bigotry, and religious extremism. To maintain social and political stability and for businesses to thrive and spur economic growth, a strong government and good governance are crucial. The lack of transparency in any economic society will only lead it down the road of ruin as seen in various examples globally. My hope therefore is that under the leadership of the new government, the economy will become more transparent – that is, an economy where what you see is what you get.

The Group is committed to operating our business in an ethical, legal, and socially responsible manner, in accordance with the Allianz Group Code of Conduct.

In 2021, we announced our partnership with Rasuah Busters to play a role in empowering our colleagues and society as a whole to reject all corrupt practices. A business must always promote and uphold integrity, and we will continue in our endeavour to drive more initiatives to foster an anti-corruption culture. These will be announced in due course.

Another point of focus for us this year will be to deepen our efforts to raise awareness on the importance of insurance and sufficient insurance coverage. The trend of underinsurance among

Chairman's Statement

Malaysians has been made even more apparent following the increasingly severe and frequent flash floods in the country. With the government's latest definition of the bottom 40% of households (B40), we now have a bigger segment of society below credit lines and an urgent need for poverty eradication and economic elevation programmes, especially among the vulnerable. Radical thinking on universal-based income and income substitution must be implemented. Economic theories of old do not apply to people who do not even meet credit lines. As for the Group, we will do as we have always done; to provide the best-in-class service to all who need it. The Group rolled out several B40-centric initiatives last year (more details can be found in the **CEO's Message** section of this report) and we will continue to press on in this area.

The Group has always placed a lot of emphasis on Corporate Responsibility and the need for the industry as a whole to raise public awareness on the need for insurance and better financial protection. Insurance is an essential mechanism of risk financing which every person, rich or poor, must understand – more so for the underprivileged, who lack the resources and are most in need of risk transfer should a calamity or illness strike.

Bringing financial education to communities effectively is a concerted effort and there is much to be done. Both the public and private sectors are somewhat lost in the search for financial gain. We forget that a society in which a large number of people live below credit lines is a society that will be ill prepared to help its people become self-sufficient and financially stable. Perlindungan Tenang is a good programme initiated by the government to encourage insurance take-up among the lower-income communities. We participated in the programme through our PerlindunganKu initiatives as mentioned above, and we saw good engagement and high take-up rates. While Perlindungan Tenang has been halted by the government, we will continue and intensify our efforts to address the protection needs and close the gap between the insured and uninsured.

Forging Ahead

The Group will continue to deliver the highest levels of service to our customers and the best value to our shareholders. Beyond achieving excellent financial results, we will remain steadfast in carrying out our corporate environmental, social and governance responsibilities. To be a good company, you need to deliver not just on financials but on all other fronts, and that is something we are continuously striving for. More information on our sustainability, corporate governance and corporate social responsibility efforts can be found in the **Progressing Our Sustainability Agenda**, **How We Create Value** and **Corporate Governance Overview Statement** sections of this report, as well as in the Allianz4Good Summary Report 2022 on our corporate website.

I look forward to the continued support from all our shareholders as we forge ahead in the pursuit of excellence, working together to secure our future.

Acknowledgements

I would like to take this opportunity to express my utmost gratitude and appreciation to Tan Sri Datuk (Dr.) Rafiah Binti Salim for her invaluable contribution and impeccable leadership in guiding the Group in the last 10 years. It is also my pleasure to welcome Dr. Muhammed Bin Abdul Khalid as Independent Non-Executive Director of AMB.

On behalf of the Board, I wish to convey my deepest gratitude to our valued shareholders, customers, agents, brokers, bank distribution partners and other business partners for their support and confidence in the Group.

I also wish 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
28 March 2023

CEO's Message

Sean Wang
Chief Executive Officer, Allianz Malaysia Berhad

Remarkable progress

Dear Shareholders,

"I am pleased to share that Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life") (collectively referred to as "Group") ended the year 2022 on a positive note, notwithstanding challenges in the socioeconomic and industry landscape.

The past year saw the emergence of new COVID-19 variants even as Malaysia reopened its borders to international travellers amid the full reopening of the domestic economy. Global economic and geopolitical uncertainties continued to impact the country, although the economy expanded 8.7 percent year-on-year in 2022 – the highest annual growth recorded in 22 years, supported by all economic sectors.

It was also my first year serving as Chief Executive Officer ("CEO") of the Company, and I must say that it has and continues to be an amazing opportunity to serve the Group. The blessing in disguise in leading a company during challenging times is that you come to know and appreciate the people around you so much more. The sheer scale and magnitude of the disruption caused by COVID-19 meant that many organisations, us included, have had to rethink our business models from top to bottom, and I am proud to say we pulled through and have emerged even stronger thanks to the strength and resilience of our people.

As a Group, we are committed to providing the highest levels of excellence in serving our customers through products and services that meet their needs. Over the last 12 months, we leveraged on partnerships and digital advancements to enhance our various offerings. We also continued to care for our employees and agents through physical and mental wellness initiatives.

At the same time, we aided and supported the underserved through relief efforts and community projects led by our corporate social responsibility arm, Allianz4Good. It is of utmost importance to us that we play our part as a responsible corporate citizen by providing various means of support to the displaced, homeless, underprivileged, and underserved – the vulnerable communities

CEO's Message

living on the fringe of society. Our flagship initiatives included supporting a two-year clinical research study by Universiti Malaya Medical Centre on Post-Acute Covid Syndrome or Long Covid, partnering MERCY Malaysia to provide free-of-charge tele-psychotherapy support to the public, working with the social enterprise Thrive Well to roll out community-focused mental health programmes specifically targeting mothers and vulnerable youths, continuing our long-term partnership with Persatuan Mobiliti Selangor dan Kuala Lumpur (MOBILITI) to provide door-to-door transportation for wheelchair users within the Klang Valley, supporting the Malaysian contingent to prepare for the national and International Abilympics in 2023, and providing support to Tuba Island, Langkawi including through sponsoring a Community Empowerment Centre and supporting the Sekolah Belantara education programme for primary school students from the Island. We also collaborated with Malaysia International Search and Rescue (MISAR) to provide flood relief assistance for residents of the island. More details on these efforts and many more can be found in the Allianz4Good Summary Report 2022 on our corporate website.

Sustainability was also at the top of our agenda in 2022. Following the establishment of our Local Environmental, Social and Governance ("ESG") Board the year prior, we made further progress with the establishment of the ESG Taskforce, a forum for the holistic discussion and deliberation of sustainability initiatives with representation from AMB, Allianz General, and Allianz Life. The ESG Taskforce comprises five sub-groups that focus on sustainable operations, insurance and investments, and the enabling functions of sustainable strategy, risk and opportunities, and sustainable culture and communications. These sub-groups report back to the Local ESG Board where performance in these areas is monitored and steered.

In the past year, we also worked with sustainability consultants on developing climate change and women's empowerment initiatives, with emphasis on the need to raise awareness and build capacity amongst internal and external stakeholders. ESG matters are further embedded throughout the organisation with the introduction of policies and guidelines governing sustainable operations, insurance, and investments. The urgency to act is very real, with our parent company Allianz SE bringing forward our global target of net-zero Greenhouse Gas ("GHG") emissions in our operations to 2030 (from 2050 previously) and updating guidelines for the phase-out of fossil fuel-based business models, in pursuit of our net-zero GHG investment and insurance ambitions.

Allianz Malaysia Berhad recorded a total of

RM6.02 billion

in **Gross Written Premiums** ("GWP") in FY2022

5.8% growth compared to **RM5.69** billion in FY2021

The structure of our sustainability governance ensures that ESG matters are discussed at the highest level, with topics integrated into and actions carried out across the organisation. This parallels the journey of embedding an integrated mindset across the organisation, where the Group's value creation is seen holistically through the lens of the six Integrated Reporting capitals. Our ESG performance is further discussed in the **Progressing Our Sustainability Agenda** section of this report, while an overview of our non-financial and financial impact and value creation is available in the **How We Create Value** section.

Our commitment to operating our business in a legal and ethical manner is in accordance with the Allianz Group Code of Conduct. On 19 April 2021, the Group announced its partnership with the Rasuah Busters movement to advocate good governance and empower our local communities to reject corrupt practices. As a Company, we are demanding greater accountability in our actions, and we would like for our colleagues and customers to be equally inspired to be part of the change. We are embarking on the next phase of this journey with more initiatives led by the Group.

Delivering Strong Numbers

I am proud to report that the Group once again delivered excellent financial results for the financial year ended 31 December 2022 ("FY2022"). The Group exceeded the RM6.0 billion mark in Gross

CEO's Message

Written Premiums ("GWP") for the very first time, recording a total of RM6.02 billion in GWP for FY2022. This was a 5.8 percent growth compared to the RM5.69 billion recorded the year before. Profit Before Tax rose by 12.6 percent to RM704.4 million in FY2022 from RM625.6 million in FY2021, while Total Assets increased by 4.4 percent to RM24.68 billion in FY2022 as compared to RM23.64 billion in FY2021.

Our general insurance subsidiary, Allianz General's GWP rose 9.2 percent to RM2.66 billion in FY2022 from RM2.43 billion in FY2021. Underwriting Profit grew by 12.6 percent to RM289.6 million in FY2022 from RM257.1 million in FY2021. Allianz General's Profit Before Tax also improved by 5.8 percent in FY2022 to RM462.6 million from RM437.2 million the previous year. As of December 2022, Allianz General captured a 13.3 percent market share, maintaining its position as the general business market leader in the country.

Our life insurance subsidiary, Allianz Life also reported excellent results for the year. Allianz Life's GWP increased by 3.3 percent to RM3.37 billion in FY2022 compared to RM3.26 billion in FY2021, with New Business Premiums of RM661.0 million in FY2022. Profit Before Tax rose by 30.2 percent to RM287.2 million in FY2022 compared to RM220.5 million the previous year due to better results from the protection business. Allianz Life also maintained its fourth position in the life insurance segment, with an improved market share of 9.5 percent in FY2022 against 9.0 percent the year before.

It is also my pleasure to share that the Board of Directors of AMB ("Board") declared its highest ever total annual dividend in FY2022, at 85.00 sen per ordinary share (2021: 63.00 sen) and at 102.00 sen per irredeemable convertible preference share ("ICPS") (2021: 75.6 sen). This marks the first time that our dividend payout has exceeded RM1 billion. The Board announced a single tier interim dividend of 16.00 sen per ordinary share and 19.2 sen per ICPS in June 2022, followed by a single tier interim dividend of 69.00 sen per ordinary share and 82.8 sen per ICPS in December 2022.

This record dividend payout is only possible because of the combined strength of our people at Allianz General and Allianz Life. While this is a historic high, it should not come as a surprise as we have always promised our shareholders that the day will come when we see greater contribution from our life business. During its formative years, it was crucial for Allianz Life to retain profits due to the strain of new business on its capital. Now, Allianz Life has come of age, having reached critical mass, and this emergence of an enforced bloc of business is helping us to capture profits and reward our shareholders.

We expect to maintain a positive dividend trajectory moving forward, riding on the strength of both Allianz General and Allianz Life. As the Group continues to grow the business on both the general and life fronts, I wish to assure our shareholders that the capitalisation of our Group will not be compromised.

Allianz General outperformed the industry in 2022 while maintaining the largest market share and we are confident that we will repeat this achievement in 2023. Our success comes from focusing not on the numbers, but on creating products and services that will truly benefit our customers and raise awareness on the importance of insurance. Last year, Allianz General rolled out several initiatives developed with the bottom 40% of households (B40) in mind, including a partnership with Bateriku (M) Sdn Bhd (Bateriku.com) to offer Allianz PerlindunganKu to all B40 community groups registered under Bateriku.com. We also launched PerlindunganKu Allianz4All, an affordable personal accident insurance that is redeemable under the government's Perlindungan Tenang programme. Subsequently, we ran the Allianz Motorcycle Sweep Campaign, an initiative developed with the B40 and lower M40 groups in mind.

Looking ahead, Allianz General will continue to assess the impact of climate change by looking at stress scenarios from physical risks (due to more frequent flood events) and transition risks (such as transition to hybrid/electric vehicles), to ensure that we are in good standing to weather these risks. With the rising frequency of flash floods in the country, the impact of flash floods becomes increasingly prominent. Allianz General has intensified its efforts to better identify flood-prone areas, such that the impact of flood-related losses and how it relates to societal climate resilience is well understood and managed. This is achieved by the continuous enrichment of data to improve accuracy of risk-based pricing.

Allianz Life also outperformed the industry in 2022 and we will maintain this momentum to reach greater heights this year. We will continue to deliver innovative products and services in line with consumers' needs. In July last year, we (through Allianz Asia Pacific) renewed our exclusive bancassurance partnership with HSBC Bank Malaysia Berhad ("HSBC") for another 15 years. This was very significant to us as the past decade of partnership with HSBC has been incredibly rewarding and we look forward to the next 15 years of this journey. Our employee benefits also

CEO's Message

continue to be a strong distribution channel, as we gained new customers in 2022 and outperformed the market.

Other initiatives that we will continue to drive include Allianz Care@Home which is the first-of-its-kind exclusive home monitoring service available for eligible Allianz Life Individual Hospitalisation & Surgical customers to receive medical-assisted attention for qualified illnesses in the comfort of home. We will also continue growing Allianz Blue Ribbon, a value-added service in collaboration with our network of exclusive private hospitals and designed to provide a whole new healthcare experience to meet our customers' needs. Through the Allianz We Care community, we aim to help Malaysians live healthier with confidence by offering them special healthcare, lifestyle and wellness benefits and rewards. The programme is also powered by Vivy, the digital health app that offers personalised content and tools to support customers' journey to better health.

As for the agency business, we will focus on addressing the protection gap and expanding our workforce, under our theme for the year – Recruit2Grow, which reflects our commitment in providing continuous support to our agency workforce in recruitment. We will also continue to drive recruitment through our flagship programme, the Allianz C.E.O. (Career of Excellence and Opportunity) Programme, which provides new agents with a clear career path, training programmes and financial support for the first two years. The Allianz C.E.O. Programme has a proven track record of C.E.O. agents who are three times more productive than other new agents and we look forward to nurturing many more new agents under this initiative.

The media is and has always been a very important stakeholder to us in helping us drive the many initiatives mentioned. We maintain constant and consistent engagements with members of the media. These include press conferences, media forums, media lunches, our annual media golf and media badminton tournaments, and of course press release blasts. Truly, we value our media friends, and we will continue these efforts as we work to strengthen and deepen our relationship with the media.

The Way Forward

Going into 2023, we see that certain sectors of the economy have recovered while others continue to gain upward momentum. The theme of recovery applies to us as well; we expect the business of Allianz General to grow in tandem with domestic gross domestic product ("GDP") growth as we continue to carry out the outstanding delivery of products and services that address the needs of our customers. For the life business, we foresee this to be another excellent year, with Allianz Life set to outperform the industry again and restore growth on the back of our strong distribution channels and innovative products. The strength of our technical pricing has always been a source of pride for both Allianz General and Allianz Life, and we will continue to utilise this strength where needed.

We will work towards delivering our aspirations under Pinnacle 2030, our Allianz Asia Pacific Strategy. In doing so, it is imperative that we build

The Board declared its highest ever total annual dividend in FY2022, at 85.00 sen per ordinary share (2021: 63.00 sen) and at 102.00 sen per ICPS (2021: 75.6 sen). This marks the first time that our dividend payout has exceeded RM1 billion.

CEO's Message

greater synergy between the general and life businesses. We will do this by coming together as One Allianz to establish a unified servicing and sales platform that provides unrivalled customer experience and cross-line of business synergy. We will continue to drive value creation and simplicity at scale, shaping our ambition to go beyond good and achieve greatness.

Sustainability will continue to be at the top of mind for the Group. This year, we will refine our sustainability approach to drive further action in our roles as an insurer, investor, employer, and responsible corporate citizen. This entails building internal capacity and understanding of ESG topics with the support of our global Allianz network and engaging with our supply chain and stakeholders. We will continue to integrate climate considerations into our business operations in accordance with the Task Force on Climate-related Financial Disclosures ("TCFD"), in line with local and global expectations. Concurrently, we will progress on Integrated Reporting to better link financial and non-financial performance and strategy.

As a responsible corporate citizen, the Group will build on existing corporate social responsibility efforts through Allianz4Good. We will also extend support to Malaysian athletes through our partnership with Majlis Sukan Negara, where we provide cash funding to support the training and development of para-athletes. On top of that, we

CEO's Message

have also curated the Allianz MoveForward programme to help both active and retired, able-bodied and para-athletes advance their careers by providing financial literacy and soft skills training programmes. This initiative will not only support active local athletes but also prepare them for the post-athlete life, enabling them to build new and sustainable careers following retirement from sports.

Growth is our overarching theme for 2023. We will continue to seek new and agile ways to drive the business and our profitability while constantly innovating and accelerating transformation to stay ahead of the competition. Resilience will remain our core strength and fiscal prudence a priority as we continue to focus on our collective goal of outperforming the industry and building profitable and sustainable businesses in 2023.

Acknowledgements

On behalf of the Management, I would like to take this opportunity to sincerely thank our Board of Directors for their stewardship and support in ensuring the Group continues to deliver value to all our stakeholders. I would also like to welcome Dr. Muhammed Bin Abdul Khalid as Independent Non-Executive Director of AMB and Chairman of Allianz General, Wee Lay Hua (Susie) as Independent Non-Executive Director of Allianz General, and Foo Chee It (Serrina) as Independent Non-Executive Director of Allianz Life.

At the same time, it is my pleasure to welcome Ong Eng Chow (Charles) as he takes on the role of Non-Independent Executive Director of Allianz Life, in addition to his present appointment as CEO of Allianz Life since 1 April 2022. I look forward to continuing our close collaboration in driving the business to greater heights. I would also like to welcome Giulio Slavich as Chief Financial Officer of AMB and Allianz Life with effect from 1 August 2022. Giulio, previously in charge of the strategic and technical steering of the Life and Health insurance segment for Allianz globally as Head of the Group Center of Competence for Life and Health, brings with him over 20 years of international experience in the life and health insurance industry across different countries. I look forward to working closely with him to steer the Group towards attaining strong and sustainable financial growth.

A word of appreciation goes out to Bank Negara Malaysia, Bursa Malaysia Securities Berhad and all relevant regulatory bodies and authorities for their guidance. I am deeply grateful as well to our shareholders, customers, agents, brokers, bancassurance partners and business partners for their ever-present confidence and belief in our vision.

I would also like to thank all employees of the Group for their tireless efforts and commitment to delivering best-in-class products and services. Truly, the success of the Group belongs to you.

Together, let us forge ahead and continue to achieve meaningful, profitable, and sustainable success.

Thank you.

SEAN WANG
Chief Executive Officer
28 March 2023

Management Discussion and Analysis

Strategic Overview

Allianz Malaysia Berhad ("AMB" or "Company") is an investment holding company primarily engaged in the insurance business through our two wholly-owned subsidiaries, Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life").

AMB is part of the global Allianz group ("Allianz") headquartered in Germany. Allianz was founded in 1890 and has approximately 159,000 employees worldwide, serving more than 122 million customers[1] in over 70 countries.

Allianz General is among the leading general insurance companies in Malaysia, offering a wide range of services, including motor insurance, personal lines of insurance, and commercial insurance for small-to-medium enterprises (SME), as well as underwriting for large industrial risks. Meanwhile, Allianz Life is one of the fastest growing life insurers in the country, providing comprehensive life and health coverage, as well as investment-linked insurance products.

AMB, together with Allianz General and Allianz Life, ("the Group") offers the following insurance solutions:

Personal Insurance		Corporate Insurance	
Life, Health & Savings		**Liabilities, Operations & Asset Protection**	
Life Protection	Personal Accident	Fire & Property	Liabilities
Medical & Hospitalisation	Savings, Investment & Waivers	Marine	Bonds
Critical Illness		Engineering & Machines	Motor
Home, Motor & Travel		**Group Protection, Life & Personal Accident**	
Home	Travel Insurance	Worker & Employee Benefits	Life
Car & Motorcycle	Living	Group Personal Accident	
Roadside Assistance			

Our network comprises 30 Allianz General and 22 Allianz Life branches in major cities nationwide, extending our reach to most of the Malaysian population. Our presence is further supported by our intermediaries and distribution channels, namely our agents, brokers, Bancassurance, digital and non-digital business partners, as well as direct marketing avenues, including online platforms. In addition, we have a large stable of panel hospitals, clinics, auto workshops and Allianz roadside assistance service providers to provide support for our customers during their time of need.

Note:
[1] *Including non-consolidated entities with Allianz customers*

Management Discussion and Analysis

Our Strategy

Our value creation activities are guided by our overarching purpose: We Secure Your Future. At AMB, we understand this to mean that we aspire to protect and grow our customers' most valuable assets, which goes beyond financial protection and extends to protecting the health and livelihoods of our customers. Our initiatives are grouped under three strategic pillars: Growth, Margin Expansion and Capital Efficiency.

In respect to the Growth pillar, we seek to consistently capture growth opportunities for our business, and create growth opportunities for our employees. We prioritise the expansion of our distribution capabilities and the enhancement of our products and services, which are designed with a customer-centric philosophy to ensure that they best meet market needs. Employees and intermediaries also receive continuous training and communication programmes to help them provide better service to our customers and make us their trusted partner.

As for Margin Expansion, we aim to enhance our returns by driving excellence in our technical expertise. In practical terms, this means improving our pricing, underwriting, and claims processes, as well as actively managing our investment portfolio while maximising operational efficiency to build scale and secure profitable margins. The Group leverages technology through the integration of the "digital by default" approach to enhance Operational Efficiency. Initiatives are deployed to enrich the data acquired from our operations which are then used to develop analytics and data-driven insights to help us make better decisions. This translates to an enhanced experience for our customers and intermediaries, and ultimately, greater productivity for the Group.

We consistently seek ways to most effectively deploy our capital, which entails allocating resources into innovative and capital-efficient business models and solutions. At the same time, we work on improving our ability to better control tail risks by managing our reinsurance, strengthening our underwriting capabilities, and reviewing our risk exposure. Our focus on capital resilience is matched by our focus on talent development and talent diversity to strengthen our organisational resilience.

Our strategy is supported by the strategic drivers of our Renewal Agenda, which puts the Customer at the heart of all that we do. It also describes our model people behaviour – Inclusive Meritocracy; our focus on innovation, simplification, and scalability by being Digital by Default; our drive for Technical Excellence in enhancing our offerings and achieving efficiencies; and our focus on Growth Engines for expansion.

The Group's operating revenue grew by **5.3%** in **FY2022** to **RM6.77 billion** from **RM6.43 billion** a year ago.

Total assets increased to **RM24.68 billion** from **RM23.64 billion** in FY2021

Financial Results

The Group's operating revenue grew by 5.3 percent in FY2022 to RM6.77 billion from RM6.43 billion a year ago. The better top-line performance was driven by an increase in Gross Written Premiums ("GWP"), which rose 5.8 percent to RM6.02 billion for the year under review, marking the first time that the figure has exceeded the RM6.0 billion threshold. The higher GWP is mainly due to higher premium contributions from the Motor and Personal Accident portfolios of the general insurance business, and from across all key distribution channels of our life insurance business.

In line with the higher revenue, the Group's consolidated Profit Before Tax ("PBT") for the year under review came in at RM704.4 million, 12.6 percent higher than the RM625.6 million reported in FY2021. This translated to an earnings per share of 169.31 sen and a return on equity of 11.3 percent.

The Group's tax expense increased RM84.5 million to RM231.6 million because of higher PBT and the imposition of the Cukai Makmur (prosperity tax) for the Year of Assessment ("YA") 2022, which is a special one-off tax introduced by the government to be imposed on non-Micro, Small and Medium Enterprises. The tax is in support of the government's Shared National Prosperity initiative which aims to equitably distribute aid to those affected during trying times. Subsequently, our effective tax rate increased to 33 percent (2021: 24 percent) for FY2022, due mainly to the impact of the Cukai Makmur, which saw an additional RM35.4 million in taxes paid for YA 2022.

Management Discussion and Analysis

Consolidated Group Results

	2022	2021	Delta
Operating Revenue (RM' million)	**6,772.99**	6,431.04	341.95
Profit Before Tax (RM' million)	**704.43**	625.59	78.84
Return on Equity (%)	**11.3**	11.7	(0.4)
Basic Earnings per Ordinary Share (sen)	**169.31**	197.98	(28.67)
Diluted Earnings per Ordinary Share (sen)	**136.60**	138.29	(1.69)

In FY2022, Allianz General, the Group's general insurance arm, generated GWP of RM2.66 billion, up from RM2.43 billion in the previous year. It also reported PBT of RM462.6 million, 5.8 percent higher than the previous year's RM437.2 million. With a market share of 13.3 percent, Allianz General is currently the market leader of the Malaysian general insurance segment.

Meanwhile, Allianz Life, the Group's life insurance subsidiary, saw a 3.3 percent increase in GWP to RM3.37 billion in FY2022, compared to RM3.26 billion recorded in FY2021. Allianz Life maintained its fourth position in the life insurance segment although it held a larger 9.5 percent share of the market, up from 9.0 percent in the previous year.

As for our key non-financial indicators, the Group had a total customer base of 3.8 million customers as at 31 December 2022. Our Net Promoter Score (NPS), a measure of customer satisfaction and loyalty, continued to perform above the market average. To maintain our competitive advantage in the marketplace, we will continue to grow our agency force which currently totals 11,392 agents across the life and general businesses.

On sustainability matters, we are pleased to report that the Group's ESG performance was rated by FTSE Russell for the first time in 2022, garnering a score of 3.9 out of 5.0. This puts us amongst the top-rated local financial institutions. Our emphasis on sustainability and ESG is part and parcel of our overall corporate philosophy, and we are proud of our track record in these areas.

Similarly, our corporate governance ("CG") track record, as quantified by our 2021 ASEAN CG Scorecard Assessment, was recognised this past year by the ASEAN Capital Markets Forum which presented the Group with the ASEAN Asset Class Award. We also received the Industry Excellence Award for CG Disclosure under the financial services sector at the MSWG-ASEAN CG Award 2021.

Meanwhile, our track record as an employer was acknowledged by the positive feedback across all tracked metrices in the annual Allianz Employee Survey. We were also recognised as one of the top graduate employers in Malaysia's 100 Leading Graduate Employers Awards 2022 as well as Talentbank's Graduates' Choice Award 2023.

Balance Sheet Review

The Group maintained robust balance sheets and solvency positions for both insurance subsidiaries for the year under review with total assets growing by 4.4 percent to RM24.68 billion from RM23.64 billion in FY2021. This was due primarily to the increase in intangible assets and expansion of our investment portfolio, which increased 2.2 percent to RM20.39 billion as at 31 December 2022. Our portfolio's investment mix comprises government and government-related bonds, corporate bonds, equity securities and unit trust, loans, and deposits with banks.

We maintained a prudent investment strategy during the year under review, focusing our investments on government and government-related bonds, which increased 6.2 percent to RM10.91 billion, accounting for 53.5 percent of our investment portfolio. This is followed by corporate bonds, which make up 28.4 percent of the portfolio. In addition to evaluating their risk profile, the Group also assesses the timings of our investment assets e.g. maturity, tenure, etc. to better match them with our liabilities.

While the Group's positive performance in FY2022 reflected the nation's economic reopening and recovery, the transition to endemicity did not come without challenges. Some of them, such as rising inflation and the increase in the number of claims in tandem with the resumption of social and economic activities, had consequential impact on the insurance business. The Group managed these challenges successfully in FY2022, and our financial position remained resilient even as we continued to deliver on our commitments to our stakeholders.

Management Discussion and Analysis

We remain focused on capital preservation and liquidity management to ensure the long-term sustainability of our value creation abilities. We hold this defensive posture to be able to face with resilience the volatility of the market and the uncertainty of the macroeconomic environment and recovery prospects. The Group nevertheless remains flexible and will adjust its position as and when new risks or opportunities emerge.

Robust Capital Position

The Group held a strong capital position with a Capital Adequacy Ratio in FY2022, 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 RM126.8 million, representing an increase of RM98.5 million from RM28.3 million in FY2021. The rise was due mainly to increase in intangible assets associated with the renewal of a 15-year bancassurance partnership with HSBC Bank Malaysia Berhad ("HSBC") in June 2022. Our capex is largely determined by our strategic priorities for the year and can be expected to fluctuate depending on our business needs. For the year under review, our capital outlay was also due in part to our initiatives to accelerate our digital transformation and build scalability for our operations.

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.

Earnings per share for the year totalled 169.31 sen, delivering a return on equity of 11.3 percent. As part of our commitment to create value for our shareholders, we have paid total dividends of RM322.9 million in FY2022 comprising a first interim dividend of RM60.8 million and a second interim dividend of RM262.1 million. Our ability to continue to pay dividends is premised on the effectiveness of our product strategies, diligent management of our assets and liabilities, and the presence of a strong governance framework.

Asset Allocation Review

Type of investment	2022 (RM' million)	2021 (RM' million)	Delta (RM' million)	2022 (%)	2021 (%)	Delta (pts)
Debt instruments; thereof:						
Government and government-related bonds	**10,914.73**	10,276.82	637.91	53.5	51.5	2.0
Unquoted bonds of corporations	**5,781.70**	5,396.20	385.50	28.4	27.1	1.3
Quoted equities securities and unit trust	**2,784.90**	2,934.46	(149.56)	13.7	14.7	(1.0)
Loans	**77.24**	84.26	(7.02)	0.4	0.4	-
Cash	**24.42**	502.34	(477.92)	0.1	2.5	(2.4)
Others	**803.97**	747.54	56.43	3.9	3.8	0.1
Total	**20,386.96**	19,941.62	445.34	100.0	100.0	-

Management Discussion and Analysis

General Insurance

	2022	2021	Delta
Gross Written Premiums (RM' million)	**2,654.99**	2,430.56	224.43
Profit Before Tax (RM' million)	**462.59**	437.22	25.37
Claims ratio (%)[2]	**57.7**	56.6	(1.1)
Expense ratio (%)[2]	**29.6**	31.2	1.6
Combined ratio (%)[2]	**87.3**	87.8	0.5

[2] *Accounting adjustment for impact of Virginia Surety litigation where the write back of impairment under expenses (leading to lower expenses) is offset against reversal of claims reinsurance recovery (leading to higher claims); there is no impact on overall underwriting profit. Excluding this adjustment, the combined ratio, claims ratio and expense ratio would have been 87.3 percent, 56.2 percent and 31.1 percent respectively.*

Full details can be found at https://disclosure.bursamalaysia.com/FileAccess/apbursaweb/download?id=219826&name=EA_FR_ATTACHMENTS

GWP for the Group's general insurance business in FY2022 continued to be driven by our Agency distribution channel, which contributed 55.7 percent, or RM1.48 billion, to total GWP. This was followed by the Franchise channel, which contributed 29.2 percent of GWP, of which 4.7 percent was due to our partnership with Pos Malaysia. In respect to our business segments, the motor portfolio remained our biggest contributor, responsible for RM1.71 billion or 64.5 percent of total GWP. The remaining RM943.9 million was accounted for by our non-motor insurance business, including Property, Health, Personal Accident, Liability, and Marine.

Allianz General recorded a positive underwriting profit of RM289.6 million in FY2022, a 12.6 percent increase from RM257.1 million in the previous year. Its combined ratio, a key measure of the profitability of insurance companies, remained healthy at 87.3 percent, improving slightly from 87.8 percent in FY2021 as a result of improvement in claims and expense ratio. PBT subsequently increased 5.8 percent to RM462.6 million in FY2022 from RM437.2 million in the previous year.

Moving Forward

Allianz General remains on a growth footing going forward and will look to explore opportunities particularly in the non-motor insurance market in which the penetration rate remains low in the country. We will continue to enhance our 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 digital intermediation and to maximise customer satisfaction.

We will continue optimising our business margins by focusing our priorities on strategic business segments, while enhancing technical excellence in our underwriting, pricing, and claims management processes. The digitalisation of our processes to ensure scalability will continue in FY2023, especially in light of our growing business and our continuing commitment towards enhancing customer experience. Our business operations will be further enhanced by the One Allianz transformation project aimed at building synergies between Allianz Life and Allianz General to offer holistic solutions for our customers.

In the area of Personal Insurance, we will continue pursuing opportunities for further growth through recruitment and cross selling and expect to see greater demand from our digital distribution channels. We will also build upon initiatives such as the Perlindungan Tenang programme to further unlock new areas of growth for Allianz General. In support of this programme, we launched the Allianz PerlindunganKu and the PerlindunganKu Allianz4All to provide simple, accessible, and affordable coverage to underserved segments in Malaysia.

Finally, we will make full use of Allianz's global assets and knowledge base to further unlock value in the Malaysian market, particularly in view of the fast-growing digital economy, which has led to the emergence of demand for new coverage. The experience of our global counterparts in other nations at different states of digital maturity will prove invaluable to the execution of our operations. We will also leverage on guidance from Allianz's global climate experts to guide our approach in supporting a just transition to a low-carbon economy. Malaysia's aspiration of becoming a net-zero country by 2050 and renewed global interest in reducing greenhouse gas emissions may see the emergence of new opportunities in Corporate Insurance.

Meanwhile, Allianz General will continue to evaluate the impact of climate change on our business by modelling new risk scenarios, such as the increase in flooding events and the impact of the transition to hybrid and electric vehicles on our business. Our aim in doing so is to more accurately price the risk and thereby ensure mutually beneficial outcomes to both our business as well as our customers.

Management Discussion and Analysis

We are confident that we have a competitive advantage in the general insurance market owing to our strong brand and attractive product offering. This is validated by our loyalty leadership. Allianz General is a strong partnership proposition for both traditional and digital partners due to the emphasis we place on collaboration in all our partnerships.

Life Insurance

	2022	2021	Delta
Annualised New Premiums (RM' million)	**660.96**	687.15	(26.19)
Gross Written Premiums (RM' million)	**3,366.68**	3,259.01	107.67
Profit Before Tax (RM' million)	**287.21**	220.52	66.69
New Business Value (RM' million)	**275.00**	275.20	(0.20)

Allianz Life delivered resilient results in FY2022 and maintained its position as the fourth largest life insurance player in Malaysian market in terms of Annualised New Premiums ("ANP") with a 9.5 percent share of industry ANP. While Allianz Life's ANP had declined 3.8 percent to RM661.0 million from RM687.2 million year-on-year, this result continues to outperform the industry which had seen a decline of 8.8 percent for the same period. For the year under review, we focused our efforts on profitable protection-focused investment-linked products, which in turn accounted for 64.2 percent of total agency new business production.

The performance of our life business was driven by all our channels: Agency, Bancassurance and Employee Benefits. We also continued to see positive response to our remote sales initiatives that were introduced during the COVID-19 pandemic. These initiatives, which enable our customers to receive more convenient and better customer service with their own smart devices, have been well received owing to the growing customer preference for digital insurance solutions.

The Agency channel was once again the largest contributor to ANP, contributing 67.3 percent, or RM444.9 million, to total life ANP. This represented a decrease of 12.2 percent from RM506.7 million in FY2021. This is related to market trends where the life insurance industry recorded a negative growth of 10.6 percent in agency channel as consumers vented their pent-up demand for lifestyle-related goods and services after more than two years of pandemic-related restrictions. This in turn translated into lower demand for insurance products.

While New Business Value is relatively flat due to the lower ANP, margins continued to be healthy and grew over the same period last year, with the life business remaining focused on profitable investment-linked protection products.

Moving Forward

Allianz Life is optimistic about its prospects for business growth in the foreseeable future. This is due largely to the execution of several initiatives over the last 18 months to further solidify our fundamentals, such as the expansion of the capacity of our distribution channels through investments in the recruitment of additional agents and insurance specialists. Our recruitment drive will continue in 2023 under our theme for the year, Recruit2Grow, which underscores our commitment to support the training and development of the agents we recruit.

Allianz Life's growth strategy is two-fold. First, we will continue to invest in traditional distribution channels to secure short- to medium-term growth. Second, we will also simultaneously invest in digital partnerships and alternative channels to build long-term growth channels while future-proofing our business.

Growth in traditional distribution channels will be driven by our agency recruitment programmes such as the Allianz C.E.O (Career of Excellence and Opportunity) Programme, an enhanced recruitment funnel which encourages the growth of high-quality agents through intensified learning and mentorship coupled with a financial scheme structure that provides stability for new agents. We also secured the renewal of our Bancassurance agreement with HSBC for a 15-year period, enabling us to jointly develop products, tools, and programmes in support of our long-term partnership.

Further supporting this growth strategy is the execution of the One Allianz transformation, which sees greater collaboration between Allianz Life and Allianz General to build synergy. By leveraging each other's strengths, we will be able to drive a seamless customer experience and holistically meet all customer needs. This is supported by our comprehensive health ecosystem, which includes the Allianz Blue Ribbon Hospitals programme, Allianz Care@Home, our digital health app Vivy, and the Allianz We Care Community platform,

Management Discussion and Analysis

amongst others. One Allianz is also part of Pinnacle 2030, which is our Allianz Asia Pacific strategy focusing on customer experience and cross-line of business synergy.

In terms of our operations, we will continue to maximise value for and from our existing stakeholders, including our customers and distribution partners. Similarly, our investment in digital platforms to offer better servicing through digital channels will continue in 2023 and will be aimed at enhancing productivity and service levels. MyAllianz, available on app and web, and Vivy will be optimised to improve the health ecosystem for Allianz customers, by providing greater self-service and claims management, and to conduct proactive outreach and campaigns. Lastly, we plan to expand into new customer segments through initiatives such as the Allianz4All Untuk Semua, which comprises a range of insurance products based on universal values.

Overcoming Challenges and the Way Forward

Malaysia's economy is expected to continue to face external challenges in 2023, although domestic demand is projected to remain robust. According to Bank Negara Malaysia, the revival of household spending, underpinned by improvements to employment and income prospects, as well as recovery in certain segments of the economy, such as tourism, will remain the key catalysts for growth. This will be further supported by the realisation of multi-year infrastructure projects that will support investment activity. However, challenges will come in the form of a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts, and the re-emergence of supply chain disruptions.

The central bank also added that the inflation levels are expected to remain elevated due to lingering cost and demand pressures despite having moderated from its peak in 2022. Core inflation is expected to remain high in the near term due to a low base from the first half of 2022. Mitigating the upward pressure on inflation will be the domestic economy's capacity and existing price controls. Nevertheless, inflation is sensitive to changes in domestic policies and global commodity price developments, and thus may continue to represent a challenging issue moving forward.

On the insurance front, the current global insurance outlook is being shaped by the following factors: an uncertain macroeconomic and geopolitical landscape, the significant protection gap resulting from climate change, cyber threats, and social and demographic changes, and the need for new value propositions and innovative solutions. The insurance market has transitioned from one featuring low inflation and interest rates within an integrated global market environment to one that is seeing rising inflation and interest rates in an environment that is growing more protectionist. To navigate this challenging landscape, insurers will need to monitor a range of metrics, including liquidity and asset valuations, and be prepared to adjust their asset and liability management policies in line with market developments.

The growth of the insurance industry is reliant on consumer sentiment and the level of disposable income, both of which have weakened, particularly in the B40 and M40 segments of the Malaysian population. The global economy continues to be burdened by rising cost pressures, tighter global financial conditions, and continued disruptions to the global supply chain. Meanwhile, organic industry growth in the short term is expected to remain subdued due to economic uncertainties, particularly for the general insurance industry where low growth was observed even before the onset of the COVID-19 pandemic. Inflation will continue to weigh on the cost of medical services, motor parts, and building materials, all of which will have a direct bearing on claims cost. Cost containment must therefore be a key priority moving forward.

Despite the challenging outlook, the Group is optimistic that the domestic insurance market will continue to grow in the longer run as the Malaysian market generally remains under-insured and will experience further demographic change. The strategic thrusts outlined in the Financial Sector Blueprint, 2022 - 2026, are anticipated to be pivotal in stimulating the growth of the finance segment, which is expected to be propelled by initiatives focused on elevating the financial wellbeing of households and businesses, as well as advancements in the digitalisation of the financial sector. The COVID-19 pandemic has also highlighted the need for health and medical protection and created higher public awareness of the need for adequate life and medical insurance coverage to secure their financial resilience.

These conditions will factor into our product and solution development as well as our customer engagement to ensure that our customers – current and potential – are sufficiently insured despite growing replacement costs. The phased liberalisation of the Malaysian general insurance market will provide us with opportunities to deploy pricing techniques and capabilities and further improve pricing competitiveness and risk selection.

Cybersecurity risks have grown in tandem with the use of digital platforms during the pandemic, putting organisations at risk of cyber encroachments which threaten systems integrity and private customer information. We are aware of the growing risk and are continuously upgrading our IT security capabilities and capacities, and have engaged independent providers to conduct security assessments and penetration testing of our cyber defences. Additionally, we invest in strengthening our human firewall through comprehensive IT security training and anti-fraud awareness for all employees.

Management Discussion and Analysis

The Group is also highly aware of the increasing competition for skilled insurance talent from both domestic and international competitors. The borderless nature of insurance work and growing demand for new skills and competencies have made recruitment and retention more challenging, and now require greater management and oversight on our part than before. Furthermore, it has become apparent to us that the nature of work has changed post-pandemic, with the rise of hybrid working arrangements necessitating new management techniques. For the Group, this means that we need to make our employee propositions more attractive if we are to compete for the top talent in the field.

We have been reminded of the impact of climate change, which has seen an increase in the frequency and severity of floods across the nation. The floods in December 2021, described by government officials as a "once in a century" event with respect to its severity, have highlighted the consequences of extreme weather patterns associated with climate change. While the floods in 2022 were nowhere as severe as the ones in 2021, we remain cognisant of the need to further enhance our business with respect to flood coverage.

Allianz General will continue to develop its capabilities in this area by leveraging on the expertise within Allianz globally as well as exploring the adoption of technological advancements to improve the accuracy of risk selection and pricing. At the same time, we have enhanced claims servicing post-flood and awareness-raising of sufficient flood protection measures to bolster societal resilience. The Group continues to monitor developments in climate science to better understand these impacts, both to our credit resilience and on our policyholders, to ensure ample preparedness and informed decision-making.

Meanwhile, we have seized opportunities to lead the country's transition to a low-carbon economy. One key concern for us is the climate resilience of customers and our communities, specifically whether they are sufficiently protected from the losses associated with extreme weather patterns. To build up their resilience, the Group is actively developing products and services that meet their needs while remaining commercially viable. It is also important to us that these products and services are accessible by underserved and vulnerable communities.

Regarding our ESG practice, an ESG Taskforce has been established in the past year, and we have engaged consultants to support our Integrated Reporting ("IR") journey. We are presently preparing for reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and following closely the developments surrounding the International Sustainability Standards Board (ISSB). This entails setting up the sustainability governance necessary to embed ESG within and across the organisation, and awareness-raising and capacity-building of our internal and external stakeholders. Further details on our ESG and IR progress can be found in the **Progressing Our Sustainability Agenda** and **How We Create Value** sections of this report.

New Accounting Standards

The Group adopted two key new accounting standards beginning 1 January 2023, Malaysian Financial Reporting Standards ("MFRS") 17 'Insurance Contracts' and MFRS 9 'Financial Instruments'.

MFRS 17 represents a complete overhaul of accounting for insurance contracts and provides greater transparency of insurers' financial positions and performance. Improved information in the new disclosures will allow for greater comparability of financial statements of insurers.

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 (FVTPL) and fair value through other comprehensive income (FVOCI). 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.

Overall, we expect the new standards to have limited impact on the Group's earnings, which reflect the insurance entities' business models with a primary focus on underwriting results and technical margins. The adoption of MFRS 17 is not expected to affect the underlying or fundamental economics of insurance business, our business strategy, and the manner in which the Group operates. We do not expect the change to impact the Group's financial strength, claims paying ability, or cash generation.

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 approximately 8 percent. The preparation of the 2022 comparative and the 1 January 2023 results under the new standard is progressing as planned.

Living life in our care

As an insurer, it is in our nature to protect you throughout your life. Our protection extends beyond simply providing insurance coverage, as we champion efforts that support children, People with Disabilities, as well as our sustainability agenda.

Allianz Ability Life

Do not allow your disability to deter you from providing financial security to your loved ones. Allianz Ability Life is designed for people with disabilities which covers death-giving you the security of knowing that your family's immediate financial needs will be provided.

Scan this QR code to get more information about Allianz Ability Life.

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 2022.

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 holding company of AMB. Allianz SE and its subsidiaries are referred to as "Allianz".

Reporting Period

This statement covers the period from 1 January 2022 to 31 December 2022, 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.

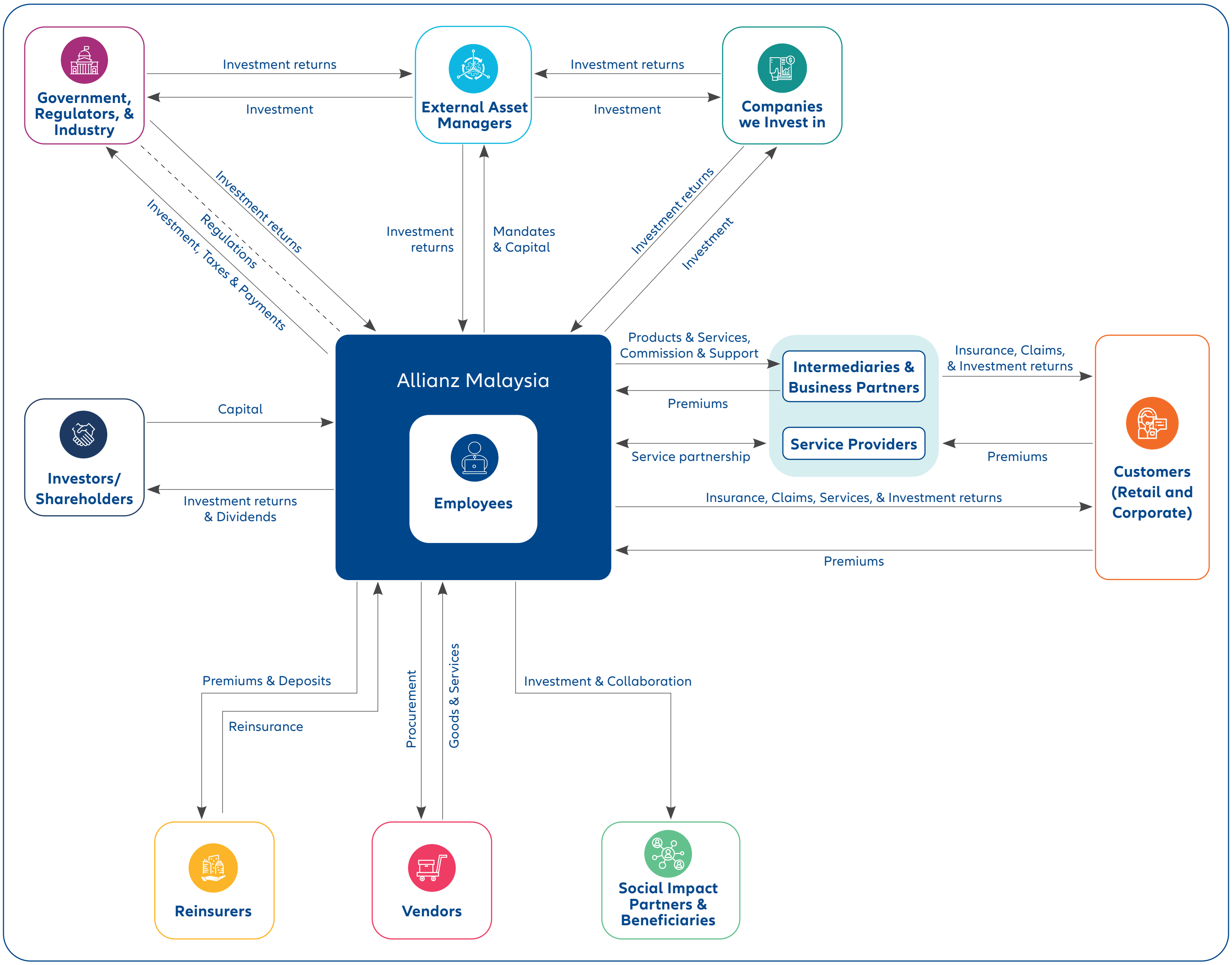
The Company assumes no obligation to update any forward-looking statement.

How We Create Value

Our Approach to Value Creation

Our approach to value creation goes beyond financial value and is grounded in a deep understanding of our customers' needs and the risks they face. We believe that insurance is more than just a product; it's a promise to protect what matters most to our customers. That's why we work tirelessly to create solutions that are tailored to our customers' unique needs and offer the peace of mind that comes with knowing that their future is secure.

As an insurance company, we play a critical role in helping individuals, families, and businesses mitigate financial risks by providing protection against unforeseen events such as accidents, illnesses, and natural disasters. The diagram below provides a summary of our role in the economy and our relationship with key stakeholders:



Our commitment to value creation also extends to our responsibility to the planet and our communities. We recognise the critical role we play in promoting sustainability and protecting the environment. As a result, we have taken significant steps to reduce our carbon footprint and promote sustainable practices across our operations, and also work closely with local communities to support initiatives that promote social and environmental wellbeing, as outlined in the **Progressing Our Sustainability Agenda** section.

How We Create Value

Our Business Activities

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, Bancassurance, 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**.

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

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

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

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

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

How We Create Value

The Six Capitals

	What it includes	How it creates value
Financial Capital	Funds for use which come from financing (e.g. equity, debt, or grants) or generated through business activities	Our business model enhances it, and we utilise it for distributing dividends, paying taxes, and creating reserves that help us pursue strategies
Human Capital	The workforce, comprising individuals with their unique pool of knowledge, talents, capabilities, and experience	We invest in building the capacity of our personnel who assist in serving our customers, improving efficiencies, upholding values, and accomplishing strategies
Social & Relationship Capital	Nature of relationships with key stakeholders – customers, sales agents, vendors, impact partners, and the wider community	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
Natural Capital	Environmental resources utilised in our business – both renewable and non-renewable	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 Capital	Intellectual capital includes intangible assets such as our brand and its equity, expertise, policies, processes, and proprietary systems	Intellectual assets enhance the overall value of the company by optimising processes, improving customer experience, and increasing productivity
Manufactured Capital	Physical assets that are used in our business activities, such as our branch offices, IT systems, and vehicles	The provision of essential physical infrastructure helps to create value by enabling the smooth functioning of our business 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

Financial Capital

- Shareholders' capital – RM771.0 million
- Retained earnings brought forward – RM2.08 billion

Human Capital

- Number of employees – 2,090
- Amount spent on training and development – RM1.67 million
- Employer Value Proposition
- Employee competencies, talent, and experience

Social & Relationship Capital

- Number of insurance agents – 11,392
- 278 panel workshop repairers (motorcar)
- >650 panel motorcycle repairers
- Allianz Life's 15-year partnership with HSBC
- Long-time social partnerships – Malaysia International Search and Rescue (MISAR), Persatuan MOBILITI Selangor dan Kuala Lumpur, Buku Jalanan Chow Kit

Natural Capital

- Energy consumed – 12,851 GJ
- Water usage – 50,163 m^3
- Paper consumption – 34,092 kg
- Developed SolarPro All Risk 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

Intellectual Capital

- Policies, processes, and guidelines
- MyAllianz mobile application
- Actuarial expertise
- Brand equity

Manufactured Capital

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

Our Operating Model

Individual Customers
- Life, Health & Savings
- Home, Motor & Travel

Business Customers
- Liabilities, Operations & Asset Protection
- Group Protection & Personal Accident

Our Sustainability Approach

ESG Business Integration
We manage material ESG risks and seize ESG opportunities while ensuring that responsible business practices are embedded across our organisation.

Tackling Climate Change
As an investor and insurer, we manage risks arising from climate change and promote the transition to a low-carbon economy - including in our own operations.

Social Impact
We enable self-sustained livelihoods and uplift the lives of underserved and vulnerable communities.

Our Strategic Drivers

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

Supported by Policies, Procedures and Systems

Impacted Capitals

Financial Capital | Human Capital | Social & Relationship Capital
Natural Capital | Intellectual Capital | Manufactured Capital

Our Outputs

What we produced

Financial Capital

- Dividends to shareholders – RM322.9 million
- Return on Equity (ROE) – 11.3% (2021: 11.7%)
- Profit after tax – RM472.8 million (2021: RM478.5 million)
- Taxes paid – RM231.6 million (2021: RM147.1 million)

Human Capital

- Rewards and remuneration – RM336 million (2021: RM323 million)
- Number of training courses delivered – 12,218
- Number of new recruits – 307
- Number of promotions – 199

Social & Relationship Capital

- Insurance claims paid – RM3.22 billion
- Number of customers – 3.8 million
- Contributions channelled to Allianz4Good initiatives – RM2.75 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

Natural Capital

- Total waste – 43,916 kg (2019: 79,800 kg)
- Percentage of waste recycled – 62.1% (2019: 21.1%)
- Total GHG emissions – 1,719.8 tCO_2e (2019: 5,853.8 tCO_2e)
- Total travel per employee – 2,961.7 km/ employee (2019: 6,503.6 km/employee)
- 100% renewable electricity in our operations through purchase of i-RECs

Intellectual Capital

- New technologies developed – Allianz 360, a servicing tool for Allianz Life agents
- Aida, an artificial intelligence chatbot to handle simple product enquiries and requests
- World's No.1 insurer according to Interbrand's Best Global Brands 2022 ranking

Manufactured Capital

- Closure of one branch in line with the shift to digital by default

Value for Our Stakeholders

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

Customers
- Financial protection and claims paid to help customers face the unexpected – RM3.22 billion
- Protection for 3.8 million customers, a 23% increase compared to 2021
- Accessible, timely, and relevant services

Employees
- Employee turnover – 11.1% (2021: 7.6%)
- Average training hours per employee – 40.8 hours
- Employee Engagement Index – 87% (2021: 85%)
- Women in the workforce – 66% (2021: 67%)
- Economic Dividends for Gender Equality (EDGE) certification
- 2nd Runner-up for the Insurance category in Malaysia's 100 Leading Graduate Employers Awards 2022

Investors & Shareholders
- Consistent and sustainable returns – RM322.9 million dividend paid
- Integrated ESG into business operations as set out in the ESG Integration Framework and Allianz Energy Guidelines
- Deliver profit after tax of RM472.8 million

Intermediaries/Business Partners
- 1,347 training sessions held for Allianz Malaysia agency members totalling 374,369 training hours, representing an increase of 6.9% 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
- 330 Allianz Life agents who are Million Dollar Round Table (MDRT) recipients

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

Government, Regulators, and Industry
- Participation in industry working groups
- Supported national programmes such as Perlindungan Tenang initiative
- Solar industry engagements to promote transition to low-carbon economy
- RM231.6 million in taxes paid, including to support the government's Shared National Prosperity initiative
- Ethical behaviour and practices based on strong corporate governance – Industry Excellence Award for CG Disclosure, ASEAN Asset Class Award

Society & Planet
- 37% YoY GWP growth of SolarPro All Risk PV – our retail solar insurance product – to support the low-carbon transition
- Doubling of absolute GHG emissions in operations in line with global trends due to the reopening of borders and transition to endemicity
- Overall YoY reduction in waste by 31.6%
- Acceleration of net-zero GHG emissions target in our own operations to 2030 from 2050
- Net-zero GHG emissions targets in our insurance and investment portfolios by 2050 as part of our climate change strategy
- 27,889 beneficiaries of Allianz4Good initiatives across Malaysia
- Promote grassroots development in badminton through the Allianz Junior Badminton Championship which engaged nearly 2,300 participants
- Support inclusion of People with Disabilities through sponsorships such as for the local Abilympics team and through our partnership with Majlis Sukan Negara

Stakeholder Engagement

By engaging with our stakeholders through various platforms, we gain valuable insights into their needs and expectations which allow 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.

Stakeholders	Why We Engage?	How We Engage?	Frequency	Key Concerns / Interests
Customers	• Our customers are at the heart of everything we do • Understanding what's important to our 3.8 million customers is key to our long-term success	Customer satisfaction surveys such as Net Promoter Score and Voice of Customer rating Claims Onboarding Courtesy Calls, Welcome Calls Online platforms (e.g. corporate website, social media, smartphone applications and mobile messaging) MyAllianz Customer Portal Allianz We Care Community platform		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
Employees	• Our employees are key to bringing our purpose to life • Employee engagement is vital to maintain connection, motivation, and an engaged workforce	Allianz Engagement Survey Supplementary Pulse Survey Townhall meetings Internal publications Learning and development programmes and events Corporate volunteering programmes		Fair and responsible employer Work-life balance Performance management and remuneration Career development
Investors/ Shareholders	• By understanding our investors' requirements and meeting their expectations of value creation, we grow trust in our organisation, which strengthens our access to capital	Annual General Meeting Reports and Circulars Analyst Briefings Quarterly reports Announcements Press releases Online platforms (e.g. corporate website, social media)		Stable financial performance Ethical and responsible behaviour ESG embedded into business

Stakeholder Engagement

● Annually	● Quarterly	● As and when required	● Bi-Annually	● Monthly	● Throughout the year

How We Addressed Them / Our Initiatives	Material Matters Related	Found in Section
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, Vivy, Allianz Blue Ribbon Hospitals Allianz Privacy Standard and cyber resilience measures Calls to customers and agents to assess and monitor service quality	Customer Satisfaction Governance & Ethics Responsible Products, Investments & Underwriting Health & Wellbeing Cybersecurity & Data Privacy Social & Financial Inclusion Natural Disaster & Extreme Weather Climate Change Digital Innovation	Responsible Business (page 50-51, 53-57)
New Ways of Working 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	Health & Wellbeing Talent Management Diverse, Equitable, & Inclusive Workforce Human Rights	Employer of Choice (page 60-69) Responsible Corporate Citizen (page 73, 76, 78)
Strengthen sustainability governance Solid financial performance and dividend payouts Strong corporate governance practices as evidenced by the Industry Excellence Award for CG Disclosure at the MSWG-ASEAN CG Award 2021 ESG embedded into business demonstrated by FTSE Russell ESG Score of 3.9 (out of 5)	Responsible Products, Investments & Underwriting Governance & Ethics Climate Change	Responsible Business (page 48-51, 53-54) Corporate Governance Overview Statement (page 98-107) Statement on Risk Management and Internal Control (page 116-126)

Stakeholder Engagement

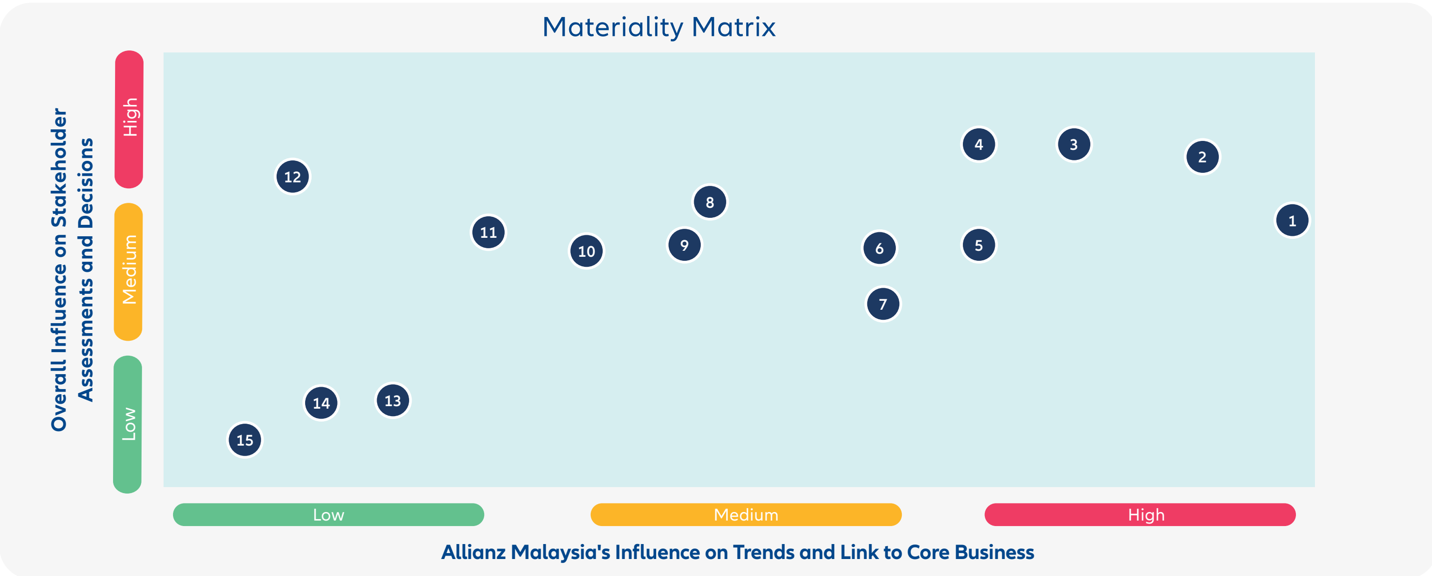
Stakeholders	Why We Engage?	How We Engage?	Frequency	Key Concerns / Interests
Intermediaries/ Business Partners	• Our intermediaries and business partners are our means of distribution and outreach as well as feedback from the market • Understanding their needs is thus vital to our success in the long-term	Internal publications Townhall meetings, council meetings, recognition events Training and development Feedback through multiple channels		Fair and responsible dealings Timely and efficient service Innovative and attractive product propositions Collaborative and mutually beneficial partnership
Service Providers	• 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	Vendor Integrity Screening and renewals Panel workshop tender exercise Training and awareness Regular audits with panel providers		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
Government, Regulators, and Industry	• 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	Working and advisory groups Dialogues, trainings, and meetings		Ethical and responsible behaviour encompassing ESG considerations Holistic understanding of business risks and opportunities Well-defined corporate governance
Society & Planet	• 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	NGO Integrity Screenings Corporate giving and volunteering programmes Partnerships with social organisations and enterprises Community health and wellbeing initiatives Allianz We Care Community platform		Rising cost of living and economic insecurity Fair and equal opportunities Decent work and economic growth Societal and environmental health and wellbeing

● Annually	● Quarterly	● As and when required	● Bi-Annually	● Monthly	● Throughout the year

How We Addressed Them / Our Initiatives	Material Matters Related	Found in Section
Renewal of Allianz Life's 15-year partnership with HSBC Enhancement of digital tools for agents Learning opportunities throughout the year Joint development of tools and solutions with partners C.E.O programme for new agents Corporate partner of the NEXEA Corporate Accelerator Programme	Governance & Ethics Digital Innovation Responsible Products, Investments & Underwriting Talent Management Cybersecurity & Data Privacy	Responsible Business (page 51-57)
Allianz Blue Ribbon Hospitals ESG considerations in Vendor Code of Conduct Expansion of Roadside Assistance fleet Rasuah Busters programme supporting anti-corruption Upfront payments for Allianz Authorised Repairers	Sustainable Supply Chain Human Rights Governance & Ethics	Responsible Business (page 51-52, 55-66)
Participation in various working groups relating to climate change, digitalisation, products, regulations, etc. Fair Treatment of Financial Consumers considerations incorporated across our operations 2021 ASEAN CG Scorecard Assessment resulting in ASEAN Asset Class Award by the ASEAN Capital Markets Forum	Cybersecurity & Data Privacy Governance & Ethics Climate Change Social & Financial Inclusion Environmental Management	Responsible Business (page 50-59) Responsible Corporate Citizen (page 70-74) Corporate Governance Overview Statement (page 98-107)
Allianz MoveForward programme engaging national athletes Partnership with Majlis Sukan Negara to support national para-athletes Allianz Junior Badminton Championship Allianz We Care Community Various community outreach and relief activities via Allianz4Good Allianz Climate Change Strategy in support of a low-carbon transition Knowledge-sharing and awareness-raising with stakeholders	Natural Disaster & Extreme Weather Climate Change Social & Financial Inclusion Charitable & Community Support Environmental Management Human Rights	Responsible Business (page 57-59) Responsible Corporate Citizen (page 70-79)

What Matters to Us

In 2022, our material matters remain the same as the year prior, having been identified through stakeholder engagement, peer review, and desktop research. It has also been informed by Allianz's materiality process. These material matters are significant areas for management and are mapped to the associated risks, opportunities, strategies, and performance.



Material Matters 2022

1 Cybersecurity and Data Privacy	6 Responsible Products, Investments and Underwriting	11 Digital Innovation
2 Health and Wellbeing	7 Climate Change	12 Charitable and Community Support
3 Customer Satisfaction	8 Talent Management	13 Environmental Management
4 Governance and Ethics	9 Diverse, Equitable, and Inclusive Workforce	14 Sustainable Supply Chain
5 Natural Disaster and Extreme Weather	10 Social and Financial Inclusion	15 Human Rights

Material Matter	Why It is Material	Risks	Opportunities	Stakeholder Groups Concerned	Discussed Further in
Cybersecurity and Data Privacy	Ensuring all data we possess is safeguarded with utmost confidentiality and security which can establish customers' trust and brand reputation	• **Compliance and Operational risk:** rise in digital threats and increased regulatory requirements on the material matter • **Financial risk:** potential legal lawsuits and regulatory penalties • **Reputational risk:** tarnished reputation and loss of customers' trust	• Competent management of cybersecurity and data privacy provides a competitive edge and builds trust for our customers	• Customers • Government, Regulators, and Industry • Intermediaries/ Business Partners	Responsible Business (page 53-54) Statement on Risk Management and Internal Control (page 125-126)
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	• Increased productivity and enhanced performance from healthy employees • Enhanced products and services which cater to community's health and wellbeing needs	• Customers • Employees	Responsible Business (page 55-57) Employer of Choice (page 63-64, 69) Responsible Corporate Citizen (page 75-79)

What Matters to Us

Material Matter	Why It is Material	Risks	Opportunities	Stakeholder Groups Concerned	Discussed Further in
Customer Satisfaction	True Customer Centricity lies at the heart of our strategy, the Renewal Agenda	• **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	• Customers	Responsible Business (page 50-51, 53-57)
Governance and Ethics	Accountable, transparent, and ethical business conduct which ensures regulatory compliance, better risk management, increased trust by customers and other stakeholders	• **Compliance and Financial 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 company's long-term performance	• Customers • Investors/ Shareholders • Intermediaries/ Business Partners • Service Providers • Government, Regulators, and Industry	Responsible Business (page 50-54) Corporate Governance Overview Statement (page 98-107) Statement on Risk Management and Internal Control (page 116-126)
Natural Disaster and Extreme Weather	Well-established measures are required to promptly and effectively manage emergencies linked to natural disaster and extreme weather	• **Financial and Underwriting risk:** improper risk selection/ pricing and inadequate financial resources to pay out claims on natural disaster and extreme weather • **Reputational risk:** failure to respond promptly and effectively during these events	• Competitive products and services adapted to natural disaster and extreme weather • Improve societal resilience through prompt service request and claims payment response to assist customers in need due to natural disaster and extreme weather	• Society and Planet • Customers	Responsible Business (page 55) Responsible Corporate Citizen (page 72, 77)
Responsible Products, Investments and Underwriting	Integration of ESG in insurance, investments, and services is key to meet environmental and social needs which can enhance risk management and long-term performance	• **Business risk:** products, investments, and underwriting trends are evolving rapidly • **Compliance risk:** products and services need to meet new regulatory requirements • **Reputational risk:** lack of product clarity/ transparency and mismatch of needs leading to unfair treatment of customer	• Attracting new customers and investors with sustainable products and services • Improved management of ESG risks	• Customers • Investors/ Shareholders • Intermediaries/ Business Partners	Responsible Business (page 58)

What Matters to Us

Material Matter	Why It is Material	Risks	Opportunities	Stakeholder Groups Concerned	Discussed Further in
Climate Change	Low-carbon transition in our products, services, investments, and operations are key to our business resilience	• **Business and Market risk:** failure to address climate-related risks can result in loss of investments and revenue • **Compliance risk:** increased regulatory requirements to address and manage climate-related risks	• Better competitive position by providing products and services with climate change considerations to meet emerging customer preference • Improved management of climate-related risks	• Customers • Investors/ Shareholders • Government, Regulators, and Industry • Society and Planet	Responsible Business (page 56-57) Responsible Corporate Citizen (page 70-74)
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 and Market risk:** poor talent retention causing loss of talent to competitors	• Better talent attraction and retention • Retain high-performing talents for succession planning	• Employees • Intermediaries/ Business Partners	Responsible Business (page 52) Employer of Choice (page 60-63)
Diverse, Equitable, and Inclusive Workforce	We aim to build a workforce with diverse talents and embed a culture of equal opportunities and inclusiveness	• **Business and Market 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	• Employees	Employer of Choice (page 64-68)
Social and Financial Inclusion	Addressing social and economic inequalities by increasing access to insurance	• **Business and Strategic risk:** missed business opportunities	• Empowering community by reducing inequality and improving social and economic development • Create new revenue opportunities and strengthen brand image	• Customers • Government, Regulators, and Industry • Society and Planet	Responsible Business (page 55, 57)

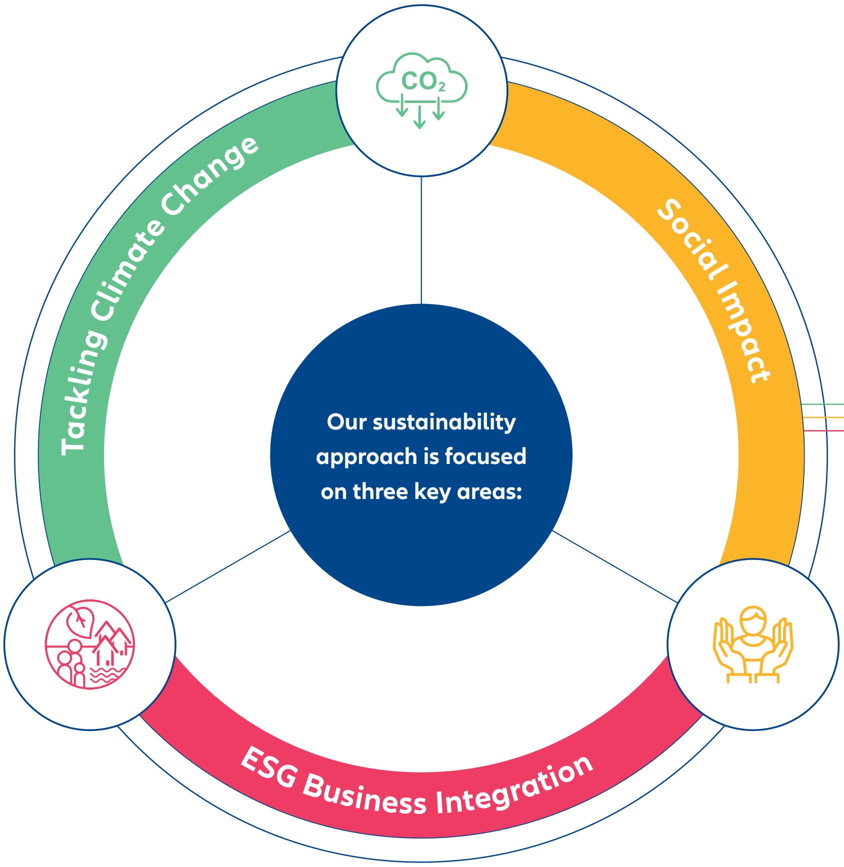
What Matters to Us

Material Matter	Why It is Material	Risks	Opportunities	Stakeholder Groups Concerned	Discussed Further in
Digital Innovation	Digitalisation initiatives in our operations and use of technologies 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	• Intermediaries/ Business Partners • Customers	Responsible Business (page 53)
Charitable and Community Support	Corporate responsibility initiatives and sponsorships to support and empower local communities, especially those from low-income, vulnerable, or indigenous backgrounds	• **Strategic risk:** failure to align with company's overall strategic objectives	• Create new revenue opportunities and strengthen brand image • Empowering communities in need	• Society and Planet	Responsible Corporate Citizen (page 75-79)
Environmental Management	Management of all environment-related laws and regulations, and natural resource consumption	• **Compliance risk:** non-compliance of environmental laws and regulations • **Strategic and Operational risk:** improper management of natural resources	• Cost reduction resulting from efficient consumption of water, energy, paper, and other resources • Incorporation of environmental considerations in operations and throughout supply chain	• Government, Regulators, and Industry • Society and Planet	Responsible Corporate Citizen (page 72-74)
Sustainable Supply Chain	ESG 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	• Service Providers	Responsible Business (page 51-52, 58)
Human Rights	Upholding universal human rights including no forced labour and child labour across our value chain	• **Compliance and Operational risk:** poor management of human rights-related matters • **Reputational risk:** failure to address human rights matters can damage brand image • **Compliance risk:** violation of labour laws	• Strengthen brand culture and image • Able to attract investors if human rights matters are well addressed	• Employees • Service Providers • Society and Planet	Responsible Business (page 52)

Progressing Our Sustainability Agenda

Our Sustainability Approach

Allianz's purpose, 'We secure your future', expresses why we exist. It underscores our impact on society by taking uncertainty out of the equation and driving change in the right direction. We support the transformation towards sustainable economies and societies, which we define as an economy that provides the societal minimum for all while not breaking ecological barriers. Our ambition is to integrate sustainability into everything that happens at Allianz, thereby driving real world impact in societies, economies, and the environment.



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.

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.

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

Progressing Our Sustainability Agenda

In this year's Dow Jones Sustainability Index ("DJSI") Rating, Allianz continues to be recognised in the top field of sustainable insurance companies with a score of 89 (out of 100) in S&P Global's 2022 Global Corporate Sustainability Assessment, which forms the basis for the DJSI. Allianz Malaysia is proud to be part of this global group that is a sustainability leader in its sector. We are guided by Allianz in developing our response to climate change and social issues, our corporate citizenship initiatives, and our governance practices.

3.9
(out of 5.0)
ESG score as assessed by FTSE Russell

In 2022, AMB's ESG approach was rated for the first time by FTSE Russell, earning a score of 3.9 out of 5.0, which is the second highest score of Malaysian companies rated in the financial industry (as at February 2023), and highest of locally-rated insurers. AMB does not qualify for the FTSE4Good Bursa Malaysia Index due to other requirements, but we take pride that our ESG practices are on par with leaders in the local industry.

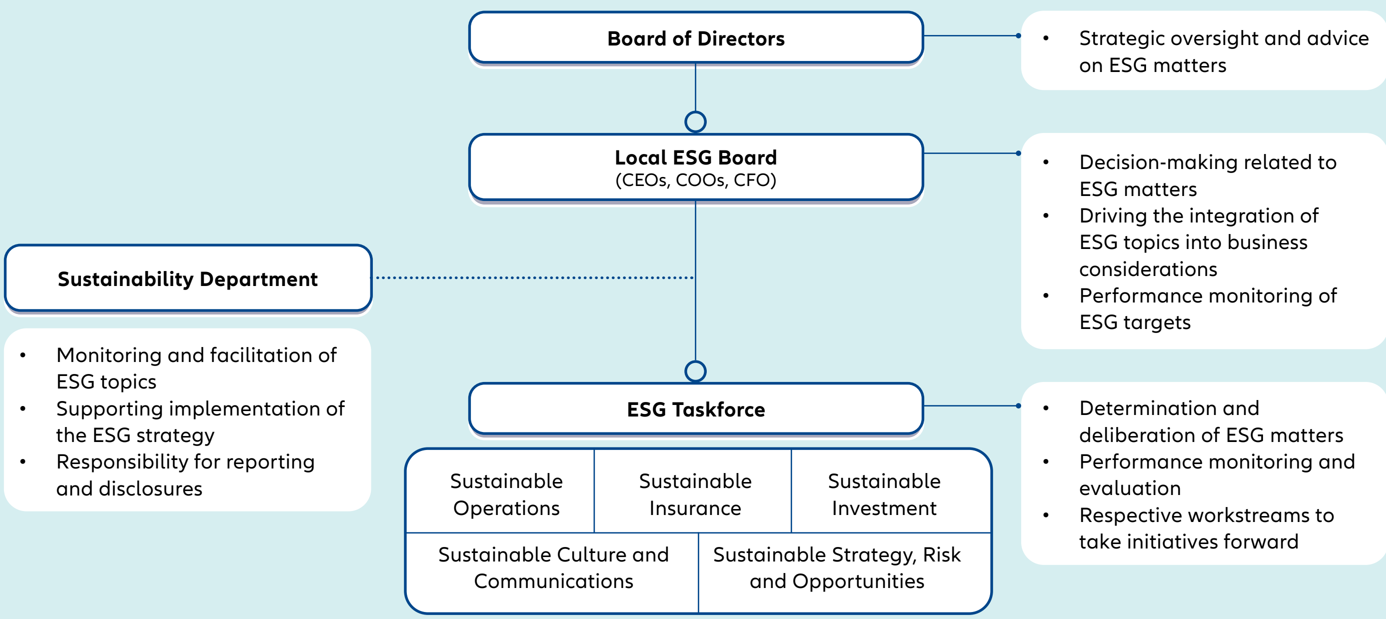
Sustainability Governance

A Local ESG Board comprising top management is responsible for decision-making related to ESG matters and driving these topics across the organisation, supported by the Sustainability Department. The Local ESG Board reports to and discusses sustainability topics with the Board of Directors, which has oversight of sustainability matters within the Group. Additionally, sustainability topics are also raised at the relevant Board committees. For example, climate risk is discussed at the Risk Management Committee, amongst others.

The Local ESG Board is chaired by the Chief Executive Officer of AMB, and decisions made at the Local ESG Board are cascaded to the ESG Taskforce for execution. The ESG Taskforce is a cross-functional committee with representation from AMB, Allianz General, and Allianz Life that was established in the past year as a forum for holistic discussion and deliberation of sustainability initiatives. Two working groups that were previously established to drive the focus topics of climate change and women's empowerment have been incorporated into the ESG Taskforce to streamline and coordinate actions.

The ESG Taskforce is split into five workstreams that focus on the implementing areas of sustainable operations, insurance, and investments, and the enabling functions of sustainable strategy, risk and opportunities, and sustainable culture and communications. The structure of our sustainability governance ensures that ESG matters are discussed at the highest level, with topics integrated into and actions carried out across the organisation.

Sustainability Governance



Progressing Our Sustainability Agenda

Responsible Business

Customers at the Heart of Our Business

Allianz places True Customer Centricity at the heart of our Renewal Agenda, which drives how we do business. We strive to continuously improve our product and service offerings to meet and anticipate customers' needs. This is informed by feedback from our customers and intermediaries and supplemented by data analytics.

We are committed to providing excellent service to our customers based on the following four pillars that are the foundation of our Customer Service Charter. These are in alignment with the Customer Service Charter for the Malaysian Insurance/ Takaful Industry formalised by Bank Negara Malaysia and the Malaysian insurance and takaful industry associations.

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

- Insurance made accessible
- Know your customer
- Timely, transparent and efficient service
- Fair, timely and transparent claims settlement process

We also believe in building long-term and mutually beneficial relationships with our customers, and our commitment to integrity in all our customer dealings can be found in our Treat Customers Fairly Charter.

Treat Customers Fairly Charter
https://az.my/service-charters

Measuring Customer Satisfaction

Customer satisfaction and loyalty are measured using the Net Promoter Score (NPS), a key survey rating mechanism that measures customers' willingness to recommend the company. Both Allianz Life and Allianz General have consistently performed above market average.

Allianz continues to be the world's number one insurer for the fourth year running according to the Best Global Brands 2022 ranking, released by leading consultancy Interbrand in November 2022. With an extraordinary brand value of USD18.7 billion, Allianz registers a rise of USD3.5 billion compared to 2021.

With a double-digit brand value growth of 23%, Allianz is one of the top fifteen global brands that grew the most last year.

On top of this, Allianz has been recognised as the 30th most valuable brand in the world by the Brand Finance Ranking 2022.

Progressing Our Sustainability Agenda

Responsible Business

Besides that, customer feedback is collected through the Voice of Customer survey, which systematically measures customer satisfaction at key interaction touchpoints using a 5-star review system. We continue to expand the range of customer interactions tracked using this survey, and the review score as well as feedback is published on the Customer Reviews page on our website for added transparency. As at 31 December 2022, all key touchpoints were rated above 4 stars.

Customer Reviews
https://az.my/customer-reviews

In the past year, the Group has embarked on a multi-year transformation project named the One Allianz Transformation, with the objective of creating a consistent customer experience, building synergies across Allianz General and Allianz Life, and utilising common digital assets. In the first phase of this multi-year project, service staff received upskilling training to be able to provide One Allianz Customer Service. Customers will be better served as their queries and transactions are likely to be resolved quicker, with employees who are well-versed in matters relating to both companies.

Anti-Corruption and Ethical Behaviour

Allianz has a stance of zero tolerance and strict prohibition for fraud and corruption, which manifests in the way we conduct business and our expectations towards our stakeholders. Our employees are required to abide by the Group's Anti-Corruption Policy and Anti-Fraud Policy which outline controls, risk areas, and behavioural guidelines in their business dealings.

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

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

We further our efforts to combat corruption through the following initiatives:

- Mandatory anti-corruption training for all employees. 100% of employees completed the training in 2022, covering aspects of the local Anti-Corruption Policy, examples and signs of bribery/ corruption, Malaysian Anti-Corruption Commission (MACC) Act provisions and guidelines, and Potential Red Flag Scenarios.
- We have robust policies and procedures relating to Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") to prevent and detect money laundering and terrorism financing activities. Tailored trainings are carried out to employees and agents covering the AML/CFT framework which includes customer due diligence, suspicious transactions monitoring, and sanction screening.
- Whistleblowing Policy that outlines avenues available to internal and external stakeholders to report unethical behaviour. The whistleblowing policy applies to communications on any possible misconduct which violates the Allianz Group Code of Conduct, any laws, regulations, order of regulators, or any internal rules. Continuous enhancement of the whistleblowing process includes the adoption of a digital platform that is confidential, encrypted, and facilitates follow-up through update notifications.

  Whistleblowing Policy
  https://az.my/whistleblowing-policy

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

- Assessment of areas within our operations to identify those with high corruption risk, such as those dealing with third parties. Control measures such as the quarterly gift/entertainment register, due diligence screenings, and assessments on conflict of interest help to mitigate risks.
- 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.
- A Vendor Code of Conduct was circulated to all our vendors setting out Allianz's commitments to and expectations for:
  - Lawful, ethical and sustainable business practices;
  - Upholding human rights; and
  - The highest workplace standards.

  We will work collaboratively with our vendors to foster a relationship that aligns with these standards and the interests of our stakeholders.
- We engage with selected stakeholders within our supply chain to raise awareness of ESG issues and expectations and advocate good ESG practices.
- Allianz General completed its second open tender exercise to engage PIAM Approved Repairers Scheme (PARS)-certified workshops as Allianz Authorised Repairers. This ensures that the repairers undergo a fair and transparent selection process and that the 278 selected repairers match our service expectations.

Progressing Our Sustainability Agenda

Responsible Business

Panel repairers play an important role in Allianz General's day-to-day operations. The post-pandemic environment has been challenging, with workshops facing shortages of skilled labour and increase in labour cost and part prices. In consideration of this, Allianz General has introduced upfront payments for all repairs to alleviate their financial constraints and ensure they can stay profitable and remain resilient.

Allianz recognises the importance of human rights, as both a value-based issue and a business issue. As a signatory to the United Nations Global Compact (UNGC) since 2002, human rights aspects are integrated into our business and operations and embedded in the Allianz Group Code of Conduct. The Group regularly reviews the Allianz Group Code of Conduct to incorporate new developments and regulatory requirements, which are subsequently assessed and adapted for local deployment. Any changes are communicated to all employees.

Ethical and responsible behaviour is expected from all those that represent us, including our agents, who are governed by the Allianz Sales Standard and Allianz SE Singapore Branch Sales Agent Code of Conduct. An Ethics and Compliance Committee is set up to deal with intermediary behaviour that runs contrary to the above. Agents of Allianz General and Allianz Life are also required to comply with the Code of Ethics and Conduct of the respective insurance associations. Allianz Life agents are further evaluated according to an industry-wide Balanced Scorecard, which assesses performance against criteria such as sales, persistency ratio, customer feedback, and competence.

All new agents must cover anti-corruption, anti-money laundering, and Code of Conduct topics as part of their training in their first year. Subsequently, all agents have to complete an annual refresher on the same. Further information on how agent behaviour is governed can be found in the **Statement on Risk Management and Internal Control.**

Developing Our Agency Force

Our agency force is an extension of Allianz – in many cases being the main touchpoint to our customers. As such, it is important that we train and develop our agents so that they are an accurate representation of Allianz and display the professional attributes expected of them.

- Allianz Life launched the Allianz C.E.O (Career of Excellence and Opportunity) Programme in 2020 to recruit and build quality agents. C.E.O recruits undergo a period of intensified development including classroom learning and mentorship, with the aim of building leaders who can subsequently nurture and develop their own teams. C.E.O enrolments continue to grow, with a 38% increase in the past year versus 2021, where 63% of the total C.E.O agent pool are active and consistent producers generating an annualised first year premium of RM24.1 million in 2022 alone.

  C.E.O agents have proven to be **three times** more productive than their peers not in the programme

  We promote the C.E.O programme to those who may be in need of financial support or require a flexible work arrangement to suit their lifestyle, such as fresh graduates and single parents. The Friends of Allianz referral programme is also a potential passive income stream for these groups, where participants earn referral fees from generating leads for Allianz Life agents.

- 2022 saw the resumption of various classroom trainings, also serving as a means for agents to reconnect while hybrid and virtual training continued to be rolled out. We saw an increase in training sessions for agents, with topics covered including sales and service, technical knowledge, personal development, estate planning, recruitment, and leadership, amongst others.

Our commitment to operating our business in a legal and ethical manner is in accordance with the Allianz Group Code of Conduct. On 19 April 2021, the Group announced its partnership with the Rasuah Busters movement to advocate good governance and empower our local communities to reject corrupt practices. We are demanding greater accountability in our actions, and we would like for our colleagues and customers to be equally inspired to be part of the change. We are embarking on the next phase of this journey with more initiatives led by the Group.

To learn more about #RasuahBusters, visit www.rasuahbusters.com.

Responsible Business

The Group's strong corporate governance fundamentals help to engender trust amongst our stakeholders. Details of how the Group assesses and manages risk can be found in the **Statement on Risk Management and Internal Control** while elaboration on our corporate governance practices can be found in the **Corporate Governance Overview Statement** in this report. We continue to enhance our governance practices to ensure that they are comprehensive and up-to-date, encompassing the latest developments in the region and internationally.

In the past year, AMB received the Industry Excellence Award for Corporate Governance ("CG") Disclosure at the Minority Shareholders Watch Group ("MSWG") MSWG-ASEAN CG Award 2021. We ranked eleventh among the companies in the financial services sector.

AMB also received the ASEAN Asset Class Award presented by the ASEAN Capital Markets Forum in recognition of our achievement in the 2021 ASEAN CG Scorecard Assessment.

Digital Innovation

The Group leverages digital technologies for improvements in process and resource efficiency, convenience, simplification, and tailored servicing. Digital customer servicing tools have been developed to cater to customer preferences, such as for self-service options and to be able to interact outside conventional business hours.

- MyAllianz – available on app and web, enables customers to access their Allianz Malaysia policies and perform self-service transactions such as claims submission, guarantee letter request, premium payment for Allianz Life policies, and downloading policies and statements. The availability of digital medical cards on the platform also allows us to phase out physical medical cards and reduce plastic consumption. On top of the convenient features, customers can also join campaigns to enjoy exclusive rewards and benefits.

- Aida – an artificial intelligence chatbot that can handle simple product enquiries and requests such as vehicle No Claim Discount (NCD) and claims status checks thus freeing up our customer service representatives to be built up as subject matter experts.

- Vivy is a mobile application that empowers and supports customers on their journey to better health with personalised health content and programmes, access to telehealth support, find-a-doctor feature, health packages, and medication tracker.

- Allianz 360, developed collaboratively with Allianz Life agents, is a mobile application to be rolled out in 2023. The app enables agents to get a complete view of their customers' dealings in real time in a user-friendly manner. Agents will be able to service their customers better with detailed status tracking and the inclusion of push notifications to update them on the go. They can also easily review their sales performance against targets and ranking against peers, promoting healthy competition and improving overall productivity.

The Group continues to expand its pool of digital partners while nurturing long-standing partnerships in support of collaborative innovation. These partnerships span the mobility, home, financial and e-commerce verticals, amongst others. Allianz General continued its collaboration with the NEXEA Corporate Accelerator Programme for the third year running, with the aim of identifying and supporting Malaysian technology start-ups that can grow into potential partners in enhancing our digital customer outreach. Allianz General also supports outreach events with its corporate partners, such as through participation in consultations and panel discussions with start-ups on how they can work with an insurance company.

The Group's appetite for investment into digital change was demonstrated once again in AMB's participation as a Limited Partner into Pan-Asian venture capital firm Gobi Partners' USD10 million Gobi SuperSeed II Fund. Allianz General was already an early partner of two of Gobi Partners' portfolio companies – insurance technology firm PolicyStreet and online property rental platform SPEEDHOME – thus we look forward to the outcome of this first foray into venture capital investing.

Cybersecurity and Data Protection

Cyber incidents were, for a second consecutive year, ranked the highest risk in the Allianz Risk Barometer, denoting the severe impact that such incidents have both financially and from a business continuity perspective. We recognise cyber risk as a key consideration of organisational protection and resilience and are vigilant against virtual threats, particularly in the area of data privacy and protection. The Group's initiatives to safeguard our systems and data include putting in place the infrastructure to monitor, protect, and make exploitation harder by removing vulnerabilities. Training and awareness are also provided to staff to be more alert for early detection of any such attempts.

Allianz Risk Barometer
https://az.my/allianz-risk-barometer-2023

Progressing Our Sustainability Agenda

Responsible Business

The Group 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 fast-moving 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.

The Group consistently tests and continues to bolster cyber resilience efforts, placing emphasis on user awareness and behaviour to minimise vulnerabilities, including through:

- 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 phishing campaigns to improve employee resilience against latest phishing threats.
- Ongoing security training for all employees to ensure the awareness of cyber security and data privacy risks is regularly refreshed.
- Information Security Risk Management (ISRM) 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.

The Allianz Privacy Standard sets out the Group's approach and commitment to compliance with General Data Protection Regulation (GDPR) and local privacy laws and regulations. Data privacy and data protection assurance efforts include:

- Training and awareness programmes such as mandatory annual e-learning for employees.
- Specialised training for specific functions that process a high volume of personal data.
- 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 that meets monthly to monitor ongoing issues.
- Data stewards and privacy champions embedded in each department to ensure compliance in the first line.
- Ongoing random desktop exercise to ensure compliance with data privacy measures.

Allianz Privacy Standard
https://az.my/privacy-statement

Further elaboration on the Group's efforts to safeguard data and information systems can be found in the **Statement on Risk Management and Internal Control.**

Progressing Our Sustainability Agenda

Responsible Business

Needs-based Products and Services

We are committed to responsible and transparent disclosures relating to our products and services. All promotional activities and disclosures are reviewed by the relevant committees to avoid elements of misrepresentation. Products are also assessed for their suitability in addressing the right risks for the target customers, in line with the expectations set out in Bank Negara Malaysia's Fair Treatment of Financial Consumers policy document covering aspects of customer needs, transparency, sales processes, back-end services, training, and escalation process.

The Group's overarching principle is to focus on what really matters and to keep it simple. We strive to develop meaningful solutions that deliver value for the customer at the right moment. This includes products and services that meet emerging needs, provide social and financial protection through enhanced coverage and value-added services, drive innovation, and consider social and environmental sustainability.

Enhanced Protection for Customer Resilience

- Allianz Motorcycle Plus features enhanced special perils cover and personal accident protection for riders and pillion riders of motorcycles at no extra cost. Policyholders also have access to our panel of over 650 motorcycle repairers nationwide, cashless repairs, and free roadside assistance for motorcycles ≤250cc. These smaller vehicles tend to be some of the most vulnerable on the road and regularly ridden by the lower-income community, so we encouraged uptake of the product through a campaign offering the chance to win a year's worth of groceries in the hopes of overcoming their concerns about financial affordability.

- With financial resilience in mind, Allianz General extended a one-time flood payment to Allianz PerlindunganKu policyholders who were evacuated to relief centres during the 2022 year-end floods. While not covered under their personal accident policy, serving these customers at their time of need aimed to demonstrate the benefit of insurance in supporting disaster recovery and encourage insurance penetration and uptake by this underinsured group.

- Prior to the rainy season, in anticipation of heavy rains and flooding, Allianz General's Claims Caravan and 4x4s are deployed to flood-prone areas so that loss adjusters are on-site to expedite claims processing should floods occur. Our aim is to get customers back on their feet as soon as possible, thus we waive documentation that may have been damaged and make interim payments while pending pay-out of the full amount.

Customer-centric Solutions

- Allianz Care@Home is a medical home monitoring service that includes home visits by doctors and nurses, therapy, a 24/7 helpline, and assistance in hospital admission if required. This service has been enhanced with the introduction of two new illnesses – cellulitis and gastroenteritis, under its coverage in partnership with Speedoc. These are in addition to the coverage for dengue and COVID-19 (Category 3, 4, and 5) which Allianz Care@Home has been providing for Allianz Life's Individual Hospitalisation & Surgical customers since its launch in October 2021.

  This is a first-of-its-kind service in Malaysia that caters to present needs where it allows customers the option to receive treatment at home. The service is available in major cities in Peninsular Malaysia.

- Last year, Allianz General's on-the-go windscreen replacement service was extended to major cities nationwide after its launch in the Klang Valley in 2020. This is a cashless service where policyholders with cracked or damaged windscreens are provided with on-site windscreen repair/replacement with the aim of reducing customers' hassle while looking after their safety.

Progressing Our Sustainability Agenda

Responsible Business

- Allianz Life's HealthInsured medical plan is a guaranteed renewable unit deducting Hospitalisation and Surgical rider plan providing a high overall annual limit for comprehensive medical coverage including cancer, emergency accident, and COVID-19. Selected plans' cancer coverage includes access to genomic testing and extended outpatient cancer treatment such as targeted therapy and immunotherapy while all plans include access to Allianz Care@Home and options for second opinions from medical professionals around the world.

- With the introduction of hybrid tow trucks to its Allianz Road Rangers fleet, Allianz General has a full range of tow trucks to be able to manage a wide variety of vehicles. The hybrid tow trucks are so called because they come with the combined features of a flatbed carrier and a spectacle lift and can tow two accident vehicles simultaneously, also leading to time and resource efficiencies.

- Allianz Blue Ribbon Hospitals are our preferred in-network hospitals with pre-negotiated terms and agreement on improved service level standards to access care. They offer privileges to our policyholders, such as complimentary upgrades, expedited admissions and bedside discharge, and cashless facilities for selected cancer outpatient treatment, amongst other benefits that aim to ease the healthcare experience. We are working to expand the programme by adding more partner hospitals and organisations and widening the range of benefits available. At present we have nine hospitals in the network.

Meeting Societal Trends

- TREVO Malaysia and Allianz General have collaborated to launch TREVO Shield, the first insurance plan in Malaysia specially designed to safeguard private car owners participating in peer-to-peer (P2P) car-sharing for extra income generation. This was in response to feedback from TREVO hosts requesting more substantial coverage, relief, and benefits, and to help both Hosts and TREVO scale sustainably.

- Allianz General partnered with All-In-One community app myLivin' Home and PolicyStreet.com to support their service to homeowners performing digital payments on the myLivin' Home platform. These homeowners automatically receive protection for their Maintenance Fee and Sinking funds in the event of Accidental Death or Permanent Disablement, providing peace of mind to the homeowners in adopting digital payment methods.

- Allianz General partnered with Howden, an international insurance broker, to offer Malaysia's first digitally distributed bicycle insurance cover. The product covers protection against accident/crash damage, theft, and coverage of accessories and specified add-on parts. This meets a long-standing gap in the Malaysian cycling ecosystem and aims to enhance cyclists' riding experience.

- We support the transition to a low-carbon economy by underwriting the risks of adopting renewable energy through Allianz General's solar insurance product offerings. Through partnerships with agency partner Anora Agency Sdn Bhd and solar industry players such as Solaroo Systems Sdn Bhd, Solarvest Holdings Bhd, and TNBX Sdn Bhd, we aim to deliver comprehensive protection for solar photovoltaic panel owners.

Progressing Our Sustainability Agenda

Responsible Business

- Allianz We Care Community was launched in 2020 to support and reassure the community during times of uncertainty. It continues to broaden its support to help Malaysians cope with new normalcy and live healthier through a wide variety of enriching and exclusive healthcare, lifestyle, and wellness benefits. Partnering with our healthcare partners, Allianz We Care Community also organised Facebook live talks covering diabetes, gut health, and cancer-related topics to encourage members to take charge of their health for a better confidence in tomorrow.

Social and Financial Inclusion and Access

- The Allianz4All Untuk Semua product series launched in 2022 introduces the concept of Universal Values in line with Islamic Financial Principles and integrating enhanced transparency, greater social responsibility, and charitable participation into our products. Allianz General's PerlindunganKu Allianz4All, an affordable personal accident insurance, is the first product under the series, with more offerings currently in development.

- We support the inclusion and access to financial protection of low-income consumers through our affordable insurance products such as Allianz PerlindunganKu and Allianz Kasih Hayat under Bank Negara Malaysia's Perlindungan Tenang initiative. This was bolstered by the Perlindungan Tenang Voucher Programme offered to eligible Bantuan Prihatin Rakyat recipients, where they could purchase insurance cover at a very low price. Partnerships with various community and business organisations encouraging uptake of the product enabled us to reach members of the lower-income group, in the hopes of giving them a positive insurance experience and encouraging their financial resilience.

- Allianz KampungKu offers protection for previously uninsured wooden houses from flood, windstorm, and fire damage. This helps to build the climate resilience of our customers to be able to withstand the financial shocks from natural disaster and speed up their post-disaster recovery.

- People with Disabilities can purchase life insurance through our tailored proposition – Allianz Ability Life, and personal accident coverage through selected products made more accessible through simplified underwriting.

We promote knowledge-sharing via media appearances such as interviews on local radio about business continuity, product features and benefits with the aim of encouraging adequate financial protection. Allianz General partnered with the Fire and Rescue Department of Malaysia (Bomba) to host media forums aimed at individual residents and commercial building owners to raise awareness on fire risk reduction measures, insurance options, and the process of making a fire report. We also continue to post reminders on our social media channels relating to preparedness and risk reduction measures in conjunction with events such as travel periods or the rainy season.

Progressing Our Sustainability Agenda

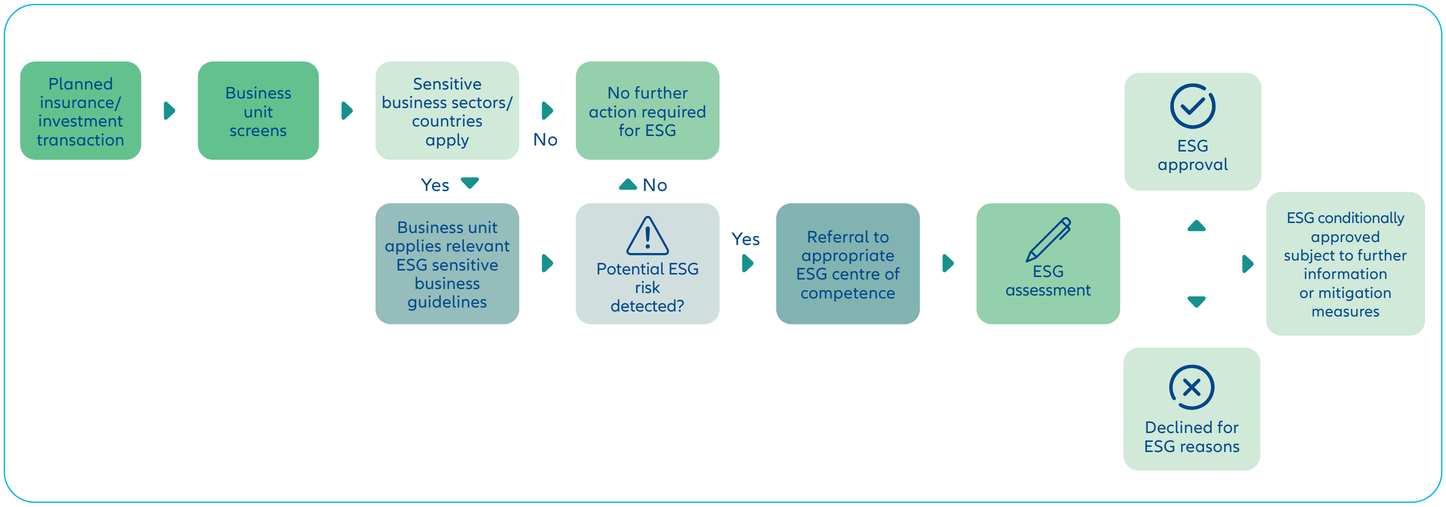
Responsible Business

Integrating Sustainability in Our Core Business

Allianz has been a signatory of the United Nations Environment Program Finance Initiative (UNEP-FI) Principles for Sustainable Insurance ("PSI") since 2014. We are committed to the PSI and work so that our risk exposure is mostly indirect through the risks we carry for insured clients. We embed strong sustainability risk management throughout our underwriting processes to limit our exposure to indirect risks. Our sustainability referral and assessment process directs us to identify, assess, and manage ESG risks. The process is part of the risk management framework that is applied to all our insurance business.

Allianz has been a signatory of the United Nations-backed Principles for Responsible Investment ("PRI") since 2011. The PRI guide our approach to responsible investment and drive continuous improvement across our businesses. Asset managers must meet the minimum obligation of being a PRI signatory or having their own qualified sustainability, responsible investment, and/or ESG policy.

Details on our approach to integrating ESG considerations into our underwriting and investment processes is set out in the Allianz ESG Integration Framework. These considerations are embedded into our underwriting and investment processes through policies and functional rules, guided by the Allianz Standard for Reputational Risk Management ("AS RRIM"). The AS RRIM defines the ESG Sensitive Business Guidelines and the Sensitive Countries List, whereby thirteen ESG sensitive business areas have been identified and transactions falling under these areas are subject to further scrutiny, as per the ESG Referral Process set out below.



We refer to the ESG rating reports generated by MSCI ESG Research when assessing listed assets. Companies that do not meet a minimum rating threshold score undergo a thorough ESG risk screening and evaluation process. Non-listed assets that relate to a sensitive business area under the AS RRIM are subject to further scrutiny to ensure that ESG risks are sufficiently managed.

ESG considerations are embedded into our underwriting processes through policies and frameworks, whereby commercial transactions are assessed against the AS RRIM to ascertain whether the risk is acceptable, requires management, or should be excluded. This list is constantly revised, and has been updated to reflect Allianz's climate commitments, including the management of fossil fuel-related business. More information on our climate approach can be found in the **Responsible Corporate Citizen** section.

Full details of how Allianz integrates ESG into our business can be found in the ESG Integration Framework.

ESG Integration Framework
https://az.my/esg-integration-framework

Progressing Our Sustainability Agenda

Responsible Business

Item	Unit	2020	2021	2022
Customers				
Policies in force				
Allianz General	Million	3.5	3.7	**4.5**
Allianz Life	Million	0.8	0.9	**0.9**
Total Number of Customers	Million	2.9	3.1	**3.8**
Agency				
Number of agents	Headcount	10,648	11,414	**11,392**
Training				
Number of training sessions held	Sessions	1,029	948	**1,347**
Agents' learning hours	Hours	279,228	350,357	**374,369**
Anti-corruption				
% of employees that have received anti-corruption training	%	100	100	**100**
% of operations assessed for corruption-related risks	%	100	100	**100**
Confirmed incidence of corruption and action taken	Cases	0	0	**0**
Community/Society				
Community investment Funding channelled via our corporate responsibility arm, Allianz4Good	RM' million	-	-	**2.75**
Number of Beneficiaries Beneficiaries reached via our corporate responsibility arm, Allianz4Good	Headcount	-	-	**27,889**

Progressing Our Sustainability Agenda

Employer of Choice

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 Code of Conduct 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 diversity and inclusion
- We care for your health and wellbeing
- We care for tomorrow's society & planet

The Allianz Engagement Survey ("AES") is our formal employee platform for gathering employee feedback on an annual basis and promoting a high-performance culture. This serves as a barometer for employee sentiment as well as a marker of the organisation's performance in employee-related matters. Additionally, pulse surveys were conducted to provide additional insights on strategic topics and to strengthen our AES follow-up activities. The 2022 AES saw a 98% participation rate amongst all employees on a permanent contract during the survey period.

Career Development and Talent Management

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. Knowledge is the key that opens all doors. At Allianz, 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.

We offer multiple modes of learning as well as sponsorships for employees pursuing further professional development. This not only cultivates an engaged workforce but also ensures that we remain future fit by nurturing, retaining, and attracting the right talent. The #LEARN programme was launched to encourage employees to complete 40 learning hours within a year, with the aim of building a community of curious learners and instilling a culture of lifelong learning. We support these learning ambitions by ensuring that sufficient budget is allocated for training and development and have become a Human Resources Development ("HRD") Corporation registered employer.

40.8
training hours per employee in 2022 (2021: 42.7 hours)

Progressing Our Sustainability Agenda

Employer of Choice

- The Group continues to build the learning ecosystem to encompass:
  - Core functional skills through structured programmes such as Life Office Management Association (LOMA) accreditation, certifications offered by the Malaysian Insurance Institute (MII), and Allianz General's exclusive in-house technical programme – the Professional Commercial Underwriters Certification (PCUC).
  - 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 cybersecurity, data privacy, anti-corruption, and ethical behaviour under our Code of Conduct.
  - Just-in-time learning such as short courses and webinars, supported by our new social learning platform AllianzU – Powered by Degreed, with content on thousands of topics in one place and accessible on any device.
  - #LEAD, a global leadership programme for people managers consisting of online modules as well as virtual workshops which foster a common Allianz experience and support peer learning and networking. People managers are issued #LEAD passports upon completion, which must be renewed every two years.
  - Cross-functional and cross-departmental projects for on-the-job growth and learning.
  - Team-building and bonding exercises for teams to reconnect following the easing of pandemic restrictions.

- Allianz's in-house Success Factors platform is used for performance evaluation, encouraging continuous open dialogue and feedback between employees and their managers throughout the year. The digital platform also enabled the multi-rater assessment format to be extended to senior managers, whereby their performance is evaluated not just by direct managers but also peers and their direct reports. This aims to generate a more transparent, holistic, and fair assessment of performance. All eligible employees can set up a Personal Development Plan to proactively manage and curate their learning needs. The Success Factors system is currently extended to all permanent employees in Allianz Malaysia.

The Group attained the Association of Chartered Certified Accountants ("ACCA") Approved Employer Awards for the Training Development (Platinum) and Professional Development streams. This award is a recognition of Allianz Malaysia's commitment to continuous learning and development of its employees, while providing strong support to ACCA members, students, and affiliates towards fulfilling their professional development needs.

- Additionally, following Allianz's global remuneration policy, the Group's top management receives a proportion of their compensation as a virtual share award in the form of restricted stock units. This portion of the compensation is known as Allianz Equity Incentive ("AEI") and is linked to the Allianz share price development. The AEI award is subject to a four-year vesting period from grant date and takes into account the sustainable performance of Allianz SE during the relevant vesting period and if the behaviour of the respective AEI participant has contributed to significant non-sustainable performance.

- In the past year, the Group also migrated to the global Allianz Employee Master Platform, which streamlines HR processes by consolidating employee data, improves communication and collaboration through its centralised platform, and allows employees greater self-service capability. Employees gain added transparency into processes such as performance management, while the Group can identify trends and patterns to inform decision-making around talent management and development.

Progressing Our Sustainability Agenda

Employer of Choice

Supporting Young Talent

The Group supports the development of emerging talents through its various programmes targeting the younger members of the workforce.

- The Management Associate programme 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.

- The L.E.A.P (Learn. Engage. Apprenticeship. Purpose) programme is an academic collaboration through which the Group 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.

- Allianz Malaysia received two awards in the last year recognising its performance as a top employer for young talent.

  - We were ranked among the top 100 graduate employers and awarded 2nd Runner Up for the Insurance Category in Malaysia's 100 Leading Graduate Employers Awards 2022. This is our fourth year receiving the award.

  - We were ranked fifth in the Insurance Category of Talentbank's Graduates' Choice Award (CGA) 2023. This is seen as Asia Pacific's most authoritative graduate employer branding award as results are determined solely by the votes of university students.

In 2022, Allianz Life hosted 20 interns from L.E.A.P partner Universiti Kebangsaan Malaysia under a Data Science & Analytics Capability Collaboration programme. The 5.5-month programme was designed to give the students vibrant industry exposure to help them understand insurance as well as analytics competency.

The interns joined Allianz Life's Business Analytics Team to work on business problems under the guidance of project mentors. This culminated in a presentation to the leadership team, with clear outputs to be further developed internally.

Employer of Choice

The Group's talent management initiatives feed into our Strategic Workforce Planning – a long-term process of engaging with various workstreams to understand the current and evolving needs of our business. Early identification of the necessary skillsets and talent segments, with consideration for how digitalisation and automation will impact the way of work, allows us to plan for recruitment, reskilling, upskilling or redeployment as necessary.

We are proud that Malaysia has been identified as a regional centre of expertise by Allianz Asia Pacific, where the Group takes the lead in the region on various projects ranging from health business development to operations. Our local talents also gain regional experience in these topics and are able to further their own personal development.

Health and Wellbeing

Promoting good health through wellness programmes has many benefits, such as a healthier workforce, less outpatient visits and inpatient hospitalisations, and more productive employees taking fewer days off from work. Generally, physically and mentally healthier people tend to handle stress better, are more productive, helpful, adaptable and able to take up new roles/ duties. Our commitment to improving and maintaining the best possible health for all employees can be seen through the level of prevention that we support:

Primary prevention promoting health and specific protection

- Occupational Safety and Health Administration (OSHA) team chaired by our in-house Medical Advisor and Health Officer who is a practising doctor.
- Health education talks covering both physical and mental health.
- Control measures during and post-pandemic including tightened Standard Operating Procedures to reduce in-office spread of illness, reduced staff occupancy in office, and immunisation programme for employees and intermediaries.

Secondary prevention focusing on early detection of disease and early treatment

- In-house first aid programme through trained First Aiders who can manage acute care.
- Emergency response plan/ evacuation plan for all office premises.
- Provision of Automatic External Defibrillator (AED) at First Aid Room in head office.
- Medical examination for staff, complete with imaging studies, blood work, and review by specialists to detect early disease and initiate early treatment as needed.
- Mind Happiness Programme – a mental wellness programme where employees can access confidential support from trained professionals.

2,090 employees trained on health and safety standards

Tertiary prevention which emphasises limiting impairment by improving rehabilitation

- Portable Oxygen Concentrator units that employees can borrow for use at home if they or their family members require oxygen saturation support.
- Allianz helps to provide long-term care and support in the way of rehabilitation, dressing of wounds, and outpatient treatment to our employees.
- Medical coverage and benefits for employees and their dependents according to their employment contract including access to telehealth services and contactless prescription delivery on top of regular clinical services.

Allianz Malaysia sent a contingent of nine athletes to compete in the Allianz Sports 2022 competition held in Barcelona, Spain.

This event is held every four years and serves to remove all cultural, regional, and professional borders between Allianz employees from around the globe.

We brought back a gold in men's golf as defending champions, and narrowly missed out on the bronze in women's badminton.

Progressing Our Sustainability Agenda

Employer of Choice

The Group has also progressed on our new Way of Working ("WoW") – our strategy towards a flexible working model where 70% of employees have been identified as hybrid workers. Employees can 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 for the WoW, with emphasis on collaborative space, hot desks, and flexibility in where and how work is done around the office. All employees completed WoW e-training modules on leveraging technology and organising teams for hybrid working to equip all to transition better into the new WoW. The training was followed by debrief sessions with their immediate teams to arrive at collective agreements on flexi-working expectations and etiquette.

- The Group's paid parental leave benefits include ten working days paternity leave and four months maternity leave. Female employees who adopt a child below a year old are also eligible for three months paid maternity leave. These allocations are in excess of the national legally required minimum.

- Bullying and harassment is a topic that has been present in our Allianz Group Code of Conduct, thus there was no gap in our policies with the introduction of the new clauses in the amendments to the Employment Act 1955. We ensure that managers are well-educated and trained on how to deal with the topic, with briefings held in the past year to ensure awareness of employee rights and available avenues for reporting such incidences.

- The Group has a well-established whistleblowing process where employees can raise their grievances via their Human Resources department business partner, their manager, or through a confidential whistleblowing channel, where this will be escalated to the Group's Integrity Committee.

Following recent amendments to the Employment Act 1955, the Group has conducted a gap analysis where it was found that it complies with all requirements, including the amendments relating to maximum work hours, parental leave, and minimum wage.

81%
Work Well Index+ rating (2021: 78%)

The Work Well Index+ is a scientifically-validated measure derived from employee responses to the annual Allianz Employee Survey. It measures the work-related psychosocial stress level of employees whereby a higher index score is associated with lower work-related stress. The Group recorded an improvement in the Work Well Index+ in the past year, with positive feedback received on the hybrid model and WoW as contributors to better work-life balance.

Diversity and Inclusion

The diversity of our workforce enables us to truly understand our equally diverse customers and their needs. We believe in equality of opportunity and are committed to creating a fair environment where people can succeed regardless of gender, age, ethnicity, disability, religion, and cultural background. This is practised across the employee lifecycle – from policies and practices, talent recruitment and development, to reward and remuneration.

- Inclusive Communication Training is offered to employees to create a more inclusive work environment and promote inclusive communications with employees and customers. This is supported by gender-inclusive language guidelines that aim to reduce gender stereotyping and emphasise equal treatment and respect.

- Employees were given a half day off in recognition of International Women's Day and International Men's Day respectively to ensure that they took time for themselves.

- In 2021, Allianz Malaysia passed the first level of the EDGE (Economic Dividends for Gender Equality) Assess Audit which reinforces our commitment to gender equality, equal career opportunities, and valuing the perspectives of a diverse workplace. 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. The certification is valid for two years, so the Group will be applying for recertification in 2023.

More information on the EDGE certification can be found at www.edge-cert.org/.

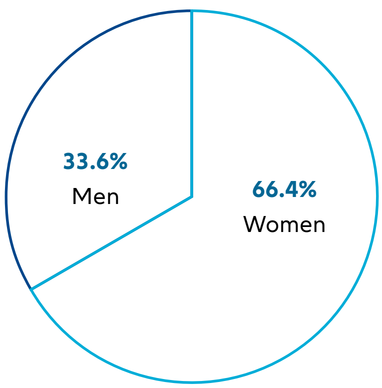
Progressing Our Sustainability Agenda

Employer of Choice

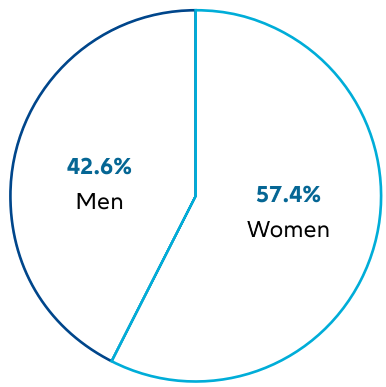
- Inclusive meritocracy is one of Allianz's people attributes and forms part of each employee's target behaviours. The Inclusive Meritocracy Index, an in-house measurement derived from assessments on leadership, performance, and corporate culture, tracks our progress toward a work environment where performance and people matter. We maintained our 86% rating from 2021, bolstered by initiatives such as ongoing leadership development, philosophy of pay-for-performance, and employee engagement follow-up actions.

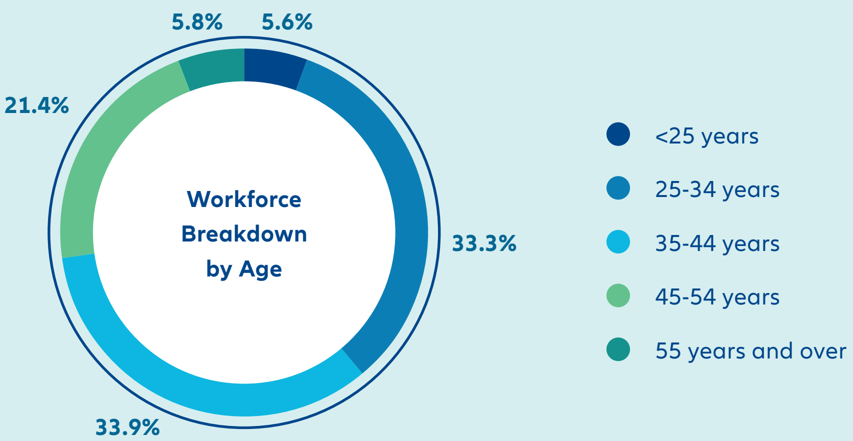
86%
Inclusive Meritocracy Index rating (2021: 86%)

Workforce by Gender



Managers by Gender





Society and Planet

We want to cultivate a conscientious workforce that is aware that fulfilling our purpose of securing your future entails caring for the wider community and environment. Allianz Malaysia's approach to and actions for the society and planet are set out in the next section, **Responsible Corporate Citizen**.

Progressing Our Sustainability Agenda

Employer of Choice

Item	Unit	2020	2021	2022
Employee overview				
Total number of employees	Headcount	1,899	1,907	**2,090**
thereof men	%	33.7	33.6	**33.6**
thereof women	%	66.3	66.4	**66.4**
Employment relationships				
Full time employees	Headcount	2,053	2,105	**2,088**
thereof men	%	33.5	33.3	**33.6**
thereof women	%	66.5	66.7	**66.4**
Part time employees	Headcount	3	3	**2**
thereof men	%	33	33	**50**
thereof women	%	67	67	**50**
Permanent employees	Headcount	1,821	1,816	**1,834**
thereof men	%	33.2	32.9	**33.2**
thereof women	%	66.8	67.1	**66.8**
Temporary employees	Headcount	235	292	**256**
thereof men	%	35.7	36.0	**37.1**
thereof women	%	64.3	64.0	**62.9**
Managers Employees who have direct reports. Managers are usually disciplinary responsible for target setting, performance measurement and the day-to-day business of their direct reports. Restatement of figures from previous years is due to refinement in the definition for manager (previously included technical managers who are not people managers).	Headcount	299	294	**291**
thereof men	%	43.1	42.5	**42.6**
thereof women	%	56.9	57.5	**57.4**
Executives Employees with no manager function.	Headcount	1,757	1,814	**1,799**
thereof men	%	31.8	31.9	**32.2**
thereof women	%	68.2	68.1	**67.8**
Age structure				
All employees				
< 25 years	%	4.4	3.0	**5.6**
25-34 years	%	35.4	34.2	**33.3**
35-44 years	%	34.7	35.4	**33.9**
45-54 years	%	19.7	21.6	**21.4**
55 years & over	%	5.8	5.8	**5.8**

Progressing Our Sustainability Agenda

Employer of Choice

Item	Unit	2020	2021	2022
Managers				
< 25 years	%	0	0	**0**
25-34 years	%	11.4	9.9	**5.8**
35-44 years	%	37.8	35.7	**38.1**
45-54 years	%	37.1	39.1	**40.5**
55 years & over	%	13.7	15.3	**15.5**
Executives				
< 25 years	%	8.7	8.5	**6.5**
25-34 years	%	40.2	38.7	**37.7**
35-44 years	%	31.8	32.0	**33.2**
45-54 years	%	15.1	16.6	**18.3**
55 years & over	%	4.2	4.1	**4.2**
Diversity				
Directors				
Number of Board Directors	Headcount	6	5	**8**
Independent	Headcount	4	4	**6**
Non-Independent	Headcount	2	1	**2**
Gender				
thereof men	%	67	80	**75**
thereof women	%	33	20	**25**
Age structure				
< 25 years	%	0	0	**0**
25-34 years	%	0	0	**0**
35-44 years	%	33	20	**13**
45-54 years	%	17	20	**25**
55 years & over	%	50	60	**63**

Progressing Our Sustainability Agenda

Employer of Choice

Item	Unit	2020	2021	2022
Parental leave				
Total number of employees that were entitled to parental leave				
thereof men	Headcount	430	412	**312**
thereof women	Headcount	1,368	1,405	**1,387**
Total number of employees that took parental leave				
thereof men	Headcount	27	39	**13**
thereof women	Headcount	52	36	**39**
Employee turnover				
Attrition rate Total voluntary leavers throughout the year in review. Note that 2020 data includes overall turnover before revision of methodology to only include voluntary leavers.	%	8.8	7.6	**11.1**
Management	Headcount	0	3	**8**
Executive	Headcount	151	149	**224**
Employee recruitment				
Total recruitment (internal and external)	Headcount	243	390	**307**
thereof men	%	43.0	38.0	**60.3**
thereof women	%	57.0	62.0	**39.7**
Employee training				
Total expenses for employee training	RM' million	1.8	1.1	**1.7**
Training expenses per employee	RM/employee	759	603	**801**
Average training days per employee	Days	-	5	**5**
Average training hours per employee	Hours	5.2	42.7	**40.8**
Total training time as a company	Hours	-	81,306	**85,371**
Management	Hours	-	-	**21,487**
Executive	Hours	-	-	**63,884**
Type of training				
face-to-face	Hours	-	92	**3,899**
self-directed	Hours	-	11,903	**1,598**
virtual	Hours	-	69,311	**79,874**
Number of internships hosted	Headcount	85	93	**106**

Employer of Choice

Item	Unit	2020	2021	2022
Allianz Engagement Survey ("AES")				
Number of employees invited to participate in the AES		1,736	1,882	**1,800**
AES participation rate	%	98	97	**98**
Work Well Index+ (WWI+) Measures the stress level of employees for work-related strain, including the topics demands, rewards, control, support, social capital and processes, as well as tool and resource availability.	%	77	78	**81**
Employee Engagement Index (EEI) Measures the degree of satisfaction, loyalty, advocacy, and pride of Allianz employees.	%	84	85	**87**
Inclusive Meritocracy Index (IMIX) Measures our progress in building a culture where both people and performance matter.	%	84	86	**86**
Health and safety				
Number of work-related fatalities	Cases	0	0	**0**
Lost time incident rate	Injuries/Hour	0.32	0.18	**0.18**
Number of employees trained on health and safety standards	Headcount	1,961	1,973	**2,090**
Human rights violations				
Number of substantiated complaints concerning human rights violations	Complaints	0	0	**0**

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

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.

Our Approach to Climate Change

For Allianz, limiting global warming and countering climate change is an important aspect of fulfilling our purpose – to secure your future. The increased severity and frequency of natural disasters locally and worldwide have made it more apparent that the later we act on decarbonisation and climate change mitigation, the worse the environmental, social, and economic outcomes will be. Allianz is strongly committed to the climate targets of the United Nations to limit global warming to 1.5°C. The Group leverages the expertise and experience of climate experts at Allianz as it navigates local, regional, and global climate developments and expectations. Allianz's approach to climate change is set out in our Climate Change Strategy, defined and refined in line with the latest climate science, which focuses on three areas:

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

1. **We anticipate the risks of a changing climate** by considering climate and sustainability criteria in our insurance and investment business.

    - Allianz is a founding member of the Net-Zero Asset Owner Alliance, committing us to net-zero Greenhouse Gas ("GHG") emissions in our investment portfolio by 2050 with an interim target of 25% reduction by 2025. We have been working with our regional and global counterparts to determine the carbon footprint of our proprietary investment portfolio. Thus far, key challenges include data quality as well as a lack of standardised data disclosure from issuers.

    - Allianz is also part of the Net-Zero Insurance Alliance, with the aim of net-zero GHG emissions in our underwriting portfolio by 2050. Allianz, together with 15 other insurance companies around the world and with the Partnership for Carbon Account Financials (PCAF) secretariat, developed the Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions. This standard forms the basis for target-setting as it informs the methodology for attributing insured GHG emissions.

      Allianz General is part of Allianz's global decarbonisation working group that is working to quantify the carbon footprint of selected insurance portfolios in order to set a baseline for focused targets to meet our net-zero ambitions.

    - Allianz's approach to phasing out of fossil fuels and scaling up renewable energy aims to accelerate the decarbonisation of the energy sector in the medium term while supporting the transition to renewable energy. The related statements are described below, with full details consolidated in the Allianz Energy Guidelines webpage.

      Allianz Energy Guidelines
      https://az.my/energy-guidelines

      i. Statement on Coal-based Business Models
      Since 2016, the Group began limiting the financing and underwriting of coal-based business models, with thresholds for what constitutes coal-based (more than 25% of generated electricity (utilities) or revenues (mining companies and coal service providers) as of 1 January 2023) continuing to be reduced according to our coal phase-out plan. We also do not directly invest in coal-based infrastructure.

      Allianz does not offer single-site/ stand-alone insurance coverages for thermal coal power plants, mines, and coal-related infrastructure which predominantly serves the coal value chain. These criteria will be tightened over time leading towards a full phase-out of coal-based business models from our insurance portfolio by 2040 at the latest.

      Statement on Coal-based Business Models
      https://az.my/statement-coal-based-business

Responsible Corporate Citizen

ii. Statement on Oil and Gas Business Models
As of 1 January 2023, Allianz will no longer invest in or underwrite new single-site/ stand-alone oil and selected gas risks, oil and gas activities related to the Arctic and the Antarctic or extra-heavy oil, and ultra-deep sea risks. By the start of 2025, Allianz will require a robust 'net-zero GHG by 2050' commitment from the largest hydrocarbon producers as a pre-condition for company-level insurance coverage and investments.

Statement on Oil and Gas Business Models
https://az.my/statement-oil-and-gas-business

iii. Statement on Oil Sands Business Models
As of 1 January 2023, Allianz will no longer fund or underwrite oil sands projects and new oil sands pipelines, as well as companies that make more than 20% of their revenues from oil sands.

From 2025, we will tighten our oil sands approach and provide no insurance, facultative reinsurance or funding for companies with more than 10% of revenue from oil sands across all lines of business.

Statement on Oil Sands Business Models
https://az.my/statement-oil-sands-business

iv. Statement on Renewable / Low-Carbon Energy
Allianz has recently introduced a Renewable / Low-Carbon Energy guideline which allows and supports ring-fenced / stand-alone insurance and investments in renewable and low-carbon energy, even if companies breach specified thresholds relating to fossil fuel guidelines. This is intended to support the quadrupling of renewable energies in this decade which is required for limiting global warming to 1.5°C.

Statement on Renewable / Low-Carbon Energy
https://az.my/statement-renewable-low-carbon-energy

- Allianz General has conducted a stress-testing exercise focused on physical risks related to more severe and frequent extreme weather, and transition risk relating to shifting preferences from internal combustion engine (ICE) vehicles to electric vehicles. Flash floods in particular present a significant physical risk in Malaysia.

  In efforts to improve the accuracy of our risk selection and pricing, we are working towards precise location identification and pricing, aided by Geographical Information System (GIS). Adequate reinsurance protection helps to mitigate Allianz General's accumulation exposure to peak peril in Malaysia, namely flood.

  We support increased societal climate resilience by highlighting the risk of underinsurance and encouraging the public to purchase special perils coverage for cars and businesses which offers additional protection against flood.

- Allianz Life has also conducted preliminary assessments to identify the potential business impacts of physical and transition risks associated with climate change. We actively seek to reduce our exposure over time to the downside risks arising from the transition to a low-carbon economy. This includes careful asset selection as part of the investment decision-making process in line with our decarbonisation ambitions as well as the ESG criteria described in the **Responsible Business** section in order to increase our credit resilience to climate risk.

  As for the impact on life insurance liabilities, we assessed the potential impact of a change in mortality rates as a result of the occurrence of acute and chronic physical effects based on a review of academic literature linking climate change to potential changes in mortality rates. Climate-related modelling and scenario analysis is still in its infancy and we will continue to work on this important topic to build our understanding of this medium-long term risk.

  These risks have been deliberated in the Risk Management Committee, and our understanding of the topic and its impacts continue to be developed as we respond to expectations from local and global regulators and ensure ample preparedness within our own business.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

2. **We care for the climate-vulnerable** by encouraging societal climate resilience and compensating for climate-related damages through our insurance protection.

    - Allianz General's products and solutions that support the climate resilience of our customers include:
        - Allianz General's KampungKu insurance product, widely distributed through Pos Malaysia as Pos RumahKu, which offers financial protection against fire, flood, and windstorm risks for previously uninsured wooden houses, often located in rural communities.
        - A one-time flood payment extended to Allianz PerlindunganKu personal accident policyholders following the year-end 2022 floods.
        - Complimentary special perils coverage encompassing flood, typhoon, and landslide as part of our Motorcycle Plus product.
        - Expedited flood claims payments facilitated by loss adjusters deployed to flood-prone areas to assist policyholders' immediate recovery.

    Further details of the abovementioned products can be found in the **Responsible Business** section.

    - The Group is also involved in various working groups addressing climate change topics such as Bank Negara Malaysia's Joint Committee on Climate Change and its respective sub-committees, as well as within the respective life and general industry associations.

      In this way, we ensure that we are involved in and can shape the national conversation around a just transition to a low-carbon economy.

Allianz4Good, our corporate responsibility arm, collaborated with long-time partner Malaysia International Search and Rescue (MISAR) to conduct two flood survival trainings for members of the public, the Allianz We Care Community, as well as Allianz employees.

The sessions, involving hands-on flood simulations including escaping from a flooded vehicle or house and sending SOS signals, reached a total of 400 participants.

3. **We enable the low-carbon transition** by providing financial protection to renewable energy users and through our investments and operations. We continue to monitor related market trends and to develop solutions that support this transition.

    - We offer insurance solutions for residential and commercial users of solar photovoltaic panels and have embarked on various partnerships with solar industry players to expand our footprint in this area. Allianz General's retail solution – SolarPro All Risk PV – saw a 37% year-on-year GWP growth in the past year, reflecting the emerging demand for solar solutions.

37% growth in GWP from our retail solar insurance product in 2022

    - We are committed to minimising our environmental impact in support of a low-carbon economy, and continue to monitor and reduce our emissions through our in-house Environmental Management System ("EMS"). In the past year, Allianz accelerated our commitment to achieve net-zero in our operations by 2030 instead of 2050 as originally planned, and to reduce GHG emissions by 50% by 2025 (previously 35%) against a 2019 baseline. Key drivers for achieving this will be a shift to renewable energy and reductions in carbon emissions from travel activities.

Our global approach is set out in Allianz's Group Environmental Guidelines, and these are adopted locally in Allianz Malaysia as follows:

- Installation of solar panels at our branch office to reduce reliance on the national energy grid, which is still largely fossil fuel-based. We continue to explore the feasibility of solar panel installation at our other locations.
- Retrofitting of branch offices for energy and water efficiency and consideration of resource efficiency in renovations and new building purchase. Lighting in all office locations has been changed to LED.
- Consolidation and reduction of office space as we move into a hybrid working model. With the closure, merger, and relocation of eight office locations, we expect a reduction in our energy consumption, apart from associated reductions in water and waste.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

- Reduction of in-person meetings and training sessions by switching to virtual/ hybrid meeting modes. With the opening of borders in a post-pandemic environment, we are cognisant of balancing the need to reconnect and the associated environmental impact of travel. Both factors are built into our planning considerations.

- Digitalisation of processes and policies to reduce paper usage such as promoting 'digital by default' data storage and instituting paper reduction targets.

- Electric vehicles have formed part of our company fleet since 2016, both as a means of exposing our internal stakeholders to the vehicles, and to increase our own organisational experience with them. Wider adoption of electric vehicles within our fleet needs to take into consideration the suitability for travel needs, availability of charging infrastructure, and the energy source powering the vehicles and their ultimate contribution to GHG emissions.

- The Group achieved our RE100 target, which is 100% renewable electricity in our operations by 2023, mainly through the purchase of i-Renewable Energy Certificates (i-RECs), supplemented by the generation of solar energy in one branch office location.

We recorded a decrease in our paper consumption and waste generation, but observed an increase in our overall GHG emissions, business travel, energy, and water consumption under our EMS as restrictions were relaxed in the post-pandemic environment. This saw more employees return to work and resumption of business travel. The Group recognises the need to actively manage and put measures in place to achieve our targets, coupled with awareness-raising to encourage our stakeholders to adopt eco-friendly practices at home and at work. This includes:

- A series of virtual environmental learning sessions in collaboration with subject matter experts from L.E.A.P programme partner University Kebangsaan Malaysia to increase employee awareness on climate knowledge and promote behaviour change.

- Regular update and exchange sessions with the global Sustainable Operations team and monthly environmental best practice-sharing roundtable sessions with other Allianz operating entities for knowledge sharing.

- Signing on as a Corporate Friend of Climate Governance Malaysia, the Malaysian chapter of the World Economic Forum's Climate Governance Initiative. This network of non-executive directors aims to help steer companies through an effective climate transition strategy, taking into account the need for financial stability, increased resilience and sustainability.

- As a member of the United Nations Global Compact ("UNGC") Network Malaysia & Brunei, the local network to the UNGC, our employees have access to UNGC's Academy - their digital learning platform which offers learning materials and resources covering a wide range of sustainability and environmental topics.

- Sharing on climate change impacts in monthly magazine, Town Halls, and inclusion of ESG in onboarding for all new joiners.

- Environmental-themed volunteering and learning through our annual World Cleanup Day initiative – this year focused on digital clean-up; and visiting Taman Tugu Negara as part of an awareness activity hosted by Free Tree Society.

Group Environmental Guidelines
https://az.my/group-environmental-guidelines

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

Item	Unit	2019	2020	2021	2022
Environmental Management System ("EMS") coverage					
Share of employees in scope of our EMS	%	100	100	100	**100**
Greenhouse gas emissions ("GHG") in own operations*					
Scope 1 – Direct GHG emissions	tCO_2e	925.10	651.50	384.03	**777.19**
Scope 2 – Indirect GHG emissions (market-based)	tCO_2e	2,981.03	0	0	**0**
Scope 3 – Other indirect GHG emissions	tCO_2e	1,947.68	789.92	470.73	**942.57**
Total GHG emissions	tCO_2e	5,853.81	1,441.42	854.76	**1,719.76**
Total GHG emissions per employee	tCO_2e/employee	3.13	0.76	0.43	**0.83**
Overall GHG reduction per employee since 2019	%		75.7	86.3	**73.5**
Energy consumption					
Total energy consumption	MJ	16,386,780	14,461,713	10,803,630	**12,851,123**
Energy consumption per employee	MJ/employee	8,748.9	7,647.7	5,486.9	**6,166.6**
Energy reduction per employee since 2019	%		12.6	37.3	**29.5**
Business travel					
Total travel	km	12,181,200	4,630,327	2,276,652	**6,172,271**
Travel per employee	km/employee	6,503.6	2,448.6	1,156.2	**2,961.7**
Travel reduction per employee since 2019	%		62.4	82.2	**54.5**
Water consumption					
Total water consumption	m^3	42,000	45,470	37,054	**50,163**
Water consumption per employee	m^3/employee	22.42	24.05	18.82	**24.07**
Water consumption reduction per employee since 2019	%		-7.3	16.1	**-7.4**
Waste					
Total waste	kg	79,800	43,966	64,265	**43,916**
Waste diverted from disposal	kg	16,800	19,502	44,376	**27,279**
Waste directed to disposal	kg	63,000	24,464	19,889	**16,637**
Recycled waste	%	21.1	44.4	69.1	**62.1**
Waste per employee	kg/employee	42.6	23.3	32.6	**21.1**
Waste reduction per employee since 2019	%		45.3	23.5	**50.5**
Paper consumption					
Total paper consumption	kg	122,760	83,820	39,713	**34,092**
FSC-labelled paper	%	80.4	79.1	84.9	**86.9**
Paper consumption per policy	g/policy	34.14	18.84	8.54	**6.03**
Paper reduction per policy since 2019	%		44.8	75.0**	**82.3**

* Reported GHG emissions currently include emissions from our own operations (office buildings and data centres, business travel, paper usage, and an estimate of remote working energy consumption).
Scope 1: Direct GHG emissions, which are emissions from company-owned and controlled resources;
Scope 2: Indirect GHG emissions, which are emissions from consumption of purchased electricity;
Scope 3: Other indirect emissions linked to our operations that occur from sources not owned or controlled by the Group, such as business travel in vehicles not owned or controlled by the Group, electricity related activities (e.g. Transmission & Distribution losses) not covered in Scope 2, paper use, and remote working activities. Remote working activities were included for the first time in 2022.
Performance is compared against 2019 as the baseline year for our net-zero GHG emissions target setting. We continue to develop methodologies that will enable us to quantify our GHG emissions contained in our investment and insurance portfolios.

** This figure was listed as 76.2 in our previous report and has been restated.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

Our Corporate Responsibility

The Group's corporate responsibility ("CR") efforts are driven by the Allianz4Good department. Since 2021, our CR efforts have been restructured to take into consideration holistic development alongside the long-term effects of the pandemic on our target communities.

The realities of the pandemic have transformed the way we view our interventions, requiring a delicate balance between ensuring the basic survival of many communities, through stopgap measures such as food and relief aid, alongside longer-term programmes which enable sustainable impact for society as a whole. 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 Nation's Sustainable Development Goals within our partner communities more effectively and holistically.

We streamline our initiatives around the two pillars of Social Inclusion and Sustainable Futures via Education, Mental Health, Community Support and Development, and Relief Efforts.

Social Inclusion
Equalising opportunities and improving social visibility of our target communities

Sustainable Futures
Fostering and enabling self-sustained livelihoods through societal resilience

Education
Education and innovative learning methods for target beneficiaries and educators.

Mental Health
Mental health and psychosocial support across various age groups via social partners.

Community Support/ Development
Community support and development via skills, finance, and resources provision to low-income, PWDs, indigenous, stateless, and other vulnerable communities.

Relief
Natural disasters, emergency, and community support such as provision of financial resources, food aid, and medical support.

Supporting the UN Sustainable Development Goals

The Group's community outreach entails a combination of corporate giving, capacity building, knowledge transfer, employee volunteering, and leveraging on our core expertise as insurers, as well as partnerships with social organisations and enterprises to reach our target communities. In 2022, a total of RM2.75 million was channelled towards CR efforts, reaching 27,889 beneficiaries and engaging 35 social partners.

We support target beneficiaries from many walks of life, but focus on Youths and Children, Women, and People with Disabilities ("PWDs"), who may come from low-income, vulnerable, or indigenous backgrounds. These beneficiaries often face overlapping socioeconomic disadvantages, therefore requiring the utmost attention through interventions that are wide-ranging and sustainable.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

27,889

Social beneficiaries across initiatives

1,152

Women, children and youth empowered

973

People with disabilities supported

116

Volunteering hours contributed

A selection of our corporate responsibility initiatives are summarised in the following pages. Further information and full details can be found in the **Allianz4Good Summary Report 2022** on our corporate website.

Education

Education is a key part of our approach in supporting the sustainable futures of the communities we work with. Allianz4Good's support to partner organisations in this area include:

- Support for refurbishment works and set-up of Yayasan Chow Kit ("YCK")'s One-Stop Children's Centre serving as a safe space for the youths of the Chow Kit community. We also contributed a new van to replace their flood-damaged vehicle, allowing them to continue their operations and initiatives. YCK believes that every child matters, tackling issues such as foster care, documentation, skill-building, education, adoption, homelessness, and abuse.
- Development and teacher training of a Health and Safety Module by Cahaya Society for rollout to vulnerable and low-income communities in Sabah. Cahaya Society works with stateless and vulnerable communities in Sandakan, Sabah who have faced persistent issues such as access to education, healthcare, and socioeconomic prospects.
- Purchase of computers and software for Selangor and Federal Territory Association for the Mentally Handicapped (SAMH), which provides education and a supportive haven for youths with learning disabilities.

- Collaboration with Incredible Hearts to deliver the six-month Sekolah Belantara education pilot programme to primary school-aged children on Tuba Island, Langkawi. The place-based and eco-education method incorporates skills such as critical thinking, problem-solving, linguistic competence, cultural awareness, and STEM education.

Allianz Malaysia partnered with Buku Jalanan Chow Kit ("BJCK") to secure a €25,000 grant under Allianz's Social Impact Fund 2022. Part of this grant supports the refurbishment of BJCK's current school building into a multi-purpose in-situ community centre.

The Social Impact Fund aims to go beyond mere charitable donations, focusing on creating measurable impact and inter-sectoral partnerships. As part of this engagement, Allianz Malaysia volunteers were engaged in a half-year initiative to guide BJCK's students in English, Bahasa Malaysia, and presentation skills for their Storytelling League.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

Relief and Aid Distribution

During periods of disaster and emergency, it is often the most vulnerable in society that find their capacity to meet fundamental needs most affected. We contributed to relief programmes in response to natural disasters as well as the COVID-19 pandemic to deliver immediate aid and support to communities in need. These include:

- A food aid programme for flood-affected families in Sabah and Sarawak in partnership with MyKasih Foundation ("MyKasih"). Using MyKasih's technology, disbursements and payments were credited directly into recipients' MyKad chip-based identification card, enabling efficient, transparent, and secure distribution of welfare aid.

- Various food aid programmes to low-income and vulnerable families affected by the COVID-19 pandemic through contributions to YCK, Cahaya Society, and Borneo Komrad, amongst others. Borneo Komrad also provided relief aid to fire victims in Tawau with support from Allianz4Good.

- Support for 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.

- Contribution of medical equipment to Institut Jantung Negara and Hospital Sungai Buloh in support of treating COVID-19 patients.

- Allianz4Good supported various disaster relief programmes coordinated by Malaysia International Search and Rescue ("MISAR") including:

    - Relief aid operation at Kampung Iboi, Baling, Kedah where over 70 houses were destroyed during floods in July 2022.

    - Support throughout the year for MISAR's flood preparation to assist flood-affected regions in Selangor.

    - Dispatch of relief equipment for restoration of Pulau Tuba following flash floods in late October 2022, including training of local community firemen on the usage of equipment to clear fallen trees and landslide debris.

    - Donation drive amongst employees for flood relief items to be distributed to flood-affected communities in early 2022, following the severe flooding at the end of 2021.

We also donated a flood relief vehicle to MISAR to support their relief initiatives after the devastating loss of four units of their relief vehicles during flood relief operations in 2021.

Mental Health

During the pandemic and the associated lockdowns and periods of social isolation, the importance of mental health as a key ingredient of overall resilience came to the fore. We work with mental health professionals to make mental health accessible, especially to communities that are conventionally underserved by such facilities. Our initiatives in this area include:

- Partnership with social enterprise Thrive Well to roll out community-focused mental health programmes under their Keluarga Akrab Mencapai Impian ("KAMI") umbrella.

    - KAMI Sembang strengthens emotional resilience, builds self-advocacy skills and develops healthy communication within families in underserved communities.

    - KAMI Juara is aimed at youths aged 12 to 17 years old from vulnerable and low-income backgrounds to support their emotional regulation, resilience, and equip them with the skills and strategies to become agents of change in their communities.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

- One-year financial support for MERCY Malaysia's 'Mental Health and Psychosocial Helpline' which provides accessible and free telepsychotherapy services to the public.

- Support for a five-month mental health intervention programme conducted by certified therapists and counsellors at the IDEAS Autism Centre benefitting 56 autistic children and their parents, many from low-income backgrounds.

Community Support and Development

- Partnership with Women's Aid Organisation on their Stitching Forward programme which empowers survivors of domestic abuse through skills training and business coaching to enhance their economic opportunities.

- Volunteering activities including educational outreach to non-governmental organisations ("NGO") such as Peace Education Centre, serving in Kechara Soup Kitchen catering to the homeless and urban poor, and helping MISAR to pack relief items for distribution.

  Our employees also share their generosity with our community partners, with donation drives and requests for gift contributions during festive periods receiving enthusiastic response.

Supporting All Abilities

We have several partnerships in support of furthering the inclusion and participation of people of all abilities. By enabling people to showcase their talents, we help them to build confidence for their future.

- We continue our support for the Malaysian contingent to train and prepare for the national and international Abilympics (coined from the phrase Olympics of Abilities), a world vocational skills competition for PWDs which has overturned traditional views on the potentials and abilities of PWDs. The competition provides an opportunity for them to showcase their skills with the aim of improving employment and sustainable living prospects for the community.

- The Group's sponsorship for Persatuan Mobiliti Selangor dan Kuala Lumpur (MOBILITI), an NGO providing door-to-door transport services to the wheelchair dependent and elderly in Klang Valley, continues into its sixteenth year. We also supported the digitalisation and automation of their administrative processes to better support the over 700 beneficiaries that they provide affordable transport to.

- Allianz4Good contributed copies of the book 'Samantha's Stories' to our community partners that work with children. The book, authored by Samantha Tang who was diagnosed with autism at the age of five, is currently being used as an educational tool in alternative schools in Sabah. As with the Abilympics, this is a way that we can highlight and support the talents of the neurodiverse.

- Allianz officially began an eight-year worldwide partnership with the Olympic and Paralympic Movements in 2021, building on a collaboration with the Paralympic Movement since 2006. This partnership underlines Allianz's role as a global insurer supporting the sports ecosystem.

- November 2022 marked an important milestone for Allianz Malaysia when we inked a partnership with Majlis Sukan Negara to support the national para-athletes for the next three years leading up to the Paris 2024 Paralympic Games. Through the partnership, para-athletes will benefit from the sponsorship which covers their training and development ahead of the Games.

Progressing Our Sustainability Agenda

Responsible Corporate Citizen

Apart from the sponsorship, Allianz Malaysia is also introducing the Allianz MoveForward Programme which aims to engage both active and retired able-bodied and para-athletes as they move on to the next chapter of their careers. The programme includes training sessions to help them improve their financial literacy and soft skills. Through this initiative, we hope the athletes will be able to build a sustainable career even after their retirement from sports.

Nurturing Young Sporting Talent

Badminton is regarded as one of the most popular sports in Malaysia based on international performance and popularity among locals. Leveraging Malaysia's passion for badminton, we launched the Allianz Junior Badminton Championship ("AJBC") to promote grassroots development in badminton through a structured and competitive league system, as well as to promote health and wellness among our children.

AJBC 2022 was open to both boys and girls aged 15 years old and below through the singles and doubles categories. Badminton clinics led by former national players and coaches were organised for players aged 12 years and below. The tournaments were held in seven locations across Peninsular Malaysia and attracted almost 2,300 participants, exceeding our target of 2,000 participants.

151 finalists qualified for the Grand Finals at the highly sought-after Stadium Juara in Kuala Lumpur, and 12 players were crowned as AJBC 2022 Champions. All finalists were also invited for a tour at Akademi Badminton Malaysia by the Badminton Association of Malaysia to learn more about the life of a professional badminton player.

Paving the way towards a better future

We build our success based on mutual trust, fairness, integrity, as well as clear and open communication. These values ensure that our customers live with the assurance of experiencing a world of possibilities.

Allianz4All Untuk Semua

A new and innovative business transformation that provides financial protections for all Malaysians through embracing Universal Values such as enhanced transparency, greater social responsibility and charitable participation that are also in-line with Islamic Financial Principles.

Scan this QR code to get more information about Allianz4All Untuk Semua.

Board of Directors' Profile

AS AT 17 MARCH 2023

Zakri Bin Mohd Khir

Chairman - Non-Independent Non-Executive Director

59 Age

Male

Date of Appointment
1 January 2022

Date of Last Re-election
22 June 2022

Length of Service
1 year 2 months

Qualifications

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

Present Directorships

Listed entity:

- Allianz Malaysia Berhad ("AMB" or "Company")

Other public company:

- Yayasan Chow Kit

Membership of Board Committee

Nil

Board Meeting Attendance in 2022

5 out of 5 Meetings

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 interests with the Company:-

1. 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.

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 2022.

Board of Directors' Profile

AS AT 17 MARCH 2023

Goh Ching Yin

Independent Non-Executive Director

65 Age

Male

Date of Appointment
1 July 2020

Date of Last Re-election
23 June 2021

Length of Service
2 years 8 months

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 Chief Executive Officer 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 2022.

Qualification

- Master of Business Administration, 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 Risk Management Committee
- Member of Nomination and Remuneration Committee

Board Meeting Attendance in 2022

5 out of 5 Meetings

Board of Directors' Profile

AS AT 17 MARCH 2023

Tunku Zain Al-'Abidin Ibni Tuanku Muhriz

Independent Non-Executive Director

40 Age

Male

Date of Appointment
28 November 2014

Date of Last Re-election
30 June 2020

Length of Service
8 years 3 months

Qualifications

- Master of Science in Comparative Politics, London School of Economics and Political Science in 2004
- Bachelor of Science Degree in Sociology and Government, London School of Economics and Political Science in 2003

Present Directorships

Listed entities:

- AMB
- Chairman of Omesti Berhad

Other public companies:

- IDEAS Policy Research Berhad
- Institute for Democracy and Economic Affairs ("IDEAS")
- Yayasan Chow Kit
- Genovasi Foundation
- Jeffrey Cheah Foundation

Membership of Board Committee

- Chairman of Nomination and Remuneration Committee

Board Meeting Attendance in 2022

5 out of 5 Meetings

Working Experience

Tunku Zain is Founding President of the IDEAS; a Trustee of Yayasan Chow Kit, Yayasan Munarah, Jeffrey Cheah Foundation and Genovasi Foundation; an Independent Non-Executive Director of AMB and Chairman of Omesti Berhad, an advisor or patron to numerous educational and cultural organisations; a committee member of several societies and associations, including the Squash Racquets Association of Malaysia; a columnist in three newspapers; and a Royal fellow of the National University of Malaysia.

Tunku Zain was educated at the Kuala Lumpur Alice Smith School, Marlborough College and the London School of Economics and Political Science, where he obtained his MSc in Comparative Politics.

He then worked in the UK Houses of Parliament before moving to Washington DC to join the World Bank as a Public Sector Consultant. Upon returning to Malaysia, Tunku Zain worked at the United Nations Development Programme and the KRA Group before becoming a Research Fellow at the Lee Kuan Yew School of Public Policy at the National University of Singapore.

In 2006 he co-founded the Malaysia Think Tank which evolved into IDEAS in 2010. Since 2008 he has maintained a newspaper column: firstly Abiding Times in The Sun, then Roaming Beyond the Fence in The Star and Sin Chew, and now Conservatively Speaking Freely in the Malay Mail, Borneo Post and Oriental Daily. From these articles three books have been compiled, the latest being nominated for the Popular Readers' Choice Awards. Tunku Zain is also authored a coffee table book for the Installation of the Eleventh Yang di-Pertuan Besar of Negeri Sembilan and led a major project to revitalise the State Anthem.

An Eisenhower Fellow, he has been selected for various leadership programmes by the governments of Australia, France and the European Union. Tunku Zain is often invited to speak on subjects ranging from nation building, public policy, history, culture, law, business ethics and youth development.

Other Information

Tunku Zain 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 2022.

Board of Directors' Profile

AS AT 17 MARCH 2023

Peter Ho Kok Wai

Independent Non-Executive Director

63 Age

Male

Date of Appointment
1 October 2019

Date of Last Re-election
22 June 2022

Length of Service
3 years 5 months

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 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
- HPMT Holdings Berhad

Other public company:

- Allianz Life

Membership of Board Committees

- Chairman of Audit Committee
- Member of Risk Management Committee

Board Meeting Attendance in 2022

5 out of 5 Meetings

Board of Directors' Profile

AS AT 17 MARCH 2023

Gerard Lim Kim Meng

Independent Non-Executive Director

51 Age

Male

Date of Appointment
1 January 2021

Date of Last Re-election
23 June 2021

Length of Service
2 years 2 months

Qualifications

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

Present Directorships

Listed entity:
- AMB

Other public company:
Nil

Membership of Board Committee

- Member of Audit Committee

Board Meeting Attendance in 2022

5 out of 5 Meetings

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 2022.

Board of Directors' Profile

AS AT 17 MARCH 2023

Tan Sri Datuk Zainun Binti Ali

Independent Non-Executive Director

70 Age

Female

Date of Appointment
15 March 2022

Date of Last Re-election
22 June 2022

Length of Service
1 year

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 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

Board Meeting Attendance in 2022

4 out of 4 Meetings held after her appointment as Director on 15 March 2022

Board of Directors' Profile

AS AT 17 MARCH 2023

Dr. Muhammed Bin Abdul Khalid

Independent Non-Executive Director

47 Age

Male

Date of Appointment
15 July 2022

Date of Last Re-election
Nil

Length of Service
8 months

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 Risk Management Committee
- Member of Nomination and Remuneration Committee

Board Meeting Attendance in 2022

2 out of 2 Meetings held after his appointment as Director on 15 July 2022

Working Experience

Dr. Muhammed is currently a Research Fellow at the Institute of Malaysian and International Studies of University Kebangsaan Malaysia, a Member of the Board of Trustees of the Malaysian Institute of Economic Research and Adjunct Professor at the Center for Policy Research and International Studies of University Sains Malaysia. He is also a member of the Honorary Council of Advisors at the European-Malaysian Chamber of Commerce and member of the Economic Committee of Malaysia Competition Commission.

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 Malaysia. 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 2022.

Board of Directors' Profile

AS AT 17 MARCH 2023

Anusha A/P Thavarajah

Non-Independent
Non-Executive Director

55 Age

Female

Date of Appointment
17 March 2022

Date of Last Re-election
22 June 2022

Length of Service
1 year

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 UK, 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 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 Directorships

Listed entity:

- AMB

Other public company:

Nil

Membership of Board Committee

Nil

Board Meeting Attendance in 2022

4 out of 4 Meetings held after her appointment as Director on 17 March 2022

Allianz General Board Members

AS AT 17 MARCH 2023

Dr. Muhammed Bin Abdul Khalid
Chairman - Independent Non-Executive Director

47 Age | Male

Lim Tuang Ooi
Independent Non-Executive Director

60 Age | Male

Wee Lay Hua
Independent Non-Executive Director

58 Age | Female

Sean Wang Wee Keong
Executive Director/CEO

50 Age | Male

Allianz Life Board Members

AS AT 17 MARCH 2023

Goh Ching Yin
Chairman –
Independent
Non-Executive Director

65 Age
Male

Peter Ho Kok Wai
Independent
Non-Executive Director

63 Age
Male

Lim Fen Nee
Independent
Non-Executive Director

49 Age
Female

Foo Chee It
Independent
Non-Executive Director

64 Age
Female

Charles Ong Eng Chow
Executive Director/CEO

57 Age
Male

Senior Management Team Profile

AS AT 17 MARCH 2023

Sean Wang Wee Keong

CEO of AMB and Allianz General

50 Age | Male

Qualification

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

Working Experience and Other Information

Wang Wee Keong ("Sean") has over 21 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 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:

1. 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 and 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 2022.

Directorship in Public Company

Allianz General

Charles Ong Eng Chow

CEO of Allianz Life

57 Age | 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

Ong Eng Chow ("Charles") has more than 34 years of experience in the financial services industry, of which 27 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 of 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 in 2003. In addition to his role as Chief Financial Officer of Allianz Life, he was the Chief Risk Officer of Allianz Life from 2005 to 2010. He was appointed as Chief Financial Officer 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 Chief Financial Officer 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.

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

1. 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 and 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 2022.

Directorship in Public Company

Allianz Life

Senior Management Team Profile

AS AT 17 MARCH 2023

Giulio Slavich

Chief Financial Officer of AMB and Allianz Life

Qualification

Master in Insurance and Risk Management, MSc./MBA, MIB Trieste School of Management

Working Experience and Other Information

Giulio Slavich has over 20 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 optimization 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 does not have any interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Stefan Ritz

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

Qualification

Diploma in Business Computing

Working Experience and Other Information

Stefan Ritz has 26 years of work experience, of which 24 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 in July 2021.

Stefan Ritz does not have any interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Senior Management Team Profile

AS AT 17 MARCH 2023

Andrew Sim Kok Soon

Chief Operations Officer of Allianz General

52 Age | Male

Qualification

Diploma in General Insurance, The Malaysian Insurance Institute

Working Experience and Other Information

Andrew Sim has 31 years of work experience, of which 29 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 and 200 irredeemable convertible preference shares in the Company, Andrew Sim does not have any other interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Horst Hermann Habbig

Chief Sales Officer of Allianz General

59 Age | Male

Qualification

Advanced Industrial Training Programme, Germany

Working Experience and Other Information

Horst Habbig has 40 years of work experience, of which 40 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 and 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 2022.

Directorship in Public Company

Nil

Senior Management Team Profile

AS AT 17 MARCH 2023

Raymond Cheah Sin Beng

Chief Sales Officer, Agency Distribution of Allianz Life

49 Age | Male

Qualification

Sijil Tinggi Pelajaran Malaysia

Working Experience and Other Information

Raymond has 30 years of work experience, of which ten 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 and 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 2022.

Directorship in Public Company

Nil

Lim Li Meng

Chief Sales Officer, Partnership Distribution and Corporate Clients Solutions of Allianz Life

58 Age | Female

Qualifications

1. Bachelor of Science (Honours)
2. Associate, Society of Actuaries, USA
3. Fellow of Life Management Institute

Working Experience and Other Information

Lim Li Meng has 33 years of work experience, of which 33 years have been in the insurance industry. 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. Lim 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, Lim Li Meng does not have any other interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Senior Management Team Profile

AS AT 17 MARCH 2023

Rafliz Ridzuan

Chief Underwriting Officer of Allianz General

53 Age | Male

Qualifications

1. Certificate in Insurance from the Institute Teknologi Mara
2. Fellow of The Malaysia Insurance Institute

Working Experience and Other Information

Rafliz Ridzuan has 31 years of work experience, of which 30 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.

Save for holding 100 ordinary shares and 200 irredeemable convertible preference shares in the Company, Rafliz Ridzuan does not have any other interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Amy Loke Siew Pei

Chief Market Management Officer of the Group

44 Age | Female

Qualification

Bachelor of Accounting

Working Experience and Other Information

Amy Loke has 21 years of work experience, of which 12 years have been in the insurance industry. She joined the Group as the Chief Market Management Officer on 4 September 2017.

Amy Loke does not have any interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Senior Management Team Profile

AS AT 17 MARCH 2023

Ooi Haw Yun

Chief Product Officer of Allianz Life

40 Age | Male

Qualifications

1. Bachelor of Science in Actuarial Science
2. Associate of Society of Actuaries

Working Experience and Other Information

Ooi Haw Yun has 17 years of work experience, of which 17 years have been in the insurance industry. He joined Allianz Life in 2013. He assumed the Chief Product Officer role since 1 January 2020.

Ooi Haw Yun does not have any interest in the shares of the Company and 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 2022.

Directorship in Public Company

Nil

Felicia Lee Chi Kwan

Deputy Chief Financial Officer of Allianz General

56 Age | Female

Qualifications

1. Fellow of The Association of Chartered Certified Accountants (UK)
2. Chartered Accountant (Malaysia) of Malaysian Institute of Accountants

Working Experience and Other Information

Felicia Lee has 32 years of work experience, of which 30 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 200 irredeemable convertible preference shares in the Company, Felicia Lee does not have any other interest in the shares of the Company and 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 2022.

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 ("FY") ended 31 December 2022 ("FY 2022"), 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 with the ultimate aim to foster long-term sustainability of the Group.

During FY 2022, the Company has the pleasure to receive the Industry Excellence Award for CG Disclosure under the financial services sector at the MSWG-ASEAN CG Award 2021. In addition, the Company also won the ASEAN Asset Class PLCs at the 2021 ASEAN CG Scorecard Award, presented by the ASEAN Capital Markets Forum, as recognition of the Company's achievement in the sphere of CG at the ASEAN region.

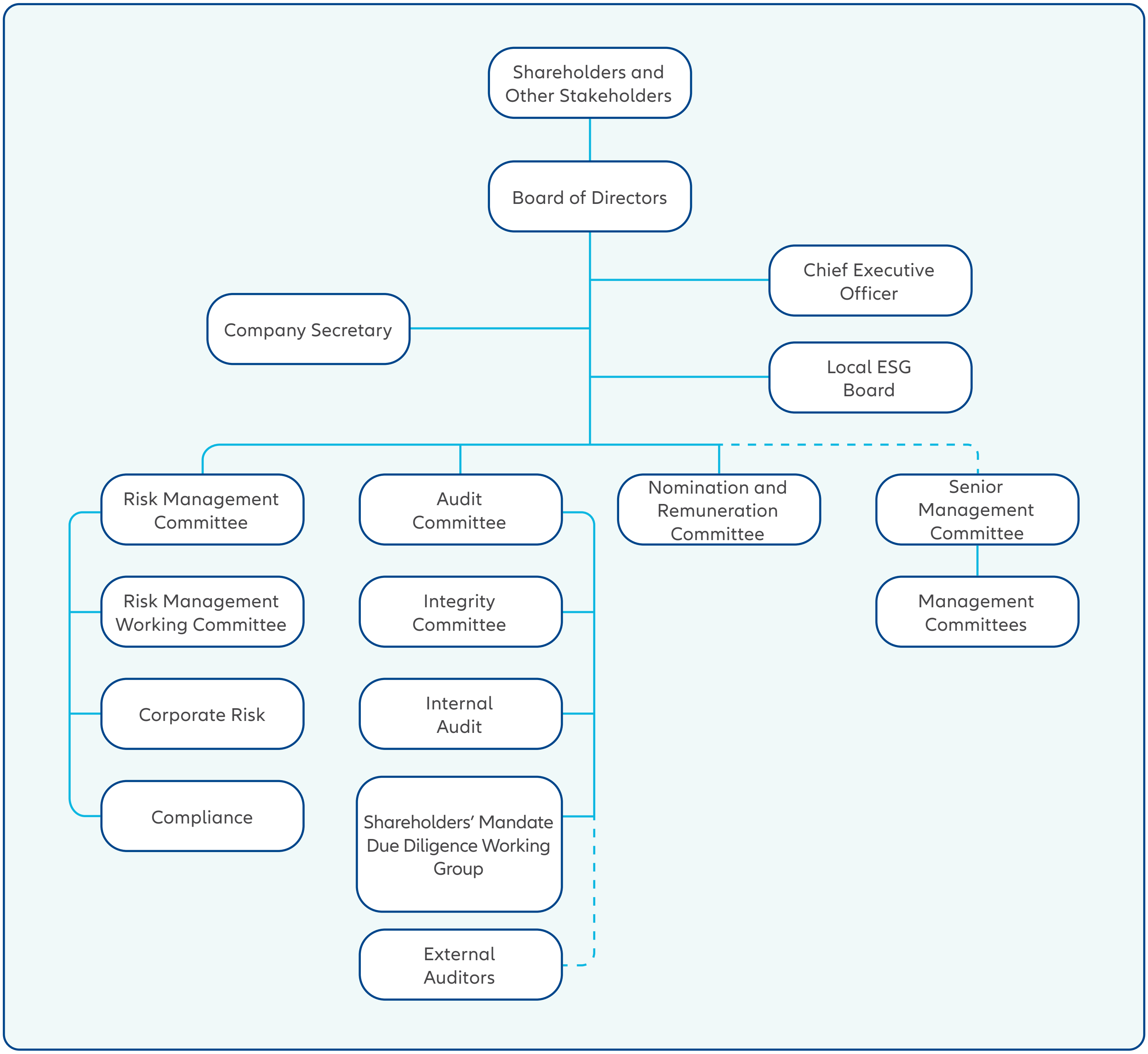
Save for those highlighted in the CG Report, the Company applied/adopted the practices recommended in the Code as at 31 December 2022. A summary of the Company's CG practices is as described below, under each CG principle.

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 responsibility 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 Group's strategic direction and planning, either in long-term growth or delivering short-term business goals. The strategic planning of the Group 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 stewardship and social considerations.

The Board deliberated on a three-year business plan for 2023 to 2025 with detailed strategies, financial projection, key performance indicators, its execution and challenges faced by the insurance subsidiaries ("Business Plan"), which might have impact on the dividend income of the Company and approved the Business Plan in November 2022. On a quarterly basis, the Board reviews the status of the Business Plan and its deliveries.

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"), 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. The last review of Board Charter was performed by the Board on 23 November 2022 and the Board approved revisions made to the Board Charter mainly to align with the regulatory requirements.

As part of Allianz Group, the Board adopted the Allianz Group Code of Conduct ("COC") for employees and Directors. The COC sets the value and principles that guide the actions of all employees and Directors. 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 to enable anonymous and non-anonymous reporting of any breach of the COC, any laws, regulations, orders or internal rules. All whistleblowing incidences in the Group are reviewed by the Integrity Committee and the findings are reported to the Audit Committee.

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.

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.

In view of the on-going effect of COVID-19 and for safety consideration, Board and Board Committee Meetings have been conducted on a hybrid mode where options were offered to the Directors and other attendees to participate in the meetings virtually or physically, while necessary standard operating procedures were closely observed. In this regard, video conferencing facilities have been put in place to enable smooth conduct of meetings.

The Board and Board Committees of the Group discharged their roles and responsibilities in accordance with the Board Charter and Terms of Reference respectively.

Corporate Governance Overview Statement

The Directors view their attendance at the Board and Board Committee Meetings seriously in discharging their responsibilities, and are required to observe the attendance requirements provided in the Board Charter, in line with the regulatory requirements. In addition to the scheduled Board and Board Committee Meetings, the Directors engage the Management regularly and at the Board strategy session where the CEO and members of Management present the strategic directions of the Group and the Directors share their perspectives and guidance.

The Directors devoted sufficient time to attend the respective Board and Board Committee Meetings held in FY 2022 detailed as follows:-

	Board	Board Committee		
	Company	AC	RMC	NRC
Independent Non-Executive Directors ("INEDs")				
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	5/5			5/5
Peter Ho Kok Wai	5/5	6/6	5/5	
Goh Ching Yin	5/5	6/6	5/5	5/5
Gerard Lim Kim Meng[1]	5/5	2/2		
Tan Sri Datuk Zainun Binti Ali[2]	4/4			
Dr. Muhammed Bin Abdul Khalid[3]	2/2		5/5	2/2
Lim Tuang Ooi[4]			4/4	
Non-Independent Non-Executive Directors ("NINEDs")				
Zakri Bin Mohd Khir[5]	5/5			
Anusha A/P Thavarajah[6]	4/4			
Tan Sri Datuk (Dr.) Rafiah Binti Salim[7]	3/3	4/4		3/3

Notes:

AC : Audit Committee
RMC : Risk Management Committee
NRC : Nomination and Remuneration Committee

: Chairman

: Member

: Non-Member

[1] : Appointed as AC member on 15 July 2022.

[2] : Appointed as an INED of the Company on 15 March 2022.

[3] : Re-designated from RMC Chairman to RMC member on 22 June 2022 and appointed as an INED of the Company and NRC member on 15 July 2022.

[4] : Appointed as RMC member on 1 April 2022 and re-designated as RMC Chairman on 22 June 2022.

[5] : Appointed as a NINED of the Company on 1 January 2022 and re-designated as Chairman of the Company on 23 June 2022.

[6] : Appointed as a NINED of the Company on 17 March 2022.

[7] : Retired as a NINED of the Company, AC member and NRC member on 22 June 2022.

Corporate Governance Overview Statement

Board Training and Development

The Directors adopt continuous learning mindset and commitment to on-going education and professional development.

During FY 2022, the following trainings had been organised internally for the Board:-

(a) Cybersecurity Awareness Training
(b) Malaysian Financial Reporting Standard 17 Insurance Contract
(c) Data Privacy and Personal Data Protection Act 2010
(d) Guidelines for the Reporting Framework on Beneficial Ownership under Companies Act 2016
(e) Cyber Threats for Top Executive

In addition, the newly appointed Directors of the Company attended the Mandatory Accreditation Programme and in-house orientation programmes organised by the Company.

Save for the above trainings, the Directors also attended external training programmes, conferences and seminars that covered among others, areas of corporate governance, 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 2022 is disclosed in the CG Report.

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 and 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.

A Local ESG Board comprising 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. It serves as a forum for holistic discussion and deliberation of sustainability initiatives around the workstreams of sustainable operations, insurance and investments, and the enabling functions of sustainable strategy, risk and opportunities, and sustainable culture and communications.

The Group has been monitoring and reporting its sustainability approach within its annual report for over a decade. This has included its environmental performance, contributions to society, and employee relations, among others. These targets are 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 form part of the overall company strategies and business plan and have been incorporated into the performance evaluation of the CEO and his direct reports.

The Sustainability Department and Local ESG Board regularly report 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 has been organised for newly appointed directors to ensure the new Board member has sufficient understanding of sustainability issues that are relevant to the Group and its business. The Directors also attend trainings concerning sustainability topics for continuous development. The Company recently joined as a Corporate Friend of Climate Governance Malaysia, the Malaysian chapter of the World Economic Forum's Climate Governance Initiative, and as a member of the United Nations Global Compact local network, allowing Board members access to various sustainability events and resources.

The Board has reviewed and approved the use of the previous year's materiality matrix for sustainability approach. The previously agreed sustainability focus areas, namely climate change and women's empowerment, have been incorporated into the ESG Taskforce structure to facilitate targeted action.

During FY 2022, Allianz SE Group continues to be recognised in the top field of sustainable insurance companies in the Dow Jones Sustainability Index (DJSI) Rating 2022. The Group is guided by Allianz SE Group's industry-leading practices, encompassing its approach to climate, social inclusion, and good governance across its roles as a business, employer, and corporate citizen. This includes supporting the rapid decarbonisation of the economy in line with the pursuit of a low-carbon future, embedding ESG practices in business governance through policies and guidelines, establishing a workforce that cares for tomorrow through its renewed Employer Value Proposition, and the pursuit of sustainable livelihoods through corporate citizenship practices. The Company's ESG approach was rated by FTSE Russell for the first time in FY 2022, earning a score of 3.9 out of 5.0, placing it in good stead in the local industry.

Details on the Group's initiatives can be found in the **Progressing Our Sustainability Agenda** of this Annual Report.

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 with a majority of INEDs as at 31 December 2022.

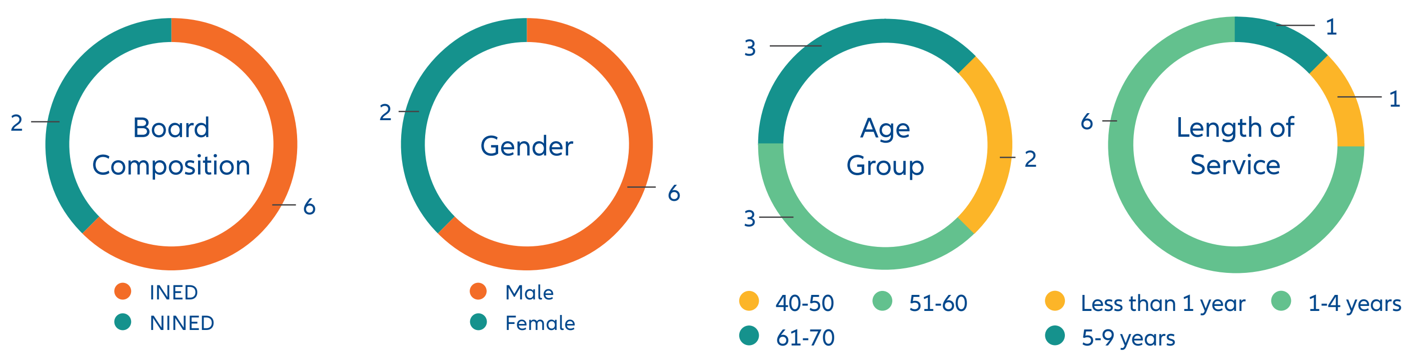
The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. The size and composition of the Board shall be appropriate and well balanced to cater for the interest of the majority and minority shareholders as well as the 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.

Following the retirement of Tan Sri Datuk (Dr.) Rafiah Binti Salim as Director of the Company on 22 June 2022, the percentage of female Directors reduced to below 30%. Since then, the Board made active efforts to source for a suitable female Board candidate. As at the date of this report, the Board recorded 25% female Directors, made up by two female Directors out of a total of eight Directors on the Board. The Board is committed to fulfil the requirement of 30% female Directors on the Board as recommended by Practice 5.9 of the Code and continues its endeavour to meet the requirement during the FY 2023.

As a global organisation, the Group embraces equality and fairness in critical areas and achieved significant progress. Since January 2022, the Group attained the Economic Dividends for Gender Equality (EDGE) Assess certification. This certification reinforces the Group's commitment towards gender equality in the workplace, fostering equal career opportunities for men and women, as well as valuing different perspectives brought to the workforce by men and women.

Corporate Governance Overview Statement

The Board's diversity of the Company as at the date of this Statement is presented in the charts below:-



Board Experience and Expertise				
Finance, Accounting and Audit	Governance	Legal and Regulatory	Risk Management	Economics
Banking and Insurance	Information Technology	Leadership	Actuarial	Sociology and Comparative Politics

The profile of the Directors is set out in the **Board of Directors' Profile** of this Annual Report.

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.

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 Key Responsible Persons 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.

In addition, the Board agreed that the Board evaluation shall be facilitated by a professional and independent party at least once in every three years. The last Board Effectiveness Evaluation for the Group was performed by an independent consultant, KPMG Management & Risk Consulting Sdn Bhd in 2020 and the Board is in the midst of evaluating the engagement of an independent consultant, to carry out the Board Effectiveness Evaluation during FY 2023.

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 Non-Executive Directors of the Group (excluding Nominee Directors of Allianz SE Group). The details of the remuneration received by the Directors in FY 2022 are disclosed under Practice 8.1 of the CG Report.

The shareholders of the Company had at the 48th AGM held on 22 June 2022 approved the payment of Directors' fees as well as benefits payable for the period from 23 June 2022 until the next AGM of the Company in 2023. Further information on the Directors' remuneration is detailed in the Notice of 49th AGM of this Annual Report.

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.

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 2022, 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, and ensures that there is a rotation on 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 suitability, 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 function of the Group. The RMC comprised exclusively of INEDs during FY 2022 and is chaired by Lim Tuang Ooi, an INED of Allianz General Insurance Company (Malaysia) Berhad, 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 SE 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 Annual Report.

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 reports, the annual report, corporate announcements through Bursa LINK, quarterly briefings with analysts, press releases, 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 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.

Corporate Governance Overview Statement

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 2021 embarked on a three-year journey to fully adopt integrated reporting ("IR"). Recognising the need to navigate a rapidly evolving corporate disclosure landscape, the Group has engaged an external consultant, EY Consulting Sdn Bhd to support its IR journey and assist in preparing its inaugural IR for FY 2023. The Group also keeps abreast of local and global developments in sustainability reporting, including expectations relating to non-financial disclosure and climate-related reporting. The Group's progress towards IR can be seen in the **How We Create Value** section of this Annual Report, where further information on stakeholder engagement can also be found.

II. Conduct of General Meetings

The Notice of the 48th AGM was despatched to shareholders on 29 April 2022, 53 clear days prior to date of the 48th AGM held on 22 June 2022, 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 in facilitating effective communication, the Notice of 48th AGM, circular to shareholders, proxy form and administrative details for the 48th AGM were published on the Company's website under the Investor Updates section.

The 48th AGM of the Company was held virtually from the broadcast venue, Aloft Kuala Lumpur Sentral on 22 June 2022 via Remote Participation and Voting facilities ("RPV"), which were available on Tricor Investor & Issuing House Services Sdn Bhd's 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 48th AGM, via Tricor's TIIH Online website, or email to the Investor Relations of the Company. The Participants could also submit their questions through RPV during the 48th AGM.

The 48th 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 48th AGM, the CEO presented the 2021 financial highlights of the Group and highlights of the general insurance and life insurance subsidiaries as well as the strategic initiatives moving forward. The participation was encouraging with a total of 312 members and proxies, representing approximately 80.99% of the total issued ordinary shares of the Company, registered via RPV at the 48th AGM. Majority of the questions received from the Participants were relating to the Group's business and performance.

The 48th AGM poll results were validated by Mega Corporate Services Sdn Bhd, the independent scrutineer appointed by the Company. Upon the completion of poll results validation, the Chairman of 48th AGM declared that all resolutions were carried.

The questions received from the Participants prior and during the 48th AGM together with the Company's responses thereto, minutes of the 48th AGM detailing the meeting proceedings were published on the Company's website under the Investor Updates section within 30 business days from the date of the 48th AGM.

Key Focus Areas and Future Priorities

For FY 2023, the following areas are the key focus of the Group:-

(a) Continue to step up its effort to fully adopt integrated reporting based on a globally recognised framework by FY 2023 and continue to strengthen its sustainability governance.

(b) Board succession planning taking into account of Board's skill set, diversity and experience.

This Statement was approved by the Board on 28 March 2023.

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")

Malaysian Accounting Standards Board had issued Malaysian Financial Reporting Standards ("MFRS") 9 and MFRS 17 effective for annual periods beginning on or after 1 January 2023. As a result of dedicated efforts from the Management accompanied with the oversight of AC, insurance subsidiaries of the Company have successfully implemented new accounting standards on 1 January 2023. The preparation of the 2022 comparative and the 1 January 2023 results under the new accounting standard is progressing as planned.

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 of the Company 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)(c)(i) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") which requires at least one member of the AC to be a qualified accountant.
(b) Paragraph 15.09 of the Listing Requirements; and Practice 9.1 of the Malaysian Code on Corporate Governance ("Code") that the Chairman of the AC is not the Chairman of the Board.
(c) Step-up Practice 9.4 of the Code that AC comprises solely of Independent Non-Executive 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.

Audit Committee Report

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 as well as knowledge in steering the AC.

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 was appointed during the year to fill the AC vacancy following the retirement of an AC member namely Tan Sri Datuk (Dr.) Rafiah Binti Salim at the Annual General Meeting held on 22 June 2022. He has 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 profile of the AC members is set out in the **Board of Directors' Profile** of this Annual Report.

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 performance evaluation of the AC as a whole and AC member individually for the financial year ended 31 December 2022 ("FY 2022") were carried out by the NRC in early 2023. 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.

Training

During the year under review, the AC members attended various conferences, seminars and training programmes to keep themselves abreast of relevant developments in accounting standards, details as reported in the 2022 Corporate Governance Report of the Company. This is in line with the Practice 9.5 of the Code on the continuous professional development requirement.

Meetings and Attendance of Meetings

The AC held six meetings in 2022 and the AC members' attendance records are outlined in the **Corporate Governance Overview Statement** of this Annual Report.

The respective Chief Executive Officers ("CEOs") of the Group, the Chief Financial Officer/Deputy Chief Financial Officers ("Finance Team") 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.

Audit Committee Report

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 other Management being present, on a formal basis 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 information.

Summary of Activities of the AC

During the FY 2022, 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 2021 ("FY 2021").

  (ii) The audited and unaudited consolidated quarterly reports for the financial quarters for the FY 2022 of the Group.

  (iii) The AFS and AFS for Investment-Linked ("IL") Funds for the FY 2021 and the Interim Financial Statements for the financial period ended 30 September 2022 ("Interim Review") of the life insurance subsidiary.

  (iv) The AFS for the FY 2021 and the Interim Review of the general insurance subsidiary.

  (v) The unaudited Interim Financial Statements for the half-year ended 30 June 2022 of the insurance subsidiaries.

  (vi) The audited annual return for the FY 2021 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 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 2021.

(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 2021 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 MFRS and International Financial Reporting Standards ("IFRS") and 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 2021.

Implementation of MFRS 9 and MFRS 17

Reviewed the quarterly progress of the implementation of IFRSs 9 and 17. As at 31 December 2022, the implementation of IFRSs 9 and 17 was on track and within budget allocated by the respective Boards.

As part of the implementation of the new accounting standards, MFRS 9 – Financial Instruments and MFRS 17 – Insurance Contracts, which will take effect from annual reporting periods beginning on or after 1 January 2023, the AC has reviewed and recommended for the approvals of the respective Boards of the insurance subsidiaries, the proposed audit fees to be paid to the External Auditors, PwC PLT, to perform MFRSs 9 and 17 audits

Audit Committee Report

("Proactive Assurance Review"). The objectives of the Proactive Assurance Review are as follows:-

(i) to provide proactive assurance, to ensure that the outcome of the implementation is compliant with the requirement of the MFRSs 9 and 17; and
(ii) to firm up the opening balance for 2022, being the comparative financial statements for the first MFRS 17-compliant financial statements in 2023.

The AC had reviewed and discussed the updates and progress of the Proactive Assurance Review by PwC PLT.

During the course of the IFRSs 9 and 17 implementation, the insurance subsidiaries had drafted position papers together with the external consultant, KPMG PLT, as the documentation of the assessment of the insurance subsidiaries' position in adopting the appropriate accounting policies as prescribed by IFRSs 9 and 17 ("Position Papers"). As part of the Proactive Assurance Review, PwC PLT also reviewed the Position Papers. The AC deliberated on the Position Papers and recommended the same to the respective Boards of the insurance subsidiaries for consideration.

External Auditors Related Matters

(A) Audit Plan, Findings and Recommendations

During the FY 2022, 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 2021. 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 External Auditors' attention during the course of their statutory audit of the insurance subsidiaries for the FY 2021 and the respective Managements' responses in relation thereto. AC was satisfied with the responses provided by the respective Management 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 2022 detailed, amongst others, macroeconomic changes affecting the Group and areas of focus such as specific risks areas for the respective companies within the Group.

(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.

One private discussion was held between AC and External Auditors without the presence of the Management on 23 February 2022 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.

(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 2022, 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 2022 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").
(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.
(iii) PwC PLT met the minimum criteria for appointment, as specified by BNM.
(iv) PwC PLT completed the Group's 2021 statutory audit satisfactorily.

Audit Committee Report

PwC PLT confirmed that, for the audit of the financial statements of the Company and its insurance subsidiaries for the FY 2022, 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 2022 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 2022, AC reviewed the proposed appointment of EP for the Company and the insurance subsidiaries and the re-appointment of CP. AC satisfied that the EP and the CP met the qualification criteria as prescribed by BNM. AC therefore recommended the respective appointment and re-appointment of EP and CP for the respective Boards' approval.

(b) Reviewed the scope of work and the audit fees of the Group for the FY 2022 ("2022 Audit Fees") and recommended the same for the respective Boards' consideration.

(c) The 2022 Audit Fees for the Company and the Group are as set out below:-

	Group RM'000	Company RM'000
Statutory Audit Fees	994	168
Other Audit Related Fees[1]	1,593	-

Note:-
[1] The amount is driven by the fees associated with Proactive Assurance Review arising from the implementation of MFRS 9 and MFRS 17.

(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 2022;

(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 2021; and

(iii) the engagement of PwC PLT to perform Interim Review on the insurance subsidiaries.

(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 2022:-

	Subsidiaries RM'000	Company RM'000
Non-Audit Fees		
• review of interim financial information for the Interim Review for the insurance subsidiaries	153	-
• review of SORMIC	-	10

The total non-audit fees of the Group for the FY 2022 amounted to RM163,000.

Please refer to www.allianz.com.my/corporate-governance for the Audit and Non-Audit Policy.

Audit Committee Report

RPTs

(a) During the FY 2021, AC reviewed and deliberated on RPTs as well as 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/ 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 RPT/RRPT presented at the AC meetings during the financial year under review.

AC also reviewed the list of RPTs entered into by the insurance subsidiaries for the periods from 1 January 2021 to 31 December 2021 and from 1 January 2022 to 30 June 2022 which were submitted to BNM.

During the FY 2022, the AC reviewed the review procedures for RRPTs and was of the view that the review procedures for RRPTs 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 review procedures for RRPTs 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/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 (2023 – 2027) 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 2022 ("2022 Plan") to ensure that the 2022 Plan was on track. The 2022 Plan was developed based on annual risk assessment. The AC also discussed the progress reports on various outstanding audit findings. AC noted that the 2022 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) Reviewed the notification from Perbadanan Insurans Deposit Malaysia in respect of the Differential Levy Score, levy category and annual levy rate for assessment year 2022 for the insurance subsidiaries.

Audit Committee Report

(e) Reviewed the remediation action on issues raised in Quality Assurance Report on Internal Audit function conducted by the Allianz's Audit in May 2021. All issues raised by Allianz's Audit had been remediated and closed.

AC reviewed the results of the self-assessment of the IAD in 2022. 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 2021 audit plan and follow-up of overdue findings.

(g) AC reviewed and recommended for the approval of the respective Boards, the Allianz Audit Policy version 11.0 ("AGAP"). AGAP aims to ensure that the organisation and work of the Allianz'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's goals are ensured. A gap analysis was performed and there were no material gaps or applications that require adaptation.

(h) In March 2022, AC evaluated the 2021 performance of the Group Head of IAD and submitted its recommendations to the NRC and the respective Boards for review. AC also reviewed the 2022 target letter of the Group Head of IAD and recommended the same for the approval of the NRC and the respective Boards.

(i) The Group Head of IAD had in May 2022 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.

During the FY 2022, the AC reviewed and recommended for the approval of the respective Boards of the Group, the revised Whistleblowing Policy and Procedures and Anti-Fraud Policy of the Group.

(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 2021 ("2021 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 2021 SORMIC and concluded that nothing had come to their attention that caused them to believe that the 2021 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 2021 SORMIC in the Annual Report of the Company for the FY 2021 ("2021 Annual Report") for the Board's approval.

AC also reviewed the Management Representation Letter in relation to 2021 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, Management Discussion and Analysis, AC Report and the Corporate Governance Overview Statement for inclusion in the 2021 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 2020 and 2021 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 2020 and 2021 supervisory review on a quarterly basis.

(c) AC reviewed and recommended for the approval of the respective Boards of the Group, the Allianz Accounting and Reporting Policy version 9.0 ("GARP"). GARP defines the framework for the provision of reliable and high-quality financial information by Allianz, and shall thus, facilitate the implementation of regulatory and accounting requirements. It aims to minimise any Accounting and Reporting risk to protect Allianz's financial stability and reputation. Hence, the GARP outlines the principles for Accounting and Reporting functions and processes in Allianz 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 2022. No impairment of the intangible asset for FY 2022.

(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/ 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 2022 Plan, approved by the Board and AC respectively. A review on the Audit Charter was performed against the regulatory and Allianz 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 2022 Plan, the identified key audit areas for 2022 encompassed amongst others, claims management, policy management and underwriting, reinsurance, finance, accounts receivables, compliance, information technology, legal, human resources, customer experience, inputs management, processing and archiving and output management, complaints as well as regulatory compliance audit such as business continuity management and replacement of policy.

A total of 40 internal audit assignments were carried out during the FY 2022. A total of 41 internal audit and assessment reports generated during the FY 2022 were reviewed and deliberated by AC. There were no significant or material audit findings detected during the FY 2022.

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 2022 was RM3.7 million (2021: RM3.3 million).

This AC Report was approved by the Board on 28 March 2023.

Statement on 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"), which requires the Board of Directors ("Board") of public listed companies to include in the Company's Annual Report, a statement about the state of its internal control.

This Statement has been 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 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 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 2022 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 2022 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.

Statement on Risk Management and Internal Control

Risk Management Framework (continued)

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.

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.

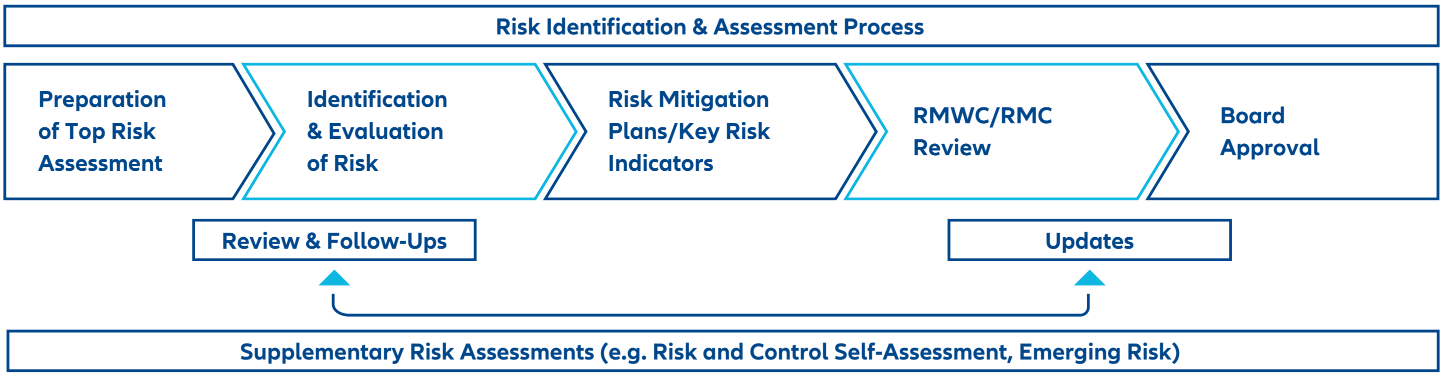
The Governance and Control Committee ("GovCC") supports the respective OEs' Management to fulfil its responsibilities with respect to regulatory governance, organisational and control requirements. The GovCC also provides a platform for structured and institutionalised interaction and collaboration on 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 on 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 on 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 on 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, social media or any transaction relating to pre-defined sensitive areas.

(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, the Group has set-up a cross-functional Climate Change Working Group that discusses and executes climate-related initiatives as directed by the Local ESG Board. 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.

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 on 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 and tax, risk capital management, compliance program, legal, human resource operation, reinsurance management, customer experience, various operation process such as underwriting , claims 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 on 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 are centralised at the 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, Audit Committee and the Board of Directors for approval in accordance with the internal authority limits approved by the Board of Directors.

Statement on Risk Management and Internal Control

Related Party Transactions (continued)

- 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.

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 function, whereas the Investment function 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
  (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.

Statement on Risk Management and Internal Control

Product Development (continued)

- 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.

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 following internal guidelines and policies:-
  (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.

Statement on Risk Management and Internal Control

Sales Standard and Sales Agent Code of Conduct

- The Group's insurance intermediaries are guided by the Allianz SE Sales Standard and Allianz Asia Pacific Sales Agent Code of Conduct 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 Sales Standard and AZAP Sales Agent Code of Conduct.

- 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 Sales Policy and Sales Agent Code of Conduct are reported to the respective Senior Management Committee of the insurance OEs together with corrective measures.

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.

- The IT & Digital Steering Committee ("ITDSC") is 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 on 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 February 2018 for inclusion in the annual report of the Group for the year ended 31 December 2022. 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 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 23 February 2023.

Additional Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2022, 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 2022 or, had been entered into since the end of the previous financial year.

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023

3.1 Ordinary Shares

Number of Issued Shares	:	177,969,239
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Less than 100	216	4.52	1,612	0.00
100 to 1,000	2,617	54.81	1,240,453	0.70
1,001 to 10,000	1,542	32.29	5,655,607	3.18
10,001 to 100,000	346	7.25	9,191,150	5.16
100,001 to less than 5% of issued shares	52	1.09	36,563,422	20.55
5% and above of issued shares	2	0.04	125,316,995	70.41
Total	**4,775**	**100.00**	**177,969,239**	**100.00**

Substantial Shareholders' Shareholdings as per the Register of Substantial Shareholders

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Allianz SE	115,362,295	64.82	-	-
Employees Provident Fund Board	13,209,400	7.42	-	-

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023 (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
1	CITIGROUP NOMINEES (ASING) SDN BHD ALLIANZ SE	115,362,295	64.82
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,954,700	5.59
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)	3,011,800	1.69
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	2,913,000	1.64
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	2,808,400	1.58
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	2,768,100	1.56
9	WOO KHAI YOON	1,600,000	0.90
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	1,488,200	0.84
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	1,071,700	0.60
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	934,500	0.53
13	LIM SU TONG @ LIM CHEE TONG	802,000	0.45
14	NEOH CHOO EE & COMPANY, SDN. BERHAD	756,300	0.42
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
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	473,700	0.27

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023 (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
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM AHAM) (410195)	462,400	0.26
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM ABSR EQ)	442,000	0.25
21	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	391,600	0.22
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	341,700	0.19
23	FONG LAI LENG	339,000	0.19
24	SHH INDUSTRIES SDN.BHD.	335,000	0.19
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NOBLE SOUND SDN BHD (PB)	325,000	0.18
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	292,100	0.16
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WHITE FEATHERS INDUSTRIES (M) SDN BHD (E-JBU/PNS)	282,100	0.16
28	LIM KUAN GIN	268,700	0.15
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	250,000	0.14
30	GOH BENG CHOO	230,500	0.13

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023 (CONTINUED)

3.1 Ordinary Shares (continued)

Directors' Shareholdings in the Company and/or its Related Corporations based on Register of Directors' Shareholdings

	Direct Interest		Deemed Interest	
Name of Director	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
Directors' Shareholdings in the Company				
ZAKRI BIN MOHD KHIR	100	^	-	-
GOH CHING YIN	-	-	-	-
TUNKU ZAIN AL-'ABIDIN IBNI TUANKU MUHRIZ	-	-	-	-
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]	^	2[c]	^
ANUSHA A/P THAVARAJAH	188.064[b]	^	-	-

Notes:-

^ Negligible
[a] Free share granted under Allianz Free Share Program
[b] This includes 186.064 shares acquired via Allianz Employees Share Purchase Plan and 2 free shares granted under Allianz Free Share Program
[c] Deemed interest by virtue of shares held by his daughter-in-law

CEO's Shareholdings in the Company and/or its Related Corporations

	Direct Interest		Deemed Interest	
Name of CEO	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
CEO's Shareholdings in the Company				
WANG WEE KEONG	100	^	-	-
CEO's Shareholdings in the Ultimate Holding Company, Allianz SE				
WANG WEE KEONG	2[a]	^	1[b]	^

Notes:-

^ Negligible
[a] Free share 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 17 MARCH 2023 (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
Less than 100	26	2.95	539	0.00
100 to 1,000	424	48.07	164,373	0.10
1,001 to 10,000	280	31.75	1,066,915	0.64
10,001 to 100,000	126	14.29	3,582,593	2.13
100,001 to less than 5% of issued ICPS	25	2.83	19,219,258	11.42
5% and above of issued ICPS	1	0.11	144,202,868	85.71
Total	**882**	**100.00**	**168,236,546**	**100.00**

Substantial Shareholder's ICPS Holdings

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	No. of ICPS Held	% of ICPS	No. of ICPS Held	% of ICPS
Allianz SE	144,202,868	85.71	-	-

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023 (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
1	CITIGROUP NOMINEES (ASING) SDN BHD ALLIANZ SE	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	3,458,500	2.06
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	HSBC NOMINEES (ASING) SDN BHD CACEIS BANK FOR HMG GLOBETROTTER	687,900	0.41
9	AU YONG MUN YUE	500,000	0.30
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEN KONG @ JOSEPH YONG	312,000	0.19
11	FONG LAI LENG	225,600	0.13
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAU LONG YIH (E-JBU/PNS)	224,700	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

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023 (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
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE PIK WAH (MY0288)	164,000	0.10
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	150,000	0.09
19	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR KEGANI PACIFIC LTCFUND L.P.	133,100	0.08
20	LIM TEAN KAU	128,000	0.08
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KATHRYN MA WAI FONG (PB)	125,000	0.07
22	HII YU HO SDN BHD	125,000	0.07
23	EVERGREEN ANGLE SDN BHD	123,000	0.07
24	SU MING KEAT	118,100	0.07
25	NEOH CHOO EE & COMPANY, SDN. BERHAD	114,200	0.07
26	EE YIH CHIN	102,000	0.06
27	YAP AH NGAH @ YAP NEO NYA	100,000	0.06
28	INSAS PLAZA SDN BHD	90,900	0.05
29	SAI YEE @ SIA SAY YEE	73,000	0.04
30	KHOO KHAI HONG	70,000	0.04

Additional Compliance Information

3. ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2023 (CONTINUED)

3.2 Irredeemable Convertible Preference Shares ("ICPS") (continued)

Directors' ICPS Holdings in the Company

	Direct Interest		Deemed Interest	
Name of Director	No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
ZAKRI BIN MOHD KHIR	200	^	-	-
GOH CHING YIN	-	-	-	-
TUNKU ZAIN AL-'ABIDIN IBNI TUANKU MUHRIZ	-	-	-	-
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 Shares Held	% of Shares	No. of Shares Held	% of Shares
CEO's Shareholdings in the Company				
WANG WEE KEONG	200	^	-	-

Note:-
^ Negligible

Additional Compliance Information

4. LIST OF TOP TEN PROPERTIES AS AT 31 DECEMBER 2022 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	20 years		
	Level 10 and 12	Head office		1,493			28/08/2021	**15,252**
	Level 13A	Head office		745			21/08/2021	**7,593**
	Level 13 & 15	Head office		1,493			28/08/2021	**15,253**
2	Wisma Allianz 33, Jalan Gereja 50100 Kuala Lumpur Wilayah Persekutuan	Branch office	Lot PT1-Leasehold Expiring 06/09/2072	3,328	Office building	41 years	28/08/2021	**4,770**
			Lot 263 Freehold			39 years	28/08/2021	**7,801**
3	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	23 years	31/10/2019	**8,965**
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	19 years	31/10/2019	**4,333**
5	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	18 years	15/10/2020	**2,813**
6	No. 374, 374A & 347B, Jalan Melaka Raya 6, Taman Melaka Raya, 75000 Melaka	Branch office	Leasehold Expiring 24/10/2082	937	3-storey shophouse	37 years	28/08/2021	**2,252**

Additional Compliance Information

4. LIST OF TOP TEN PROPERTIES AS AT 31 DECEMBER 2022 OWNED BY THE GROUP (CONTINUED)

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
7	No. 487, Jalan Permatang Rawa Bandar Perda Bukit Mertajam, 14000 Penang	Branch office	Freehold	758	4-storey shop office	19 years	15/10/2020	**1,954**
8	No. 300 & 301 Jalan Lumpur, 05100 Alor Star, Kedah Darul Aman	Branch office	Freehold	1,088	3-storey shophouse	18 years	28/08/2021	**1,936**
9	TB 320, Block 38, Fajar Complex Tawau, Sabah	Branch office	Leasehold 31/12/2895	613	4-storey shophouse	25 years	28/08/2021	**1,654**
10	No. 6771 & 6770, Jalan Kampung Gajah, 12200 Butterworth	Branch office	Freehold	866	Shop office	23 years	28/08/2021	**1,506**

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 2022 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	(261,717)
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	(1,203)
3	Payment of fees by the Company's insurance subsidiaries to Allianz Technology for purchasing of various software licenses	**Allianz Technology	(8,573)
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	(268)
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	(88)
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	(2,431)
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	(180)
8	Payment of fees by the Company's life insurance subsidiary to IDS GmbH ("IDS") for conducting performance attribution analysis	**IDS	(44)
9	Investment and redemption of funds (including fund management charges ("FMC") and rebate on FMC) distributed by Allianz Global Investors Singapore Limited ("AGI") by the Company's life insurance subsidiary	**AGI	1,757
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	(2,246)
11	Payment of fees by the Company's life insurance subsidiary to RCM Asia Pacific Limited ("RCM") for sharing of AGI Global Bloomberg Asset & Investment Manager database, IT support, maintenance and execution of equity transactions provided by RCM to the Company's life insurance subsidiary	**RCM	(184)
12	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	(254)
13	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	(470)
14	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	(3,418)

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 2022 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/ (Expenses) RM'000
15	Payment of fees by the Company's insurance subsidiaries to AZAP for sharing of marketing measures undertaken by Allianz SE	**AZAP	(4,775)
16	Payment of fees by the Company's life insurance subsidiary to AZAP for sharing of Global Procurement (excluding IT) services and support rendered by Allianz SE	**AZAP	9
17	Payment of fees by the Company's life insurance subsidiary to Allianz SE for IT security services	**Allianz SE	3
18	Payment of fees by the Company's insurance subsidiaries to Allianz SE to support the development and improvement of technical excellence	**Allianz SE	(6,864)
19	Payment of fees by the Company's life insurance subsidiary to Allianz SE for the implementation of global cyber insurance solution	**Allianz SE	34
20	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	(1,035)
21	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	2,107
22	Fees received by the Company for providing audit services to Allianz SE Group under the Regional Audit Hub	**Allianz SE Group	401
23	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	1,793
24	Payment of fees by the Company's life insurance subsidiary to Allianz SE for the development of Allianz One Finance Programme	**Allianz SE	3
25	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the implementation of Allianz Global Network	**Allianz Technology	(1,177)
26	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	(1,358)
27	Payment of fees by Company's life insurance subsidiary to Allianz Technology for the purchase of Actuarial Reporting Group Object	**Allianz Technology	(452)
28	Fees received by the Company for providing Master Data Management support services to Allianz SE Group	**Allianz SE Group	475

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 2022 were as follows:-

No.	Nature of Recurrent Related Party Transactions	Name of Related Parties	Income/ (Expenses) RM'000
29	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	(81)
30	Fees received by the Company's general insurance subsidiary for providing reinsurance and Midcorp services to AZAP	**AZAP	979
31	Payment of fees by the Company's life insurance subsidiary to Allianz SE Group for implementation of Human Resource Transformation solution	**Allianz SE Group	(977)
32	Payment of fees by the Company's insurance subsidiaries to Allianz SE Group for implementation of Azeus Convene Meeting Management Software	**Allianz SE Group	(82)
33	Payment of fees by the Company's life insurance subsidiary to Allianz Digital Health GmbH to develop a suite of digital health tools	**Allianz Digital Health GMBH	(1,280)
34	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	(128)
35	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	(147)
36	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the purchase of ServiceNow implementation services	**Allianz Technology	(158)
37	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the usage of Agile Delivery Platform and Public Cloud Service for Unified Sales Application	**Allianz Technology	(445)
38	Payment of fees by the Company's life insurance subsidiary to Allianz SE for the Group Privacy services	**Allianz SE	(6)
39	Payment of fees by the Company's life insurance subsidiary to Allianz Technology for the usage of Smart Cloud Connected services for the implementation of Remote Onboarding Program for the Company's life insurance subsidiary intermediaries to conduct non face-to face sales activity	**Allianz Technology	(494)
40	Payment of fees by the Company's insurance subsidiaries to Rapidpro Consulting Sdn Bhd ("Rapidpro") for consulting and training services rendered by Rapidpro	Rapidpro	(1,620)

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 to the Company via Allianz SE's direct interest as the major shareholder of the Company.

Income/(expense) as disclosed above is net of any reversal during the year.

Financial Statements

Directors' Report

for the year ended 31 December 2022

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 2022.

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	**472,831**	**298,836**

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 2021:

Interim Dividend paid on 18 February 2022

- a single tier interim dividend of 75.60 sen per Irredeemable Convertible Preference Share ("ICPS") totaling RM127,422,000; and
- a single tier interim dividend of 63.00 sen per ordinary share totaling RM111,925,000;

(ii) In *respect* of the financial year ended 31 December 2022:

Interim Dividend paid on 5 August 2022

- a single tier interim dividend of 19.20 sen per ICPS totaling RM32,303,000; and
- a single tier interim dividend of 16.00 sen per ordinary share totaling RM28,474,000;

Interim Dividend paid on 17 February 2023

- a single tier interim dividend of 82.80 sen per ICPS totaling RM139,300,000; 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 2022

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) (Appointed on 1 January 2022 and redesignated as Chairman on 23 June 2022)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
Peter Ho Kok Wai
Goh Ching Yin
Gerard Lim Kim Meng
Tan Sri Datuk Zainun Binti Ali (Appointed on 15 March 2022)
Anusha A/P Thavarajah (Appointed on 17 March 2022)
Dr. Muhammed Bin Abdul Khalid (Appointed on 15 July 2022)
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Retired on 22 June 2022)

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 (Appointed on 1 November 2022)
Ong Eng Chow (Appointed on 1 January 2023)
Anusha A/P Thavarajah (Resigned on 21 January 2022)
Dato' Dr. Kantha A/L Rasalingam (Retired on 7 July 2022)
Joseph Kumar Gross (Resigned on 31 December 2022)

Allianz General Insurance Company (Malaysia) Berhad
Dr. Muhammed Bin Abdul Khalid (Chairman)
(Appointed as Chairman on 22 June 2022)
Lim Tuang Ooi
Wang Wee Keong (Appointed on 1 January 2022)
Wee Lay Hua (Appointed on 1 April 2022)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz
(Retired on 28 February 2022)
Tan Sri Datuk (Dr.) Rafiah Binti Salim (Retired on 21 June 2022)

Directors' Report
for the year ended 31 December 2022

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 1.1.2022	Bought	Sold	At 31.12.2022
Zakri Bin Mohd Khir	100	-	-	100

	Number of Irredeemable Convertible Preference Shares ("ICPS")			
Interests in the Company	At 1.1.2022	Bought	Sold	At 31.12.2022
Zakri Bin Mohd Khir	200	-	-	200

	Number of Registered Shares			
Interests in the Ultimate Holding Company, Allianz SE	At 1.1.2022	Bought	Sold	At 31.12.2022
Zakri Bin Mohd Khir				
- Direct Interest	1 [(a)]	-	-	1
- Indirect Interest [(b)]	1 [(a)]	1 [(a)]	-	2
Interests in the Ultimate Holding Company, Allianz SE	At 17.3.2022	Bought	Sold	At 31.12.2022
Anusha A/P Thavarajah				
- Direct Interest	1 [(a)]	1 [(a)]	-	2
- Direct Interest	92.785 [(c)]	93.279 [(c)]	-	186.064

Notes:

(a) Free share granted under Allianz Free Share Program

(b) Deemed interest by virtue of shares held by his 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 2022 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 2022

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid to the directors of the Company during the financial year are as follows:

	Group RM'000				Company RM'000			
	Fee	Other Emoluments[a]	Benefits-in-kinds	Total	Fee	Other Emoluments[a]	Benefits-in-kinds	Total
Non-Executive Directors								
Zakri Bin Mohd Khir[b]	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
Dr. Muhammed Bin Abdul Khalid	223	123	-	346	103	28	-	131
Anusha A/P Thavarajah	-	-	-	-	-	-	-	-
Tan Sri Datuk (Dr) Rafiah Binti Salim	149	183	10	342	92	104	5	201
Lim Tuang Ooi[c]	-	-	-	-	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				
Total remuneration of Non-Executive Directors	**2,004**	**842**	**10**	**2,856**	**1,155**	**434**	**5**	**1,594**
Executive Directors								
Wang Wee Keong[d]	-	-	-	-	-	-	-	-
Joseph Kumar Gross[d]	-	-	-	-	-	-	-	-
Total remuneration of Executive Directors	-	-	-	-	-	-	-	-

Notes:

[a] Other emoluments comprising 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 2022 amounting to RM545,901.81.

[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 a member of the Risk Management Committee ("RMC") since 1 April 2022 and as Chairman of the RMC since 22 June 2022.

[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 27.2.

Directors' Report
for the year ended 31 December 2022

HOLDING COMPANY

The Directors regard Allianz SE, a public listed company incorporated and domiciled in Germany, as the Company's holding company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its ordinary shares to 177,969,239 by the issuance of 460,300 ordinary shares pursuant to the conversion of 460,300 ICPS. Accordingly, the ICPS of the Company was reduced to 168,236,546 as at 31 December 2022. As at 31 December 2022, the total share capital of the Company amounted to RM771,028,887.

All the new ordinary shares issued rank *pari passu* in all respects with the existing ordinary shares of the Company except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date is prior to the allotment date of the new ordinary shares.

Save as disclosed above, there were no other 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 RM59,461.

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 2022

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 the valuation methods specified in Part D of the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

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 40 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 2022 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 2022

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	**994**	**168**
Other audit related fees[1]	**1,593**	**10**
	2,587	**178**

Note:
[1] The amount is driven by the fees associated with MFRS17 proactive assurance.

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: 23 February 2023

Statements of Financial Position

as at 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	**110,682**	110,148	**1,736**	1,121
Right-of-use assets	4	**33,657**	41,530	**-**	-
Intangible assets	5	**421,835**	348,456	**-**	-
Investments in subsidiaries	6	**-**	-	**961,088**	961,088
Deferred tax assets	16	**48,994**	34,404	**-**	-
Reinsurance assets	7	**887,623**	1,126,083	**-**	-
Investments	8	**20,386,957**	19,941,622	**18,354**	52,086
Derivative financial assets	9	**18,996**	45,516	**-**	-
Current tax assets		**12,165**	9,856	**8**	-
Insurance receivables	10	**219,442**	191,207	**-**	-
Other receivables, deposits and prepayments	11	**152,786**	151,396	**250,535**	247,271
Deferred acquisition costs	12	**131,020**	123,661	**-**	-
Cash and cash equivalents		**2,258,900**	1,519,608	**62,452**	30,390
Total assets		**24,683,057**	23,643,487	**1,294,173**	1,291,956
Equity					
Share capital					
– Ordinary shares	13	**236,037**	234,573	**236,037**	234,573
– Irredeemable Convertible Preference Shares	13	**534,992**	536,456	**534,992**	536,456
Reserves	14	**3,458,998**	3,373,124	**251,870**	275,910
Total equity attributable owners of the Company		**4,230,027**	4,144,153	**1,022,899**	1,046,939
Liabilities					
Insurance contract liabilities	15	**18,528,102**	17,648,547	**-**	-
Deferred tax liabilities	16	**395,960**	391,257	**106**	104
Derivative financial liabilities	9	**1,293**	1,641	**-**	-
Lease liabilities	17	**19,171**	24,788	**-**	-
Insurance payables	18	**603,173**	584,557	**-**	-
Other payables and accruals	19	**895,893**	834,973	**271,168**	244,886
Current tax liabilities		**9,438**	13,571	**-**	27
Total liabilities		**20,453,030**	19,499,334	**271,274**	245,017
Total equity and liabilities		**24,683,057**	23,643,487	**1,294,173**	1,291,956

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

Statements of Profit or Loss

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Operating revenue	20	**6,772,989**	6,431,039	**312,062**	241,482
Gross earned premiums	21(a)	**5,930,031**	5,671,113	**-**	-
Premiums ceded to reinsurers	21(b)	**(364,172)**	(430,273)	**-**	-
Net earned premiums		**5,565,859**	5,240,840	**-**	-
Investment income	22	**842,958**	759,926	**312,062**	241,482
Realised gains and losses	23	**44,261**	53,462	**-**	-
Fair value gains and losses	24	**(390,948)**	(430,757)	**-**	-
Fee and commission income	25(a)	**34,776**	52,301	**-**	-
Other operating income		**73,953**	44,599	**479**	401
Investment and other income		**605,000**	479,531	**312,541**	241,883
Gross benefits and claims paid	26(a)	**(3,219,044)**	(2,360,118)	**-**	-
Claims ceded to reinsurers	26(b)	**292,421**	176,463	**-**	-
Gross change in contract liabilities	26(c)	**(704,118)**	(1,558,291)	**-**	-
Change in contract liabilities ceded to reinsurers	26(d)	**(242,139)**	192,865	**-**	-
Net benefits and claims		**(3,872,880)**	(3,549,081)	**-**	-
Fee and commission expense	25(b)	**(823,257)**	(811,172)	**-**	-
Management expenses	27	**(690,115)**	(683,768)	**(13,039)**	(13,454)
Interest expense	28	**(791)**	(966)	**-**	-
Other operating expenses		**(79,390)**	(49,798)	**(156)**	(88)
Other expenses		**(1,593,553)**	(1,545,704)	**(13,195)**	(13,542)
Profit before tax		**704,426**	625,586	**299,346**	228,341
Tax expense	29	**(231,595)**	(147,089)	**(510)**	(565)
Profit for the year		**472,831**	478,497	**298,836**	227,776
Profit for the year attributable to:					
Owners of the Company		**472,831**	478,497	**298,836**	227,776
Basic earnings per ordinary share (sen)	30(a)	**169.31**	197.98		
Diluted earnings per ordinary share (sen)	30(b)	**136.60**	138.29		

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 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the year		**472,831**	478,497	**298,836**	227,776
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets					
Net losses arising during the financial year		**(137,379)**	(257,806)	**-**	-
Realised gains transferred to profit or loss		**(36,484)**	(40,052)	**-**	-
Losses on cash flow hedge		**(7,837)**	(9,039)	**-**	-
Tax effects thereon		**27,152**	45,749	**-**	-
Change in insurance contract liabilities arising from net fair value change on					
AFS financial assets	15(a)	**90,091**	132,303	**-**	-
Cash flow hedge reserve	15(a)	**7,837**	9,039	**-**	-
Tax effects thereon	15(a)	**(7,834)**	(11,307)	**-**	-
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment and right-of-use assets		**-**	5,889	**-**	-
Tax effects thereon		**-**	(1,279)	**-**	-
Reversal of deferred tax on revaluation surplus of land and buildings upon disposal		**373**	-	**-**	-
Total other comprehensive loss for the year, net of tax		**(64,081)**	(126,503)	**-**	-
Total comprehensive income for the year, net of tax		**408,750**	351,994	**298,836**	227,776
Total comprehensive income attributable to:					
Owners of the Company		**408,750**	351,994	**298,836**	227,776

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

Statements of Changes in Equity

for the year ended 31 December 2022

Group	Note	Ordinary shares RM'000	Irredeemable Convertible Preference Shares RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings - Life non-participating fund surplus* RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Company						
		Non-distributable					Distributable	
At 1 January 2022		234,573	536,456	43,175	3,653	1,241,518	2,084,778	4,144,153
Fair value of AFS financial assets		-	-	-	(64,454)	-	-	(64,454)
Disposal of land and buildings		-	-	(1,293)	-	-	1,293	-
Reversal of deferred tax on revaluation surplus		-	-	-	-	-	373	373
Profit for the year		-	-	-	-	123,711	349,120	472,831
Total comprehensive (loss)/income for the year		-	-	(1,293)	(64,454)	123,711	350,786	408,750
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	31	-	-	-	-	-	(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	41,882	(60,801)	1,365,229	2,112,688	4,230,027
		Note 13	Note 13	Note 14.1	Note 14.2	Note 14	Note 14	

* Non-distributable retained earnings comprise non-participating fund surplus, 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 non-participating 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 2022

Group	Note	Ordinary shares RM'000	Irredeemable Convertible Preference Shares RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings - Life non-participating fund surplus* RM'000	Retained earnings RM'000	Total equity RM'000
		← Attributable to owners of the Company →						
		← Non-distributable →					Distributable	
At 1 January 2021		232,601	538,428	38,565	134,766	1,137,320	1,949,826	4,031,506
Fair value of AFS financial assets		-	-	-	(131,113)	-	-	(131,113)
Revaluation of property, plant and equipment and right-of-use assets		-	-	4,610	-	-	-	4,610
Profit for the year		-	-	-	-	104,198	374,299	478,497
Total comprehensive income/(loss) for the year		-	-	4,610	(131,113)	104,198	374,299	351,994
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,972	(1,972)	-	-	-	-	-
Dividends to owners of the Company	31	-	-	-	-	-	(239,347)	(239,347)
Total transactions with owners of the Company		1,972	(1,972)	-	-	-	(239,347)	(239,347)
At 31 December 2021		234,573	536,456	43,175	3,653	1,241,518	2,084,778	4,144,153
		Note 13	Note 13	Note 14.1	Note 14.2	Note 14	Note 14	

* Non-distributable retained earnings comprise non-participating fund surplus, 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 non-participating 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 2022

Company	Note	Attributable to owners of the Company: Non-distributable: Share capital RM'000	Non-distributable: Irredeemable Convertible Preference Shares RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
At 1 January 2021		232,601	538,428	287,481	1,058,510
Profit for the year		-	-	227,776	227,776
Total comprehensive income for the year		-	-	227,776	227,776
Contributions by and distributions to owners of the Company					
Conversion of Irredeemable Convertible Preference Shares to ordinary shares		1,972	(1,972)	-	-
Dividends to owners of the Company	31	-	-	(239,347)	(239,347)
Total transactions with owners of the Company		1,972	(1,972)	(239,347)	(239,347)
At 31 December 2021 /1 January 2022		**234,573**	**536,456**	**275,910**	**1,046,939**
Profit for the year		**-**	**-**	**298,836**	**298,836**
Total comprehensive income for the year		**-**	**-**	**298,836**	**298,836**
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	31	**-**	**-**	**(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**	**251,870**	**1,022,899**
		Note 13	Note 13	Note 14	

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

Statements of Cash Flows

for the year ended 31 December 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before tax	**704,426**	625,586	**299,346**	228,341
Adjustments for:				
Investment income	**(842,958)**	(759,926)	**(312,062)**	(241,482)
Interest income	**(648)**	(416)	**-**	-
Interest expense	**791**	966	**-**	-
Realised gains from financial assets recorded in profit or loss	**(44,172)**	(53,461)	**-**	-
Fair value losses on financial assets recorded in profit or loss	**348,917**	389,623	**-**	-
Purchase of available-for-sale ("AFS") financial investments	**(1,632,225)**	(2,096,877)	**(3,085)**	(5,000)
Maturity of AFS financial investments	**632,070**	760,015	**-**	-
Proceeds from sale of AFS financial investments	**772,632**	958,633	**-**	-
Purchase of designated upon initial recognition ("DUIR") financial investments	**(781,949)**	(1,096,462)	**-**	-
Maturity of DUIR financial investments	**322,000**	406,259	**-**	-
Proceeds from sale of DUIR financial investments	**56,273**	116,738	**-**	-
Purchase of held for trading ("HFT") financial investments	**(2,089,518)**	(2,919,836)	**-**	-
Maturity of HFT financial investments	**246,000**	293,901	**-**	-
Proceeds from sale of HFT financial investments	**1,053,109**	1,333,619	**-**	-
Decrease/(Increase) in loans and receivables	**481,296**	365,317	**36,344**	(23,906)
Unrealised foreign exchange gain	**(21,781)**	(4,852)	**-**	-
Depreciation of property, plant and equipment	**16,013**	14,624	**326**	377
Depreciation of right-of-use assets	**21,136**	18,765	**-**	-
Amortisation of intangible assets	**26,735**	24,579	**-**	-
Gains on disposal of property, plant and equipment	**(89)**	(1)	**-**	-
Impairment loss on AFS financial investments	**42,031**	41,134	**-**	-
Property, plant and equipment written off	**270**	780	**2**	-
Allowance for impairment loss on reinsurance asset	**(2,575)**	(3)	**-**	-
Insurance and other receivables:				
- Bad debts written off	**69**	-	**-**	-
- (Reversal of)/Allowance for impairment loss	**(28,142)**	1,535	**-**	-
- Bad debts recovered	**(52)**	(23)	**-**	-
Operating (loss)/gain before changes in working capital	**(720,341)**	(1,579,783)	**20,871**	(41,670)

Statements of Cash Flows

for the year ended 31 December 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Changes in working capital:				
Decrease/(Increase) in reinsurance assets	**241,035**	(230,527)	**-**	-
(Increase)/Decrease in insurance receivables	**(41)**	7,728	**-**	-
(Increase)/Decrease in other receivables, deposits and prepayments	**(1,079)**	9,602	**67,175**	(934)
Increase in deferred acquisition costs	**(7,359)**	(7,491)	**-**	-
Increase in insurance contract liabilities	**969,649**	1,725,310	**-**	-
Increase in insurance payables	**18,616**	95,440	**-**	-
Increase/(Decrease) in other payables and accruals	**47,255**	(21,315)	**3,530**	2,173
Cash generated from/(used in) operations	**547,735**	(1,036)	**91,576**	(40,431)
Tax paid	**(220,399)**	(171,462)	**(543)**	(481)
Dividends received	**142,282**	117,925	**239,634**	279,683
Interest income received	**715,398**	666,603	**2,462**	1,320
Interest paid on lease liabilities	**(791)**	(966)	**-**	-
Net cash generated from operating activities	**1,184,225**	611,064	**333,129**	240,091
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**908**	1	**-**	-
Proceeds from disposal of right of use asset	**2,068**	-	**-**	-
Acquisition of property, plant and equipment	**(21,098)**	(20,147)	**(943)**	(320)
Acquisition of intangible assets	**(105,739)**	(8,156)	**-**	-
Net cash used in investing activities	**(123,861)**	(28,302)	**(943)**	(320)
Cash flows from financing activities				
Dividends paid to owners of the Company	**(300,124)**	(220,440)	**(300,124)**	(220,440)
Repayment of lease liabilities	**(20,948)**	(18,677)	**-**	-
Net cash used in financing activities	**(321,072)**	(239,117)	**(300,124)**	(220,440)
Net increase in cash and cash equivalents	**739,292**	343,645	**32,062**	19,331
Cash and cash equivalents at 1 January	**1,519,608**	1,175,963	**30,390**	11,059
Cash and cash equivalents at 31 December	**2,258,900**	1,519,608	**62,452**	30,390

Statements of Cash Flows
for the year ended 31 December 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions (with maturity of less than three months)	**2,125,473**	1,454,837	**59,427**	27,960
Cash and bank balances	**133,427**	64,771	**3,025**	2,430
	2,258,900	1,519,608	**62,452**	30,390

Included in the fixed and call deposits are RM87,992,000 (2021: RM74,582,000) held as cash collateral for guarantees issued on behalf of the policyholders (Note 18).

GROUP AND COMPANY

Reconciliation of liabilities arising from financing activities

	Note	Lease liabilities RM'000	Total RM'000
At 1 January 2021		42,785	42,785
Cash flows		(19,643)	(19,643)
Interest charge		966	966
Modification/Termination of lease		680	680
At 31 December 2021/1 January 2022		**24,788**	**24,788**
Cash flows		**(19,671)**	**(19,671)**
Interest charge		**791**	**791**
Lease additions		**249**	**249**
Modification/Termination of lease		**13,014**	**13,014**
At 31 December 2022	17	**19,171**	**19,171**

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 2022 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 2022 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 holding company is Allianz SE, a public listed company incorporated and domiciled in Germany.

The financial statements were authorised for issue by the Board of Directors on 23 February 2023.

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 Malaysian Financial Reporting Standards ("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 2022 and adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 16, *COVID-19 Related Rent Concessions beyond 30 June 2021*
- Amendments to MFRS 116, *Proceeds before Intended Use*
- Amendments to MFRS 3, *Reference to Conceptual Framework*
- Amendments to MFRS 137, *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRS 1, *Subsidiary as First-time Adopter*
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: *Lease Incentives*
- Annual Improvements to MFRS 141, *Taxation in Fair Value Measurements*
- Annual Improvements to MFRS 9, *Fees in the '10 percent' test for Derecognition of Financial Liabilities*

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:

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS101, *Classification of liabilities and 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 Single Transaction*
- MFRS 17, *Insurance Contracts*
- Amendment to MFRS 17 "Initial Application of MFRS 17 and MFRS 9 - Comparative Information"

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.

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.

The general measurement model, also known as the building block approach, consists of the fulfillment cash flows and the contractual service margin. The fulfillment 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.

At inception, the contractual service margin cannot be negative. If the fulfillment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit or loss. At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfillment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services. The contractual service margin gets adjusted for 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".

MFRS 17 only provides principle-based guidance on how to determine these coverage units. The Group has defined the account value for the reflection of investment services and the sum at risk for insurance services as the default approach to determine the coverage units. If multiple services are provided in one contract, a weighting is applied. The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

MFRS 17, *Insurance Contracts* (continued)

(a) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
(b) the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
(c) the entity 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.

The assessment of whether an insurance contract meets these three criteria is made at inception of the contract and not revised subsequently, except in case of a substantial modification of the contract. For contracts with direct participation features, the contractual service margin is adjusted for changes in the amount of the entity's share of the fair value of the underlying items. No explicit interest accretion is required since the contractual service margin is effectively remeasured when it is adjusted for changes in financial risks.

The premium allocation approach is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage 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 measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

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). 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, an entity first needs to define portfolios which include contracts with similar risks that are managed together.

For non-life insurance contracts, the Group expects that all business qualifies for the premium allocation approach eligibility. The premium allocation approach has similar mechanics as the current approach under MFRS 4 *Insurance Contracts* and therefore only limited impact on main result drivers and limited judgmental areas for the underwriting result. The estimation of the expected claims in the loss reserves is the main area of judgment for general business and remains unaffected by the introduction of MFRS 17.

The main changes for non-life insurance contracts comprise the mandatory discounting of loss reserves, higher transparency of loss-making portfolios due to more granular onerous contract testing, and the introduction of risk adjustment for non-financial risk which is similar to the Provision of Risk Margin for Adverse Deviation under MFRS 4 claims liabilities. The standard requires the discount rates to be determined using observable market data based on a risk-free base curve and portfolio specific adjustments to reflect the illiquidity of insurance obligations.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

MFRS 17, *Insurance Contracts* (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. The approach to determine loss component 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 group of contracts.

MFRS 17 does not prescribe a specific approach for determining the risk adjustment for non-financial risk. The Group applies the commonly accepted percentile approach to determine risk adjustment as it is allowed by the standard, consistent with local regulatory requirements.

In the statement of financial position, deferred acquisition costs and insurance related receivables will no longer be presented separately but as part of the insurance liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities. The amounts presented in the statement of profit or loss need to be 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 need to be presented separately from the expenses or income from insurance contracts issued.

MFRS 17 will change the presentation of insurance contract revenue; gross written premium will no longer be presented in the statement of profit or loss. Insurance contract revenue is defined in such a way as to achieve comparability with the revenue of other industries and, investment components may not be recognised as part of insurance contract revenue. The (net) combined ratio will remain the main KPI for the general segment and will be defined as the sum of insurance service expenses and the reinsurance result, divided by insurance revenue.

Generally, the Group expects only limited impact on the operating result. There will be a positive impact on underwriting result from the discounting of loss reserves, but, while the operating investment income will remain almost unchanged, the interest accretion on historical loss reserves will notably decrease the investment result. MFRS 17 contains an accounting policy option to recognise changes in financial parameters either in profit or loss or in other comprehensive income ("OCI").

This "OCI option" can be exercised at the level of individual portfolios. The Group generally will make use of this option. Under this option, loss reserves are discounted for profit or loss with locked-in interest rates from the respective accident years and the discounting effect needs to be recognised as interest accretion in the investment result until the claims reserves run-off.

For non-life insurance contracts, the Group expects that all business qualifies for the premium allocation approach eligibility at transition. As such, the full retrospective approach will be 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 will be applied to these groups.

Notes to the Financial Statements

1. **Basis of preparation (continued)**

1.1 Statement of compliance (continued)

MFRS 17, *Insurance Contracts* (continued)

For long-duration life insurance contracts, MFRS 17 is expected to have a significant impact on actuarial modeling, as more granular cash flow projections and regular updates of all assumptions will be required, either impacting profit or loss or the contractual service margin. The Group expects that direct participating business, where the rules on profit sharing are defined by legal/contractual rights, will qualify for the variable fee approach eligibility. Indirect participating business, where the payments to the policyholder depend on the investment performance but there are no fixed rules on how the performance is passed on to the policyholders, as well as non-participating business, i.e., business without policyholder participation, including savings and risk business, will be accounted for under the general measurement model.

The Group will continue to have unit-linked insurance contracts, which are contracts with significant insurance risk, e.g., via death or other insurance riders. The Group expects unit-linked insurance contracts to be eligible for the variable fee approach. In the statement of financial position, the Group expects an increase of the insurance liabilities as these will be discounted with current rates and will contain an explicit future profit margin with the contractual service margin. Shareholder's share of unrealised capital gains will be part of the insurance liabilities accounted for under the variable fee approach.

In the income statement, the release of the contractual service margin and the risk adjustment for non-financial risk will become the main components for the profit before tax of the life insurance. Besides the qualitative impacts described above, the Group is currently assessing the quantitative impact of the application of MFRS 17. The final figures will also depend on the application of the transition approaches. MFRS 17 has to be applied retrospectively unless this is impracticable. Fulfillment cash flows are determined prospectively at every reporting date, including the date of initial application. However, the contractual service margin is rolled-forward over time, a split of profits between equity ("earned profits") and contractual service margin ("unearned profits") is required, but is often very challenging due to the long-term nature of some life insurance contracts. If a full retrospective application is impracticable, an entity can choose between a modified retrospective approach or a fair value approach.

The objective of the modified retrospective approach is to use reasonable and supportable information available without undue cost or effort to achieve the closest possible outcome to full retrospective application. To the extent a retrospective determination is not possible, certain modifications are allowed. Under the fair value approach, the contractual service margin of a group of contracts at transition is determined as the difference between the fair value of this group at transition determined in accordance with MFRS 13 and the corresponding MFRS 17 fulfillment cash flows measures at transition. Besides the determination of the contractual service margin, another crucial topic at transition is the determination of historic interest rates.

After making reasonable efforts to gather necessary historical information, the Group has determined that for certain groups of contracts, information such as the expectation of the contract's profitability at initial recognition, historical interest rates and historical cash flows were not available or not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach, and the Group has adopted the modified retrospective approach for these groups.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

MFRS 17, *Insurance Contracts* (continued)

For insurance contracts issued, the Group intends to adopt 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 will be applied. For unmodelled products, the Group will continue not be modelled under MFRS 17 on the basis of insignificant.

In respect of reinsurance contract held, the modified retrospective approach will be applied to the reinsurance contracts held in annual cohorts prior to 2021 while the full retrospective approach will be applied to reinsurance contracts held in annual cohorts 2021 or later.

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 preparation of the 2022 comparative and the 1 January 2023 results under the new standard is progressing as planned.

MFRS 9, *Financial Instruments*

MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

<u>Classification and measurements</u>

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 ("FVTPL") and fair value through other comprehensive income ("FVOCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in other comprehensive income ("OCI") (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.

The Group has classified and measured equity instruments and bond investments that are not held for trading at FVOCI. The financial assets of the Group are for the purpose of backing insurance liabilities, hence the hold and sell business model is adopted with FVOCI as a relevant measurement approach, subject to the fulfilment of the Solely Payments of Principal and Interest ("SPPI") criteria. Financial assets that do not meet the SPPI criteria are measured at FVTPL.

There will be no significant changes to the Group's accounting for financial liabilities as it largely retains the MFRS 139 requirements.

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

MFRS 9, *Financial Instruments* (continued)

Impairment of financial assets

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model requires the recognition of impairment allowances based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments, financial guarantee contracts and other loan commitments.

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 expected credit losses is to be recognised (Lifetime ECL).

As all financial assets within the scope of MFRS 9 impairment model will be assessed for at least 12-month ECL, the total allowance for credit losses is expected to increase under MFRS 9 relative to the allowance for credit losses under MFRS 139.

In addition, changes in the required credit loss allowance, including the impact of movements between Stage 1 (12-month ECL) and Stage 2 (lifetime ECL) and the application of forward looking information, will be recorded in profit or loss, allowance for credit losses will be more volatile under MFRS 9.

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.1 Statement of compliance (continued)

MFRS 9, *Financial Instruments* (continued)

Hedge accounting

Under MFRS 9, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks. The Group do not expect a significant impact arising from the changes in the hedge accounting requirements.

Disclosure

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 January 2023, with the practical expedients permitted under the standard. Comparatives for 2022 will not be restated. The Group is still in the midst of finalising the financial impact in relation to the adoption of MFRS 9.

The Group has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts ("the Amendments") which enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest (see Note 42).

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

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 Company'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.

Notes to the Financial Statements

1. Basis of preparation (continued)

1.4 Use of estimates and judgements (continued)

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 2.24.1 – Valuation of general insurance claims liabilities
Note 2.24.2 – Valuation of life actuarial liabilities
Note 2.24.3 – Impairment of goodwill

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 2.24.

The Group has estimated deferred tax in respect of the changes in tax rate that were enacted during the financial year. The amount of deferred tax that can be recognised based on the likely level of future taxable profits forms part of the key judgement areas. Refer to Note 29.5 for details.

2. Significant 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.

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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.1 Basis of consolidation (continued)

2.1.1 Subsidiaries (continued)

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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.2 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

2.3.1 Recognition and measurement (continued)

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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

2.3.3 Depreciation (continued)

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.

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 2.7.3 to the financial statements 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.4 Intangible assets (continued)

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 2.7.3 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.

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).

2. Significant accounting policies (continued)

2.5 Leases (continued)

2.5.1 Accounting by lessee (continued)

Lease term (continued)

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 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.

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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.5 Leases (continued)

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.

2.6 Financial instruments

<u>**Group**</u>

2.6.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.2 Financial instruments categories and subsequent measurement

The Group categorises and measures financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables, excluding insurance receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market that include loans, other receivables, deposits and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.2 Financial instruments categories and subsequent measurement (continued)

Financial assets (continued)

(d) Insurance receivables

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

If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable will be reduced accordingly and the impairment loss recognised in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.7.2.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.6.5 have been met.

Financial liabilities

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

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

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2.6.3 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:

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Regular way purchase or sale of financial assets (continued)

(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.

2.6.4 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, any 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 forward purchase agreements as cash flow hedging instruments to hedge against variability in future cash flows arising from movements in interest rates of debt securities.

2.6.5 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.5 Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6.6 Company

Classification

The Company classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
(b) those to be measured at amortised cost.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

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2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.6 Company (continued)

Debt instruments (continued)

There are three measurement categories into which the Company can classify its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI on the principal outstanding are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in realised gains and losses together with foreign exchange gains and losses. Impairment losses are included in other operating expenses.

(b) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses 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 realised gains and losses. Interest income from these financial assets is included in investment income using the effective interest rate method. Impairment expenses are included in other operating expenses.

(c) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Company may 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. Fair value changes are recognised in profit or loss and presented net within fair value gains and losses in the period which it arises.

Subsequent measurement – Impairment

The Company assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has the following types of financial assets that are subject to the ECL model:

- Investments
- Other receivables
- Cash and cash equivalents

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.6 Company (continued)

Subsequent measurement – Impairment (continued)

While the above financial assets are subject to the impairment requirements of MFRS 9, the assessed impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach for ECL

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

2.6.6 Company (continued)

Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets

The Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
The Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis. Subordinated loan to subsidiary is assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

Write-off

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2.7 Impairment

2.7.1 Financial assets, excluding insurance receivables (Group)

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) 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 future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

Notes to the Financial Statements

2. **Significant accounting policies (continued)**

2.7 Impairment (continued)

2.7.1 Financial assets, excluding insurance receivables (Group) (continued)

An impairment loss in respect of loans and receivables (excluding insurance receivables as set out in Note 2.7.2 below) is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the financial asset's acquisition cost (net of any principal repayment and amortisation) and the financial asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

If, in a subsequent financial period, the fair value of a debt instrument 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 financial asset's carrying amount 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.

2.7.2 Insurance receivables

Insurance receivables 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 future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. An objective evidence of impairment is deemed to exist where the principal or interest or both for insurance receivables is past due for more than 90 days or 3 months for those individually assessed, as prescribed in the Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia ("BNM").

An impairment loss in respect of insurance receivables is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

2.7 Impairment (continued)

2.7.2 Insurance receivables (continued)

If, in a subsequent period, the fair value of insurance receivables 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 insurance receivable's carrying amount 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.

2.7.3 Other assets

The carrying amounts of other assets (except for investment properties that are measured at fair value and 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 goodwill that has indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

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 other assets or groups of assets (known as "cash-generating unit"). For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.7 Impairment (continued)

2.7.3 Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation reserve. When an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss 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.

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. Significant accounting policies (continued)

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 future cash flows 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 and insurance payables

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

2.12 Product classification

Product classification applies to the Group's general insurance and life insurance subsidiaries.

The insurance subsidiaries issue insurance contracts that transfer significant insurance risk. These contracts may also transfer financial risk.

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

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

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.12 Product classification (continued)

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

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

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

Under the terms of the contracts, surpluses in the DPF funds can be distributed on a discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate. Surplus of contracts without DPF is attributable wholly to shareholders and is classified as an equity of the Group.

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

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

2.13 Reinsurance

Reinsurance applies to the Group's general insurance and life insurance subsidiaries.

Insurance risk is ceded in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

2. Significant accounting policies (continued)

2.13 Reinsurance (continued)

Ceded reinsurance arrangements do not relieve the insurance subsidiaries from their obligations to policyholders. Premiums ceded and claims reimbursed/recoveries are recognised in the same accounting period as the original policy/contract in which the reinsurance relates, and are presented on a gross basis for both ceded and assumed reinsurance in the statement of profit or loss and statement of financial position.

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

The insurance subsidiary also assumes reinsurance risk in the normal course of business for general (non-life) insurance contracts when applicable.

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

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

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

2.14 General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and claims incurred.

2.14.1 Premium income

(a) Gross premiums

Gross premiums are recognised in a financial period in respect of risks assumed during that particular financial period.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.14 General insurance underwriting results (continued)

2.14.1 Premium income (continued)

(b) Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risks assumed during that particular financial period, as in the case of direct policies, following the individual risks' inception dates.

Inwards treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inceptions dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties.

In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

2.14.2 Unearned premium reserves ("UPR")

Unearned premium reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining UPR at the end of the reporting period, the method that most accurately reflects the actual unearned premium used is as follows:

- 25% method for marine cargo, aviation cargo and transit
- $1/24^{th}$ method or time apportioned over the period of the risks for all other classes of Malaysian general policies
- $1/8^{th}$ method or time apportioned over the period of the risks for all other classes of overseas inward treaty business
- Non-annual policies are time-apportioned over the period of the risks

2.14.3 Claims and expenses

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the end of the reporting period.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the end of the reporting period, using a mathematical method of estimation.

Notes to the Financial Statements

2. **Significant accounting policies (continued)**

2.14 General insurance underwriting results (continued)

2.14.4 Acquisition costs and deferred acquisition cost ("DAC")

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, deferred acquisition cost is amortised/allocated to the periods according to the original policies which give rise to income. Amortisation is recognised in profit or loss.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC is also considered in the liability adequacy test for each accounting period.

DAC is derecognised when the related contracts are either settled or disposed of.

2.14.5 General insurance contract liabilities

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

These liabilities comprise claims liabilities and premium liabilities.

Claims liabilities

Claims liabilities are recognised in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the insurance subsidiary, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date (See Note 2.24.1). These include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claim liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") at a 75% confidence letter as required by BNM, calculated at the overall insurance subsidiary level. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

Premium liabilities

Premium liabilities is the higher of the aggregate of the UPR and the best estimate value of the insurer's unexpired risk reserves ("URR") at the valuation date and the PRAD at a 75% confidence letter as required by BNM, calculated at the overall insurance subsidiary level.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.14 General insurance underwriting results (continued)

2.14.5 General insurance contract liabilities (continued)

Premium liabilities (continued)

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred for administering these policies and settling the relevant claims, and expected future premium refunds.

2.15 Life insurance underwriting results

2.15.1 Surplus of Life fund

The surplus transferable from the Life fund to profit or loss of Shareholders' fund is based on the surplus determined by an annual actuarial valuation of the liabilities to policyholders, made in accordance with the provisions of the Financial Services Act, 2013 ("FSA") by the insurance subsidiary's Appointed Actuary.

2.15.2 Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in profit or loss and reported as outstanding premiums in the statements of financial position.

2.15.3 Reinsurance premiums

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

2.15.4 Benefits, claims and expenses

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

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

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

2. Significant accounting policies (continued)

2.15 Life insurance underwriting results (continued)

2.15.5 Life insurance contract liabilities

(i) Actuarial Liabilities

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

These liabilities are measured by using a prospective actuarial valuation method (See Note 2.24.2). The liability is determined as the sum of the present value of future guaranteed benefits and, in the case of the participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is included in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

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

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

For non-unit liability of investment-linked policy, the liability is valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional finance or capital support at any future time during the duration of the investment-linked policy.

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

Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on run-off contracts, are recognised in profit or loss over the life of the contract.

The liability is derecognised when the contract expires, is discharged or is cancelled.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.15 Life insurance underwriting results (continued)

2.15.5 Life insurance contract liabilities (continued)

(ii) Benefit and claims liabilities

Benefit and claims liabilities represent the amounts payable under a life insurance policy in respect of claims and benefits including settlement costs, and are accounted for using the case by-case method as set out above under benefits and claims expenses (Note 2.15.4).

(iii) Unallocated surplus

Surpluses of contracts with DPF are distributable to policyholders and shareholders in accordance with the relevant terms under the insurance contracts. The life insurance subsidiary, however, has the discretion over the amount and timing of the distribution of these surpluses to both the policyholders and shareholders. The amount and timing of the distribution of these surpluses are subject to the recommendation of the life insurance subsidiary's Appointed Actuary and are determined by an actuarial valuation of the long term liabilities to policyholders at the date of the statements of financial position and is made in accordance with the provision of the FSA and related regulations.

Unallocated surplus of contracts with DPF, where the amounts are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, are held within the insurance contract liabilities.

(iv) Available-for-sale fair value reserve

Where unrealised gains or losses arise on AFS financial assets of the life participating fund, the adjustment to the insurance contract liabilities, which equals to the effect that the realisation of those gains or losses at the end of the reporting years would have on those liabilities, is recognised directly in other comprehensive income.

(v) Hedging reserve

Where unrealised gains or losses arise on cash flow hedge of the life participating fund, the adjustment to the insurance contract liabilities, which equals to the effect that the realisation of those gains or losses at the end of the reporting years would have on those liabilities, is recognised directly in other comprehensive income.

(vi) Asset revaluation reserve

Where asset revaluation reserve arises on the self-occupied properties of the DPF fund, the adjustment to the life insurance liabilities equal to the effect that the realisation of those surpluses at the end of the reporting period would have on those liabilities is recognised directly in other comprehensive income.

(vii) Net asset value attributable to unitholders

The unit liability of investment-linked policy is equal to the net asset value of the investment-linked funds, which represents net premium received and investment returns credited to the policy less deduction for mortality and morbidity costs and expense charges.

2. Significant accounting policies (continued)

2.16 Policy administration and investment management service income

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

Management fee income earned from the investment-linked business is recognised on an accrued basis based on the net asset value of the investment-linked funds.

2.17 Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, are charged to profit or loss in the period in which they are incurred.

2.18 Other revenue recognition

The following specific recognition criteria must also be met before revenue is recognised.

2.18.1 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2.18.2 Rental income

Rental income from investment properties and 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.

2.18.3 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.

2.18.4 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.

2.19 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.19 Short-term employee benefits (continued)

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.

2.20 Provision for agent's retirement benefits

Provision for agent's retirement benefits is calculated 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.

2.21 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.

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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.22 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.

2.23 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.

2.24 Significant accounting judgements, estimates and assumptions

2.24.1 Valuation of general insurance claims liabilities

For general insurance contracts, claims liabilities are the outstanding claims reserve required for the future settlement of losses on claims which have occurred but have yet to be fully settled. Claims liabilities fall into two categories: expected ultimate cost of claims reported and expected ultimate cost of claims incurred but not yet reported ("IBNR") 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 statements 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.24 Significant accounting judgements, estimates and assumptions (continued)

2.24.1 Valuation of general insurance claims liabilities (continued)

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 Company 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 Company's current and past claims experience, taking into account the Company'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.

As with all projections, there are elements of uncertainty and thus the projected future claims experience may be different from its actual claims experience. These uncertainties may arise from changes in the underlying risks, changes in the spread of risk, changes in the speed of reporting and settlement of claims as well as the suitability of the methodology used in the projection model and its underlying assumptions.

The key assumptions used and the sensitivity analysis on the key assumptions are disclosed in Note 37.2.

The actuarial valuation of life insurance contract liabilities is based on the Risk-Based Capital Framework for Insurers, issued by BNM. The actuarial valuation of the insurance liability arising from policy benefits made under life insurance contracts is the Company's most critical accounting estimate.

An appropriate allowance for provision of risk margin for adverse deviation from expected experience is included in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies and non-unit actuarial liabilities of investment-linked policies.

The risk-free discount rate is used for all cash flows to determine the liability of a non-participating life policy, non-unit actuarial liability of an investment-linked policy and guaranteed benefits insurance liability of participating policy. A discount rate based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the life fund is used for all cash flows to determine the total benefit liability of participating policies.

There are several sources of uncertainty in the estimation of these liabilities, including future mortality and morbidity rates, expenses, persistency and discount rates. These key assumptions used are based on past experiences, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information.

Such assumptions require judgement and therefore, actual experience may differ from the assumptions made by the Company. Actual experience is monitored to assess whether the assumptions remain appropriate and assumptions are changed as warranted. Any movement in the key assumptions will have an effect in determining the actuarial liabilities recognised in life insurance contract liabilities.

The key assumptions used and the sensitivity analysis on the key assumptions are disclosed in Note 37.1.

2. Significant accounting policies (continued)

2.24 Significant accounting judgements, estimates and assumptions (continued)

2.24.3 Impairment of goodwill

The Group assesses the impairment of goodwill on an annual basis in accordance with its accounting policy in Note 2.7.3. The recoverable amounts of the goodwill are determined based on the value in use method, which requires the use of estimates for cash flow projections. The key assumptions used in the assessment are disclosed in Note 5.

2.25 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

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 2021		9,200	63,787	1,659	125,760	1,983	33,600	8,767	244,756
Additions		-	-	-	9,415	568	686	9,478	20,147
Disposals		-	-	-	(38)	-	-	-	(38)
Written off		-	-	-	(371)	-	(616)	(657)	(1,644)
Reclassification#	5	-	-	-	2,172	-	2,136	(10,697)	(6,389)
Revaluation		560	(2,448)	(100)	-	-	-	-	(1,988)
At 31 December 2021/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#	5	**-**	**-**	**-**	**2,109**	**-**	**4,182**	**(8,445)**	**(2,154)**
Transfer to intangible assets	5	**-**	**-**	**-**	**-**	**-**	**-**	**(1,308)**	**(1,308)**
At 31 December 2022		**9,760**	**60,489**	**1,559**	**146,154**	**2,745**	**39,526**	**7,867**	**268,100**
Depreciation									
At 1 January 2021		-	10,088	162	104,236	1,463	21,329	-	137,278
Depreciation for the year	27	-	1,839	21	9,720	273	2,771	-	14,624
Disposals		-	-	-	(38)	-	-	-	(38)
Written off		-	-	-	(346)	-	(518)	-	(864)
Revaluation		-	(6,188)	(116)	-	-	-	-	(6,304)
At 31 December 2021/At 1 January 2022		**-**	**5,739**	**67**	**113,572**	**1,736**	**23,582**	**-**	**144,696**
Depreciation for the year	27	**-**	**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		**-**	**7,528**	**87**	**122,887**	**1,737**	**25,179**	**-**	**157,418**

* The carrying amounts of land and buildings are not segregated as the required information is not available.

\# Certain work-in-progress were reclassified as software development costs (intangible assets) (See Note 5).

Notes to the Financial Statements

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 2021	9,200	53,699	1,497	21,524	520	12,271	8,767	107,478
At 31 December 2021/ 1 January 2022	**9,760**	**55,600**	**1,492**	**23,366**	**815**	**12,224**	**6,891**	**110,148**
At 31 December 2022	**9,760**	**52,961**	**1,472**	**23,267**	**1,008**	**14,347**	**7,867**	**110,682**

* 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 2021	2,188	100	497	2,785
Additions	213	38	69	320
Disposals	(6)	-	-	(6)
Written off	(8)	-	-	(8)
Reclassification	108	388	(496)	-
At 31 December 2021/ 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	**2,500**	**1,360**	**156**	**4,016**

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 2021		1,554	53	-	1,607
Depreciation for the year	27	322	55	-	377
Disposals		(6)	-	-	(6)
Written off		(8)	-	-	(8)
At 31 December 2021/ 1 January 2022		**1,862**	**108**	**-**	**1,970**
Depreciation for the year	27	**191**	**135**	**-**	**326**
Disposals		**(6)**	**-**	**-**	**(6)**
Written off		**(10)**	**-**	**-**	**(10)**
At 31 December 2022		**2,037**	**243**	**-**	**2,280**
Carrying amounts					
At 1 January 2021		634	47	497	1,178
At 31 December 2021/ 1 January 2022		**633**	**418**	**70**	**1,121**
At 31 December 2022		**463**	**1,117**	**156**	**1,736**

3.1 Revaluation of properties

The Group's land and buildings were revalued in October 2020 & August 2021 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 2022.

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	2022 RM'000	2021 RM'000
Land	**6,306**	7,048
Buildings	**43,303**	44,661
Land and buildings	**2,085**	2,115
	51,694	53,824

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.2 Fair value information

Fair value of land and buildings are categorised as follows:

	2022				2021			
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	-	9,760	9,760	-	-	9,760	9,760
Buildings	-	-	52,961	52,961	-	-	55,600	55,600
Land and buildings	-	-	1,472	1,472	-	-	1,492	1,492
	-	-	64,193	64,193	-	-	66,852	66,852

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

	2022	2022	2021	2021
Valuation technique used	Fair Value RM'000	Adjusted Price per sq foot RM/psf	Fair Value RM'000	Adjusted Price per sq foot RM/psf
Comparison Approach	64,193	223 – 2,811	66,852	223 – 2,811

Notes to the Financial Statements

4. Right-of-use assets

Group	Leasehold land RM'000	Buildings RM'000	Total RM'000
Valuation/Cost			
At 1 January 2021	17,633	75,624	93,257
Modification/Termination of leases	-	(1,681)	(1,681)
Revaluation	937	-	937
31 December 2021/1 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	**16,420**	**86,384**	**102,804**
Depreciation			
At 1 January 2021	930	34,285	35,215
Depreciation for the year	372	18,393	18,765
Modification/Termination of leases	-	(2,361)	(2,361)
Revaluation	(636)	-	(636)
31 December 2021/1 January 2022	**666**	**50,317**	**50,983**
Depreciation for the year	**289**	**20,847**	**21,136**
Disposal	**(82)**	**-**	**(82)**
Modification/Termination of leases	**-**	**(2,890)**	**(2,890)**
At 31 December 2022	**873**	**68,274**	**69,147**
Carrying amounts			
At 1 January 2021	16,703	41,339	58,042
At 31 December 2021/1 January 2022	**17,904**	**23,626**	**41,530**
At 31 December 2022	**15,547**	**18,110**	**33,657**

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 RM21,739,000 (2021: RM19,643,000) and income from subleasing right-of-use assets amounts to RM73,000 (2021: RM71,000).

4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in October 2020 and August 2021 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.

4. Right-of-use assets (continued)

4.1 Right-of-use assets under the revaluation model(continued)

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM5,530,000 (2021: RM6,736,000).

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

	2022	2022	2021	2021
Valuation technique used	Fair Value RM'000	Adjusted price per sq foot RM/psf	Fair Value RM'000	Adjusted price per sq foot RM/psf
Comparison Approach	**15,547**	**222 – 1,532**	17,904	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 2021		244,600	83,006	144,995	472,601
Additions		-	8,156	-	8,156
Reclassification	3	-	6,389	-	6,389
At 31 December 2021/ 1 January 2022		**244,600**	**97,551**	**144,995**	**487,146**
Additions		**-**	**9,885**	**95,854**	**105,739**
Written off		**-**	**-**	**(50,495)**	**(50,495)**
Reclassification	3	**-**	**2,154**	**-**	**2,154**
Transfer from property, plant and equipment	3	**-**	**1,308**	**-**	**1,308**
At 31 December 2022		**244,600**	**110,898**	**190,354**	**545,852**
Amortisation					
At 1 January 2021		-	57,629	56,482	114,111
Amortisation for the year	27	-	13,253	11,326	24,579
At 31 December 2021/1 January 2022		**-**	**70,882**	**67,808**	**138,690**
Amortisation for the year	27	**-**	**13,563**	**13,172**	**26,735**
Written off		**-**	**-**	**(41,408)**	**(41,408)**
At 31 December 2022		**-**	**84,445**	**39,572**	**124,017**
Carrying amounts					
At 1 January 2021		244,600	25,377	88,513	358,490
At 31 December 2021/ 1 January 2022		**244,600**	**26,669**	**77,187**	**348,456**
At 31 December 2022		**244,600**	**26,453**	**150,782**	**421,835**
		Note 5.1	Note 5.2	Note 5.3	

Notes to the Financial Statements

5. Intangible assets (continued)

5.1 Goodwill

The aggregate carrying amount of goodwill is attributable to the acquisition of the following subsidiaries:

Group	2022 RM'000	2021 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 ("CGU") 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	2022	2021
Discount rate - pre tax	**11.1%**	10.9%
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 future cash flows 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	2022 RM'000	2021 RM'000
The Bancassurance Agreements:			
- General insurance business	5.3.1	**64,560**	68,099
- Life insurance business	5.3.2	**86,222**	9,088
		150,782	77,187

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 newly entered in 2022, 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 future cash flows to be derived from the tenure of the agreement of 13 years and 7 years respectively, using the discounted cash flow model.

The following key assumptions have been used in cash flow projections:

Key assumptions	2022	2021
Average annualised gross written premium growth rate	**1.5%**	-0.6%
Discount rate – pre tax	**9.3%**	10.9%

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. In June 2022, ALIM and the Bank entered into a renewal partnership agreement to extend the Exclusive Bancassurance Agreement for 15 years. The upfront fee for this renewal was set off against the carrying amount of the legacy upfront fee and other payable to the Bank before payment was made.

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 future cash flows to be derived from the remaining tenure of the agreement of 14 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	2022	2021
Bancassurance average annualised new premium growth rate	**11.8%**	11.6%
Discount rate - pre tax	**11.1%**	10.9%

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	2022	2021
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 2022 %	Effective ownership interest 2021 %
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)

Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Malaysia Berhad holds a 96.4% (2021: 96.4%) and 3.6% (2021: 3.6%) stake in collective investment scheme, namely, Affin Hwang Income Fund 5, which consist of RM593,384,593 (2021: RM587,802,712) 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 available-for-sale 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 2022

	2022 RM'000	2021 RM'000
Assets		
Cash and cash equivalents	**5,663**	29,911
Investments	**587,825**	558,000
Total asset	**593,488**	587,911
Liabilities		
Other payables and accruals	**(103)**	(108)
Total Liabilities	**(103)**	(108)
Net Asset Value of the Fund	**593,385**	587,803

Statement of comprehensive income as at 31 December 2022

	2022 RM'000	2021 RM'000
Investment income/(loss)	**6,655**	(7,349)
Expenses	**(1,074)**	(1,090)
Net profit/(loss) before taxation	**5,581**	(8,439)
Taxation	**-**	-
Net profit/(loss) after taxation	**5,581**	(8,439)

Notes to the Financial Statements

7. Reinsurance assets

Group	Note	2022 RM'000	2021 RM'000
Non-current			
Reinsurance of insurance contracts			
General insurance claims liabilities		**264,015**	308,402
Life insurance actuarial liabilities		**60,927**	52,841
		324,942	361,243
Current			
Reinsurance of insurance contracts			
General insurance claims liabilities		**399,658**	608,073
Allowance for impairment	38.1(ii)	**-**	(2,575)
		399,658	605,498
General insurance premium liabilities		**103,273**	92,503
Life insurance claims liabilities		**59,717**	66,808
Life insurance actuarial liabilities		**33**	31
		562,681	764,840
Total	15	**887,623**	1,126,083

8. Investments

Group	2022 RM'000	2021 RM'000
Malaysian government securities	**7,372,306**	7,172,228
Malaysian government guaranteed bonds	**3,542,424**	3,104,590
Quoted equity securities of corporations in Malaysia	**2,558,921**	2,823,578
Quoted equity securities of corporations outside Malaysia	**155,513**	49,850
Unquoted equity securities of corporations in Malaysia	**10,231**	7,147
Unquoted bonds of corporations in Malaysia	**5,681,250**	5,291,641
Unquoted bonds of corporations outside Malaysia	**100,446**	104,561
Quoted unit trusts in Malaysia	**70,463**	61,032
Unquoted unit trusts in Malaysia	**567,640**	569,882
Unquoted unit trusts outside Malaysia	**226,104**	170,520
Fixed and call deposits with:		
Licensed financial institutions	**24,416**	502,335
	20,309,714	19,857,364
Policy loans	**6,325**	7,691
Automatic premium loans	**70,918**	76,567
	20,386,957	19,941,622

Notes to the Financial Statements

8. Investments (continued)

Financial investments are summarised by categories as follows:

Group	Note	Current 2022 RM'000	Current 2021 RM'000	Non-current 2022 RM'000	Non-current 2021 RM'000	Total 2022 RM'000	Total 2021 RM'000
Available-for-sale financial assets ("AFS")	8(a)	**8,207,876**	8,169,070	**-**	-	**8,207,876**	8,169,070
Loans and receivables ("LAR")	8(b)	**101,659**	586,593	**-**	-	**101,659**	586,593
Fair value through profit or loss ("FVTPL")							
- Held for trading ("HFT")	8(c)	**7,340,525**	6,742,924	**-**	-	**7,340,525**	6,742,924
- Designated upon initial recognition ("DUIR")	8(d)	**4,736,897**	4,443,035	**-**	-	**4,736,897**	4,443,035
		20,386,957	19,941,622	**-**	-	**20,386,957**	19,941,622

(a) Available-for-sale financial assets

Group	Note	Fair value 2022 RM'000	Fair value 2021 RM'000
Malaysian government securities		**3,169,015**	3,530,895
Malaysian government guaranteed bonds		**2,092,559**	1,686,639
Quoted equity securities of corporations in Malaysia		**631,554**	750,880
Unquoted bonds of corporations in Malaysia		**1,715,094**	1,608,670
Quoted unit trusts in Malaysia	8.1	**40,107**	31,900
Unquoted unit trusts in Malaysia	8.1	**549,316**	552,939
		8,197,645	8,161,923

Group	Cost 2022 RM'000	Cost 2021 RM'000
Unquoted equity securities of corporations in Malaysia	**10,231**	7,147
Total available-for-sale financial assets	**8,207,876**	8,169,070

8. **Investments (continued)**

(b) **Loans and receivables**

Group	Amortised cost 2022 RM'000	Fair value 2022 RM'000	Amortised cost 2021 RM'000	Fair value 2021 RM'000
Policy loans	**6,325**	**6,325**	7,691	7,691
Automatic premium loans	**70,918**	**70,918**	76,567	76,567
Fixed and call deposits with:				
Licensed financial institutions	**24,416**	**24,416**	502,335	502,335
	101,659	**101,659**	586,593	586,593

(c) **FVTPL – Held for trading**

Group	Note	Fair value 2022 RM'000	Fair value 2021 RM'000
Malaysian government securities		**2,165,629**	1,926,849
Malaysian government guaranteed bonds		**920,625**	879,597
Quoted equity securities of corporations in Malaysia		**1,927,367**	2,072,698
Quoted equity securities of corporations outside Malaysia		**155,513**	49,850
Unquoted bonds of corporations in Malaysia		**1,896,607**	1,597,335
Quoted unit trusts in Malaysia	8.1	**30,356**	29,132
Unquoted unit trusts in Malaysia	8.1	**18,324**	16,943
Unquoted unit trusts outside Malaysia	8.1	**226,104**	170,520
		7,340,525	6,742,924

(d) **FVTPL – Designated upon initial recognition**

Group	Fair value 2022 RM'000	Fair value 2021 RM'000
Malaysian government securities	**2,037,662**	1,714,484
Malaysian government guaranteed bonds	**529,240**	538,354
Unquoted bonds of corporations in Malaysia	**2,069,549**	2,085,636
Unquoted bonds of corporations outside Malaysia	**100,446**	104,561
	4,736,897	4,443,035

Notes to the Financial Statements

8. Investments (continued)

The movements in carrying values of the financial investments are as follows:

Group	Note	AFS RM'000	LAR RM'000	HFT RM'000	DUIR RM'000	Total RM'000
At 1 January 2022		**8,169,070**	**586,593**	**6,742,924**	**4,443,035**	**19,941,622**
Purchases/Placements		**1,632,225**	**27,700,960**	**2,089,518**	**781,949**	**32,204,652**
Maturities		**(632,070)**	**(28,182,256)**	**(246,000)**	**(322,000)**	**(29,382,326)**
Disposals		**(736,148)**	**-**	**(1,046,693)**	**(55,001)**	**(1,837,842)**
Fair value losses recorded in:						
Profit or loss:						
- Unrealised losses	24	**-**	**-**	**(212,872)**	**(117,205)**	**(330,077)**
- Movement in impairment allowance	24	**(42,031)**	**-**	**-**	**-**	**(42,031)**
Other comprehensive income	14.2	**(83,772)**	**-**	**-**	**-**	**(83,772)**
Insurance contract liabilities	15(a)	**(90,091)**	**-**	**-**	**-**	**(90,091)**
Accretion of discounts	22	**1,648**	**-**	**1,507**	**800**	**3,955**
Amortisation of premiums	22	**(14,931)**	**-**	**(5,769)**	**(10,660)**	**(31,360)**
Unrealised foreign exchange gains		**-**	**-**	**15,768**	**5,991**	**21,759**
Movement in income due and accrued		**3,976**	**(3,638)**	**2,142**	**9,988**	**12,468**
At 31 December 2022		**8,207,876**	**101,659**	**7,340,525**	**4,736,897**	**20,386,957**
At 1 January 2021		8,096,088	967,399	5,621,189	4,044,927	18,729,603
Purchases/Placements		2,096,877	55,114,511	2,919,836	1,096,462	61,227,686
Maturities		(760,015)	(55,479,828)	(293,901)	(406,259)	(56,940,003)
Disposals		(918,581)	-	(1,315,585)	(121,363)	(2,355,529)
Fair value losses recorded in:						
Profit or loss:						
- Unrealised losses	24	-	-	(187,209)	(173,729)	(360,938)
- Movement in impairment allowance	24	(41,134)	-	-	-	(41,134)
Other comprehensive income	14.2	(165,555)	-	-	-	(165,555)
Insurance contract liabilities	15(a)	(132,303)	-	-	-	(132,303)
Accretion of discounts	22	1,793	-	1,423	1,166	4,382
Amortisation of premiums	22	(13,326)	-	(4,648)	(8,846)	(26,820)
Unrealised foreign exchange gains		-	-	44	4,646	4,690
Movement in income due and accrued		5,226	(15,489)	1,775	6,031	(2,457)
At 31 December 2021		8,169,070	586,593	6,742,924	4,443,035	19,941,622

8. Investments (continued)

8.1 Interest in structured entities

Unconsolidated structured entities

The Group has determined that its investment in quoted and unquoted unit trusts as disclosed in Note 8 to the financial statements to be investment in unconsolidated structured entities ("investee funds"). The funds aim to provide investors with steady income over the medium-term to long-term investment horizon. The investee funds finance their operations through the creation of investee fund units which entitle the holder to variable returns and fair values in the respective investee fund's net assets. The investee funds are classified as available-for-sale and held for trading investment securities. The changes in fair value of the investee funds are included in the statement of financial position and statement of profit or loss and comprehensive income of the Group.

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

The Group's exposure to unconsolidated investments in the investee funds is disclosed below:

	2022 RM'000	2021 RM'000
Available-for-sale financial assets		
Quoted unit trusts in Malaysia	**40,107**	31,900
Unquoted unit trusts in Malaysia	**549,316**	552,939
Held for trading		
Quoted unit trusts in Malaysia	**30,356**	29,132
Unquoted unit trusts in Malaysia	**18,324**	16,943
Unquoted unit trusts outside Malaysia	**226,104**	170,520

Company	2022 RM'000	2021 RM'000
Unquoted equity securities of corporations in Malaysia	**8,085**	5,000
Fixed and call deposits with:		
Licensed financial institutions	**10,269**	47,086
	18,354	52,086

Notes to the Financial Statements

8. Investments (continued)

8.1 Interest in structured entities (continued)

Financial investments are summarised by category as follows:

Company	Current 2022 RM'000	Current 2021 RM'000	Total 2022 RM'000	Total 2021 RM'000
FVOCI financial assets	**8,085**	5,000	**8,085**	5,000
Amortised cost	**10,269**	47,086	**10,269**	47,086
	18,354	52,086	**18,354**	52,086

Company	Amortised cost 2022 RM'000	Fair value 2021 RM'000	Amortised cost 2022 RM'000	Fair value 2021 RM'000
Unquoted equity securities of corporations in Malaysia	**8,085**	-	**5,000**	-
Fixed and call deposits with:				
Licensed financial institutions	**10,269**	10,269	**47,086**	47,086

The movements in carrying values of the financial investments are as follows:

Company	FVOCI RM'000	Amortised cost RM'000	Total RM'000
At 1 January 2021	-	22,624	22,624
Purchases/Placements	5,000	1,097,816	1,102,816
Maturities	-	(1,073,910)	(1,073,910)
Movement in accrued interest	-	556	556
At 31 December 2021/1 January 2022	**5,000**	**47,086**	**52,086**
Purchases/Placements	**3,085**	**1,669,697**	**1,672,782**
Maturities	**-**	**(1,706,041)**	**(1,706,041)**
Movement in accrued interest	**-**	**(473)**	**(473)**
At 31 December 2022	**8,085**	**10,269**	**18,354**

Notes to the Financial Statements

9. Derivative financial assets and (liabilities)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2022			
Derivative held for trading at fair value through profit or loss:			
Collateralised interest rate swap	**400,000**	**16,590**	**-**
Cross currency swap	**98,740**	**2,406**	**(1,293)**
Derivatives used for hedging:			
Forward purchase agreements	**-**	**-**	**-**
	498,740	**18,996**	**(1,293)**
2021			
Derivative held for trading at fair value through profit or loss:			
Collateralised interest rate swap	400,000	35,642	-
Cross currency swap	98,740	2,037	(1,641)
Derivatives used for hedging:			
Forward purchase agreements	60,000	7,837	-
	558,740	45,516	(1,641)

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.

The Group enters into forward purchase agreements as cash flow hedging instruments to hedge against variability in future cash flows arising from movements in interest rates of debt securities.

Table below shows the periods when the hedged cash flows are expected to occur:

Group	>6 to 12 months RM'000	>1 to 5 years RM'000
As at 31.12.2022		
Cash inflows (assets)	**-**	**-**
Cash outflows (liabilities)	**-**	**-**
	-	**-**
As at 31.12.2021		
Cash inflows (assets)	-	-
Cash outflows (liabilities)	(56,824)	-
	(56,824)	-

Notes to the Financial Statements

10. Insurance receivables

Group	Note	2022 RM'000	2021 RM'000
Current			
Due premiums including agents, brokers and co-insurers balances		**185,472**	157,122
Due from reinsurers and cedants		**33,365**	70,364
Due from holding company	10.1	**1,716**	727
Due from related companies	10.1	**26,492**	18,270
Group claims receivables		**520**	1,101
		247,565	247,584
Less: Allowance for impairment	38.1(ii)	**(28,123)**	(56,377)
		219,442	191,207

10.1 Amount due from holding company and related companies

The amount due from holding company and related companies is unsecured and receivable in accordance with normal trade terms.

10.2 Financial assets

There is no netting off of gross amount of recognised financial assets against the gross amount of financial liabilities in the statement of financial position.

There are no financial assets that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (2021: Nil).

Notes to the Financial Statements

11. Other receivables, deposits and prepayments

Group	Note	2022 RM'000	2021 RM'000
Non-current			
Other receivables			
Other loans		**20,593**	26,751
Other receivables, deposits and prepayment		**22,685**	25,345
		43,278	52,096
Staff loans			
Mortgage loans		**6,431**	6,544
Other secured loans		**1,201**	1,221
		7,632	7,765
		50,910	59,861
Current			
Other receivables			
Sundry deposits		**4,526**	4,830
Malaysian Motor Insurance Pool ("MMIP")		**40,708**	45,867
Other receivables and prepayments		**55,896**	35,583
Less: Allowance for impairment	38.1(ii)	**(1,538)**	(1,538)
		99,592	84,742
Due from immediate holding company		**-**	226
Due from related companies	11.1	**1,023**	5,343
		100,615	90,311
Staff loans			
Mortgage loans		**861**	845
Other secured loans		**400**	379
		1,261	1,224
		101,876	91,535
Total		**152,786**	151,396

11.1 Amounts due from related companies

The amount due from related companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

11. Other receivables, deposits and prepayments (continued)

Company	Note	2022 RM'000	2021 RM'000
Non-current			
Other receivables			
Other receivables, deposits and prepayments		**278**	604
Staff loans			
Mortgage loans		**263**	288
Other secured loans		**61**	72
		324	360
		602	964
Current			
Other receivables			
Other receivables, deposits and prepayments		**3,845**	2,064
Due from subsidiaries	11.2	**6,452**	4,545
Dividend receivable from subsidiaries		**239,573**	239,634
		249,870	246,243
Staff loans			
Mortgage loans		**46**	46
Other secured loans		**17**	18
		63	64
		249,933	246,307
Total		**250,535**	247,271

11.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

12. Deferred acquisition costs

Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January 2021		124,294	(8,124)	116,170
Movement during the year	25	5,969	1,522	7,491
At 31 December 2021/1 January 2022		**130,263**	**(6,602)**	**123,661**
Movement during the year	25	**6,998**	**361**	**7,359**
At 31 December 2022		**137,261**	**(6,241)**	**131,020**

13. Share capital

Group and Company	2022 Amount RM'000	2022 Number of shares '000	2021 Amount RM'000	2021 Number of shares '000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares (Note 13.1)				
At 1 January	**234,573**	**177,509**	232,601	176,889
Issued during the year	**1,464**	**460**	1,972	620
At 31 December	**236,037**	**177,969**	234,573	177,509
Irredeemable Convertible Preference Shares (Note 13.2)				
At 1 January	**536,456**	**168,697**	538,428	169,317
Conversion during the year	**(1,464)**	**(460)**	(1,972)	(620)
At 31 December	**534,992**	**168,237**	536,456	168,697

During the financial year, the Group and the Company issued 460,300 (2021: 620,100) ordinary shares via conversion of ICPS.

13.1 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.

13.2 Irredeemable Convertible Preference Shares ("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 affect 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.

Notes to the Financial Statements

13. Share capital (continued)

13.2 Irredeemable Convertible Preference Shares ("ICPS") (continued)

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.

14. Reserves

Group	Note	2022 RM'000	2021 RM'000
Revaluation reserve	14.1	**41,882**	43,175
Fair value reserve	14.2	**(60,801)**	3,653
Life non-participating fund surplus		**1,365,229**	1,241,518
Retained earnings	14.3	**2,112,688**	2,084,778
		3,458,998	3,373,124
Company			
Retained earnings		**251,870**	275,910
		251,870	275,910

14.1 Revaluation reserve

The revaluation reserve represents the surplus on revaluation of owner occupied properties for the general business and life business.

14.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14.3 Retained earnings

Restriction on payment of dividends by insurance subsidiaries

Pursuant to the RBC Framework for Insurers, the insurance subsidiaries of the Group ("Insurance Subsidiaries") shall not pay dividends if the Capital Adequacy Ratio 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' Capital Adequacy Ratio 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

15. Insurance contract liabilities

Group	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
Life insurance	15(a)	**14,213,543**	**(120,677)**	**14,092,866**	13,259,461	(119,680)	13,139,781
General insurance	15(b)	**4,314,559**	**(766,946)**	**3,547,613**	4,389,086	(1,006,403)	3,382,683
		18,528,102	**(887,623)**	**17,640,479**	17,648,547	(1,126,083)	16,522,464
			Note 7			Note 7	

(a) Life insurance

Life insurance contract liabilities consist of:

Group	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
Actuarial liabilities	37.1	**9,858,009**	**(60,960)**	**9,797,049**	9,523,989	(52,872)	9,471,117
Benefits and claims liabilities		**990,677**	**(59,717)**	**930,960**	816,786	(66,808)	749,978
Unallocated deficit		**(2,071)**	**-**	**(2,071)**	(56,637)	-	(56,637)
Hedging reserve		**-**	**-**	**-**	7,210	-	7,210
Available-for-sale fair value reserve		**155,584**	**-**	**155,584**	238,468	-	238,468
Net asset value attributable to unitholders		**3,204,353**	**-**	**3,204,353**	2,722,654	-	2,722,654
Revaluation reserve		**6,991**	**-**	**6,991**	6,991	-	6,991
		14,213,543	**(120,677)**	**14,092,866**	13,259,461	(119,680)	13,139,781

Notes to the Financial Statements

15. Insurance contract liabilities (continued)

(a) Life insurance (continued)

Group	Gross With DPF RM'000	Gross Without DPF RM'000	Gross Total RM'000	Reinsurance With DPF RM'000	Reinsurance Without DPF RM'000	Reinsurance Total RM'000	Net RM'000
At 1 January 2022	4,081,549	9,177,912	13,259,461	(2,795)	(116,885)	(119,680)	13,139,781
Premiums received (Note 21)	85,022	3,281,655	3,366,677	(4,947)	(99,854)	(104,801)	3,261,876
Liabilities paid for death, maturities, surrenders, benefits and claims	(362,422)	(1,395,816)	(1,758,238)	2,770	79,843	82,613	(1,675,625)
Movements in benefits and claim liabilities	47,352	126,539	173,891	274	6,817	7,091	180,982
Benefits and claims experience variation	32,040	(157,991)	(125,951)	2,145	14,185	16,330	(109,621)
Fees deducted	(9,878)	(753,659)	(763,537)	-	184	184	(763,353)
Expected interest on reserve/net investment income attributable to Universal Life Fund	134,677	89,988	224,665	(75)	(592)	(667)	223,998
Adjustments due to changes in assumptions	(104,478)	(24,949)	(129,427)	-	(1,747)	(1,747)	(131,174)
Net asset value attributable to unitholders	-	1,530	1,530	-	-	-	1,530
Hedging reserve	(7,837)	-	(7,837)	-	-	-	(7,837)
Available-for-sale fair value reserve (Note 8)	(90,091)	-	(90,091)	-	-	-	(90,091)
Unallocated surplus	54,566	-	54,566	-	-	-	54,566
Deferred tax effects:							
- Hedging reserve (Note 29.3)	627	-	627	-	-	-	627
- Available-for-sale fair value reserve (Note 29.3)	7,207	-	7,207	-	-	-	7,207
At 31 December 2022	3,868,334	10,345,209	14,213,543	(2,628)	(118,049)	(120,677)	14,092,866

Notes to the Financial Statements

15. Insurance contract liabilities (continued)

(a) Life insurance (continued)

Group	Gross With DPF RM'000	Gross Without DPF RM'000	Gross Total RM'000	Reinsurance With DPF RM'000	Reinsurance Without DPF RM'000	Reinsurance Total RM'000	Net RM'000
At 1 January 2021	4,259,600	7,892,877	12,152,477	(1,013)	(67,107)	(68,120)	12,084,357
Premiums received (Note 21)	94,073	3,164,934	3,259,007	(6,810)	(135,499)	(142,309)	3,116,698
Liabilities paid for death, maturities, surrenders, benefits and claims	(264,785)	(1,117,804)	(1,382,589)	4,227	106,071	110,298	(1,272,291)
Movements in benefits and claim liabilities	40,062	108,500	148,562	(387)	(37,389)	(37,776)	110,786
Benefits and claims experience variation	10,464	(107,562)	(97,098)	(3,630)	2,681	(949)	(98,047)
Fees deducted	(9,835)	(739,479)	(749,314)	4,829	7,201	12,030	(737,284)
Expected interest on reserve/net investment income attributable to Universal Life Fund	138,944	15,136	154,080	(10)	(303)	(313)	153,767
Adjustments due to changes in assumptions	(110,025)	(86,135)	(196,160)	-	7,459	7,459	(188,701)
Net asset value attributable to unitholders	-	47,445	47,445	-	-	-	47,445
Hedging reserve	(9,039)	-	(9,039)	-	-	-	(9,039)
Available-for-sale fair value reserve (Note 8)	(132,303)	-	(132,303)	-	-	-	(132,303)
Unallocated surplus	53,086	-	53,086	-	-	-	53,086
Deferred tax effects:							
- Hedging reserve (Note 29.3)	723	-	723	-	-	-	723
- Available-for-sale fair value reserve (Note 29.3)	10,584	-	10,584	-	-	-	10,584
At 31 December 2021	4,081,549	9,177,912	13,259,461	(2,794)	(116,886)	(119,680)	13,139,781

Notes to the Financial Statements

15. Insurance contract liabilities (continued)

(b) General insurance

General insurance contract liabilities consist of:

Group	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
Provision for claims reported by policyholders		**2,179,761**	**(482,399)**	**1,697,362**	2,078,094	(454,938)	1,623,156
Provision for incurred but not reported claims ("IBNR")		**848,461**	**(181,274)**	**667,187**	1,116,295	(461,537)	654,758
		3,028,222	**(663,673)**	**2,364,549**	3,194,389	(916,475)	2,277,914
Allowance for impairment	7	**-**	**-**	**-**	-	2,575	2,575
Provision for outstanding claims	15.1	**3,028,222**	**(663,673)**	**2,364,549**	3,194,389	(913,900)	2,280,489
Provision for unearned premiums	15.2	**1,286,337**	**(103,273)**	**1,183,064**	1,194,697	(92,503)	1,102,194
		4,314,559	**(766,946)**	**3,547,613**	4,389,086	(1,006,403)	3,382,683

15.1 Provision for outstanding claims – movements

Group	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
At 1 January		**3,194,389**	**(913,900)**	**2,280,489**	2,724,555	(734,819)	1,989,736
Claims incurred in the current accident year		**1,660,110**	**(190,457)**	**1,469,653**	1,781,865	(383,073)	1,398,792
Other movements in claims incurred in prior accident years		**(371,084)**	**230,876**	**(140,208)**	(334,740)	137,827	(196,913)
Claims paid during the year	26	**(1,455,193)**	**209,808**	**(1,245,385)**	(977,291)	66,165	(911,126)
At 31 December		**3,028,222**	**(663,673)**	**2,364,549**	3,194,389	(913,900)	2,280,489

15. Insurance contract liabilities (continued)

(b) General insurance (continued)

15.2 Provision for unearned premiums – movements

Group	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
At 1 January		**1,194,697**	**(92,503)**	**1,102,194**	1,176,240	(92,614)	1,083,626
Premiums written in the year	21	**2,654,994**	**(270,141)**	**2,384,853**	2,430,563	(287,853)	2,142,710
Premiums earned during the year		**(2,563,354)**	**259,371**	**(2,303,983)**	(2,412,106)	287,964	(2,124,142)
At 31 December		**1,286,337**	**(103,273)**	**1,183,064**	1,194,697	(92,503)	1,102,194

16. Deferred tax assets and (liabilities)

16.1 Recognised deferred tax assets and (liabilities) are attributable to the following:

Group	Assets 2022 RM'000	Assets 2021 RM'000	Liabilities 2022 RM'000	Liabilities 2021 RM'000	Net 2022 RM'000	Net 2021 RM'000
Property, plant and equipment	**1,252**	1,252	**(16,947)**	(16,448)	**(15,695)**	(15,196)
Intangible assets	**-**	-	**(788)**	(3,058)	**(788)**	(3,058)
Allowance for impairment on insurance receivables	**4,484**	12,035	**-**	-	**4,484**	12,035
Other payables and accruals	**29,829**	32,737	**-**	-	**29,829**	32,737
Hedging reserve	**-**	-	**-**	(627)	**-**	(627)
Available-for-sale fair value reserve	**9,956**	-	**(10,337)**	(26,906)	**(381)**	(26,906)
Fair value movement recognised in profit or loss	**35,726**	4,535	**(5,865)**	(1,322)	**29,861**	3,213
Unallocated surplus	**-**	-	**(396,625)**	(360,160)	**(396,625)**	(360,160)
Other items	**2,349**	1,109	**-**	-	**2,349**	1,109
Tax assets/(liabilities)	**83,596**	51,668	**(430,562)**	(408,521)	**(346,966)**	(356,853)
Offset of tax	**(34,602)**	(17,264)	**34,602**	17,264	**-**	-
Net deferred tax liabilities	**48,994**	34,404	**(395,960)**	(391,257)	**(346,966)**	(356,853)
Company						
Property, plant and equipment	**-**	-	**(106)**	(104)	**(106)**	(104)
Net tax liabilities	**-**	-	**(106)**	(104)	**(106)**	(104)

Notes to the Financial Statements

16. Deferred tax assets and (liabilities) (continued)

16.2 Movement in temporary differences during the year:

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 29.1) RM'000	Recognised in other comprehensive income ("OCI") (Note 29.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 29.3) RM'000	At 31.12.2021 /1.1.2022 RM'000	Recognised in profit or loss (Note 29.1) RM'000	Recognised in other comprehensive income ("OCI") (Note 29.2) RM'000	Recognised in insurance contract liabilities through OCI (Note 29.3) RM'000	At 31.12.2022 RM'000
Group									
Property, plant and equipment	(13,201)	(716)	(1,279)	-	(15,196)	(872)	373	-	(15,695)
Intangible assets	(18,631)	15,573	-	-	(3,058)	2,270	-	-	(788)
Allowance for impairment on insurance receivables	12,013	22	-	-	12,035	(7,551)	-	-	4,484
Other payables and accruals	23,320	9,417	-	-	32,737	(2,908)	-	-	29,829
Hedging reserve	(1,350)	-	-	723	(627)	-	-	627	-
Available-for-sale fair value reserve	(71,932)	-	34,442	10,584	(26,906)	-	19,318	7,207	(381)
Fair value movement recognised in profit or loss	(27,381)	30,594	-	-	3,213	26,648	-	-	29,861
Unallocated surplus	(337,048)	(23,112)	-	-	(360,160)	(36,465)	-	-	(396,625)
Other items	(762)	1,871	-	-	1,109	1,240	-	-	2,349
	(434,972)	33,649	33,163	11,307	(356,853)	(17,638)	19,691	7,834	(346,966)
Company									
Property, plant and equipment	(83)	(21)	-	-	(104)	(2)	-	-	(106)

17. Lease liabilities

	2022 RM'000	2021 RM'000
Non-current	**2,792**	7,714
Current	**16,379**	17,074
	19,171	24,788

18. Insurance payables

Group	Note	2022 RM'000	2021 RM'000
Non-current			
Performance bond deposits	18.1	**28,821**	18,399
Current			
Due to reinsurers and cedants		**194,470**	248,433
Due to agents, brokers and co-insurers balances		**245,725**	192,461
Due to related companies	18.2	**74,986**	69,081
Performance bond deposits	18.1	**59,171**	56,183
		574,352	566,158
Total		**603,173**	584,557

18.1 Performance bond deposits

Performance bond deposits are interest bearing collateral deposits received from policyholders for guarantees issued on behalf of policyholders.

18.2 Amounts due to related companies

The amounts due to related companies are unsecured and payable in accordance with normal trade terms.

18.3 Financial liabilities

There is no netting off of gross amount of recognised financial liabilities against the gross amount of financial assets in the statement of financial position. There are no financial liabilities that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (2021: Nil).

Notes to the Financial Statements

19. Other payables and accruals

	Note	2022 RM'000	2021 RM'000
Group			
Current			
Premium received in advance		**121,244**	123,222
Premium deposits		**50,237**	53,172
Cash collateral payables		**11,198**	40,191
Outstanding purchase of investment securities		**6,188**	10,347
Other payables and accrued expenses		**429,217**	354,578
Dividend payable		**262,099**	239,347
Due to holding company	19.1	**1,368**	2,939
Due to related companies	19.1	**14,342**	11,177
		895,893	834,973
Company			
Current			
Other payables and accrued expenses		**9,069**	5,539
Dividend payable		**262,099**	239,347
		271,168	244,886

19.1 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.

20. Operating revenue

	Note	2022 RM'000	2021 RM'000
Group			
Gross earned premiums	21(a)	**5,930,031**	5,671,113
Investment income	22	**842,958**	759,926
		6,772,989	6,431,039
Company			
Investment income	22	**312,062**	241,482

Notes to the Financial Statements

21. Net earned premiums

Group	Note	2022 RM'000	2021 RM'000
(a) Gross premiums			
Insurance contracts:			
Life	15(a)	**3,366,677**	3,259,007
General	15(b)	**2,654,994**	2,430,563
		6,021,671	5,689,570
Change in unearned premiums provision:			
General		**(91,640)**	(18,457)
Gross earned premiums	20	**5,930,031**	5,671,113
(b) Premiums ceded			
Insurance contracts:			
Life	15(a)	**(104,801)**	(142,309)
General	15(b)	**(270,141)**	(287,853)
		(374,942)	(430,162)
Change in unearned premiums provision:			
General		**10,770**	(111)
Premiums ceded to reinsurers		**(364,172)**	(430,273)
Net earned premiums		**5,565,859**	5,240,840

22. Investment income

Group	Note	2022 RM'000	2021 RM'000
Fair value through profit or loss - Held for trading financial assets			
Interest income from:			
- Malaysian government securities		**83,456**	34,704
- Malaysian government guaranteed bonds		**37,621**	67,801
- Unquoted bonds of corporations in Malaysia		**77,053**	67,709
Dividend income from:			
- Quoted equity securities of corporations in Malaysia		**86,619**	71,085
- Quoted equity securities of corporations outside Malaysia		**1,461**	74
- Quoted unit trusts in Malaysia		**6,523**	584
Interest expense to licensed financial institutions:			
- Cash collateral		**(357)**	(889)
Accretion of discounts	8	**1,507**	1,423
Amortisation of premiums	8	**(5,769)**	(4,648)

Notes to the Financial Statements

22. Investment income (continued)

Group	Note	2022 RM'000	2021 RM'000
Available-for-sale financial assets			
Interest income from:			
- Malaysian government securities		**140,580**	131,812
- Malaysian government guaranteed bonds		**73,709**	73,965
- Unquoted bonds of corporations in Malaysia		**71,502**	62,816
Dividend income from:			
- Quoted equity securities of corporations and unquoted unit trusts in Malaysia		**46,435**	45,890
- Unquoted equity securities in Malaysia		**1,244**	292
Accretion of discounts	8	**1,648**	1,793
Amortisation of premiums	8	**(14,931)**	(13,326)
Fair value through profit or loss - Designated upon initial recognition financial assets			
Interest income from:			
- Malaysian government securities		**71,758**	21,136
- Malaysian government guaranteed bonds		**21,502**	60,282
- Unquoted bonds of corporations in Malaysia		**91,479**	87,128
- Unquoted bonds of corporations outside Malaysia		**4,041**	4,213
Interest income from licensed financial institutions:			
- Structured deposits and negotiable certificate of deposits		**-**	51
- Cross currency swap		**850**	1,408
- Collateralised forward starting interest rate swap		**9,331**	11,119
Accretion of discounts	8	**800**	1,166
Amortisation of premiums	8	**(10,660)**	(8,846)
Loans and receivables			
Interest income from:			
- Policy loans		**477**	594
- Automatic premium loans		**4,883**	5,295
Interest income from licensed financial institutions:			
- Fixed and call deposits		**33,231**	31,946
- Bank balances		**6,965**	3,349
		842,958	759,926
		Note 20	Note 20

Company	2022 RM'000	2021 RM'000
Dividend income from subsidiary	**310,099**	239,634
Amortised cost		
Interest income from licensed financial institutions:		
- Fixed and call deposits	**1,963**	1,848
	312,062	241,482
	Note 20	Note 20

Notes to the Financial Statements

23. Realised gains and losses

Group	2022 RM'000	2021 RM'000
Property, plant and equipment		
Realised gains on disposal	**89**	1
Financial assets		
Realised gains on disposal of:		
- Malaysian government securities	**1,255**	3,067
- Malaysian government guaranteed bonds	**-**	5,593
- Quoted equity securities of corporations in Malaysia	**134,654**	191,092
- Quoted equity securities of corporations outside Malaysia	**13,606**	8,631
- Quoted unit trusts in Malaysia	**65**	566
- Unquoted unit trusts outside Malaysia	**41**	227
- Unquoted bonds of corporations in Malaysia	**1,986**	3,563
Realised losses on disposal of:		
- Malaysian government securities	**(10,638)**	(4,329)
- Malaysian government guaranteed bonds	**-**	(8,408)
- Quoted equity securities of corporations in Malaysia	**(91,720)**	(142,548)
- Quoted equity securities of corporations outside Malaysia	**(4,434)**	(3,301)
- Quoted unit trusts in Malaysia	**-**	(119)
- Unquoted unit trusts in Malaysia	**-**	(558)
- Unquoted unit trusts outside Malaysia	**(627)**	(15)
- Unquoted bonds of corporations in Malaysia	**(16)**	-
Total net realised losses for financial assets	**44,172**	53,461
Total net realised losses	**44,261**	53,462

24. Fair value gains and losses

Group	Note	2022 RM'000	2021 RM'000
Held for trading financial assets	8	**(212,872)**	(187,209)
Designated upon initial recognition financial assets	8	**(117,205)**	(173,729)
Derivatives		**(18,840)**	(28,685)
Total fair value losses on financial assets at FVTPL		**(348,917)**	(389,623)
Impairment loss on AFS financial assets	8	**(42,031)**	(41,134)
Total fair net value losses		**(390,948)**	(430,757)

Notes to the Financial Statements

25. Fee and commission

(a) Fee and commission income

Group	Note	2022 RM'000	2021 RM'000
Reinsurance commission income		**34,415**	50,779
Deferred acquisition costs	12	**361**	1,522
Total fee and commission income		**34,776**	52,301

(b) Fee and commission expense

Group	Note	2022 RM'000	2021 RM'000
Gross direct commission		**830,255**	817,141
Deferred acquisition costs	12	**(6,998)**	(5,969)
Total fee and commission expense		**823,257**	811,172

26. Net benefits and claims

Group	Note	2022 RM'000	2021 RM'000
(a) Gross benefits and claims paid			
Insurance contracts:			
Life		**(1,763,851)**	(1,382,827)
General	15(b)	**(1,455,193)**	(977,291)
		(3,219,044)	(2,360,118)
(b) Claims ceded to reinsurers Insurance contracts:			
Life	15(a)	**82,613**	110,298
General	15(b)	**209,808**	66,165
		292,421	176,463
(c) Gross change in contract liabilities			
Insurance contracts:			
Life		**(870,285)**	(1,088,457)
General		**166,167**	(469,834)
		(704,118)	(1,558,291)
(d) Change in contract liabilities ceded to reinsurers			
Insurance contracts:			
Life		**8,088**	13,784
General		**(250,227)**	179,081
		(242,139)	192,865
Net benefits and claims		**(3,872,880)**	(3,549,081)

Notes to the Financial Statements

27. Management expenses

	Note	2022 RM'000	2021 RM'000
Group			
Advertising and marketing expenses		**30,381**	24,181
Amortisation of intangible assets	5	**26,735**	24,579
Auditors' remuneration:			
- statutory audit fees		**994**	909
- other audit related fees		**1,593**	1,040
Insurance and other receivables:			
- (reversal of)/allowance for impairment loss		**(28,142)**	1,535
- bad debts recovered		**(52)**	(23)
- bad debts written off		**69**	-
Bank charges		**15,202**	16,116
Depreciation of property, plant and equipment	3	**16,013**	14,624
Depreciation of right-of-use assets	4	**21,136**	18,765
Employee benefits expense	27.1	**334,271**	322,880
Executive directors' emoluments	27.2	**3,599**	2,901
Non-executive directors' fee and other emoluments	27.2	**2,846**	2,463
Short-term lease expenses		**588**	851
Lease expense on low-value assets		**194**	102
Other expenses		**264,688**	252,845
		690,115	683,768
Company			
Auditors' remuneration:			
- statutory audit fees		**168**	155
- other audit related fees		**10**	887
Bank charges		**7**	8
Depreciation of property, plant and equipment	3	**326**	377
Employee benefits expense	27.1	**5,741**	5,282
Non-executive directors' fee and other emoluments	27.2	**1,589**	1,251
Other expenses		**5,198**	5,494
		13,039	13,454

Notes to the Financial Statements

27. Management expenses (continued)

27.1 Employee benefits expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages and salaries	**248,797**	235,685	**3,285**	2,849
Social security contributions	**2,141**	1,660	**12**	11
Contributions to Employees' Provident Fund	**35,590**	34,584	**403**	532
Other benefits	**47,743**	50,951	**2,041**	1,890
	334,271	322,880	**5,741**	5,282

27.2 Key management personnel compensation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive directors/Chief Executive Officers:				
Salaries and other emoluments	**2,026**	1,574	**-**	-
Bonus	**1,340**	988	**-**	-
Contributions to Employees' Provident Fund	**233**	339	**-**	-
Estimated monetary value of benefits-in-kind	**135**	51	**-**	-
	3,734	2,952	**-**	-
Non-executive directors:				
Fees	**2,004**	1,734	**1,155**	924#
Other emoluments	**842**	729	**434**	327
Estimated monetary value of benefits-in-kind	**10**	16	**5**	8
	2,856	2,479	**1,594**	1,259
Other key management personnel*				
Short term employee benefits	**12,400**	12,260	**-**	-

* 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 RM27,000 (2021: RM36,000).

The remuneration of CEOs of the Group who are also the Executive Directors of the subsidiaries, including benefits-in-kind, amounted to RM3,734,000 (2021: RM2,952,000).

27. Management expenses (continued)

27.2 Key management personnel compensation (continued)

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	
	2022	2021	2022	2021
Executive directors/Chief Executive Officers:				
Below RM1,000,000	-	-	-	-
RM1,000,000 and above	2	1	-	-
Non-executive directors:				
RM0	-	-	-	-
Below RM100,000	2	2	1	1
RM100,001 – RM200,000	5	3	4	2
RM200,001 – RM300,000	2	-	4	2
RM300,001 – RM400,000	3	2	-	1
RM400,001 – RM500,000	-	-	-	-
RM500,001 – RM600,000	1	1	-	-
RM600,001 – RM700,000	-	1	-	-
RM700,001 – RM800,000	-	-	-	-

27.3 Chief Executive Officers remuneration

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other emoluments	3,138	4,906	127	151
Bonus	1,600	2,465	50	227
Contributions to Employees' Provident Fund	425	470	26	49
Estimated monetary value of benefits-in-kind	165	380	8	2
	5,328	8,221	211	429
Amount included in employee benefits expense	5,163	7,841	203	427

Notes to the Financial Statements

27. Management expenses (continued)

27.4 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
2022								
Executive Directors								
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

27. Management expenses (continued)

27.4 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
2021								
Executive Director								
Zakri Bin Mohd Khir	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non-Executive Directors								
Tunku Zain-'Abidin Ibni Tunku Muhriz	264	46	-	310	144	29	-	173
Peter Ho Kok Wai	324	60	-	384	204	43	-	247
Goh Ching Yin	348	215	-	563	228	53	-	281
Gerard Lim Kim Meng	120	14	-	134	120	14	-	134
Solmaz Altin	-	-	-	-	-	-	-	-
Claudia Salem	-	-	-	-	-	-	-	-
Dr. Muhammed Bin Abdul Khalid	156	29	-	185	36	12	-	48
Tan Sri Datuk (Dr) Rafiah Binti Salim	312	336	16	664	192	176	8	376
Non-Executive Directors of the Subsidiaries								
Lim Tuang Ooi	20	3	-	23	-	-	-	-
Lim Fen Nee	70	9	-	79	-	-	-	-
Dato' Dr. Kantha A/L Rasalingam	120	17	-	137	-	-	-	-
Zakri Bin Mohd Khir	-	-	-	-	-	-	-	-
	1,734	729	16	2,479	924	327	8	1,259

Notes to the Financial Statements

28. Interest expense

Group	2022 RM'000	2021 RM'000
Interest expense on:		
Lease liabilities	**791**	966

29. Tax expense

29.1 Recognised in profit or loss

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense					
Current year		**215,043**	170,488	**506**	546
(Over)/Under provision in prior years		**(1,086)**	10,250	**2**	(2)
		213,957	180,738	**508**	544
Deferred tax expense/(income)					
Origination and reversal of temporary differences		**12,933**	(20,769)	**24**	18
Under/(Over) provision in prior year		**4,705**	(12,880)	**(22)**	3
	16.2	**17,638**	(33,649)	**2**	21
Total tax expense		**231,595**	147,089	**510**	565

29.2 Deferred tax recognised directly in other comprehensive income

Group	Note	2022 RM'000	2021 RM'000
Available-for-sale fair value reserve			
At 1 January		**6,166**	40,608
Net loss arising from change in fair value during the year	16.2	**(19,318)**	(34,442)
At 31 December		**(13,152)**	6,166
Revaluation reserve			
At 1 January		**10,113**	8,834
Net (loss)/gain arising from change in fair value during the year		**(373)**	1,279
At 31 December		**9,740**	10,113

Notes to the Financial Statements

29. Tax expense (continued)

29.3 Deferred tax recognised in insurance contract liabilities

Group	Note	2022 RM'000	2021 RM'000
Hedging reserve			
At 1 January		**627**	1,350
Net loss arising from change in fair value during the year	15(a)	**(627)**	(723)
At 31 December	16.2	**-**	627
Available-for-sale fair value reserve			
At 1 January		**20,740**	31,324
Net loss arising from change in fair value during the year	15(a)	**(7,207)**	(10,584)
At 31 December		**13,533**	20,740
Revaluation reserve			
At 1 January		**553**	553
Net gain arising from revaluation during the year		**-**	-
At 31 December		**553**	553

29.4 Reconciliation of tax expense

Group	2022 RM'000	2021 RM'000
Profit before tax	**704,426**	625,586
Tax at Malaysian tax rate of 24% (2021: 24%)	**169,063**	150,141
Tax rate differential of 16% (2021: 16%) in respect of life fund	**10,757**	1,774
Income not subject to tax	**(280,267)**	(274,041)
Section 110B tax and deferred tax credit set off	**(5,675)**	(3,583)
Non-deductible expenses	**298,652**	282,559
Difference in tax rate due to Cukai Makmur (Note 29.5)	**35,446**	(7,131)
	227,976	149,719
Under/(Over) provision in prior years	**3,619**	(2,630)
Total tax expense	**231,595**	147,089

Notes to the Financial Statements

29. Tax expense (continued)

29.4 Reconciliation of tax expense (continued)

Company	2022 RM'000	2021 RM'000
Profit before tax	**299,346**	228,341
Tax at Malaysian tax rate of 24% (2021: 24%)	**71,843**	54,802
Income not subject to tax	**(74,412)**	(57,540)
Non-deductible expenses	**3,099**	3,302
	530	564
(Over)/Under provision in prior years	**(20)**	1
Total tax expense	**510**	565

The income of the general business and life business shareholders' fund is taxed at 24% (2021: 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% (2021: 8%) applicable for life insurance business and 24% (2021: 24%) on income other than investment income which is taxed under Section 60(8) of the Income Tax Act, 1967 ("Act").

29.5 Changes in taxation

Cukai Makmur ("Prosperity tax")

In December 2021, the government enacted a change in the national income tax rate for year of assessment ("YA") 2022 via the introduction of "Cukai Makmur" - a special one-off tax to be imposed on non-Micro, Small and Medium Enterprises (non-MSMEs) companies which generate high profits during the pandemic.

Accordingly, the applicable tax rates of the Group for YA 2022 are as follows:
- Chargeable income for the first RM100 million: 24%;
- Portion of chargeable income in excess of RM100 million: 33%

Notes to the Financial Statements

30. Earnings per ordinary share

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2022 was based on the profit attributable to ordinary shareholders adjusted for preference dividends of RM171,603,000 (2021: RM127,422,000) and the weighted average number of ordinary shares in issue during the year of 177,911,000 (2021: 177,325,000).

Group	2022	2021
Profit attributable to ordinary shareholders (RM'000)	**472,831**	478,497
Adjustment:		
- Preference dividends declared	**(171,603)**	(127,422)
Adjusted profit attributable to ordinary shareholders (RM'000)	**301,228**	351,075
Weighted average number of shares in issue ('000)	**177,911**	177,325
Basic earnings per ordinary share (sen)	**169.31**	197.98

(b) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2022 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	2022	2021
Profit attributable to equity shareholders (RM'000)	**472,831**	478,497
Weighted average number of shares in issue ('000)	**177,911**	177,325
Effect of conversion of ICPS ('000)	**168,237**	168,697
Diluted weighted average number of ordinary shares during the year ('000)	**346,148**	346,022
Diluted earnings per ordinary share (sen)	**136.60**	138.29

Notes to the Financial Statements

31. Dividends

Dividends recognised by the Company:

	Sen per share (single tier)	Total amount RM'000	Date of payment
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	
2021			
Interim 2021 preference dividend	75.60	127,422	18 February 2022
Interim 2021 ordinary dividend	63.00	111,925	18 February 2022
		239,347	

32. Operating leases

32.1 Leases as lessor

The future undiscounted lease payments to be received are as follows:

	2022 RM'000	2021 RM'000
Less than one year	**802**	203
Between 1 and 2 years	**442**	181
Between 2 and 3 years	**33**	50
	1,277	434

33. Capital commitments

Group	2022 RM'000	2021 RM'000
Property, plant and equipment		
Contracted but not provided for	**7,167**	3,130
Software development		
Contracted but not provided for	**5,239**	2,893

34. 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.

34.1 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

34.2 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

34. Operating segments (continued)

Business segments	Investment holding RM'000	General business RM'000	Life business RM'000	Inter-segment elimination RM'000	Consolidated RM'000
2022					
External revenue	**13,524**	**2,758,770**	**4,000,695**	**-**	**6,772,989**
Revenue from other segments	**310,604**	**13,583**	**200**	**(324,387)**	**-**
Total revenue	**324,128**	**2,772,353**	**4,000,895**	**(324,387)**	**6,772,989**
Segment results	**265,238**	**476,169**	**287,406**	**(324,387)**	**704,426**
Profit before tax					**704,426**
Tax expense					**(231,595)**
Profit for the year					**472,831**
Segment assets	**696,667**	**7,269,058**	**16,717,332**	**-**	**24,683,057**
Segment liabilities	**309,114**	**4,794,934**	**15,348,982**	**-**	**20,453,030**
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**
(Reversal of)/Allowance for impairment loss on receivables	**-**	**(28,797)**	**655**	**-**	**(28,142)**
Amortisation of premiums	**-**	**13,602**	**17,758**	**-**	**31,360**
Accretion of discounts	**-**	**(774)**	**(3,181)**	**-**	**(3,955)**
2021					
External revenue	12,324	2,595,431	3,823,284	-	6,431,039
Revenue from other segments	239,952	8,534	-	(248,486)	-
Total revenue	252,276	2,603,965	3,823,284	(248,486)	6,431,039
Segment results	207,804	445,750	220,518	(248,486)	625,586
Profit before tax					625,586
Tax expense					(147,089)
Profit for the year					478,497
Segment assets	655,530	7,362,516	15,625,441	-	23,643,487
Segment liabilities	225,038	4,893,526	14,380,770	-	19,499,334
Capital expenditure	320	16,104	11,879	-	28,303
Depreciation of property, plant and equipment	378	9,308	4,938	-	14,624
Amortisation of intangible assets	-	16,595	7,984	-	24,579
Allowance for impairment loss on receivables	-	59	1,249	-	1,308
Amortisation of premiums	-	11,856	14,964	-	26,820
Accretion of discounts	-	(1,024)	(3,358)	-	(4,382)

35. Related parties

35.1 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 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 27.2.

Notes to the Financial Statements

35. Related parties (continued)

35.2 The significant transactions with related parties are as follows:

Group	Amount transacted for the year ended 31 December 2022 RM'000	Amount transacted for the year ended 31 December 2021 RM'000
Trade		
Holding company		
Payment of reinsurance premium ceded, net of commission income	**(4,214)**	(3,049)
Related companies*		
Payment of reinsurance premium ceded, net of commission income	**(257,503)**	(281,962)
Non-trade		
Holding company		
Payment of personnel expenses	**(795)**	(1,266)
Payment of global marketing expenses	**(4,775)**	(3,001)
Reimbursement of expenses made on behalf	**979**	-
Payment of license fees	**(43)**	(53)
Payment of training and other fees	**(63)**	(105)
Reversal/(Payment) of fees for cyber insurance services	**34**	(35)
Payment of fees for Human Resource Transformation (" HRT") run services	**(615)**	(195)
Reversal/(Payment) of fees for sharing of Global procurement (excluding Information Technology ("IT")) services and support	**9**	(129)
Payment for Employee Share Purchase Plan	**(1,009)**	(298)
Payment of business building and regional investment costs	**(3,418)**	(4,117)
Fee received for the provision of regional audit services	**401**	571
Reversal/(Payment) of personnel expenses	**1,522**	(4,198)
Payment of global technical support fees	**(6,670)**	(4,573)
(Payment)/Reversal for support of design and development of Global Digital Factory	**(42)**	1
Reversal/(Payment) for the development of Allianz One Finance Programme	**3**	(96)
Reversal/(Payment) of IT security services	**3**	(267)
Payment for Employee Share Participation Programs related admin costs	**(26)**	(17)
Payment of global mobility service fees	**(368)**	(329)
Payment of Allianz Equity Incentive	**(870)**	-
Payment of fees for implementation of Azeus Convene Meeting Management Software	**(39)**	-
Payment of GHR IT Licenses & Maintenance	**(22)**	-
Payment of usage of finance application & workplace devices by COC	**(112)**	-

Notes to the Financial Statements

35. Related parties (continued)

35.2 The significant transactions with related parties are as follows: (continued)

Group	Amount transacted for the year ended 31 December 2022 RM'000	Amount transacted for the year ended 31 December 2021 RM'000
Non-trade (continued)		
Holding company (continued)		
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	**(368)**	-
Payment of sharing of cost to support Group Data Analytics	**(128)**	-
Payment of support the development and improvement of Technical Excellence	**(194)**	-
Payment of services of Strategic Workforce Planning project	**(28)**	-
Payment of HR IT Licenses & Maintenance	**(10)**	-
Related companies*		
Payment of service fees	**(1,035)**	(898)
Reimbursement of other expenses	**2,577**	5,150
Investment and redemption of funds (including fund management fees)	**(98,028)**	(143,653)
Payment of investment advisory fees	**(2,488)**	(2,904)
Payment of performance attribution analysis expenses	**(44)**	-
Payment of sharing of common expenses	**(254)**	(194)
Sharing of asset and investment manager database expenses	**(412)**	(789)
Reimbursement of life actuarial modeling services	**1,793**	1,521
Reimbursement for SAP Master Data Management support services	**475**	305
Reversal of Actuarial support center services	**-**	102
Payment of training and other fees	**-**	(174)
Payment of annual maintenance and support fee for software system	**(4,190)**	(558)
Payment of IT security services	**(88)**	(8)
Payment of Allianz Virtual Client, Windows Distributor File System and Data Center Consolidation	**(2,366)**	(1,823)
Payment of software license fees	**(8,541)**	(9,510)
Reimbursement of intranet portal network cost	**-**	68
Sharing of expenses of HR Database Platform & e-Recruitment solution	**(81)**	(28)
Payment of risk management service fees	**-**	(8)
Payment of global mobility service fees	**(325)**	(280)
Payment of fee to develop a suite of digital health tools	**(1,280)**	(1,188)
Payment for purchasing of various software licences	**(32)**	(83)

Notes to the Financial Statements

35. Related parties (continued)

35.2 The significant transactions with related parties are as follows: (continued)

Group	Amount transacted for the year ended 31 December 2022 RM'000	Amount transacted for the year ended 31 December 2021 RM'000
Non-trade (continued)		
Related companies* (continued)		
Payment of fees for IT system application services	-	(4,938)
Reimbursement for ARIBA	20	-
Reimbursement for service fee	766	-
Payment of fees for the implementation of a software intelligence platform	(327)	-
Payment of fees for usage of Google Analytics	(574)	-
Payment of fees for the purchase of ServiceNow implementation services	(158)	-
Payment of fees by for the usage of Public Cloud Service	(445)	-
Payment of OneMarketing set up cost	(15)	-
Payment for Hybrid Cloud Services	(494)	-
Payment for Allianz Virtual Client for shared remote app and license pack base	(65)	-
Related party – Company connected to the Director of the Company		
Payment of training and other fees	(1,620)	(1,796)

* 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, 11, 18 and 19.

35. Related parties (continued)

35.2 The significant transactions with related parties are as follows (continued):

Company	Amount transacted for the year ended 31 December 2022 RM'000	Amount transacted for the year ended 31 December 2021 RM'000
Non-trade		
Holding company		
Fee received for the provision of regional audit services	**401**	571
Subsidiaries		
Dividend income	**310,099**	239,634
Reimbursement of other expenses	**499**	744
Reimbursement of expenses related to common resources	**26,606**	24,313
Rental of other premises	**(643)**	(579)
Reimbursement of life actuarial modeling services	**373**	356
Reimbursement for SAP Master Data Management support services	**44**	24
Related companies*		
Reimbursement of life actuarial modeling services	**1,793**	1,521
Reimbursement for SAP Master Data Management support services	**475**	305
Reimbursement for ARIBA	**20**	-
Reimbursement for service fee	**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 6, 11 and 19.

36. 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.

36. Risk management framework (continued)

The Allianz risk management covers 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.

36. 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.

37. Insurance risk

Insurance risk (also known as underwriting risk) includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the 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.

The Group seeks to minimise insurance risk 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 and limits and standards applied to the security of reinsurers.

37.1 Life insurance contracts

The insurance risk of Life insurance contracts consists of mortality/longevity/morbidity and calamity risks. Mortality/longevity/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. Calamity risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics. Insurance risks for insurance contracts are reflected in the actuarial liabilities.

Notes to the Financial Statements

37. Insurance risk (continued)

37.1 Life insurance contracts (continued)

The table below shows the actuarial liabilities by type of contract (with DPF 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 2022							
Whole life	**2,157,546**	**1,836,090**	**3,993,636**	**-**	**795**	**795**	**3,994,431**
Endowment	**483,222**	**3,616,205**	**4,099,427**	**-**	**-**	**-**	**4,099,427**
Mortgage	**-**	**43,646**	**43,646**	**-**	**(21,536)**	**(21,536)**	**22,110**
Riders and others	**730,053**	**991,247**	**1,721,300**	**(1,743)**	**(38,476)**	**(40,219)**	**1,681,081**
Total	**3,370,821**	**6,487,188**	**9,858,009**	**(1,743)**	**(59,217)**	**(60,960)**	**9,797,049**
			Note 15(a)			Note 15(a)	Note 15(a)
31 December 2021							
Whole life	2,299,116	1,726,619	4,025,735	-	907	907	4,026,642
Endowment	576,595	3,279,774	3,856,369	-	-	-	3,856,369
Mortgage	-	46,147	46,147	-	(23,474)	(23,474)	22,673
Riders and others	720,151	875,587	1,595,738	(1,635)	(28,670)	(30,305)	1,565,433
Total	3,595,862	5,928,127	9,523,989	(1,635)	(51,237)	(52,872)	9,471,117
			Note 15(a)			Note 15(a)	Note 15(a)

As all of the business is derived from Malaysia, the entire actuarial liabilities are in Malaysia. There is no insurance contract issued by ALIM during the current and previous financial years.

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 and prudent estimates 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.

Notes to the Financial Statements

37. Insurance risk (continued)

37.1 Life insurance contracts (continued)

Key assumptions (continued)

- Mortality and morbidity rates (continued)
  ALIM can adjust the mortality/morbidity risk charges in future years in line with emerging experience for investment-linked and universal life contracts.

  An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- 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 reviewed annually; it is compared to actual expense that ALIM incurred.

  An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- 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.

  An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

- Discount rate
  In the valuation of the total benefits insurance liabilities of participating life policies, ALIM has assumed a long term gross rate of return of 4.00% - 6.00% per annum (2021: 3.75% - 5.75% per annum). The long term gross rate of return is derived based on a basket of strategic asset allocations. ALIM calculates long term gross rate by assuming each asset class will earn the targeted yield. The strategic asset allocation and targeted yield are reviewed annually in accordance with the ALIM's framework.

  Malaysian Government Securities ("MGS") spot rate is used in the valuation of non-participating life policies, the guaranteed benefits insurance liabilities of participating life policies, and non-unit actuarial liabilities of investment-linked policies.

  Risk-free discount rate for durations of less than 15 years is based on zero-coupon spot yields of MGS with matching duration. Risk-free discount rate for durations of 15 years or more is based on zero-coupon spot yields of MGS with 15 years term to maturity. Duration in this context is referring to the term to maturity of each future cash flow. The MGS zero-coupon spot yields are obtained from a recognised bond pricing agency in Malaysia.

Notes to the Financial Statements

37. Insurance risk (continued)

37.1 Life insurance contracts (continued)

Key assumptions (continued)

The assumptions that have significant effects on the gross actuarial liabilities and reinsurance assets are listed below.

	Mortality and morbidity rates		Lapse and surrender rates		Discount rate	
	2022[2]	2021[1]	2022	2021	2022	2021
Group	%	%	%	%	%	%
Type of business						
With fixed and guaranteed terms and with DPF contracts						
Life insurance	**60-100**	60-100	**3.0-20**	3.0-20	**4.00-6.00**	3.75-5.75
Without DPF contracts						
Life insurance	**70-130**	70-130	**3.0-70**	3.0-70	**MGS spot yield**	MGS spot yield

(1) Industry mortality and morbidity experience tables that were observed in Malaysia between year 1999 and 2003 or the respective reinsurance risk rates.

(2) Industry mortality and morbidity experience tables that were observed in Malaysia between year 2011 and 2015 or the respective reinsurance risk rates.

Sensitivities

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, and profit after tax. Sensitivities testing on individual assumptions are meaningful to analyse the magnitude of reserve changes for each assumption. However, it should be studied with care as it does not capture the possible correlation effect when all assumptions are being stressed simultaneously. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

Notes to the Financial Statements

37. Insurance risk (continued)

37.1 Life insurance contracts (continued)

Sensitivities (continued)

Group	Change in assumptions	Impact on profit after tax/equity RM'000	Impact on gross liabilities* RM'000	Impact on net liabilities* RM'000
Life insurance contracts				
31 December 2022				
Mortality and morbidity rates	**+5%**	**(2,996)**	**6,912**	**5,500**
Discount rate	**-0.5%**	**(12,019)**	**57,834**	**57,291**
Expenses	**+10%**	**(5,629)**	**9,358**	**9,358**
Lapse and surrender rates	**-10%**	**1,088**	**3,583**	**3,687**
31 December 2021				
Mortality and morbidity rates	+5%	(2,337)	6,847	5,333
Discount rate	-0.5%	(10,667)	65,774	65,180
Expenses	+10%	(4,618)	9,763	9,763
Lapse and surrender rates	-10%	831	5,843	5,977

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

The above illustration is only prepared for "what if" adverse scenario, with the key assumptions applied towards unfavourable direction. In the sensitivity analysis above, changes in assumptions for life non-participating business would impact the profit after tax and insurance contract liabilities. In respect of life participating insurance business, it would only impact the insurance contract liabilities.

* The impact on gross and net liabilities only reflects the changes in the prescribed assumptions above without adjustment to policyholders' bonuses for the life participating business. Impact on insurance contract liabilities also reflects adjustments for tax, where applicable.

37.2 General insurance contracts

The insurance risk of general insurance contracts 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 risk represents 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 provision for outstanding claims (before impairment of reinsurance assets) as at the end of the reporting period by type of contract.

Notes to the Financial Statements

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Group	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
Fire		**396,453**	**(170,470)**	**225,983**	657,844	(357,556)	300,288
Motor		**1,800,810**	**(103,178)**	**1,697,632**	1,638,503	(86,986)	1,551,517
Marine, aviation, cargo and transit		**91,669**	**(56,703)**	**34,966**	170,531	(127,787)	42,744
Miscellaneous		**739,290**	**(333,322)**	**405,968**	727,511	(344,146)	383,365
Total	15(b)	**3,028,222**	**(663,673)**	**2,364,549**	3,194,389	(916,475)	2,277,914

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.

No discounting is made to the recommended claims and premium liability provisions as a prudent measure. In addition, no explicit inflation adjustment has been made to claims amount payable in the future. However, implicit inflation is allowed for future claims to the extent evident in past claims development. It is worthwhile to note that discounting is unlikely to result in any material impact due to the short tail nature of almost all classes, coupled with the low prevailing interest rate environment.

The subsidiary has based its risk margin for adverse deviation ("PRAD") for the unexpired risks reserves and insurance claims at the minimum 75% confidence level of sufficiency, according to the requirement set by BNM under the RBC Framework for Insurers.

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, profit before 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.

Notes to the Financial Statements

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Sensitivities (continued)

Group	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after tax RM'000	Impact on equity* RM'000
31 December 2022					
Average claim cost	**+10%**	**314,935**	**240,984**	**(183,148)**	**(183,148)**
Average number of claims	**+10%**	**334,221**	**286,255**	**(217,554)**	**(217,554)**
Average claim settlement period	**Increased by 6 months**	**52,724**	**33,942**	**(25,796)**	**(25,796)**
31 December 2021					
Average claim cost	+10%	321,992	231,644	(176,049)	(176,049)
Average number of claims	+10%	293,293	236,967	(180,095)	(180,095)
Average claim settlement period	Increased by 6 months	41,774	30,319	(23,043)	(23,043)

* Impact on equity reflects adjustments for tax, where applicable.

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 2022 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

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Gross general insurance claims liabilities as at 31 December 2022:

Group Accident year	Before 2015 RM'000	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	-	-	-	-	-	-	**-**	
Current estimate of cumulative claims incurred		1,154,938	1,206,793	1,312,706	1,322,821	1,390,544	1,243,949	1,571,530	**1,717,578**	

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Gross general insurance claims liabilities as at 31 December 2022 (continued):

Group Accident year	Before 2015 RM'000	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		387,586	514,882	561,727	541,747	520,155	436,499	437,301	**693,688**	
One year later		861,538	924,136	979,473	946,706	886,123	770,352	891,860	-	
Two years later		1,013,855	1,054,371	1,104,992	1,052,957	996,401	912,325	-	-	
Three years later		1,070,252	1,116,845	1,145,041	1,101,378	1,082,575	-	-	-	
Four years later		1,092,007	1,134,220	1,169,673	1,140,348	-	-	-	-	
Five years later		1,102,559	1,148,942	1,222,617	-	-	-	-	-	
Six years later		1,108,334	1,167,878	-	-	-	-	-	-	
Seven years later		1,113,214	-	-	-	-	-	-	-	
Cumulative payments to-date		1,113,214	1,167,878	1,222,617	1,140,348	1,082,575	912,325	891,860	**693,688**	
Gross general insurance claims liabilities (direct and facultative)	51,571	41,724	38,915	90,089	182,473	307,969	331,624	679,670	**1,023,890**	**2,747,925**
Gross general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustment)										**25,458**
Best estimate of claims liabilities										**2,773,383**
Claims handling expenses										**26,567**
PRAD at 75% confidence level										**228,272**
Gross general insurance claims liabilities										**3,028,222**

Notes to the Financial Statements

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Gross general insurance claims liabilities as at 31 December 2021:

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		1,251,432	1,349,116	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	
One year later		1,193,164	1,278,469	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	-	
Two years later		1,154,151	1,256,084	1,352,452	1,362,861	1,372,723	1,407,591	-	-	
Three years later		1,141,005	1,235,679	1,325,371	1,336,934	1,347,544	-	-	-	
Four years later		1,141,354	1,224,698	1,254,542	1,324,758	-	-	-	-	
Five years later		1,135,385	1,203,126	1,244,392	-	-	-	-	-	
Six years later		1,103,220	1,192,204	-	-	-	-	-	-	
Seven years later		1,082,288	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		1,082,288	1,192,204	1,244,392	1,324,758	1,347,544	1,407,591	1,283,734	1,738,148	

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Gross general insurance claims liabilities as at 31 December 2021 (continued):

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		375,586	387,586	514,882	561,727	541,747	520,155	436,499	487,399	
One year later		771,098	861,538	924,136	979,473	946,706	886,123	770,352	-	
Two years later		924,769	1,013,855	1,054,371	1,104,992	1,052,957	996,401	-	-	
Three years later		986,338	1,070,252	1,116,854	1,145,041	1,101,378	-	-	-	
Four years later		1,017,591	1,092,007	1,134,220	1,169,673	-	-	-	-	
Five years later		1,024,854	1,102,559	1,148,942	-	-	-	-	-	
Six years later		1,029,103	1,108,334	-	-	-	-	-	-	
Seven years later		1,030,242	-	-	-	-	-	-	-	
Cumulative payments to-date		1,030,242	1,108,334	1,148,942	1,169,673	1,101,378	996,401	770,352	487,399	
Gross general insurance claims liabilities (direct and facultative)	48,686	52,046	83,870	95,450	155,085	246,166	411,190	513,382	1,250,749	2,856,624
Gross general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustment)										38,921
Best estimate of claims liabilities										2,895,545
Claims handling expenses										32,288
PRAD at 75% confidence level										266,556
Gross general insurance claims liabilities										3,194,389

Notes to the Financial Statements

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2022:

Group Accident year	Before 2015 RM'000	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	-	-	-	-	-	-	**-**	
Current estimate of cumulative claims incurred		968,019	1,029,928	1,147,704	1,196,597	1,237,143	1,140,917	1,427,263	**1,606,710**	

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2022 (continued):

Group Accident year	Before 2015 RM'000	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		356,733	468,300	518,300	507,250	496,380	416,786	416,655	**649,947**	
One year later		746,891	817,863	896,008	888,891	839,564	736,854	843,445	**-**	
Two years later		872,368	925,817	998,910	983,920	939,217	858,851	-	**-**	
Three years later		918,932	972,070	1,034,851	1,030,774	1,017,622	-	-	**-**	
Four years later		934,819	988,580	1,053,901	1,066,274	-	-	-	**-**	
Five years later		943,446	1,001,058	1,071,913	-	-	-	-	**-**	
Six years later		948,516	1,007,421	-	-	-	-	-	**-**	
Seven years later		951,769	-	-	-	-	-	-	**-**	
Cumulative payments to-date		951,769	1,007,421	1,071,913	1,066,274	1,017,622	858,851	843,445	**649,947**	
Net general insurance claims liabilities (direct and facultative)	17,391	16,250	22,507	75,791	130,323	219,521	282,066	583,818	**956,763**	**2,304,430**
Net general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)										**(101,720)**
Best estimate of claims liabilities										**2,202,710**
Claims handling expenses										**26,567**
PRAD at 75% confidence level										**135,272**
Net general insurance claims liabilities										**2,364,549**

Notes to the Financial Statements

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2021:

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		971,458	1,101,455	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	
One year later		932,778	1,073,872	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	-	
Two years later		906,323	1,049,986	1,097,165	1,198,917	1,224,761	1,244,906	-	-	
Three years later		897,675	1,021,432	1,075,612	1,173,951	1,208,500	-	-	-	
Four years later		888,196	1,014,846	1,069,385	1,167,124	-	-	-	-	
Five years later		882,916	1,003,396	1,058,880	-	-	-	-	-	
Six years later		857,984	994,467	-	-	-	-	-	-	
Seven years later		841,928	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		841,928	994,467	1,058,880	1,167,124	1,208,500	1,244,906	1,163,249	1,378,058	

37. Insurance risk (continued)

37.2 General insurance contracts (continued)

Claims development table (continued)

Net general insurance claims liabilities as at 31 December 2021 (continued):

Group Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		326,832	356,733	468,300	518,300	507,250	496,380	416,786	466,753	
One year later		638,954	746,891	817,863	896,008	888,891	839,564	736,854	-	
Two years later		743,920	872,368	925,817	998,910	983,920	939,217	-	-	
Three years later		790,073	918,932	972,070	1,034,851	1,030,774	-	-	-	
Four years later		809,772	934,819	988,580	1,053,901	-	-	-	-	
Five years later		815,609	943,446	1,001,058	-	-	-	-	-	
Six years later		817,744	948,516	-	-	-	-	-	-	
Seven years later		818,655	-	-	-	-	-	-	-	
Cumulative payments to-date		818,655	948,516	1,001,058	1,053,901	1,030,774	939,217	736,854	466,753	
Net general insurance claims liabilities (direct and facultative)	19,354	23,273	45,951	57,822	113,223	177,726	305,689	426,395	911,305	2,080,738
Net general insurance claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)										34,114
Best estimate of claims liabilities										2,114,852
Claims handling expenses										32,288
PRAD at 75% confidence level										133,349
Net general insurance claims liabilities										2,280,489

Notes to the Financial Statements

38. 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.

38.1 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 assets, insurance 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.

38. Financial risks (continued)

38.1 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.

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									
LAR									
Other loans	-	-	-	-	-	77,243	-	-	77,243
Fixed and call deposits	23,272	270	-	-	-	-	874	-	24,416
AFS financial investments									
Malaysian government securities	-	-	-	-	-	3,169,015	-	-	3,169,015
Malaysian government guaranteed bonds	-	-	-	-	-	2,092,559	-	-	2,092,559
Unquoted bonds of corporations in Malaysia	931,738	764,484	-	-	-	18,872	-	-	1,715,094
FVTPL - HFT financial investments									
Malaysian government securities	-	-	-	-	-	1,887,383	278,246	-	2,165,629
Malaysian government guaranteed bonds	-	-	-	-	-	901,117	19,508	-	920,625
Unquoted bonds of corporations in Malaysia	711,976	630,480	-	-	-	-	554,151	-	1,896,607
FVTPL - DUIR financial investments									
Malaysian government securities	-	-	-	-	-	2,037,662	-	-	2,037,662
Malaysian government guaranteed bonds	-	-	-	-	-	529,240	-	-	529,240
Unquoted bonds of corporations in Malaysia	1,096,702	967,630	-	-	-	5,217	-	-	2,069,549

38. Financial risks (continued)

38.1 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)									
FVTPL - DUIR financial investments (continued)									
Unquoted bonds of corporations outside Malaysia	-	-	7,671	51,645	-	41,130	-	-	100,446
Derivative financial assets									
Collateralised interest rate swap	16,590	-	-	-	-	-	-	-	16,590
Cross currency swap	2,406	-	-	-	-	-	-	-	2,406
Reinsurance assets	-	447,902	37,596	139	-	117,439	-	-	603,076
Insurance receivables	-	4,440	7,804	12	-	176,207	-	30,979#	219,442
Other receivables and deposits	-	-	-	-	-	111,827	40,959	-	152,786
Cash and cash equivalents	1,029,183	613,873	6,801	-	-	292	608,751	-	2,258,900
	3,811,867	3,429,079	59,872	51,796	-	11,165,203	1,502,489	30,979	20,051,285

\# Net of balances which are past due and impaired of RM28,123,000 which has been fully provided (See Note 38.1(ii)).

38. Financial risks (continued)

38.1 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
2022							
Fixed and call deposits	10,197	73	-	-	-	-	10,270
Other receivables and deposits	-	-	-	-	-	250,535	250,535
Cash and cash equivalents	25,119	37,333	-	-	-	-	62,452
	35,316	37,406	-	-	-	250,535	323,257

38. Financial risks (continued)

38.1 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.

	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
2021									
LAR									
Other loans	-	-	-	-	-	84,258	-	-	84,258
Fixed and call deposits	86,053	349,103	-	-	-	-	67,179	-	502,335
AFS financial investments									
Malaysian government securities	-	-	-	-	-	3,530,895	-	-	3,530,895
Malaysian government guaranteed bonds	-	-	-	-	-	1,686,639	-	-	1,686,639
Unquoted bonds of corporations in Malaysia	850,169	745,436	-	3,750	-	9,315	-	-	1,608,670
FVTPL - HFT financial investments									
Malaysian government securities	-	-	-	-	-	1,707,880	218,969	-	1,926,849
Malaysian government guaranteed bonds	-	-	-	-	-	859,553	20,044	-	879,597
Unquoted bonds of corporations in Malaysia	557,187	528,814	-	-	-	2,029	509,305	-	1,597,335
FVTPL - DUIR financial investments									
Malaysian government securities	-	-	-	-	-	1,714,484	-	-	1,714,484
Malaysian government guaranteed bonds	-	-	-	-	-	538,354	-	-	538,354
Unquoted bonds of corporations in Malaysia	1,045,362	985,158	-	5,182	-	49,934	-	-	2,085,636

38. Financial risks (continued)

38.1 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	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-investment grade RM'000	Non-rated RM'000	Investment-inked funds RM'000	Past-due but not impaired RM'000	Total RM'000
	Neither past-due nor impaired								
2021 (continued)									
FVTPL - DUIR financial investments (continued)									
Unquoted bonds of corporations outside Malaysia	-	-	7,891	54,756	-	41,914	-	-	104,561
Derivative financial assets									
Collateralised interest rate swap	35,642	-	-	-	-	-	-	-	35,642
Cross currency swap	2,037	-	-	-	-	-	-	-	2,037
Forward purchase agreements	7,837	-	-	-	-	-	-	-	7,837
Reinsurance assets	-	431,318	88,204	140	-	54,956	-	-	574,618
Insurance receivables	-	8,605	37,954	12	-	129,785	-	14,851#	191,207
Other receivables and deposits	-	-	-	-	-	142,199	9,197	-	151,396
Cash and cash equivalents	685,408	568,230	2,372	-	-	472	263,126	-	1,519,608
	3,269,695	3,616,664	136,421	63,840	-	10,552,667	1,087,820	14,851	18,741,958

Net of balances which are past due and impaired of RM56,377,000 which has been fully provided (See Note 38.1(ii)).

Notes to the Financial Statements

38. Financial risks (continued)

38.1 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
2021							
Fixed and call deposits	25,489	21,598	-	-	-	-	47,087
Other receivables and deposits	-	-	-	-	-	247,271	247,271
Cash and cash equivalents	9,437	20,953	-	-	-	-	30,390
	34,926	42,551	-	-	-	247,271	324,748

Credit risk analysis on the financial assets are not provided for the investment-linked funds. This is due to the fact that, in investment-linked funds, the liability to policyholders is linked to the performance and value of the assets that back those liabilities and the shareholders have no direct exposure to any credit risk in those assets.

(i) Past-due but not impaired financial assets

Age analysis of financial assets past-due but not impaired

The Group maintains an ageing analysis in respect of insurance receivables only. The ageing of insurance receivables that are past-due as at the reporting date but not impaired is as follows:

Group	1 to 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	> 91 days RM'000	Total RM'000
2022					
Insurance receivables	**12,674**	**7,294**	**5,195**	**5,816**	**30,979**
2021					
Insurance receivables	3,853	3,354	3,954	3,690	14,851

38. Financial risks (continued)

38.1 Credit risk (continued)

Credit exposure by credit rating (continued)

(ii) Past-due and impaired financial assets

As at 31 December 2022, based on a combination of collective and individual assessment of receivables, there are impaired insurance receivables amounting to RM28,123,000 (2021: RM56,377,000), reinsurance assets of RM Nil (2021: RM2,575,000) and other receivables of RM1,538,000 (2021: RM1,538,000) respectively. No collateral is held as security for any past-due or impaired financial assets. The Group records impairment allowance for insurance receivables and other receivables in separate allowance for impairment accounts. A reconciliation of the allowance for impairment losses for the aforesaid insurance receivables and other receivables are as follows:

	Insurance receivables		Reinsurance assets		Other receivables	
Group	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	**56,377**	55,865	**2,575**	2,578	**1,538**	742
Impairment loss (reversed)/ recognised	**(28,142)**	739	**(2,575)**	(3)	**-**	796
Written off during the year	**(112)**	(227)	**-**	-	**-**	-
At 31 December	**28,123**	56,377	**-**	2,575	**1,538**	1,538
	Note 10	Note 10	Note 7	Note 7	Note 11	Note 11

38.2 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 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 provision for claims of general insurance, maturity profiles are determined based on estimated timing of net cash outflows 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.

Notes to the Financial Statements

38. Financial risks (continued)

38.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities

	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Group								
2022								
Insurance contract liabilities								
With DPF	3,868,334	1,490,246	488,125	343,521	1,377,072	2,381,398	6,992	6,087,354
Without DPF	10,345,209	10,023,918	49,597	46,769	227,563	102,378	-	10,450,225
Provision for claims	2,179,761	1,229,194	739,596	177,217	33,754	-	-	2,179,761
Lease liabilities	19,171	17,173	1,850	518	-	-	-	19,541
Insurance payables	603,173	585,235	12,034	5,890	14	-	-	603,173
Other payables and accruals	774,649	774,649	-	-	-	-	-	774,649
Total liabilities	17,790,297	14,120,415	1,291,202	573,915	1,638,403	2,483,776	6,992	20,114,703
Company								
2022								
Other payables and accruals	271,168	271,168	-	-	-	-	-	271,168

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	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
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)

Notes to the Financial Statements

38. Financial risks (continued)

38.2 Liquidity risk (continued)

Maturity profiles (continued)

Non-derivative financial liabilities

	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Group								
2021								
Insurance contract liabilities								
With DPF	4,081,549	1,407,309	591,460	377,676	1,448,111	2,721,852	6,992	6,553,400
Without DPF	9,177,912	8,832,358	76,045	45,502	215,082	115,296	-	9,284,283
Provision for claims	2,078,094	1,251,947	668,483	130,588	27,076	-	-	2,078,094
Lease liabilities	24,788	17,534	7,811	-	-	-	-	25,345
Insurance payables	584,557	583,019	920	618	-	-	-	584,557
Other payables and accruals	711,751	711,751	-	-	-	-	-	711,751
Total liabilities	16,658,651	12,803,918	1,344,719	554,384	1,690,269	2,837,148	6,992	19,237,430
Company								
2021								
Other payables and accruals	244,886	244,886	-	-	-	-	-	244,886

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	1-3 years RM'000	3-5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
2021							
Derivatives held for trading							
Cross currency swaps	-	-	(1,641)	-	-	-	(1,641)
Derivatives used for hedging							
Forward purchase agreements							
- Cash inflows	-	-	-	-	-	-	-
- Cash outflows	(56,824)	-	-	-	-	-	(56,824)
Net cash outflows	(56,824)	-	(1,641)	-	-	-	(58,465)

Notes to the Financial Statements

38. Financial risks (continued)

38.3 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 of currency risk, interest rate risk and equity price risk.

The following risk mitigation actions are in place to control and monitor such risk:

- Investment Committee actively monitors the investment activities undertaken by the Group.
- Investment Committee 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 Risk Management Working Committee, Risk Management Committee and Investment Committee 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.

38.3.1 Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates.

The Group's primary transactions are carried out in Ringgit Malaysia (RM), and its exposure to foreign exchange risk arises principally with respect to the funds invested in foreign financial instruments, involving 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

38. Financial risks (continued)

38.3 Market risk (continued)

38.3.1 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	Life fund 2022 RM'000	Investment-linked funds 2022 RM'000	Life fund 2021 RM'000	Investment-linked funds 2021 RM'000
Financial assets				
Denominated in				
USD	**98,980**	**207,539**	102,924	149,714
SGD	**-**	**148,631**	-	20,903
THB	**-**	**6,107**	-	11,963
IDR	**-**	**19,340**	-	37,789

Currency risk sensitivity analysis

It is estimated that a 10% (2021: 10%) strengthening of the Ringgit Malaysia (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 2022 RM'000	Impact on insurance contract liabilities 2021 RM'000
Denominated in		
USD	**(30,652)**	(25,264)
SGD	**(14,863)**	(2,090)
THB	**(611)**	(1,196)
IDR	**(1,934)**	(3,779)

It is estimated that a 10% (2021:10%) weakening of the Ringgit Malaysia (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.

Notes to the Financial Statements

38. Financial risks (continued)

38.3 Market risk (continued)

38.3.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

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 instrument.

38.3.2 Interest rate risk

The Group is affected by changes in market interest rate due to 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 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 2022				
Interest rate	**+100 basis points**	**(143,432)**	**(113,736)**	**(497,047)**
Interest rate	**-100 basis points**	**153,898**	**121,962**	**559,486**
31 December 2021				
Interest rate	+100 basis points	(137,492)	(110,432)	(508,565)
Interest rate	-100 basis points	148,227	118,972	577,224

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.

38. Financial risks (continued)

38.3 Market risk (continued)

38.3.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

** 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.

General insurance:

Group	Change in variables	Impact on profit after tax RM'000	Impact on equity* RM'000
31 December 2022			
Interest rate	**+ 100 basis points**	**-**	**(113,245)**
Interest rate	**+ 50 basis points**	**-**	**(56,622)**
Interest rate	**- 100 basis points**	**-**	**113,245**
Interest rate	**- 50 basis points**	**-**	**56,622**
31 December 2021			
Interest rate	+ 100 basis points	-	(119,535)
Interest rate	+ 50 basis points	-	(59,768)
Interest rate	- 100 basis points	-	119,535
Interest rate	- 50 basis points	-	59,768

* Impact on equity reflects adjustments for tax, where applicable.

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.

Notes to the Financial Statements

38. Financial risks (continued)

38.3 Market risk (continued)

38.3.3 Equity price risk

Equity price risk is the risk that fair value of future cash flows 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.

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:

		2022			2021		
Group	Changes in variables	Impact on profit after tax# RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000	Impact on profit after tax# RM'000	Impact on equity* RM'000	Impact on insurance contract liabilities** RM'000
Market indices							
Market value	+10%	**-**	**-**	**256,211**	-	-	269,970
Market value	-10%	**-**	**-**	**(256,211)**	-	-	(269,970)

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.

38. Financial risks (continued)

38.3 Market risk (continued)

38.3.3 Equity price risk (continued)

Equity price risk sensitivity analysis (continued)

* 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.

38.4 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, forward purchase agreements 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 policy loans, mortgage loans, automatic premium loans, fixed and call deposits, approximate their fair values; and

- The carrying amounts of cash and cash equivalents, insurance receivables, other receivables and deposits (current), insurance payables and other payables (current) and accruals 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

38. Financial risks (continued)

38.4 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.

38.4.1 Fair value information

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
Group	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	-	7,372,306	-	7,372,306	7,372,306	7,372,306
Malaysian government guaranteed bonds	-	3,542,424	-	3,542,424	3,542,424	3,542,424
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 bonds of corporations in Malaysia	-	5,681,250	-	5,681,250	5,681,250	5,681,250
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 forward starting interest rate swap	-	16,590	-	16,590	16,590	16,590
Forward purchase agreements	-	-	-	-	-	-
Cross currency swap	-	2,406	-	2,406	2,406	2,406
	2,784,897	17,509,166	-	20,294,063	20,294,063	20,294,063

38. Financial risks (continued)

38.4 Fair value of financial instruments (continued)

38.4.1 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 RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2022						
Financial liabilities						
Cross currency swap	-	1,293	-	1,293	1,293	1,293
Lease liabilities	-	-	-	-	19,171	19,171
	-	1,293	-	-	20,464	20,464

Notes to the Financial Statements

38. Financial risks (continued)

38.4 Fair value of financial instruments (continued)

38.4.1 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 Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2021						
Financial assets						
Malaysian government securities	-	7,172,228	-	7,172,228	7,172,228	7,172,228
Malaysian government guaranteed bonds	-	3,104,590	-	3,104,590	3,104,590	3,104,590
Quoted equity securities of corporations in Malaysia	2,823,578	-	-	2,823,578	2,823,578	2,823,578
Quoted equity securities of corporations outside Malaysia	49,850	-	-	49,850	49,850	49,850
Unquoted bonds of corporations in Malaysia	-	5,291,641	-	5,291,641	5,291,641	5,291,641
Unquoted bonds of corporations outside Malaysia	-	104,561	-	104,561	104,561	104,561
Quoted unit trusts in Malaysia	61,032	-	-	61,032	61,032	61,032
Unquoted unit trusts in Malaysia	-	569,882	-	569,882	569,882	569,882
Unquoted unit trusts outside Malaysia	-	170,520	-	170,520	170,520	170,520
Collateralised forward starting interest rate swap	-	35,642	-	35,642	35,642	35,642
Forward purchase agreements	-	7,837	-	7,837	7,837	7,837
Cross currency swap	-	2,037	-	2,037	2,037	2,037
	2,934,460	16,458,938	-	19,393,398	19,393,398	19,393,398
Financial liabilities						
Cross currency swap	-	1,641	-	1,641	1,641	1,641
Lease liabilities	-	-	-	-	24,788	24,788
	-	1,641	-	1,641	26,429	26,429

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either direction).

Notes to the Financial Statements

39. 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 Risk-Based Capital Framework for Insurers ("RBC Framework") issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The insurance subsidiaries of the Group have been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirements.

40. Contingent liabilities

On 10 August 2016, the Malaysia Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia and all 22 general insurers including the Company's general insurance subsidiary, 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 for 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 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, as one of the members of PIAM, 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 which imposes on each of the 22 general insurers financial penalties for the said infringement.

In view of the impact of the Covid-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers 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

40. Contingent liabilities (continued)

Appeal filed with the Competition Appeal Tribunal

On 13 October 2020, AGIC filed a Notice of Appeal against the Decision ("Appeal") with the Competition Appeal Tribunal ("CAT") and a formal Notice of Application was filed in relation to the stay of the 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 CAT allowed the Stay Application, pending the disposal of the Appeal.

As for the appeal proceedings before CAT, MyCC as well as several other insurers have 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. CAT had then indicated that its judgement would likely be delivered at the end of June 2022.

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.

This matter was then kept in view in the event of any appeal by MyCC against CAT'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 the 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 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. The matter was then fixed for further case management on 8 September 2022.

In light of the CAT's Decision, AGIC through its solicitors have filed the necessary cause papers to withdraw MyCC's Setting Aside Application since the same has been superseded by the CAT's Decision, thereby vacating the case management on 8 September 2022.

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"). MyCC's Leave Application has been fixed for Hearing on 8 May 2023. Meanwhile, AGIC's solicitors have filed an Affidavit on AGIC's behalf to object to MyCC's Leave Application which would also be heard during the said Hearing.

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.

41. Material litigation

Virginia Surety Company Labuan Branch ("VSC") had provided reinsurance support to Bright Mission Berhad (when it was known as Commerce Assurance Berhad ("CAB")) previously in respect of CAB's Extended Warranty Programme ("EWP").

AGIC took over the general insurance business of CAB on 1 January 2009 and this included the reinsurance business relating to the EWP.

The reinsurance transactions were initially on a facultative basis. However, as the business volume increased, the facultative arrangements became too expensive to administer. AGIC and VSC (collectively the "Parties") therefore negotiated and entered into a treaty reinsurance agreement upon terms, inter alia, that the reinsurance coverage was to be continuous subject to termination as provided for in the reinsurance agreement.

A dispute arose between the Parties on the continuing subsistence of the reinsurance agreement from 1 October 2011 onwards. AGIC's legal position is that the reinsurance continued to remain in force from 1 October 2011 and determined only on 30 September 2013. This is disputed by VSC who claim that the treaty reinsurance lapsed on 30 September 2011.

On 11 December 2013, AGIC commenced arbitration proceedings against VSC seeking, inter alia:

(i) A declaration that the reinsurance subsisted until 30 September 2013;
(ii) A declaration that VSC will pay and/or indemnify AGIC for its claims and losses arising from the reinsurance for the period from 1 October 2011 to 30 September 2013; and
(iii) Damages to be assessed including for loss of profits and breach of contract.

Upon the conclusion of the arbitration proceedings, an Arbitration Award dated 8 February 2018 was received on 20 February 2018. The award, made by 2 arbitrators of the Panel of 3 arbitrators, was in favour of VSC ("Award") whilst the Dissenting Arbitrator found in favour of AGIC.

The Award ordered AGIC to pay the following:

(i) RM30,593.64 as reimbursement of payment in respect of the Kuala Lumpur Regional Centre for Arbitration's administrative expenses;
(ii) RM425,324.32 as reimbursement of payment in respect of fees and expenses of the arbitral tribunal;
(iii) RM668,160.69 for costs and expenses incurred by VSC; and
(iv) USD10,969.31 as reimbursement for costs incurred in respect of VSC's ex-employee.

As AGIC's solicitors were of the view that there were reasonable grounds to seek a review of the majority decision, an Originating Summons was filed in the Kuala Lumpur High Court on 29 March 2018 to set aside the Award under section 37(2)(b)(ii) of the Arbitration Act 2005 ("Arbitration Act") and for a Reference of Questions of law under section 42 of the Arbitration Act. On 28 June 2019, the Court declined AGIC's application to set aside the Award ("Decision"). Based on AGIC solicitors' advice, a Notice of Appeal against the Decision was filed on 15 July 2019 at the Court of Appeal ("AGIC's Appeal").

On 3 September 2021, the Court of Appeal heard and dismissed AGIC's Appeal. On its solicitors' recommendation, AGIC filed a leave application to appeal to the Federal Court on 1 October 2021 which was heard and dismissed on 5 April 2022 thereby bringing the proceedings to an end.

Notes to the Financial Statements

42. Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts*

Group

MFRS 9, *Financial Instruments* replaces the guidance in 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.

The Group has applied the temporary exemption under Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* ("the Amendments") which enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. Hence, the Group has not adopted MFRS 9 for the financial year beginning on or after 1 January 2018.

The Amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9, *Financial Instruments* before the forthcoming new insurance contracts standard.

The Amendments provide 2 different approaches for the Group:

(i) temporary exemption from MFRS 9 for entities that meet specific requirements; and
(ii) the overlay approach. Both approaches are optional

The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 to annual periods beginning before 1 January 2023 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

The Group's business activity is predominantly insurance as the liabilities connected with the Group's insurance businesses made up approximately 90% of the Group's total liabilities. Hence, the Group qualifies for the temporary exemption from applying MFRS 9 and will defer and adopt MFRS 9 together with MFRS 17, *Insurance Contracts* for the financial year beginning on or after 1 January 2023.

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Group's financial assets by their contractual cash flows characteristics, which indicate if they are SPPI:

Notes to the Financial Statements

42. Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* (continued)

Group (continued)

Fair value as at 31 December 2022	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments (Note 8)	**7,001,084**	**13,308,630**	**20,309,714**
Malaysian government securities and government guaranteed bonds	**5,261,574**	**5,653,156**	**10,914,730**
Unquoted bonds of corporations	**1,715,094**	**4,066,602**	**5,781,696**
Quoted equity securities and unit trusts	**-**	**2,784,897**	**2,784,897**
Unquoted equity securities and unit trusts	**-**	**803,975**	**803,975**
Fixed and call deposits with licensed banks	**24,416**	**-**	**24,416**
Derivative financial assets	**-**	**18,996**	**18,996**
Other receivables and deposits	**152,786**	**-**	**152,786**
Cash and cash equivalents	**2,258,900**	**-**	**2,258,900**
	9,412,770	**13,327,626**	**22,740,396**

* Insurance receivables, reinsurance assets, policy loans, automatic premium loans and deferred acquisition cost have been excluded from the above assessment as they will be under the scope of MFRS 17, *Insurance Contracts*. Other than the financial assets listed in the table above and the assets that are within the scope of MFRS 17, *Insurance Contracts,* all other assets in the statement of financial position are non-financial assets.

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Group's financial assets by their contractual cash flows characteristics, which indicate if they are SPPI:

Fair value as at 31 December 2021	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments (Note 8)	7,328,539	12,528,825	19,857,364
Malaysian government securities and government guaranteed bonds	5,217,534	5,059,284	10,276,818
Unquoted bonds of corporations	1,608,670	3,787,532	5,396,202
Quoted equity securities and unit trusts	-	2,934,460	2,934,460
Unquoted equity securities and unit trusts	-	747,549	747,549
Fixed and call deposits with licensed banks	502,335	-	502,335
Derivative financial assets	-	45,516	45,516
Other receivables and deposits	151,396	-	151,396
Cash and cash equivalents	1,519,608	-	1,519,608
	8,999,543	12,574,341	21,573,884

Notes to the Financial Statements

42. Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* (continued)

Group (continued)

* Insurance receivables, reinsurance assets, policy loans, automatic premium loans and deferred acquisition cost have been excluded from the above assessment as they will be under the scope of MFRS 17, *Insurance Contracts*. Other than the financial assets listed in the table above and the assets that are within the scope of MFRS 17, *Insurance Contracts,* all other assets in the statement of financial position are non-financial assets.

Changes in fair value during the year	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments			
Malaysian government securities and government guaranteed bonds	(132,925)	(127,127)	(260,052)
Unquoted bonds of corporations	(34,601)	(115,072)	(149,673)
Quoted equity securities and unit trusts	-	(63,973)	(63,973)
Unquoted equity securities and unit trusts	-	(30,242)	(30,242)
Negotiable certificates of deposits and structured deposits	-	-	-
Fixed and call deposits with licensed banks	-	-	-
Derivative financial assets	-	(26,677)	(26,677)
Other receivables and deposits	-	-	-
Cash and cash equivalents	-	-	-
Total financial assets	(167,526)	(363,091)	(530,617)

Changes in fair value in the previous year	Financial assets with SPPI cash flows RM'000	All other financial assets RM'000	Total* RM'000
Investments			
Malaysian government securities and government guaranteed bonds	(238,592)	(228,155)	(466,747)
Unquoted bonds of corporations	(43,285)	(146,200)	(189,485)
Quoted equity securities and unit trusts	-	14,428	14,428
Unquoted equity securities and unit trusts	-	(17,714)	(17,714)
Negotiable certificates of deposits and structured deposits	-	722	722
Fixed and call deposits with licensed banks	-	-	-
Derivative financial assets	-	(37,724)	(37,724)
Other receivables and deposits	-	-	-
Cash and cash equivalents	-	-	-
Total financial assets	(281,877)	(414,643)	(696,520)

42. Amendments to MFRS 4 - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts* (continued)

Group (continued)

Financial assets with SPPI cash flows at 31 December 2022*

Gross carrying amounts under MFRS 139 by credit risk rating grades	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	Total RM'000
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	5,261,574	-	5,261,574
Unquoted bonds of corporations	931,738	764,484	-	-	-	26,217	-	1,722,439
Fixed and call deposits with licensed banks	23,272	270	-	-	-	-	874	24,416
Other receivables and deposits	-	-	-	-	-	111,827	40,959	152,786
Cash and cash equivalents	1,029,183	613,873	6,801	-	-	292	608,751	2,258,900
	1,984,193	1,378,627	6,801	-	-	5,399,910	650,584	9,420,115

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.

Financial assets with SPPI cash flows at 31 December 2021*

Gross carrying amounts under MFRS 139 by credit risk rating grades	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	Total RM'000
Investments								
Malaysian government securities and government guaranteed bonds	-	-	-	-	-	5,217,534	-	5,217,534
Unquoted bonds of corporations	850,169	745,436	-	11,097	-	9,315	-	1,616,017
Fixed and call deposits with licensed banks	86,053	349,103	-	-	-	-	67,179	502,335
Other receivables and deposits	-	-	-	-	-	142,199	9,197	151,396
Cash and cash equivalents	685,408	568,230	2,372	-	-	472	263,126	1,519,608
	1,621,630	1,662,769	2,372	11,097	-	5,369,520	339,502	9,006,890

* Credit risk of these financial assets is considered low for the purpose of MFRS 9.

Statement 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 148 to 289 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 2022 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: 23 February 2023

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 148 to 289 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 23 February 2023.

....

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)
(Company 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 2022, 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 2022 of the Group and of the Company, and the statements of profit or loss, statement 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, including a summary of significant accounting policies, as set out on pages 148 to 289.

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)
(Company 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
Valuation of actuarial liabilities - Life insurance contract liabilities Refer to accounting policy in 2.15.5, 2.24.2 and Notes 15(a) and 37.1 of the Financial Statements. As at 31 December 2022, the Group's life insurance contract liabilities comprise gross actuarial liabilities of RM9,858 million, which account for approximately 48.2% of the Group's total liabilities. The actuarial liabilities have been estimated based on actuarial valuation methodologies as allowed under the Risk-Based Capital Framework ("RBC Framework") issued by Bank Negara Malaysia ("BNM"). We focused on management's valuation of the actuarial liabilities as it involves significant judgement about uncertain future outcomes, including assumptions on mortality, morbidity, expense, lapse and discount rates, as well as actuarial valuation methodologies.	Our audit procedures included the following: We evaluated the design and tested key controls over the life actuarial reserving process, including controls over the reliability of data used in the calculation of actuarial liabilities. We engaged our actuarial experts to assist us in assessing if the valuation methodologies used by the Group is in line with the valuation methods specified in the RBC Framework and liability adequacy test under MFRS 4 'Insurance Contracts'. We also compared if the valuation methodologies are consistent with recognised actuarial practices from market experience. We assessed the reasonableness of the key actuarial assumptions, particularly around mortality, morbidity, lapse, expense, and discount rates 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 sample basis to assess if the methodologies and assumptions reviewed have been consistently applied. We assessed the analysis of movements in actuarial 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. We assessed the appropriateness and adequacy of the Group's disclosures in relation to actuarial liabilities in the financial statements, including sensitivity analysis of the key actuarial assumptions to different scenarios. Based on the procedures performed, we found the methodologies and key assumptions used by the Group in the valuation of actuarial liabilities as at 31 December 2022 to be appropriate.

Independent Auditors' Report

To The Members Of Allianz Malaysia Berhad (Incorporated in Malaysia)
(Company 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 actuarial liabilities - General insurance contract liabilities Refer to accounting policy in 2.14.5, 2.24.1 and Notes 15(b) and 37.2 of the Financial Statements. As at 31 December 2022, the Group has gross general insurance contract liabilities of RM4,315 million, consisting of claims liabilities and premium liabilities, which account for approximately 21.1% of the Group's total liabilities. **Claims Liabilities** 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. The valuation of general insurance claims liabilities involves a range of standard actuarial methodologies as allowed under the RBC Framework and relies on a number of assumptions including past claims development experiences, management's judgment on external factors and regulatory changes, and internal factors such as portfolio mix and claims handling process. The estimation of claims liabilities is sensitive to various factors and uncertainties as discussed in Note 2.24.1. **Premium Liabilities** As at 31 December 2022, the Group has accounted for RM1,286 million of gross premium liabilities, based on the higher of Unexpired Risk Reserves ("URR") of RM1,082 million and Unearned Premium Reserves ("UPR") of RM1,286 million as required under the RBC Framework. We focused on this area as the estimation of URR involves significant judgement in identifying best estimate values of future contractual cash flows in consideration of the expected loss and expenses for policies in-force as at year-end at the required risk margin for adverse deviation.	Our audit procedures included the following: We evaluated the design and tested key controls over reserving process, including controls over the completeness and accuracy of premium data, and settlement of claims that support key reserving calculations and controls over the valuation of claims and premium liabilities. We tested the underlying data used in estimation of general insurance contract liabilities to source documents. We engaged our actuarial experts to assist us in reviewing and assessing the methodologies, basis and key assumptions used in the valuation of claims liabilities and premium liabilities in accordance with the requirements of the RBC Framework and liability adequacy test under MFRS 4 'Insurance Contracts'. 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 claims liabilities and unexpired risk reserves ("URR") respectively for selected major classes of business, focusing on the largest and most uncertain claims reserves and URR. The re-projected claims liabilities and URR are compared to those recorded by management and evaluated if they are within reasonable range. We also assessed the appropriateness and adequacy of the Group's disclosures in relation to the general insurance contract liabilities in the financial statements, including the historical claims development and sensitivity analysis of key assumptions used in the valuation of insurance contract liabilities. 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 2022 to be appropriate.

Independent Auditors' Report

To The Members Of Allianz Malaysia Berhad (Incorporated in Malaysia)
(Company 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
Assessment of carrying values of goodwill and other intangible assets Refer to accounting policy 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 2022 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 RM150.8 million as at 31 December 2022, which comprises the carrying amounts of the bancassurance agreements for its general and life insurance businesses. For the year ended 31 December 2022, 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.	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 2022.

Independent Auditors' Report

To The Members Of Allianz Malaysia Berhad (Incorporated in Malaysia)
(Company 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 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)
(Company No. 197201000819 (12428-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

<u>Auditors' responsibilities for the audit of the financial statements</u> (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)
(Company 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
23 February 2023

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting ("49th 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 Tricor Investor & Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at **https://tiih.online** on Thursday, 22 June 2023 at 11.00 a.m., for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of the following fees to the Non-Executive Directors of the Company and its insurance subsidiaries for the period from 23 June 2023 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 the Company and its insurance subsidiaries, of up to an amount equivalent to RM1,181,500 for the period from 23 June 2023 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 being eligible, offer themselves for re-election:-

   (a) Tunku Zain Al-'Abidin Ibni Tuanku Muhriz **Ordinary Resolution 3**

   (b) Goh Ching Yin **Ordinary Resolution 4**

5. To re-elect Dr. Muhammed Bin Abdul Khalid who retires in accordance with Clause 19.7 of the Constitution of the Company and being eligible, offers himself for re-election. **Ordinary Resolution 5**

6. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

Notice of Annual General Meeting

Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group** **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 Allianz SE Group as specified in Section 2.2 (A) of the Company's Circular to Shareholders dated 28 April 2023, 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. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Rapidpro Consulting Sdn Bhd** **Ordinary Resolution 8**

"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 28 April 2023, 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."

9. 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
28 April 2023

NOTES TO MEMBERS AND PROXIES

1. Registration for Remote Participation and Voting Facilities ("RPV")

1.1 The Company's 49th 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 Tricor's 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 require 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 49th AGM on Friday, 28 April 2023 at 10.00 a.m. until such time before the voting session ends at the 49th AGM on Thursday, 22 June 2023.

1.4 Members/proxies are required to register as user with Tricor's TIIH Online website (first time registration only) prior to pre-register their attendance for the 49th AGM for verification of their eligibility to attend the 49th AGM using the RPV based on the **Record of Depositors as at 14 June 2023**.

1.5 Please follow the Procedures for RPV provided in the **Administrative Details** for the 49th AGM in order to participate in the 49th AGM remotely via RPV.

Notice of Annual General Meeting

2. Submission of Questions Before and During Meeting

2.1 Members may submit questions in relation to the agenda items for the 49th AGM prior to the 49th AGM via email to **InvestorRelations@allianz.com.my** or Tricor's TIIH Online website at **https://tiih.online** by selecting "e-Services" to login, no later than Wednesday, 21 June 2023 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 49th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 14 June 2023**. Only a depositor whose name appears in the **Record of Depositors as at 14 June 2023** shall be entitled to participate in the 49th AGM or appoint proxy/proxies to participate on his 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 49th 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, 21 June 2023 at 11.00 a.m.**, being twenty-four (24) hours before the appointed time for holding the 49th AGM:-

(a) <u>In hardcopy</u>
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 Tricor's Customer Service Centre at **Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.**

(b) <u>In electronic form</u>
The Form of Proxy can also be electronically lodged through Tricor's TIIH Online website at **https://tiih.online**. Please refer to the Administrative Details for the 49th AGM for procedures on the electronic lodgement of Form of Proxy.

3.6 A Member who has appointed a proxy or attorney or authorised representative to participate in the 49th AGM via RPV must request for RPV at Tricor's TIIH Online website at **https://tiih.online**. Please follow the Procedures for RPV registration in the Administrative Details for the 49th AGM.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ("FY") ended 31 December 2022 ("FY 2022")

The Audited Financial Statements for the FY 2022 and the Directors' and Auditors' Reports thereon are laid before the shareholders pursuant to the provision of Section 340 (1)(a) of the Companies Act 2016 and are 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 23 June 2023 until the next Annual General Meeting ("AGM") of the Company

The shareholders of the Company had at the 48th AGM held on 22 June 2022 ("2022 AGM") approved the payment of Directors' fees to the NEDs effective 23 June 2022 until the next AGM scheduled for 22 June 2023 to be made on a monthly basis (excluding Service Tax), as detailed below ("Directors' Fees"):-

	Per month (RM)	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 has agreed that the Directors' Fees shall be applicable for three (3) financial years, commencing from FY 2021 until FY 2023, subject to the shareholders' approval. Therefore, the Directors' Fees remain unchanged for the period from 23 June 2023 until the next AGM of the Company in 2024 ("2023/2024 Directors' Fees").

The Directors' Fees paid during the FY 2022 was RM2,004,249 and was reported in Note 27.4 of the Audited Financial Statements of the Company for the FY 2022.

The Ordinary Resolution 1, if passed, will allow the Company and its insurance subsidiaries to make payment of the 2023/2024 Directors' Fees to the NEDs and the Board Committee members on a monthly basis and/or as and when incurred.

(b) Directors' benefits for the period from 23 June 2023 until the next AGM of the Company

The benefits extended to 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

Notice of Annual General Meeting

The shareholders of the Company had at the 2022 AGM approved the payment of benefits to the NEDs, of up to an amount of RM1,308,500 from 23 June 2022 until the next AGM scheduled for 22 June 2023.

Please refer to Note 27.4 of the Audited Financial Statements of the Company for the total benefits paid to the NEDs for FY 2022. The estimated total amount of benefits payable to the NEDs from 23 June 2022 to the 49th AGM is equivalent to RM853,000.

The proposed total amount of benefits payable to the NEDs is estimated to be up to an amount equivalent to RM1,181,500 from 23 June 2023 until the next AGM of the Company in 2024 ("2023/2024 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 2023/2024 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 and Clause 19.7 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.

Pursuant to Clause 19.7 of the Company's Constitution, any Director so appointed shall hold office only until the next following AGM of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Tunku Zain Al-'Abidin Ibni Tuanku Muhriz and Goh Ching Yin will retire at the 49th AGM pursuant to Clause 19.1 of the Constitution of the Company.

Dr. Muhammed Bin Abdul Khalid was a newly appointed Director in July 2022, accordingly, he is standing for re-election pursuant to Clause 19.7 of the Company's Constitution at the 49th AGM.

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").

All the Retiring Directors met the fit and proper criteria prescribed in the Fit and Proper Policy and the retiring Independent Non-Executive Directors have also fulfilled the independence criteria as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Notice of Annual General Meeting

The NRC conducted performance evaluation on the Retiring Directors based on the following performance criteria and was satisfied with the performance and contribution of the Retiring Directors:-

(a) Compliance with Prescriptive Requirements;
(b) Participation in Board and Board Committees;
(c) Contribution to interaction;
(d) Quality of input; and
(e) Understanding of role.

Based on the assessments, the NRC recommended the re-election of the Retiring Directors for the Board's approval. The Board supported the recommendation of the NRC and seek shareholders' approval for the re-election of the Retiring Directors.

The Retiring Directors had abstained from deliberations and voting on their respective re-elections at the Board Meeting.

The profile of the Retiring Directors are set out in the **Board of Directors' Profile** of this Annual Report.

4. Re-appointment of Auditors

The Audit Committee reviewed the proposed re-appointment of PricewaterhouseCoopers PLT ("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 2023 ("FY 2023") 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 2023, 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 28 April 2023.

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 7 and 8, 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 Company's Circular to Shareholders dated 28 April 2023, 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 Company's Circular to Shareholders dated 28 April 2023 ("Circular"), issued together with this Annual Report.

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 to 5, who are shareholders of the Company, will abstain from voting on resolution with regard to their respective re-elections at the 49th AGM.

3. The interested Directors and interested major shareholder will abstain from voting in respect of their direct and/or indirect shareholdings on Resolutions 7 and 8 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 49th 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 49th AGM via RPV but have no right to vote at the 49th 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)

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, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 49th Annual General Meeting ("49th 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 Tricor Investor & Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at **https://tiih.online** on Thursday, 22 June 2023 at 11.00 a.m. and at any adjournment thereof, to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Approval for payment of Directors' fees from 23 June 2023 until the next Annual General Meeting of the Company		
2.	Approval for payment of Directors' benefits from 23 June 2023 until the next Annual General Meeting of the Company		
3.	Re-election of Tunku Zain Al-'Abidin Ibni Tuanku Muhriz as Director		
4.	Re-election of Goh Ching Yin as Director		
5.	Re-election of Dr. Muhammed Bin Abdul Khalid as Director		
6.	Re-appointment of PricewaterhouseCoopers PLT as Auditors and authority to the Directors to fix the Auditors' remuneration		
7.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Allianz SE Group		
8.	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 __________________ 2023.

____
Signature of Shareholder/Common Seal

NOTES TO MEMBERS AND PROXIES

1. Registration for Remote Participation and Voting Facilities ("RPV")

1.1 The Company's 49th AGM will be held virtually from the Broadcast Venue. Member(s)/proxy(ies)/attorney(s) or authorised representative(s) 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 require the Chairman of the meeting to be present at the main venue of the meeting. Member(s)/proxy(ies)/attorney(s) or authorised representative(s) **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 49th AGM on Friday, 28 April 2023 at 10.00 a.m. until such time before the voting session ends at the 49th AGM on Thursday, 22 June 2023.

1.4 Member(s)/proxy(ies)/attorney(s) ot authorised representative(s) are required to register as user with TIIH Online website (first time registration only) prior to pre-register their attendance for the 49th AGM for verification of their eligibility to attend the 49th AGM using the RPV based on the **Record of Depositors as at 14 June 2023**.

1.5 Please follow the Procedures for RPV provided in the **Administrative Details** for the 49th AGM in order to participate in the 49th 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 49th AGM prior to the 49th AGM via email to **InvestorRelations@allianz.com.my** or Tricor's TIIH Online website at **https://tiih.online** by selecting "e-Services" to login, no later than Wednesday, 21 June 2023 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 49th AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 14 June 2023**. Only a depositor whose name appears in the **Record of Depositors as at 14 June 2023** shall be entitled to participate in the 49th AGM or appoint proxy/proxies to participate on his 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 49th 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, 21 June 2023 at 11.00 a.m.**, being twenty-four (24) hours before the appointed time for holding the 49th 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 Tricor's 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 Tricor's TIIH Online website at **https://tiih.online**. Please refer to the Administrative Details for the 49th AGM for procedures on the electronic lodgement of Form of Proxy.

3.6 A Member who has appointed a proxy or attorney or authorised representative to participate in the 49th AGM via RPV must request for RPV at Tricor's TIIH Online website at **https://tiih.online**. Please follow the Procedures for RPV registration in the Administrative Details for the 49th AGM.

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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

Allianz

Allianz Malaysia Berhad
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