Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2023

(In Ringgit Malaysia "RM")

Domiciled in Malaysia
Principal place of business
Level 29, Menara Allianz Sentral,
203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur

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Directors' report for the financial year ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2023.

Principal activities

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

Results

	RM'000
Net Profit for the year	438,929

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

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

- a single tier interim dividend of 45.4 sen per ordinary share totaling RM172,142,359.62 paid on 11 January 2023;
- a single tier final dividend of 28.5 sen per ordinary share totaling RM108,062,935.01 paid on 8 June 2023; and

(ii) In respect of the financial year ended 31 December 2023:

- a single tier interim dividend of 63.3 sen per ordinary share totaling RM240,013,466.17 paid on 18 January 2024.

There was no final dividend declared for the financial year under review as at the date of this report.

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.

Liability for remaining coverage and Liability for incurred claims

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that the liability for remaining coverage and liability for incurred claims are adequate in accordance MFRS 17.

Bad and doubtful debts

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

Current assets

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

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

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities in the financial statements of the Company misleading or inappropriate.

Contingent and other liabilities

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

(i) any charge on the assets 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 Company that has arisen since the end of the financial year, other than those disclosed in Note 31 of the financial statements.

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

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

Change of circumstances

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

Subsequent events

Pursuant to an internal group re-organisation exercise of Allianz SE, the ultimate holding company of the Company, Allianz SE had on 6 February 2024 transferred 115,362,295 ordinary shares and 144,202,868 ICPS of AMB, the Company's immediate holding company to Allianz Europe B.V. On 8 February 2024, Allianz Europe B.V. transferred the same number of ordinary shares and ICPS of AMB to Allianz Asia Holding Pte. Ltd. As a result of these transactions, Allianz Asia Holding Pte. Ltd. and Allianz SE became the Company's penultimate holding company and ultimate holding company, respectively.

Items of an unusual nature

In the opinion of the Directors, the results of operations of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Issue of shares

There were no changes in the issued share capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and Insurance for Directors and Officer

The Company maintains 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 RM18,944.

The Company in its ordinary course of business in underwriting of all classes of general insurance business, provided a Professional Indemnity Insurance to its auditor during the financial year.

To the extent permitted by law, the Company has 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.

Directors of the Company

The Directors of the Company who served during the financial year and during the period from the end of the financial year to the date of this report are:

Dr. Muhammed Bin Abdul Khalid (Chairman - Independent Non-Executive Director)
Lim Tuang Ooi (Independent Non-Executive Director)
Wee Lay Hua (Independent Non-Executive Director)
Wang Wee Keong (Non-Independent Executive Director)

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Directors' interests

The Directors of the Company do not hold any shares in the Company as the Company is a wholly-owned subsidiary of Allianz Malaysia Berhad ("AMB"). The interests and deemed interests in the shares of AMB and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Interests in AMB	**As at 1.1.2023**	**Bought**	**Sold**	**As at 31.12.2023**
Wang Wee Keong	100	-	-	100

	Number of Irredeemable Convertible Preference Shares ("ICPS")			
Interests in AMB	**As at 1.1.2023**	**Bought**	**Sold**	**As at 31.12.2023**
Wang Wee Keong	200	-	-	200

	Number of registered shares			
Interests in the Ultimate Holding Company, Allianz SE	**As at 1.1.2023**	**Bought**	**Sold**	**As at 31.12.2023**
Wang Wee Keong				
- Direct Interest	2 [a]	1 [a]	-	3
- Indirect Interest [b]	1 [a]	1 [a]	-	2

Note

[a] Free share granted under Allianz Free Share Program

[b] Deemed Interest by virtue of a share held by his stepson

Save as disclosed above, none of the other Directors holding office as at 31 December 2023 had any interest in the shares 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 benefits 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 objective 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' Remuneration

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

		(RM '000)		
	Fees	**Other Emoluments[a]**	**Benefits-in-kind**	**Total**
Non-Executive Directors				
Dr Muhammed Bin Abdul Khalid	120	165	3	288
Lim Tuang Ooi	120	18	-	138
Wee Lay Hua	120	18	-	138
Total remuneration of Non-Executive Directors of the Company	360	201	3	564
Executive Director				
Wang Wee Keong[b]	-	-	-	-

Notes:-

[a] Other emoluments comprising Chairman's allowances and meeting allowances

[b] No remuneration received for his position as the Executive Director of the Company. The remuneration received for his position as the Chief Executive Officer is disclosed in Note 21.2.

Corporate governance disclosure

A. Board of Directors

The Board of Directors ("Board") has overall responsibility for reviewing and adopting strategic plans for the Company, overseeing the conduct of business of the Company, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company's internal control system.

The detailed responsibilities of the Board are set out in the Board Charter, which is available at Allianz Malaysia's website, www.allianz.com.my.

A1. Composition of the Board

The Board is made up of 3 Independent Non-Executive Directors and 1 Non-Independent Executive Director.

The Board comprises members from various fields with a balance of skills and experiences appropriate to the business of the Company.

All members of the Board complied with the minimum criteria of "A Fit and Proper Person" as prescribed under the Financial Services Act, 2013 ("FSA 2013").

The appointments and re-appointments of all Board members were approved by BNM.

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Corporate governance disclosure (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

The profiles of the Board members are as follows:-

Dr. Muhammed Bin Abdul Khalid Chairman - Independent Non-Executive Director	
Working experience	Dr. Muhammed is currently a Research Fellow at the Institute of Malaysian and International Studies of University Kebangsaan Malaysia, 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, member of the Economic Committee of Malaysia Competition Commission and Senior Associate of Malaysian Industry-Government Group for High Technology. He is formerly the Economic Adviser to the former Prime Minister, Yang Amat Berbahagia Tun Dr. Mahathir Bin Mohamad and Member of the Economic Action Council from 2018 to 2020. Dr. Muhammed has also served as consultant for the World Bank, United Nations Development Program ("UNDP"), United Nations Children's Fund, United Nations Population Fund, United Nations Economic and Social Commission for Asia and the Pacific and United Nations High Commission for Refugees. He had also served as Director of Research at Khazanah Research Institute, Head of Economics at the Securities Commission of 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.
Shareholding in the Company	Nil

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Corporate governance disclosure (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Lim Tuang Ooi Independent Non-Executive Director	
Working experience	Lim Tuang Ooi, is an accomplished professional and a Chartered Accountant, with wide experience of over 38 years in the fields of risk management, banking and accounting. He was the Senior Adviser/Director at Khazanah Nasional Berhad, the sovereign wealth fund of Malaysia from 2019 to 2021, responsible for setting up the investment risk management, governance structure and compliance framework. Before that, he spent close to 12 years at the Employees Provident Fund ("EPF") from 2007 to 2019 as the Senior General Manager and Head of Risk Management division. Lim Tuang Ooi was effectively the Chief Risk Officer, responsible for the overall risk management and governance division. He has helped transformed the risk management practice of EPF and facilitated in embedding risk philosophy into the Strategic Asset Allocation Investment model, resulting in EPF being able to deliver consistent risk adjusted returns even up till today. EPF manages a total investment fund size of over RM900 billion and exceeding 14 million members. Prior to EPF, he served as the Chief Financial Officer of Hong Leong Bank Berhad for 3 years and Credit/Risk Director/Quality Director/Financial Controller at various stages of his career at Citigroup/Citibank Berhad where he spent a total of 16 years. He also spent 6 years (1982 to 1987) with KPMG Malaysia where he qualified as an accountant and worked in the areas of audit, taxation and consultancy. Lim Tuang Ooi was awarded the Ahli Mangku Negara by the Yang Di Pertuan Agong in 2013. He was also awarded with the Most Advanced Implementer of Q-Radar (Corporate Risk Scorecard) in 2009 and Excellence in Enterprise Risk Management in 2016.

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Corporate governance disclosure (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Wee Lay Hua Independent Non-Executive Director	
Working experience	Wee Lay Hua has over 30 years of experience in public accounting, IT hardware and software industries and regional functions. Wee Lay Hua began her professional career in 1988 as an auditor at KPMG Peat Marwick in Auckland, New Zealand and she was relocated to KPMG Peat Marwick, Singapore in 1993. Wee Lay Hua went on to assume various Senior Finance and Business Planning roles at Compaq Computer Asia Pte. Ltd. Singapore. In 1998, she assumed the role of Director, Finance and Administration at Compaq Computer Corporation Malaysia Sdn Bhd and as Manager, Merger and Integration at Compaq Computer Corporation Malaysia Sdn Bhd/Hewlett Packard Malaysia. Wee Lay Hua moved on to new challenges at Microsoft Malaysia in 2003 as the Finance Director, before relocating to Microsoft APAC, Singapore in 2008, overseeing the Regional Business Planning and Operations for Asia Pacific region. Wee Lay Hua joined Lumen Technologies Singapore Pte. Ltd. (previously known as CenturyLink) in the capacity as Senior Regional Finance Director for APAC in 2012 until her retirement in 2020. Her main role was to provide financial support for Asia Pacific region covering 7 key countries (namely Singapore, Hong Kong, Japan, Australia, Malaysia, Thailand and Philippines) and deliver results of annual budget, forecast accuracy and analytics, as well as process improvement implementation.
Shareholding in the Company	Nil

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A1. Composition of the Board (continued)

Wang Wee Keong Chief Executive Officer ("CEO") – Non-Independent Executive Director	
Working experience	Wang Wee Keong has over 20 years of experience in the insurance industry. He started his professional career as an auditor in Price Waterhouse Coopers in 1997. In 1998, Wang Wee Keong 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, Wang Wee Keong joined Allianz General Insurance Malaysia Berhad 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. Wang Wee Keong was appointed as Chief Operations Officer of Allianz Life Insurance Malaysia Berhad in 2010. Wang Wee Keong was the Chief Operations Officer of both the Company and AMB before he was appointed as the CEO of the Company and AMB on 1 July 2021 and 1 January 2022 respectively.
Shareholding in the Company	Nil

During the financial year, the following trainings had been organised internally for the Board of the Company:-

- Allianz Integrated Reporting Capability Building Workshop
- Fair Treatment of Financial Consumers
- E-Invoicing and Transfer Pricing
- Cloud and Cyber Security Awareness

In addition, newly appointed Directors of the Company attend the mandatory Financial Institutions Directors' Education Core 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, requirements on finance, accounting and insurance, and relevant industry or regulation updates.

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A2. Board Meetings

There were 6 Board Meetings held during the financial year ended 31 December 2023 and the attendance of the Directors was as follows:-

Name of Directors	No. of Board Meetings Held	No. of Board Meetings Attended
Dr. Muhammed Bin Abdul Khalid	6	6
Lim Tuang Ooi	6	6
Wee Lay Hua	6	6
Wang Wee Keong	6	6

A3. Board Committees

The following Board Committees are centralised at its immediate holding company, AMB:-

(a) Audit Committee;
(b) Risk Management Committee; and
(c) Nomination and Remuneration Committee.

The Board Committees are operating on the terms of reference approved by the Board of AMB and adopted by the Board of the Company, to assist the Board in the execution of its responsibilities.

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Corporate governance disclosure (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.1 Audit Committee of AMB Board ("AC")

The composition of the AC during the financial year is as follows:-

Peter Ho Kok Wai (Chairman - Independent Non-Executive Director of Allianz Life Insurance Malaysia Berhad ("ALIM") and AMB)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)
Gerard Lim Kim Meng (Independent Non-Executive Director of AMB)

There were 6 AC Meetings held during the financial year ended 31 December 2023 and the attendance of the abovementioned AC members were as follows:-

Name of Members	No. of AC Meetings Held	No. of AC Meetings Attended
Peter Ho Kok Wai	6	6
Goh Ching Yin	6	6
Gerard Lim Kim Meng	6	6

The AC is charged with the responsibilities of assisting the Board of AMB Group in its 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; and
- review and report to the Board of conflict of interest situations and related party transactions.

The detailed terms of reference of the AC is available at Allianz Malaysia's website, www.allianz.com.my.

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.2 Risk Management Committee of AMB Board ("RMC")

The composition of the RMC during the financial year is as follows:-

Lim Tuang Ooi (Chairman – Independent Non-Executive Director of the Company)
Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of the Company and AMB)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)
Peter Ho Kok Wai (Independent Non-Executive Director of ALIM and AMB)

There were 4 RMC Meetings held during the financial year ended 31 December 2023 and the attendance of the abovementioned RMC members were as follows:-

Name of Members	No. of RMC Meetings Held	No. of RMC Meetings Attended
Lim Tuang Ooi	4	4
Dr. Muhammed Bin Abdul Khalid	4	4
Goh Ching Yin	4	4
Peter Ho Kok Wai	4	4

The RMC is responsible for effective risk identification, measurement, monitoring and control of the AMB Group, and oversees the Senior Management's activities in managing the key risk areas of the AMB Group and to ensure that the risk management process is in place and functioning effectively.

The detailed terms of reference of the RMC is available at Allianz Malaysia's website, www.allianz.com.my.

Corporate governance disclosure (continued)

A. Board of Directors (continued)

A3. Board Committees (continued)

A3.3 Nomination and Remuneration Committee of AMB Board ("NRC")

The composition of the NRC during the financial year is as follows:-

Gerard Lim Kim Meng (Chairman - Independent Non-Executive Director of AMB) (Appointed as NRC Chairman and member on 28 November 2023)
Goh Ching Yin (Independent Non-Executive Director of ALIM and AMB)
Dr. Muhammed Bin Abdul Khalid (Independent Non-Executive Director of the Company and AMB)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz (Independent Non-Executive Director of AMB) (Retired on 27 November 2023)

There were 5 NRC Meetings held during the financial year ended 31 December 2023 and the attendance of the abovementioned NRC members were as follows:-

Name of Members	No. of NRC Meetings Held	No. of NRC Meetings Attended
Gerard Lim Kim Meng	5	No meeting held after his appointment as NRC Chairman and member on 28 November 2023
Goh Ching Yin	5	5
Dr. Muhammed Bin Abdul Khalid	5	5
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	5	5

The primary objectives of the NRC are:-

(a) to establish a documented formal and transparent procedure for the appointment and removals of Directors, CEOs and Key Responsible Persons ("KRP(s)") of AMB Group;
(b) to assess the effectiveness of individual Director, the respective Boards (including various committees of the Board), CEOs and KRPs of AMB Group on an on-going basis;
(c) to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEOs and KRPs of AMB Group; and
(d) to ensure that the compensation is competitive and consistent with the culture, objective and strategy of AMB Group.

The detailed terms of reference of the NRC is available at Allianz Malaysia's website, www.allianz.com.my.

Corporate governance disclosure (continued)

B. Internal Control Framework

B1. 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 Company's operations. The Company has in place a Risk Management Framework Manual ("RMFM"). 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 Company. It is designed to formalise the risk management functions and practices across the Company and to increase awareness of the Company'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 BNM and Allianz SE Group.

The system of risk governance process is integrated into the core management processes and forms part of the daily business process so that a value-added contribution in terms of sustainable competitive advantage and improved business performance can be established. Various standards are implemented by the Company, 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 Company 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 Board and Senior Management 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 Board and Senior Management to achieve its strategic goals and objectives by implementing risk management activities and controls across the organisation.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Both the Compliance and Risk Management functions report to the RMC which assists the Board to discharge its oversight function effectively. As part of its responsibilities, the Compliance and Risk Management functions advise the Board and Senior Management on compliance, risk and regulatory matters; and promote risk and compliance awareness amongst the Company's employees through trainings and workshops.

In addition to the above oversight functions, Legal and Actuarial functions 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 Board and Senior Management. 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 Company and reports quarterly to the Board on its recommendations and/or decisions. The Risk Management Working Committee ("RMWC") is established at the Management level and serves as a platform for two-way communications 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 Board for consideration.

The Governance and Control Committee ("GovCC") supports the 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 Senior Management Committee on governance and internal control system related matters.

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Corporate governance disclosure (continued)

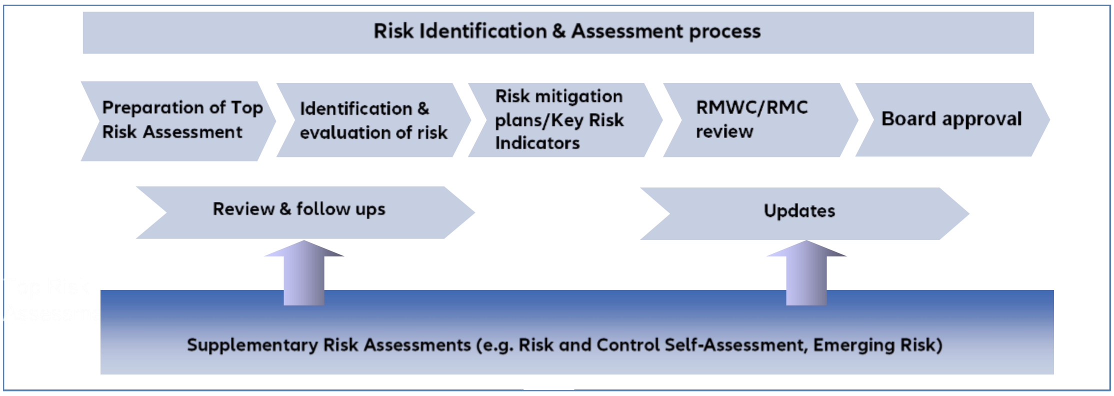
B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

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 Company 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 Company manages these risks are set out below:-

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(i) Top Risk Assessment ("TRA") (continued)

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.
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

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(i) Top Risk Assessment ("TRA") (continued)

Key risks	Broad Definition	Risk Management Practices
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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(i) Top Risk Assessment ("TRA") (continued)

Key risks	Broad Definition	Risk Management Practices
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 Company'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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(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 Department 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 Company 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 the Company will be escalated to Allianz SE.

The Company has adopted Allianz SE Group's Allianz Standard for Reputational Risk Management which establishes a core set of principles and processes for the management of reputational risks within the Company. The management of direct reputational risks requires balancing the benefits of a given business decision against the potential reputational impacts, taking into account the Company's reputational risk strategy and 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 Company actively manages the reputational risk by assessing any potential risk arising from media, social media or any transaction relating to pre-defined sensitive areas.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(iv) Liquidity Risk Management

Liquidity risk is a consequential risk, i.e. another adverse event has to happen before the Company runs into liquidity issues. On this background, the Company has identified various events that might lead to liquidity shortages. To mitigate this, limits on the cash position 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 Company 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 Company 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 Company 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 Company’s dealings with its business partners and stakeholders through awareness trainings and engagement.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(v) ESG Risk Management (continued)

In addition, as the Company is operating in insurance business, the following risk evaluation tools are also adopted as part of the Company's risk management framework:-

(a) Internal Capital Adequacy Assessment Process ("ICAAP")

ICAAP is an overall process by which the Company 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 Company.

The review of the ICAAP coincides with the annual planning process and any changes in the strategic directions and business plans of the Company 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 Company.

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 statement of financial position 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B1. Risk Management Framework (continued)

Risk Management Process (continued)

(v) ESG Risk Management (continued)

(b) Stress Testing

Stress test is an effective risk management tool and the Company conducts such stress test regularly. The stress test process is designed based on the Company's 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 Company's 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 Company 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 Company.

B2. Internal Audit

The Internal Audit function, which reports to the AC, undertakes independent reviews or assessments of the Company'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 Company. The internal audit personnel form the "third line of defence", are independent from the day-to-day activities of the Company and have unrestricted access to all activities conducted by the Company.

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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B2. Internal Audit (continued)

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.

B3. Other Key Internal Control Process

The other key processes that the Board has established to provide effective internal controls include:-

Clear and Defined Organisational Structure

The Company 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 Company's activities. The Board Committees are centralised at its immediate holding company, AMB Board level. The Board Committees have the authority to examine matters under their terms of reference and report to the Board with their observations and/or recommendations. Although specific authority is delegated to the Board Committees, the ultimate responsibility for the decision on all matters, however, lies with the Board.

Various Management Committees are established by the Management 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 Board.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

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 Company. 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 Company'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 Company, all Directors and staff including the CEO are required to declare their interest in other entities on an annual basis. In addition, they are also required to disclose to the Company, 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 Board for approval. Financial condition and business performance reports are also submitted to the Board for review during the Board meetings. These reports cover all key operational areas and provide a sound basis for the Board to assess the financial performance of the Company and to identify potential problems or risks faced by the Company, thus enabling the Board to effectively monitor on an on-going basis, the affairs of the Company.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

Related Party Transactions

The Company 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 Board of the Company and where required, prior approval of the Board of the Company and/or shareholders for the transactions will be obtained prior to execution.

A due diligence working group was formed to review the related party transactions and submit its recommendations to the CEO, AC and the Board for approval in accordance with the internal authority limits approved by the Board.

The AC also review the related party transaction review procedures on an annual basis to ensure that the procedures and processes are sufficient and adequate to monitor, track and identify related party transactions including recurrent transactions in a timely and orderly manner.

Underwriting and Reinsurance

The Company employs high standards in its 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 Company's 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 Company. 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

Investment

The Investment Committee of the Company is responsible for setting investment policies, objectives, guidelines and controls for the Investment Department. The Investment Department is responsible for managing the investment functions of the Company within the pre-determined parameters.

The Company has in place the Investment Manual which sets out the detailed investment procedures and controls, including an Investment Code of Ethics to ensure ensure the fiduciary duties to policyholders and the Company's interests are always upheld.

The investment limits are set at various levels with limits which are more stringent than the regulatory limits as prescribed by BNM. The investment limits are monitored monthly to ensure compliance with the investment limits as specified in the Risk Based Capital Framework for Insurers issued by BNM.

The investment performance reports are amongst the reports submitted to the Investment Committee and the Board of the Company for review at its quarterly meetings.

Code of Conduct for Business Ethics and Compliance ("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 Company and reflects our 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

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT") and Targeted Financial Sanctions ("TFS")

The Company has in place internal policies and procedures relating to AML/CFT and TFS to prevent and detect money laundering and terrorism financing activities, these include customer due diligence, screening against sanctions list and suspicious transaction reporting to the Compliance Department. In respect of education, staff and agents 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 Company has in place a Product Development Management Policy ("PDM Policy") which sets out the policies and procedures on product development in accordance with the requirements of the Guideline on Introduction of New Products by Insurers and Takaful Operators (BNM/RH/STD 029-10) issued by BNM.

The PDM Policy aims to promote sound risk management practices in managing and controlling product risk by ensuring the appropriate assessment and mitigation of risk during the development and marketing stages. The PDM Policy will also assist to ensure that the products developed and marketed by the Company 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 Company.

Whistleblowing and Anti-Fraud

The oversight of whistleblowing and fraud matters of the Company 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 Company has in place the AMB Group's Anti-Fraud Policy and AMB Group's Whistleblowing Policies and Procedures ("WBP Policy") to address fraud and whistleblowing issues respectively. The AFP 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 Company's Speak-Up Policy, avenues for filing a concern and handling of whistleblowing incidents.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

Whistleblowing and Anti-Fraud (continued)

In respect of whistleblowing, the Company 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 Company has adopted a localised Anti-Corruption Policy ("Policy") that outlines the guiding principles of Allianz SE, Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") and Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Policy serves to outline the Company's existing controls and behavioral 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 are 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 which is a part of the Allianz SE Group's Anti-Corruption Programme aims at ensuring an integrity based due diligence 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

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 Section 59(1), (2) and (3) of the FSA 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.

Sales Policy and Sales Agent Code of Conduct

The Company's insurance intermediaries are guided by the Allianz SE Sales Standard and Allianz SE Singapore Branch ("AZAP") Sales Agent Code of Conduct in order to promote professional sales conduct of intermediaries representing the Company. The Company has established an Ethics and Compliance Committee to deal with intermediary behaviour that are contrary to the Sales Standard and Sales Agent Code of Conduct.

In addition, agents of the Company are also required to comply with the Code of Ethics and Conduct imposed by General Insurance Association of Malaysia ("PIAM").

All internal control deficiencies or breaches related to the Sales Policy and Sales Agent Code of Conduct are reported to the Senior Management Committee together with corrective measures.

Agent Sales Disciplinary Policy

As part of the measures to improve uniformity in disciplining the agency force, the Company has formalised a Sales Disciplinary Policy detailing definition of types of offences/misconduct and the associated recommended disciplinary actions.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

Business Continuity Management

Business Continuity Plan for the Company has been formulated to ascertain that the Company 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 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 Company Information Technology and Information Security Policy and Standard ("IT and IS Policy") 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 Company is committed to remedy the gaps to meet the expectations and requirements prescribed under the RMiT Policy. Accordingly, the Company 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 Company, and the Cyber Resilience Framework provides guidance on situational awareness of the cyber threats it may be exposed to.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

Information System (continued)

Effective October 2023, IT services to the Company is handled by Allianz Technology SE ("AZT")'s Malaysian subsidiary, namely Allianz Technology Sdn Bhd ("AZTMY"). AZT is a related company and a subsidiary of Allianz SE tasked with consolidating all IT capabilities of Allianz SE Group's operating entities, which will lead to improvement of IT capabilities globally. In Asia Pacific, the setting up of AZTMY is to carry out the Allianz SE Group's IT strategic direction for Malaysia and subsequently for other Asia Pacific operating entities. AZTMY is subject to the same standards imposed by Allianz SE Group including but not limited to Outsourcing, business continuity management, Information Security; while the Company will continue to be responsible to ensure that AZTMY meets all relevant local regulatory requirements in relation to the IT services.

The arrangement is governed contractually by the IT Supply Outsourcing Agreement; in addition, for all future new procurement of software and/or hardware, the Company will continue to hold the authority to approve any new investment/engagement. To facilitate the above, an operative governance process is defined between the Company and AZTMY to continuously assess, discuss and monitor the deliverables as agreed in the Service Level Agreement.

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 including 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 Company 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.

Corporate governance disclosure (continued)

B. Internal Control Framework (continued)

B3. Other Key Internal Control Process (continued)

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 Company 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 Company 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-email. The policies and procedures are also made available via the Group's staff e-portal for easy access by the employees.

C. Remuneration

The remuneration policy and practices of the Company ("Policy") are established, implemented and maintained in line with the Company's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance. This 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 reinforce the Company's corporate and risk culture.

The remuneration components of employees are fixed and variable compensation. Base salary is the fixed remuneration component and rewards the role and responsibilities taking account of market conditions and providing for a stable source of income. The fixed component is dependent on position responsibility as well as the experience and qualification of incumbent.

Corporate governance disclosure (continued)

C. Remuneration (continued)

Variable compensation components aim to reward performance and shall not provide incentives for risks which might be incompatible with the risk profile of the Company, including risk limits. Therefore, variable compensation components may not be paid, or payment may be restricted in the case of a breach of risk limits or a compliance breach.

The volume and relative weighting of the variable component shall depend on the level of seniority and the position. Variable components typically consist of annual bonus (short term incentive) and mid-/long-term incentives.

Variable compensation is determined by a combination of assessment of the individual's performance and his business unit as well as overall performance of the Company.

The Company measures performance in an annual process which includes the key steps of agreed priorities, regular feedback, and a mid-year and year-end performance assessment. Personal priorities or targets are agreed for each evaluated employee and reflects financial and non-financial ambitions. The assessment of individual performance is holistic in nature and considers relativity against peers.

The remuneration of KRPs of the Company is not only determined by performance against business objectives but include other factors such as prudent risk-taking and actions affecting the long-term interests of the Company. Remuneration of KRPs is adjusted each year to account for all types of risk and breaches, determined by both quantitative measures and qualitative judgement.

Employees in control functions are measured on the achievement of control function objectives which determine their remuneration. Similar to all employees, actual payout is subject to overall size of bonus pool.

A portion of the variable compensation for CEO and KRPs contain a deferred component. The deferral period shall be aligned with the nature of the business, its risks, and the activities of the incumbent in question, and adopt a multi-year framework to reflect the time horizon of risks.

Ultimate holding company

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

Penultimate holding company

The Directors regard Allianz Asia Holding Pte. Ltd., a company incorporated and domiciled in Singapore as the Company's penultimate holding company.

Immediate holding company

The immediate holding company is AMB, a public limited company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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:

	2023
	RM'000
Statutory audit fees	654
Other audit related fees	862
	1,516

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dr. Muhammed Bin Abdul Khalid
Director

Wang Wee Keong
Director

Kuala Lumpur

Date: 26 February 2024

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2023

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Assets				
Property, plant and equipment	3	84,696	78,514	81,050
Right-of-use assets	4	23,399	21,107	24,234
Intangible assets	5	88,097	83,162	85,682
Deferred tax assets	12	-	11,635	15,276
Investments	6	5,966,088	5,382,995	5,445,428
Reinsurance contract assets	7	542,263	663,680	833,071
Current tax assets		36,323	12,157	9,856
Other assets	8	67,984	74,016	79,911
Cash and cash equivalents		464,326	527,840	349,874
Total assets		7,273,176	6,855,106	6,924,382
Equity and liabilities				
Share capital	9	379,168	379,168	379,168
Retained earnings	10	2,073,689	1,982,836	1,876,584
Reserves	10	29,998	(2,667)	38,756
Total equity		2,482,855	2,359,337	2,294,508
Insurance contract liabilities	11	4,272,610	4,109,625	4,217,954
Deferred tax liabilities	12	14,260	-	-
Lease liabilities	13	17,883	16,319	17,082
Other liabilities	14	485,568	369,825	394,838
Total liabilities		4,790,321	4,495,769	4,629,874
Total equity and liabilities		7,273,176	6,855,106	6,924,382

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

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of profit or loss for the year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000 Restated
Insurance revenue	15	2,772,793	2,566,476
Insurance service expenses	16	(2,029,489)	(1,868,366)
Net expenses from reinsurance contracts held	17	(285,156)	(252,015)
Insurance service result		458,148	446,095
Interest income on investments not measured at fair value through profit or loss ("FVTPL")	18.1	181,143	161,663
Net gains on investments in debt securities measured at fair value through other comprehensive income ("FVOCI") reclassified to profit or loss on disposal	19	-	355
Net gain on FVTPL investments	18.1	19,173	(11,160)
Dividend income	18.1	37,429	28,529
Net credit impairment loss on investments	18.1	(46)	(1)
Net investment income		237,699	179,386
Net finance expenses from insurance contracts issued		(62,995)	(56,850)
Net finance income from reinsurance contracts held		13,583	16,479
Net insurance finance expenses	20	(49,412)	(40,371)
Net insurance and investment results		646,435	585,110
Other income		1,042	1,197
Other operating expenses	21	(70,452)	(71,349)
Other expenses		(69,410)	(70,152)
Profit before tax		577,025	514,958
Tax expense	22.1	(138,096)	(167,704)
Profit for the year		438,929	347,254

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of profit or loss for the year ended 31 December 2023 (continued)

	Note	2023 RM'000	2022 RM'000 Restated
Profit attributable to:			
Owner of the Company		438,929	347,254
Basic earnings per ordinary share (sen)	23	115.8	91.6

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

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000 Restated
Profit for the year		438,929	347,254
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Net gains/(losses) on investments in debt securities measured at FVOCI		62,977	(83,937)
Net realised gain transferred to profit or loss		-	(355)
Tax effects thereon	22.3	(15,114)	20,231
Fair value losses, net of tax		47,863	(64,061)
Expected credit losses	6.3	69	(25)
Tax effects thereon	22.3	(17)	6
Finance (expense)/income from insurance contract issued	20	(25,094)	41,848
Tax effects thereon	22.3	6,023	(10,044)
Finance income/ (expense) from reinsurance contract held	20	5,028	(10,334)
Tax effects thereon	22.3	(1,207)	2,480
		32,665	(40,130)
Item that may not be reclassified subsequently to profit or loss			
Reversal of deferred tax on revaluation surplus of land and buildings upon disposal	22.3	-	373
		-	373
Total other comprehensive income for the year, net of tax		32,665	(39,757)
Total comprehensive income for the year		471,594	307,497
Total comprehensive income attributable to:			
Owner of the Company		471,594	307,497

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

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2023

	Note	Share capital RM'000	FVOCI reserves RM'000	Insurance finance reserves RM'000	Other reserves RM'000	Total Reserves RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-distributable				→	Distributable	
At 31 December 2021, as previously reported		379,168	18,304	-	20,936	39,240	1,814,776	2,233,184
Impact arising from adoption of MFRS 17 and MFRS 9	1.4, 1.5	-	3,694	(4,178)	-	(484)	61,808	61,324
At 1 January 2022, Restated		379,168	21,998	(4,178)	20,936	38,756	1,876,584	2,294,508
Unrealised losses on Investments		-	(64,061)	-	-	(64,061)	-	(64,061)
Disposal of land and buildings		-	-	-	(1,293)	(1,293)	1,293	-
Reversal of deferred tax on revaluation surplus		-	-	-	-	-	373	373
Insurance/Reinsurance reserves		-	-	23,950	-	23,950	-	23,950
Expected credit loss reserves		-	(19)	-	-	(19)	-	(19)
Total other comprehensive (losses)/ income for the year		-	(64,080)	23,950	(1,293)	(41,423)	1,666	(39,757)
Profit for the year		-	-	-	-	-	347,254	347,254
Total comprehensive income for the year		-	(64,080)	23,950	(1,293)	(41,423)	348,920	307,497
Contributions by and distributions to owner of the Company								
- Dividends paid to the owner of the Company		-	-	-	-	-	(70,526)	(70,526)
-Dividends payable to the owner of the Company		-	-	-	-	-	(172,142)	(172,142)
Total transaction with owner of the Company		-	-	-	-	-	(242,668)	(242,668)
At 31 December 2022		379,168	(42,082)	19,772	19,643	(2,667)	1,982,836	2,359,337

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2023 (continued)

	Note	← Share capital RM'000	FVOCI reserves RM'000	Non-distributable Insurance finance reserves RM'000	Other reserves RM'000	→ Total Reserves RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 31 December 2022, as previously reported		379,168	(31,529)	-	19,643	(11,886)	1,873,000	2,240,282
Impact arising from adoption of MFRS 17 and MFRS 9	1.5	-	(10,553)	19,772	-	9,219	109,836	119,055
At 1 January 2023, Restated		379,168	(42,082)	19,772	19,643	(2,667)	1,982,836	2,359,337
Unrealised gain on Investments		-	47,863	-	-	47,863	-	47,863
Insurance/Reinsurance reserves		-	-	(15,250)	-	(15,250)	-	(15,250)
Expected credit loss reserves		-	52	-	-	52	-	52
Total other comprehensive losses for the year		-	47,915	(15,250)	-	32,665	-	32,665
Profit for the year		-	-	-	-	-	438,929	438,929
Total comprehensive income for the year		-	47,915	(15,250)	-	32,665	438,929	471,594
Contributions by and distributions to owner of the Company								
- Dividends paid to the owner of the Company		-	-	-	-	-	(108,063)	(108,063)
- Dividends payable to the owner of the Company		-	-	-	-	-	(240,013)	(240,013)
Total transaction with owner of the Company		-	-	-	-	-	(348,076)	(348,076)
At 31 December 2023		379,168	5,833	4,522	19,643	29,998	2,073,689	2,482,855

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

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 December 2023

	2023 RM'000	2022 RM'000 Restated
Operating activities		
Profit before tax	577,025	514,958
Other income	(770)	(1,024)
Purchases of investments at FVOCI	(799,346)	(875,567)
Placement of fixed deposits	(475,037)	(203,494)
Proceeds from sale of investments at FVOCI	-	10,356
Maturity of investments at FVOCI	570,000	580,000
Maturity of fixed deposits	124,580	419,743
Purchases of investments at FVTPL	(21,074)	(13,583)
Proceeds from sale of investments at FVTPL	100,000	40,009
Non-cash items:		
Investment income	(218,572)	(191,454)
Realised gains recorded in profit or loss	(2)	(447)
Depreciation of property, plant and equipment	10,108	10,028
Depreciation of right-of-use assets	16,945	17,146
Property, plant and equipment written off	447	85
Amortisation of intangible assets	16,684	16,607
Reversal for impairment loss on LRC receivables	(3,501)	(28,797)
Reversal of impairment loss on reinsurance contract assets	-	(2,575)
Bad debts written off on LRC receivables	2,798	-
Bad debts written off on other receivables	-	69
Net gain/(losses) on FVTPL investments	(19,173)	12,423
Interest expense	495	673
Interest on lease liabilities	573	645
Net credit impairment loss on investments	68	(25)
Changes in working capital:		
Change in reinsurance contract assets	126,446	159,055
Change in other assets	(3,393)	5,647
Change in insurance contract liabilities	138,594	(35,174)
Change in other liabilities	47,378	41,805
Cash generated from operating activities	191,273	477,109

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
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Statement of cash flows for the year ended 31 December 2023 (continued)

	2023 RM'000	2022 RM'000 Restated
Cash generated from operating activities	191,273	477,109
Interest income received	190,501	171,782
Dividend income from unquoted unit trust	37,429	28,529
Other income received	770	1,024
Interest paid on lease liabilities	(573)	(645)
Income tax paid	(146,681)	(153,318)
Net cash flows generated from operating activities	272,719	524,481
Investing activities		
Proceeds from disposal of property, plant and equipment	238	907
Proceeds from disposal of right-of-use assets	-	2,068
Purchase of property, plant and equipment	(17,985)	(9,701)
Purchase of intangible assets	(20,608)	(12,779)
Net cash flows used in investing activities	(38,355)	(19,505)
Financing activities		
Dividends paid to owners of the Company	(280,205)	(310,160)
Repayment of lease liabilities	(17,673)	(16,850)
Net cash flows used in financing activities	(297,878)	(327,010)
Net (decrease)/ increase in cash and cash equivalents	(63,514)	177,966
Cash and cash equivalents at beginning of year	527,840	349,874
Cash and cash equivalents at end of year	464,326	527,840
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity of less than three months)	462,683	522,218
Cash and bank balances	1,643	5,622
	464,326	527,840

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 December 2023 (continued)

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

Included in the fixed and call deposits are RM106,497,800 (2022: RM87,992,000) held as cash collateral for guarantees issued to the beneficiaries on behalf of the policyholders.

Reconciliation of liabilities arising from financing activities

	Note	**Lease Liabilities RM'000**
At 1 January 2022		17,082
Cash flows		(17,495)
Interest charge		645
Lease modifications / renewal		16,087
At 31 December 2022/At 1 January 2023	13	16,319
Cash flows		(18,246)
Interest charge		573
Lease modifications / renewal		19,237
At 31 December 2023	13	17,883

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
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Notes to the financial statements

Principal activities and general information

Allianz General Insurance Company (Malaysia) Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. 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 Company is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

The immediate holding company is Allianz Malaysia Berhad ("AMB"), a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The penultimate holding company is Allianz Asia Holding Pte. Ltd., a company incorporated and domiciled in Singapore.

The ultimate holding company is Allianz SE, a public company incorporated and domiciled in Germany.

The financial statements were authorised for issue by the Board of Directors on 26 February 2024.

1. Basis of preparation

1.1 Statement of compliance

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

The following are accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") for the financial year beginning on or after 1 January 2023 and adopted by the Company:

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

- *Amendments to MFRS101, Classification of liabilities as current or non-current*
- *Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on Disclosure of Accounting Policies and Definition of Accounting Estimate*
- *Amendments to MFRS 112, Deferred tax related to Assets and Liabilities arising from Single Transaction and International Tax Reform – Pillar Two Model Rules*
- *MFRS 17, Insurance Contracts*
- *Amendment to MFRS 17 "Initial Application of MFRS 17 and MFRS 9 - Comparative Information"*

The adoption of the above did not have any significant effects on the Company's financial statement for the financial year ended 31 December 2023 and/ or prior periods upon their initial application, and it is not likely to affect future periods other than as disclosed below under Notes 1.2 and 1.3.

1.2 MFRS 17, Insurance Contracts

MFRS 17 replaces the guidance in MFRS 4, Insurance Contracts.

MFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes MFRS 4.

The Company has restated comparative information for year 2022 in Note 1.5. The nature of the changes in accounting policies can be summarized, as follows:

1. Basis of preparation (continued)

1.2 MFRS 17, Insurance Contracts (continued)

1.2.1 Changes to recognition and measurement

Recognition

The adoption of MFRS 17 did not change the classification of the Company's insurance contract.

Groups of insurance contracts issued are initially recognised from the earliest of the following:
- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received if there is no due date; or
- when the Company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:
- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  (i) the beginning of the coverage period of the group of reinsurance contracts; and
  (ii) the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

MFRS 17 requires expected losses over a contract's lifetime to be reflected at initial recognition in the statement of profit or loss and the statement of financial position as a loss component, inclusive of risk adjustment. The approach to determine loss 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.

1. Basis of preparation (continued)

1.2 MFRS 17, Insurance Contracts (continued)

1.2.1 Changes to recognition and measurement

Changes in measurement

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, the Company first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts.

MFRS 17 includes three measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance: the building block approach ("BBA"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA").

The Company's insurance contract issued and reinsurance contracts held are all eligible to be measured by applying PAA.

PAA is a simplified approach for the measurement of the liability for remaining coverage ("LRC") an entity may choose to use when PAA provides a measurement which is not materially different from that under the BBA or if the coverage period of each contract in the group of insurance contracts is one year or less.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under MFRS 4 in the following key areas:

- The LRC reflects 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;

- Expected losses over a contract's lifetime will be reflected at initial recognition as loss component, inclusive of risk adjustment. The approach to determine loss component is very similar to the current premium deficiency testing but at a more granular level;

- For reinsurance contract held, the Company uses the assumptions that are consistent with those used to measure the future cash flows ("FCF") for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurers. The effect of the non-performance risk of the reinsurers is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss;

1. Basis of preparation (continued)

1.2 MFRS 17, Insurance Contracts (continued)

1.2.1 Changes to recognition and measurement (continued)

Changes in measurement (continued)

- Measurement of the reinsurance contract assets is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such reinsurance contracts held reinsure onerous insurance contracts issued;

- Liability for incurred claims ("LIC") is measured at the fulfilment cash flows relating to incurred claims. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk; and

- The Company allocates the acquisition cash flows to groups of insurance contract issued using a systematic and rational basis. Acquisition cash flows allocated are deferred and recognised over the coverage period of contracts in a group.

1.2.2 Changes to presentation and disclosure

MFRS 17 is conceptually based on a prospective cash view. All expected future cash flows arising from the insurance contracts are considered and reflected in one position, the insurance contract asset or liability.

Hence, in the statement of financial position, deferred acquisition costs, insurance-related receivables or payables as well as any deposits are no longer presented separately but as part of the insurance or reinsurance contract asset or liability.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims
- Fee and commission income
- Fee and commission expenses

1. Basis of preparation (continued)

1.2 MFRS 17, Insurance Contracts (continued)

1.2.2 Changes to presentation and disclosure (continued)

Instead, MFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

1.2.3 Transition

All groups of insurance and reinsurance contracts of the Company qualify for the PAA eligibility at transition. As such, the full retrospective approach has been applied to all groups of insurance and reinsurance contracts, except for groups with exposure in 2017 and prior. Due to the unavailability of locked-in interest rate curves for 2017 and prior, the fair value approach is applied to these groups.

The main changes for the Company 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 quantitative impact of applying MFRS 17 as at 1 January 2022 is disclosed in Note 1.4.

1.3 MFRS 9, Financial Instruments

MFRS 9 'Financial Instruments' replaces MFRS 139 'Financial Instruments: Recognition and Measurement' on the classification and measurement of financial assets and financial liabilities and on hedge accounting, effective for annual periods beginning on or after 1 January 2018. However, as the Company qualifies for the temporary exemption under Amendments to MFRS 4 – Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts from applying MFRS 9, the Company has deferred and adopted MFRS 9 together with MFRS 17, Insurance Contracts for the financial year beginning on or after 1 January 2023.

1. Basis of preparation (continued)

1.3 MFRS 9, Financial Instruments (continued)

The Company has applied MFRS 9 retrospectively and restated comparative information in 2022 for financial instruments in the scope of MFRS 9. Differences arising from the adoption of MFRS 9 were recognised in retained earnings as of 1 January 2022 and are disclosed in Note 1.4. For all assets that were disposed of in the comparative period, the Company has applied the classification overlay as permitted by paragraph C28E of Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17).

The key changes to the Company's accounting policies resulting from its adoption of MFRS 9 are recognised below.

1.3.1 Changes to classification and measurement

To determine the classification and measurement category, MFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The MFRS 139 measurement categories for financial assets fair value through profit or loss, available for sale ("AFS"), held-to-maturity ("HTM") and loans and receivables ("L&R") at amortised cost ("AC") have been replaced by:

- FVTPL;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition; and
- Financial assets at AC.

The Company's classification of its financial assets is explained in Note 2.5 (b). The quantitative impact of applying MFRS 9 as at 1 January 2022 is disclosed in Note 1.3.4.

1.3.2 Changes to impairment calculation

The adoption of MFRS 9 has fundamentally changed the Company's accounting for impairment losses for debt instruments held at FVOCI or AC by replacing 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.

It applies to the Company's financial assets classified at AC, and debt instruments measured at FVOCI.

1. Basis of preparation (continued)

1.3 MFRS 9, Financial Instruments (continued)

1.3.2 Changes to impairment calculation (continued)

The adoption of the ECL requirements of MFRS 9 resulted in an increase in impairment allowances in respect of the Company's financial assets. The increase in allowance was adjusted to retained earnings.

Details of the Company's impairment method are disclosed in Note 2.6.

1.3.3 Changes in disclosure

The quantitative impact of applying MFRS 9 as at 1 January 2023 is disclosed in Note 1.3.4.

1. Basis of preparation (continued)

1.3. MFRS 9, Financial Instruments (continued)

1.3.4. Transition disclosures

In summary, the impact from classification and measurement are as follows:

Classification of financial assets and financial liabilities

The following table explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Company's financial assets as at 1 January 2023.

	Note	Original classification under MFRS139	New classification under MFRS9	Original carrying amount under MFRS139 RM'000	New carrying amount under MFRS9 RM'000
Unquoted unit trust in Malaysia	(a)	AFS	FVTPL	1,120,241	1,120,241
Investment in debt securities	(b)	AFS	FVOCI	4,250,008	4,250,008
Other assets -staff loans	(b)	L&R	FVOCI	15,869	15,869
Other assets *	(b)	L&R	AC	17,603	17,439
Cash and cash equivalents		L&R	AC	527,885	527,840
Fixed deposits with licensed banks	(c)	L&R	FVOCI	12,746	12,746
Total financial assets				**5,944,352**	**5,944,143**

*Excluding balance with Malaysia Motor Insurance Pool ("MMIP")

1. Basis of preparation (continued)

1.3. MFRS 9, Financial Instruments (continued)

1.3.4 Transition disclosures (continued)

Classification of financial assets and financial liabilities (continued)

The following table explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Company's financial assets as at 1 January 2022.

	Note	Original classification under MFRS139	New classification under MFRS9	Original carrying amount under MFRS139 RM'000	New carrying amount under MFRS9 RM'000
Unquoted unit trust in Malaysia	(a)	AFS	FVTPL	1,118,437	1,118,437
Investment in debt securities	(b)	AFS	FVTPL	41,152	41,152
Investment in debt securities	(b)	AFS	FVOCI	4,054,570	4,054,570
Other assets – staff loans	(b)	L&R	FVOCI	15,662	15,662
Other assets *	(b)	L&R	AC	18,557	18,378
Cash and cash equivalents		L&R	AC	349,892	349,874
Fixed deposits with licensed banks	(c)	L&R	FVOCI	231,269	231,269
Total financial assets				**5,829,539**	**5,829,342**

*Excluding balance with MMIP

1. Basis of preparation (continued)

1.3. MFRS 9, Financial Instruments (continued)

1.3.4 Transition disclosures (continued)

Classification of financial assets and financial liabilities (continued)

The application of these policies resulted in the reclassifications set out in the table above and explained below.

(a) Investment in unquoted unit trusts and unquoted equity securities were classified as AFS under MFRS 139. On the adoption of MFRS 9, these assets are mandatory classified as FVTPL because they do not give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding under MFRS 9.

(b) Debts securities comprising of Malaysian government securities, Malaysian government guaranteed bonds, and Unquoted debt securities were designated as AFS upon initial recognition under MFRS 139. On the adoption of MFRS 9, these assets meet the criteria for mandatory measurement of FVOCI because the contractual cash flows of these assets are solely payments of principal and interest on the principal outstanding.

(c) Liquid investments were classified as loans and receivables under MFRS 139. On the adoption of MFRS 9, the liquid investments meet the criteria for mandatory measurement of FVOCI because the contractual cash flows of these deposits are solely payments of principal and interest on the principal outstanding.

1. Basis of preparation (continued)

1.3. MFRS 9, Financial Instruments (continued)

1.3.4 Transition disclosures (continued)

The following table reconciles the carrying amounts of financial assets under MFRS 139 to the carrying amounts under MFRS 9 on the transition to MFRS 9 on 1 January 2023.

	Note	31 December 2022 MFRS139 RM'000	Remeasurement (ECL) RM'000	1 January 2023 Classification under MFRS9 FVTPL RM'000	FVOCI RM'000	AC RM'000	Total RM'000
Financial assets							
AFS							
Unquoted unit trust in Malaysia		1,120,241	-	1,120,241	-	-	1,120,241
Investment in debt securities		4,250,008	-	-	4,250,008	-	4,250,008
Loan and receivables							
Other assets *		33,472	(164)	-	15,869	17,439	33,308
Cash and cash equivalents		527,885	(45)	-	-	527,840	527,840
Fixed deposits with licensed banks		12,746	-	-	12,746	-	12,746
		5,944,352	(209)	1,120,241	4,278,623	545,279	5,944,143

*Excluding balance with MMIP

1. Basis of preparation (continued)

1.3. MFRS 9, Financial Instruments (continued)

1.3.4 Transition disclosures (continued)

Impairment of financial assets

The following table reconciles the closing impairment allowance under MFRS 139 as at 31 December 2022 with the opening loss allowance under MFRS 9 as at 1 January 2023.

	Note	31 December 2022		1 January 2023
		MFRS 139 RM'000	Remeasurement RM'000	MFRS 9 RM'000
Financial assets				
Loan & Receivables				
Other assets		742	(742)	-
AC				
Other assets *	8	-	906	906
Cash and cash equivalents		-	45	45
		742	209	951
FVOCI				
Malaysian government securities		-	1,007	1,007
Unquoted debt securities		-	964	964
Fixed deposits		-	1	1
	6.3	-	1,972	1,972

*Excluding balance with MMIP

1. Basis of preparation (continued)

1.4. Impact of transition on reserves and retained earnings

The impact of transition to MFRS 9 and MFRS 17 on reserves and retained earnings is, as follows:

	Note	FVOCI reserves RM'000	Retained earnings RM'000	Total equity RM'000
Impact under MFRS 9				
Closing balance under MFRS 139 (31 December 2021)		18,304	1,814,776	2,233,184
Reclassification of Unquoted unit trust in Malaysia from AFS to FVTPL		2,864	(2,864)	-
Recognition of ECL under MFRS 9 for investment in debt securities at FVOCI		1,997	(1,997)	-
Recognition of ECL under MFRS 9 for cash and cash equivalents measured at AC		-	(18)	(18)
Recognition of ECL under MFRS 9 for other assets measured at AC		-	(177)	(177)
Deferred tax in relation to MFRS 9 application		(1,167)	1,394	227
Opening balance under MFRS 9 (1 January 2022)		21,998	1,811,114	2,233,216

	Note	Insurance finance reserves RM'000	Retained earnings RM'000	Total Equity RM'000
Impact under MFRS 17				
Closing balance under MFRS 4 (31 December 2021)		-	1,814,776	2,233,184
Impact of initial application of MFRS 17		(5,497)	86,144	80,647
Deferred tax in relation to MFRS 17 application		1,319	(20,674)	(19,355)
Opening balance under MFRS 17 (1 January 2022)		(4,178)	1,880,246	2,294,476

1. Basis of preparation (continued)

1.4. Impact of transition on reserves and retained earnings

The impact of transition to MFRS 9 and MFRS 17 on reserves and retained earnings is, as follows:

	Note	FVOCI reserves RM'000	Insurance finance reserves RM'000	Retained earnings RM'000	Total Equity RM'000
Closing balance under MFRS 4 / MFRS 139 (31 December 2021)		18,304	-	1,814,776	2,233,184
Impact of initial application of MFRS 17		-	(4,178)	65,470	61,292
Impact of initial application of MFRS 9		3,694	-	(3,662)	32
Opening balance under MFRS 17 / MFRS 9 (1 January 2022)		21,998	(4,178)	1,876,584	2,294,508

1. Basis of preparation (continued)

1.5 Overall impact on its statement of financial position and statement of profit or loss

Overall impact on its statement of financial position due to the adoption of MFRS17 and MFRS 9 is as follows:

	1 January 2022			31 December 2022		
	As previously reported	Effect of adoption of MFRS 17 and MFRS 9	Restated balance	As previously reported	Effect of adoption of MFRS 17 and MFRS 9	Restated balance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Statement of financial position						
Deferred tax assets	34,404	(19,128)	15,276	48,994	(37,359)	11,635
Reinsurance contract assets	1,006,403	(173,332)	833,071	766,946	(103,266)	663,680
Insurance receivables	125,839	(125,839)	-	149,228	(149,228)	-
Deferred acquisition costs	123,662	(123,662)	-	131,021	(131,021)	-
Other assets	80,086	(175)	79,911	74,180	(164)	74,016
Cash and cash equivalents	349,892	(18)	349,874	527,885	(45)	527,840
Retained earnings	1,814,776	61,808	1,876,584	1,873,000	109,836	1,982,836
Reserves	39,240	(484)	38,756	(11,886)	9,219	(2,667)
Insurance contract liabilities	4,389,087	(171,133)	4,217,954	4,314,560	(204,935)	4,109,625
Insurance payables	267,398	(267,398)	-	275,474	(275,474)	-
Other liabilities	459,785	(64,947)	394,838	429,554	(59,729)	369,825

The combined effect on the Company's statement of financial position on transition to MFRS 9 and MFRS 17 improves total equity and total shareholders' allocated equity measured under MFRS 9 and 17 by approximately 3% as at 1 January 2022 and 6% as at 1 January 2023 respectively.

1. Basis of preparation (continued)

1.5 Overall impact on its statement of financial position and statement of profit or loss (continued)

Overall impact on its statement of profit or loss due to the adoption of MFRS17 and MFRS 9 is as follows:

	Effect to the financial year ended 31 December 2022		
	As previously reported	Effect of adoption of MFRS 17 and MFRS 9	Restated balance
	RM'000	RM'000	RM'000
Statement of profit or loss and other comprehensive income			
Profit for the year	299,226	48,028	347,254
Other comprehensive income			
FVOCI reserve, net of tax	(49,833)	(14,228)	(64,061)
Expected credit losses, net of tax	-	(19)	(19)
Insurance finance expense, net of tax	-	23,950	23,950
Items that may not be reclassified subsequently to profit & loss	373	-	373
Total comprehensive income for the year, net of tax	249,766	57,731	307,497

1. Basis of preparation (continued)

1.6 Accounting standards not yet effective and adopted by the Company

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 Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- *Amendments to MFRS7 and MFRS107, New disclosures for supplier finance arrangements*
- *Amendments to MFRS 121 on Lack of Exchangeability*
- *Amendments to MFRS 16 on Lease Liability in a Sale and Leaseback*
- *Amendments to MFRS 101, Classification of liabilities as current or non-current and Non-current liabilities with covenant*

The adoption of the amendments will not have material impact to the Company in future periods.

1.7 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the financial statements.

1.8 Functional and presentation currency

These 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.

1.9 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, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

1.9 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 2.17(a) – Valuation of insurance contract liabilities and reinsurance contract assets

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 2.17.

2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

2.1 Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in RM, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency of the Company 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 period except for those that are measured at fair value, which 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 equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

2. Material accounting policies (continued)

2.2 Property, plant and equipment

(a) Recognition and measurement

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 losses.

The Company 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 adjustments 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 properties involves a degree of judgement before arriving at the respective property's revalued amount. As such, the revalued amount of the properties may be different from its actual market price.

Surpluses arising from revaluation are credited to revaluation reserve account via the statement of other comprehensive income. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

2. Material accounting policies (continued)

2.2 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognized net 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.

(b) 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 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.

(c) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Work-in-progress are not depreciated until the assets are ready for their intended use.

2. Material accounting policies (continued)

2.2 Property, plant and equipment (continued)

(c) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Over lease period
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 the end of the reporting period, and adjusted as appropriate.

2.3 Intangible assets

(a) 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 Company 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 overhead 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.

(b) Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, measured at cost less any accumulated amortisation and any accumulated impairment losses.

(c) 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. Material accounting policies (continued)

2.3 Intangible assets (continued)

(d) Amortisation

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an intangible asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and comparative periods is as follows:

Capitalised software development costs	5 years
Other intangible assets	10 - 15 years

Amortisation methods, useful life and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2.4 Leases

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 Company (i.e. the commencement date).

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

Lease term

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

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

2. Material accounting policies (continued)

2.4 Leases (continued)

ROU assets

ROU assets are initially measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are subsequently measured at valuation/cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Company revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Company.

ROU assets are presented as a separate line item in the statement of financial position.

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 Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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 Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the interest expenses in profit or loss in the statement of profit or loss.

2. Material accounting policies (continued)

2.4 Leases (continued)

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise photocopiers. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2.5 Financial instruments

(a) Financial assets and liabilities

(i) Initial recognition and measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value, plus or minus (in the case of a financial asset or financial liability not at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI.

Financial assets and financial liabilities are recognised based on the contractual terms in business model when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (that is, the date on which the Company commits to purchase or sell the asset).

(ii) Amortised cost and effective interest rates

AC is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is, its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

2. Material accounting policies (continued)

2.5 Financial instruments (continued)

(b) Financial instrument classification and subsequent measurement

The Company classifies and measures financial instruments as follows:

Financial assets / Financial liabilities

Type of financial instruments	Classification	Reason
Cash and cash equivalents	AC	Solely payments of principal and interest ("SPPI"), hold to collect business model
Investment in debt securities	FVOCI	SPPI, hold to collect and sell business model
Unquoted unit trust in Malaysia	FVTPL	Mandatory
Equity securities	FVTPL	Mandatory
Fixed deposits with licensed banks	FVOCI	SPPI, hold to collect and sell business model
Other assets – staff loan	FVOCI	SPPI, hold to collect business model
Other assets (excluding balance with MMIP)	AC	SPPI, hold to collect business model
Other liabilities	AC	Mandatory

2. Material accounting policies (continued)

2.5 Financial instruments (continued)

(b) Financial instrument classification and subsequent measurement (continued)

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of ECL, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in net investment income. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL.

2. Material accounting policies (continued)

2.5 Financial instruments (continued)

(b) Financial instrument classification and subsequent measurement (continued)

Business model assessment

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets are held for trading purposes), the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (that is, interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company will irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets).

The Company subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Net gains on FVTPL investments' in the statement of profit or loss.

2. Material accounting policies (continued)

2.5 Financial instruments (continued)

(b) Financial instrument classification and subsequent measurement (continued)

Business model assessment (continued)

Financial liabilities

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

(c) 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.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or 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. Material accounting policies (continued)

2.6 Impairment

(a) Financial assets

Under MFRS 9, the Company assesses the expected credit losses (ECL) associated with its debt instrument assets carried at AC and FVOCI; and recognises a loss for such losses at each reporting date.

The ECL is a forward-looking measure that considers:
(i) a range of possible outcomes,
(ii) the time value of money, and
(iii) reasonable and supportable information about past events, current conditions, and future economic conditions

The ECL is calculated by discounting the sum of all future contractual cash flows at the effective interest rate ("EIR") and comparing it to the expected cash flows also discounted at the EIR over either a 12-month or lifetime basis. This calculation takes into accounts factors such as all lifetime contractual cash flows, potential default events, the probability of default ("PD"), and the loss given default ("LGD"). The LGD reflects the expected extent of loss on a defaulted exposure, considering factors such as collateralization and subordination.

MFRS 9 introduces a three-stage ECL impairment model for measuring impairment on each reporting date:

Stage 1: From initial recognition until the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected from defaults occurring over the next 12 months (12-month ECL).

Stage 2: Following a significant increase in credit risk, a loss allowance is recognized equal to the credit losses expected over the remaining life of the financial assets (Lifetime ECL).

Stage 3: When a financial asset is considered credit-impaired, a loss allowance equal to the full lifetime expected credit losses is recognized (Life ECL).

2. Material accounting policies (continued)

2.6 Impairment (continued)

(b) LRC - Expected premium receipts net of insurance acquisition cash flow

The Company assessed the recoverability of the LRC - expected premium receipts net of insurance acquisition cash flow and charge the impairment allowance to profit or loss accordingly.

The Company applied the simplified ECL concept under MFRS9 to incorporate forward-looking elements. However, management overlays are applied to the model outputs if they are consistent with the objective of identifying a significant increase in credit risk.

An impairment loss in LRC is recognized in profit or loss and is measured as the difference between the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced using an allowance account.

If, in a subsequent period, the fair value of the cash flow components included in LRC increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the cash components included in LRC does not exceed what the carrying amount would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

2. Material accounting policies (continued)

2.7 Equity instruments

Instrument classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(a) Ordinary share capital

Ordinary share capital is classified as equity.

(b) Dividends on ordinary share capital

Dividends on ordinary share capital are recognised as a liability and deducted from equity when they are declared and appropriately authorised.

Dividends for the year that are approved after the end of the reporting period are dealt with as a subsequent event.

2.8 General insurance operations

(a) Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(b) Unit of account

MFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No groups for level of aggregation purposes may contain contracts issued more than one year apart. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

(i) contracts that are onerous at initial recognition (if any)
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any)
(iii) a group of the remaining contracts in the portfolio (if any).

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(b) Unit of account (continued)

Transition approaches that were applied by the Company on adoption of MFRS 17 with respect to contracts aggregation requirements are included in note 1.2.3.

Before the Company accounts for an insurance contract based on the guidance in MFRS 17, it analyses whether the contract contains distinct components that should be separated. MFRS 17 distinguishes three categories of distinct components which must be accounted for under another MFRS instead of under MFRS 17:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

Currently, the Company's products do not include any distinct components that require separation and apply MFRS 17 to all components of the insurance contract.

When determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract in the legal form. Currently, the Company does not have any contracts that require combination of insurance contracts, and separates components within a single contract for several package products.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(c) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  (i) the beginning of the coverage period of the group of reinsurance contracts; and
  (ii) the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

  Unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(c) Recognition and derecognition (continued)

When an insurance contract is modified as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the future cash flows, unless the conditions for the derecognition of the original contract are met. The Company derecognizes the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
   - is not within the scope of MFRS17;
   - results in different separable components;
   - results in a different contract boundary; or
   - belongs to a different group of contracts; or
b. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, component separation requirements and contract aggregation requirements.

When an insurance contract is derecognised, any net difference between the derecognised part of the LRC of the original contract and any other cash flows will be charged immediately to profit or loss to remove related rights and obligations.

(d) Contract Boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(d) Contract Boundary (continued)

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:
   i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(e) Measurement

The Company applies the premium allocation approach to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

a) The coverage period of each contract in the group of insurance contracts is one year or less; or
b) For contracts longer than one year, the Company has applied PAA eligibility test and reasonably expects that the measurement is not materially different from that under the general measurement model.

Initial measurement

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The fulfilment cash flows include an explicit risk adjustment for non-financial risk. A loss component is established by the Company for the LRC for such onerous group depicting the losses recognized.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:
a) the LRC; and
b) the liability incurred claims ("LIC"), comprising the present value of FCF related to past service allocated to the group at the reporting date, including an explicit adjustment for non-financial risk (risk adjustment).

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
a) the remaining coverage; and
b) the incurred claims, comprising the present value of FCF related to past service allocated to the group at the reporting date, including an explicit adjustment for non-financial risk (risk adjustment).

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
a) increased for premiums received in the period;
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts recognised as insurance revenue for the services provided in the period; and
d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
a) increased for ceding premiums paid in the period; and
b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the asset for remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance and reinsurance premiums are due within the coverage period of contracts, which is generally one year or less.

There are no investment components within insurance contracts issued and reinsurance contracts held.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(e) Measurement (continued)

Subsequent measurement (continued)

The Company estimates the LIC as the FCF related to incurred claims. FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjust the future cash flows for the time value of money, since insurance contracts issued by the Company typically have a claims settlement period of over one-year.

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued except the following:

a) For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer;
b) In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the allowance for non-performance risk of the reinsurer;
c) Loss recovery component will subsequently be reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

2. Material accounting policies (continued)

2.8 General insurance operations(continued)

(f) Recognition and measurement of insurance acquisition cash flows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis; and amortised over the coverage period of the related group.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group. Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

(g) Amount recognised in comprehensive income

Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

Insurance revenue is the amount of:

a) Expected premium receipts based on the passage of time for the Company's insurance contracts issued; and
b) Expected premium receipts based on the passage of time for the Company's reinsurance inward contracts issued. The expected premium receipts are reduced by the fixed reinsurance inward commissions that are not contingent on claims and are settled net of reinsurance premiums received from cedants.

The Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

2. Material accounting policies (continued)

2.8 General insurance operations(continued)

(g) Amount recognised in comprehensive income (continued)

Insurance service expenses

Insurance service expenses include the following:
a) incurred claims and benefits;
b) other incurred directly attributable expenses;
c) insurance acquisition cash flows amortisation based on the passage of time;
d) changes that relate to past service – changes in the FCF relating to the LIC; and
e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Net income (expenses) from reinsurance contract held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:
a) reinsurance expenses;
b) incurred claims recovery;
c) other incurred directly attributable expenses;
d) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
e) effect of changes in the risk of reinsurers' non-performance; and
f) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts; and
    ii. reversals of a loss-recovery component.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services. The reinsurance expenses are recognised based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

2. Material accounting policies (continued)

2.8 General insurance operations (continued)

(g) Amount recognised in comprehensive income (continued)

Insurance finance income or expenses (continued)

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

The main amounts within insurance finance income or expenses are:
a) interest accreted on the LIC; and
b) the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Company applies the OCI option and recognises the impact of changes in discount rates and other financial variables arising from the application of MFRS17 in OCI. This is to minimise the accounting mismatch between the accounting for investments and insurance assets and liabilities as The Company's investments are predominantly FVOCI investments.

2.9 Other revenue recognition

The following specific recognition criteria must also be met before revenue is recognised.

(a) Rental income

Rental income from self-occupied properties are recognised in profit or loss on a straight-line basis over the term of the lease.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(c) Dividend income

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

2. Material accounting policies (continued)

2.9 Other revenue recognition (continued)

(d) Realised gains and losses on investments

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

2.10 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 items recognised directly in equity 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 by 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 statement of financial position and their tax bases. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

2. Material accounting policies (continued)

2.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has 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.

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 statement 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 Company.

2.12 Employee benefits

Short-term employee benefits

Short-term employee benefit 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has 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. Material accounting policies (continued)

2.13 Cash and cash equivalents and placements with financial institutions

Cash and cash equivalents consist of cash on hand, 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 Company in the management of their short term commitments.

Cash and cash equivalents are categorised and measured as AC in accordance with policy Note 2.5(b).

2.14 Earnings per ordinary share

The Company presents basic 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 outstanding during the period.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

2.15 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.

2. Material accounting policies (continued)

2.15 Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company 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 Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.16 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, 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. 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 Company has determined that the investment in structured securities, such as unit trust investments that the Company has an interest in are structured entities.

When the Company ceased to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost with change in carrying amount being recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Material accounting policies (continued)

2.16 Investment in subsidiaries (continued)

In the Company's financial statements, investments in structured entities are initially recognised at fair value and subsequently measured at fair value in accordance with MFRS 9 "Financial Instruments: Recognition and Measurement". On disposal of investment in structured entities, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 "Consolidated Financial Statements".

The immediate holding company, Allianz Malaysia Berhad, prepares consolidated financial statements in accordance with MFRS in Malaysia, which are available for inspection at the registered office of the immediate holding company.

2.17 Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Valuation of insurance and reinsurance contracts

Liability for remaining coverage

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under MFRS 4.

The Company applied judgement in assessing the onerous groups' profitability and the remeasurement of loss component. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

(a) Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims

Undiscounted insurance contract liabilities

For general insurance contracts, insurance contract liabilities in relation to claims incurred are the outstanding claims reserve required for the future settlement of losses on claims which have occurred but have yet to be fully settled. It is consisting of two components: expected ultimate cost of claims reported and expected ultimate cost of claims incurred but not yet reported at the end of the reporting period.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, incurred but not reported ("IBNR") claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The expected ultimate cost of claims reported are based on estimates of future payments that will be made with respect to individual claims. Such estimates are made on a case-by-case basis, based on the information available at the time the reserves are established. The estimates reflect the informed judgement of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim.

These reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available. IBNR reserves are established to recognise the estimated cost of losses that have occurred but where the 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.

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

(a) Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

Undiscounted insurance contract liabilities (continued)

When measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. For reinsurance contracts held, the liabilities for incurred claims also includes the allowance for non-performance risk of the reinsurer.

Discount rates

The Company applied a bottom-up approach in determining the discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts. The resulting yield curve will be Company's basis for discounting the insurance contract liabilities.

The risk-free yield curve was derived using Malaysian government bonds yield. The illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

The yield curves that were used to discount the estimates of future cash flows for insurance contracts and reinsurance contracts held are as follows:

	2023			**2022**		
	1 year	5 years	10 years	1 year	5 years	10 years
Locked-in Rates (with illiquidity adjustment)	3.83%	4.38%	4.70%	2.97%	4.15%	4.83%
Current Rates (with illiquidity adjustment)	3.80%	4.19%	4.43%	4.04%	4.53%	4.77%
Current Rates (without illiquidity adjustment)	3.12%	3.49%	3.73%	3.27%	3.76%	3.99%

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

(a) Valuation of insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

Discount rates (continued)

The Company applies the OCI option and recognises the impact of changes in discount rates in OCI. Current interest rates are applied in the measurement of FCF in the statement of financial position. The interest rates applied to recognise the insurance finance income or expense in the statement of profit or loss is based on locked-in interest rates determined at the date of the incurred claim.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion.

The Company estimates an adjustment for non-financial risk separately from all other estimates; segregating the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

The risk adjustment was calculated at the reserving class level and then allocated down to each group of contracts using undiscounted future cash flows as the allocation driver. The percentile approach was used to derive the overall risk adjustment for non-financial risk.

In the percentile approach, a range of methodologies such as Mack and Bootstrapping are used to determine the risk adjustment. The Company has aligned the confidence level of the risk adjustment with the confidence level required on insurance contract liabilities by the local statutory requirement of 75% (2022 : 75%) confidence level.

2. Material accounting policies (continued)

2.17 Significant accounting judgements, estimates and assumptions (continued)

(a) Valuation of insurance and reinsurance contracts (continued)

Risk adjustment for non-financial risk (continued)

The risk adjustment for reinsurance contracts held is determined from the difference between the gross and retained risk adjustment calculated. The Company adopts the same approach used for insurance contracts issued in determining the retained risk adjustment, which is then allocated to group of reinsurance contracts held level using undiscounted ceded future cash flows as the allocation driver.

Expenses

Where estimates of expenses-related are determined at the portfolio level, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Acquisition cash flows are estimated based on a percentage of premiums written at group of contracts level during a specific period, based on periodic studies. Same basis will be applied to compute LRC acquisition cost.

Claims settlement-related expenses are allocated based on claims costs.

2.18 Restatement of comparatives

Comparatives have been restated as disclosed in Note 1.5 to the financial statements due to the adoption of MFRS17 and MFRS9.

3. Property, plant and equipment

	Note	Land RM'000	Buildings RM'000	Land and buildings* RM'000	Office equipment, computers, furniture and fittings RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work-in-progress RM'000	Total RM'000
Cost/Valuation									
At 1 January 2022		7,460	48,795	1,559	90,777	1,353	18,554	3,244	171,742
Additions		-	-	-	5,032	39	1,210	3,420	9,701
Disposals		-	(850)	-	(39)	(69)	(15)	-	(973)
Reclassification		-	-	-	1,182	-	2,120	(3,302)	-
Transfer to intangible assets	5	-	-	-	-	-	-	(1,308)	(1,308)
Written off		-	-	-	(800)	-	(754)	-	(1,554)
At 31 December 2022 / At 1 January 2023		7,460	47,945	1,559	96,152	1,323	21,115	2,054	177,608
Additions		-	-	-	3,896	676	3,988	9,425	17,985
Disposals		-	-	-	(583)	-	-	-	(583)
Reclassification		-	-	-	2,232	741	3,219	(6,192)	-
Transfer to intangible assets		-	-	-	-	-	-	(1,011)	(1,011)
Written off		-	-	-	(247)	(342)	-	(242)	(831)
At 31 December 2023		7,460	47,945	1,559	101,450	2,398	28,322	4,034	193,168

3. Property, plant and equipment (continued)

	Note	Land	Buildings	Land and buildings*	Office equipment, computers, furniture and fittings	Motor vehicles	Office renovations and partitions	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation									
At 1 January 2022		-	744	67	76,502	1,036	12,343	-	90,692
Depreciation for the year	21	-	1,635	20	6,508	95	1,770	-	10,028
Disposals		-	(44)	-	(36)	(69)	(8)	-	(157)
Written off		-	-	-	(749)	-	(720)	-	(1,469)
At 31 December 2022 / At 1 January 2023		-	2,335	87	82,225	1,062	13,385	-	99,094
Depreciation for the year	21	-	1,610	21	5,788	311	2,378	-	10,108
Disposals		-	-	-	(346)	-	-	-	(346)
Written off		-	-	-	(247)	(137)	-	-	(384)
At 31 December 2023		-	3,945	108	87,420	1,236	15,763	-	108,472

3. Property, plant and equipment (continued)

	Note	Land	Buildings	Land and buildings*	Office equipment, computers, furniture and fittings	Motor vehicles	Office renovations and partitions	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amounts									
At 1 January 2022		7,460	48,051	1,492	14,275	317	6,211	3,244	81,050
At 31 December 2022/ 1 January 2023		7,460	45,610	1,472	13,927	261	7,730	2,054	78,514
At 31 December 2023		7,460	44,000	1,451	14,030	1,162	12,559	4,034	84,696

* The carrying amounts of land and buildings are not segregated as the required information is not available.

Included in property, plant and equipment are fully depreciated assets which are still in use costing RM75,487,000 (2022 : RM69,825,000).

3. Property, plant and equipment (continued)

3.1 Revaluation of properties

The Company's land and buildings were revalued by Hartamas Valuation & Consultancy Sdn Bhd, independent professional qualified valuers using the Comparison Method in August 2021. 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.

Had the land and buildings of the Company been carried under the cost model, their carrying amounts would have been as follows:

	2023 RM'000	2022 RM'000
Land	3,401	3,401
Buildings	38,427	39,321
Land and buildings	1,188	1,204
	43,016	43,926

3.2 Fair value information

Fair value of land and buildings of the Company are categorised as follows:

	2023			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	-	7,460	7,460
Buildings	-	-	44,000	44,000
Land and buildings	-	-	1,451	1,451
	-	-	52,911	52,911

	2022			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Land	-	-	7,460	7,460
Buildings	-	-	45,610	45,610
Land and buildings	-	-	1,472	1,472
	-	-	54,542	54,542

3. Property, plant and equipment (continued)

3.2 Fair value information (continued)

Level 3 fair value

The Level 3 unobservable input used in the valuation of land and building is the price per square foot ("psf") which is 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 techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique used	2023 Fair Value (RM'000)	2023 Adjusted psf RM/psf	2022 Fair Value (RM'000)	2022 Adjusted psf RM/psf
Sales comparison approach	52,911	265 – 2,811	54,542	265 – 2,811

4. Right-of-use assets

	Leasehold land RM'000	Buildings and equipment RM'000	Total RM'000
Valuation/Cost			
At 1 January 2022	8,090	58,129	66,219
Modifications/ Renewals	-	16,087	16,087
Revaluation	(2,150)	-	(2,150)
At 31 December 2022 / At 1 January 2023	5,940	74,216	80,156
Modifications/ Renewals	-	19,237	19,237
Disposal	-	-	-
At 31 December 2023	5,940	93,453	99,393

4. Right-of-use assets (continued)

	Note	Leasehold land RM'000	Buildings and equipment RM'000	Total RM'000
Depreciation				
At 1 January 2022		138	41,847	41,985
Depreciation for the year	21	131	17,015	17,146
Revaluation		(82)	-	(82)
At 31 December 2022 / At 1 January 2023		187	58,862	59,049
Depreciation for the year	21	94	16,851	16,945
Disposal		-	-	-
At 31 December 2023		281	75,713	75,994
Carrying amounts				
At 31 December 2022/1 January 2023		5,753	15,354	21,107
At 31 December 2023		5,659	17,740	23,399

The Company leases a number of buildings for its office space and branches. The leases typically run for a period of 1 to 5 years, but may have extension options.

In 2023, the total cash outflow for leases amounts to RM18,246,000 (2022: RM17,495,000) and income from subleasing right-of-use assets amounts to RM2,975,000 (2022: RM2,702,000).

4.1 Right-of-use assets under the revaluation model

The leasehold land was last revalued in August 2021 by by Hartamas Valuation & Consultancy Sdn Bhd, external independent professional qualified valuers using the Comparison Method. 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 is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Had the leasehold land been carried at historical cost less accumulated amortisation, the carrying amounts would have been RM1,918,000 (2022: RM1,947,000).

4. Right-of-use assets (continued)

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 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.

Valuation technique used	2023 Fair Value (RM'000)	2023 Adjusted psf RM/psf	2022 Fair Value (RM'000)	2022 Adjusted psf RM/psf
Sales comparison approach	5,659	222 – 1,532	5,753	222 – 1,532

5. Intangible assets

	Note	Software development costs RM'000	Other intangible asset RM'000	Total RM'000
Cost				
At 1 January 2022		73,008	94,500	167,508
Additions		9,305	3,474	12,779
Transfer from property, plant and equipment	3	1,308	-	1,308
At 31 December 2022/ 1 January 2023		83,621	97,974	181,595
Additions		10,608	10,000	20,608
Transfer from property, plant and equipment	3	1,011	-	1,011
At 31 December 2023		95,240	107,974	203,214
Amortisation				
At 1 January		55,425	26,401	81,826
Amortisation for the year	21	9,594	7,013	16,607
At 31 December 2022/ 1 January 2023		65,019	33,414	98,433
Amortisation for the year	21	9,300	7,384	16,684
At 31 December 2023		74,319	40,798	115,117
Carrying amounts				
At 1 January 2022		17,583	68,099	85,682
At 31 December 2022/ 1 January 2023		18,602	64,560	83,162
At 31 December 2023		20,921	67,176	88,097

The software development costs are in relation to internal development expenditures incurred such as Alternate Front End System, Open Product Underwriting System and Business Intelligence System. These systems are designed to improve the efficiency of the business activities of the Company.

Other intangible assets are 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 Company's insurance products.

5. Intangible assets (continued)

For the SCB Bancassurance Agreement, the fee for the exclusive right is amortised over its useful life of 15 years using the straight-line method, whereas for the Marketing Agreement, the fee for the exclusive right is amortised over its useful life of 10 years using the straight-line method. For the HSBC Bancassurance Agreement, the fee for the exclusive right is amortised over its useful life of 15 years using the straight-line method.

The Company conducts impairment assessment during the year in accordance with its accounting policies in Note 2.6. In the impairment assessment conducted by the Company, 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 remaining tenure of the agreement of 12 years and 6 years respectively, using the discounted cash flow model.

The following key assumptions used in cash flow projections:

Key assumptions	2023	2022
Average annualised gross written premium growth rate	3.0%	1.5%
Discount rate - pre tax	9.3%	9.3%

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

	Note	2023 RM'000	2022 RM'000
Malaysian government securities		2,389,577	2,111,993
Malaysian government guaranteed bonds		550,355	600,498
Unquoted debt securities		1,596,893	1,537,517
Unquoted equity securities		*	*
Unquoted unit trust in Malaysia		1,060,488	1,120,241
Fixed deposits		368,775	12,746
		5,966,088	5,382,995

* Denotes RM4

6.1 The Company's financial investments are summarised by categories as follows:

	2023 RM'000	2022 RM'000
FVTPL	1,060,488	1,120,241
FVOCI	4,905,600	4,262,754
	5,966,088	5,382,995

6. Investments (continued)

6.1 The Company's financial investments are summarised by categories as follows: (continued)

	2023		2022	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
FVTPL				
Unquoted unit trust in Malaysia	1,060,488	1,060,488	1,120,241	1,120,241
Unquoted equity securities	*	*	*	*
	1,060,488	1,060,488	1,120,241	1,120,241
FVOCI				
Malaysian government securities	2,389,577	2,389,577	2,111,993	2,111,993
Malaysian government guaranteed bonds	550,355	550,355	600,498	600,498
Unquoted debt securities	1,596,893	1,596,893	1,537,517	1,537,517
Fixed deposits	368,775	368,775	12,746	12,746
	4,905,600	4,905,600	4,262,754	4,262,754
	5,966,088	5,966,088	5,382,995	5,382,995

* Denotes RM4

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6. Investments (continued)

6.2 The movements in carrying values of the financial investments are as follows:

	FVTPL RM'000	FVOCI RM'000	Total RM'000
At 1 January 2022	1,159,589	4,285,839	5,445,428
Purchases/Placements	13,583	1,079,061	1,092,644
Maturities	-	(999,743)	(999,743)
Disposals	(40,009)	(10,000)	(50,009)
Fair value loss recorded in:			
Profit & loss	(12,423)	-	(12,423)
Other comprehensive income	-	(84,292)	(84,292)
Amortisation of premiums	(4)	(9,626)	(9,630)
Accretion of discounts	2	772	774
Movement in income due and accrued	(497)	743	246
At 31 December 2022/1 January 2023	1,120,241	4,262,754	5,382,995
Purchases	21,074	1,274,383	1,295,457
Maturities	-	(694,580)	(694,580)
Disposals	(100,000)	-	(100,000)
Fair value gain recorded in:			
Profit & loss	19,173	-	19,173
Other comprehensive income	-	62,977	62,977
Amortisation of premiums	-	(9,605)	(9,605)
Accretion of discounts	-	247	247
Movement in income due and accrued	-	9,424	9,424
At 31 December 2023	1,060,488	4,905,600	5,966,088

6. Investments (continued)

6.3 Amount arising from expected credit loss

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

		Stage 1		Total	
		Carrying value RM'000	**Related ECL allowance RM'000**	**Carrying value RM'000**	**Related ECL allowance RM'000**
At 1 January 2022		4,285,841	(1,997)	4,285,841	(1,997)
Transfer between stages	(a)	-	-	-	-
Originated or purchased		1,079,061	(739)	1,079,061	(739)
Matured or sold		(1,009,743)	30	(1,009,743)	30
Remeasurements	(b)	(92,405)	734	(92,405)	734
Total impairment charge for the year	(c)	(23,087)	25	(23,087)	25
At 31 December 2022/1 January 2023		4,262,754	(1,972)	4,262,754	(1,972)
Transfer between stages	(a)	-	-	-	-
Originated or purchased		1,274,383	(820)	1,274,383	(820)
Matured or sold		(694,580)	15	(694,580)	15
Remeasurements	(b)	63,043	736	63,043	736
Total impairment charge for the year	(c)	642,846	(69)	642,846	(69)
At 31 December 2023		4,905,600	(2,041)	4,905,600	(2,041)

6. Investments (continued)

6.3 Amount arising from expected credit loss (continued)

(a) There have been no transfers to Stage 2 or 3 and therefore these are not presented
(b) Includes releases of ECL allowance
(c) There have been no write-offs or recoveries to write-offs during the year. Unwind of discount was immaterial and therefore not separately presented

6. Investments (continued)

6.4 Interest in structured entities

The Company has determined that its investment in unquoted unit trust as disclosed in Note 6 to the financial statements as 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 entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The investee funds are classified as FVTPL and the change in fair value of the investee fund is included in the statement of profit and loss of the Company.

The Company'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 is received during the reporting year from these interests in unconsolidated structured entities.

The Company's exposure to investment in the investee fund is disclosed below:

Fair value through profit or loss investment	**2023 RM'000**	**2022 RM'000**
Unquoted unit trust in Malaysia		
Affin Hwang Income Fund 5*	603,840	572,115

* The Company holds 96% (2022: 96%) of the Affin Hwang Income Fund 5, a wholesale unit trust fund established in Malaysia, and thus has control over the investee fund. The remaining investment of 4% is by virtue of the shareholding through the Company's related entity, Allianz Life Insurance Malaysia Berhad. The Company is exposed to, 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.

Although the Company has control over this wholesale fund, the Company has not consolidated the wholesale fund by applying the exemption under MFRS 127, *Consolidated and Separate Financial Statements* as well as paragraphs 4 and MY4.1 of MFRS 10, *Consolidated Financial Statements*, as the Company's immediate holding company, Allianz Malaysia Berhad, prepares consolidated financial statements in accordance with MFRS in Malaysia.

7. Reinsurance contract assets

		2023				
		Remaining coverage		Incurred claims		
		Excluding loss recovery component	Loss recovery component	Present value of FCF	RA for non-financial risk	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023		(68,462)	18,992	624,719	88,431	663,680
Reinsurance expenses		(279,417)	-	-	-	(279,417)
Incurred claims recovery		-	-	100,944	11,656	112,600
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	(74,258)	(32,689)	(106,947)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	(11,392)	-	-	(11,392)
Net expenses from reinsurance contracts held	17	(279,417)	(11,392)	26,686	(21,033)	(285,156)
Finance income from reinsurance contracts held	20	-	-	15,955	2,656	18,611
Total amounts recognised in comprehensive income		(279,417)	(11,392)	42,641	(18,377)	(266,545)

7. Reinsurance contract assets (continued)

		2023				
		Remaining coverage		Incurred claims		
		Excluding loss recovery component	Loss recovery component	Present value of FCF	RA for non-financial risk	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		267,959	-	-	-	267,959
Recoverable from reinsurance contract held		-	-	(122,831)	-	(122,831)
Total cash flows		267,959	-	(122,831)	-	145,128
As at 31 December 2023		(79,920)	7,600	544,529	70,054	542,263

7. Reinsurance contract assets (continued)

		2022				
		Remaining coverage		Incurred claims		
	Note	Excluding loss recovery component RM'000	Loss recovery component RM'000	Present value of FCF RM'000	RA for non-financial risk RM'000	Total RM'000
As at 1 January 2022		(143,458)	18,568	828,653	129,308	833,071
Reinsurance expenses		(230,976)	-	-	-	(230,976)
Incurred claims recovery		-	-	141,124	15,850	156,974
Changes that relate to past service – changes in the FCF relating to incurred claims recovery		-	-	(120,791)	(57,646)	(178,437)
Income on initial recognition of onerous underlying contracts and reversal of loss-recovery component		-	424	-	-	424
Net expenses from reinsurance contracts held	17	(230,976)	424	20,333	(41,796)	(252,015)
Finance income from reinsurance contracts held	20	-	-	5,226	919	6,145
Total amounts recognised in comprehensive income		(230,976)	424	25,559	(40,877)	(245,870)

7. Reinsurance contract assets (continued)

		2022				
		Remaining coverage		Incurred claims		
		Excluding loss recovery component	Loss recovery component	Present value of FCF	RA for non-financial risk	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid		305,972	-	-	-	305,972
Recoverable from reinsurance contract held		-	-	(229,493)	-	(229,493)
Total cash flows		305,972	-	(229,493)	-	76,479
As at 31 December 2022		(68,462)	18,992	624,719	88,431	663,680

8. Other assets

	Note	2023 RM'000	2022 RM'000
Non-current			
Staff loans - FVOCI			
Mortgage loans		4,084	5,335
Other secured loans		963	1,054
		5,047	6,389
Other receivables - FVOCI			
Other receivables		4,642	4,605
		4,642	4,605
		9,689	10,994
Current			
Staff loans - FVOCI			
Mortgage loans		573	708
Other secured loans		321	321
		894	1,029
Other receivables - FVOCI			
Other receivables		2,511	3,846
Other receivables - AC			
Deposits		3,264	3,309
Other receivables		11,816	14,013
Less : ECL	1.3.4	(893)	(906)
Due from related companies	8.1	4,056	1,023
		18,243	17,439
MMIP *		36,647	40,708
		54,890	58,147
		58,295	63,022
Total other assets		67,984	74,016

* The balance with MMIP as at 31 December 2023 is a net receivable of RM21,493,000 (2022: RM23,160,000) after setting off the amounts receivable from MMIP against the Company's share of MMIP's insurance contract liabilities of RM15,154,000 (2022: RM17,548,000) included in Note 11 to the financial statements.

The carrying amounts of other receivables reasonably approximate their fair values at the end of the reporting year due to the relatively short term nature of these financial instruments.

8. Other assets (continued)

8.1 Amounts due from related companies

The amounts due from related companies are unsecured, interest free and repayable on demand.

9. Share capital

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
	'000	RM'000	'000	RM'000
Ordinary shares issued and fully paid				
At 1 January/31 December	379,168	379,168	379,168	379,168

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

10. Retained earnings and other reserves

10.1 FVOCI reserves

The FVOCI reserve comprised of:

a) The cumulative net change in the fair value of FVOCI financial assets until the investments are derecognised or impaired; and
b) Expected credit loss reserve representing the cumulative net change in expected credit loss.

10.2 Insurance finance reserves

The insurance finance reserves comprise the cumulative insurance finance income and expenses on insurance contracts issued and reinsurance contracts held recognized in OCI as disclosed in Note 20.

10. Retained earnings and other reserves (continued)

10.3 Other reserves

Other reserves comprised of:

a) Revaluation reserve representing the surplus on revaluation of owner occupied properties; and
b) Capital reserve comprising the equity portion of financial instruments issued.

10.4 Retained earnings

Restriction on payment of dividends

Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividends would impair its Capital Adequacy Ratio position to below its internal target.

Pursuant to the FSA 2013, the Company is required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 January 2014.

11. Insurance contract liabilities

11.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

		2023				
		Remaining coverage		Incurred claims		
	Note	Excluding loss component RM'000	Loss component RM'000	Present value of FCF RM'000	RA for non-financial risk RM'000	Total RM'000
As at 1 January 2023		1,170,774	58,173	2,663,566	217,112	4,109,625
Insurance revenue	15	(2,772,793)	-	-	-	(2,772,793)
Insurance service expenses	16	456,721	(35,059)	1,625,587	(17,760)	2,029,489
Incurred claims and other directly attributable expenses		-	-	1,988,090	67,299	2,055,389
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(362,503)	(85,059)	(447,562)
Initial recognition of onerous underlying contracts and reversal of loss component			(35,059)	-	-	(35,059)
Insurance acquisition cash flows amortisation		456,721	-	-	-	456,721
Insurance service result		(2,316,072)	(35,059)	1,625,587	(17,760)	(743,304)
Finance expenses from insurance contracts issued	20	-	-	81,452	6,637	88,089
Total amounts recognised in comprehensive income		(2,316,072)	(35,059)	1,707,039	(11,123)	(655,215)

11. Insurance contract liabilities (continued)

11.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

		2023				
		Remaining coverage		Incurred claims		
	Note	Excluding loss component RM'000	Loss component RM'000	Present value of FCF RM'000	RA for non-financial risk RM'000	Total RM'000
Cash flows						
Premium received		2,943,615	-	-	-	2,943,615
Claims and other directly attributable expenses paid		-	-	(1,631,413)	-	(1,631,413)
Insurance acquisition cash flows		(494,002)	-	-	-	(494,002)
Total cash flows		2,449,613	-	(1,631,413)	-	818,200
As at 31 December 2023		1,304,315	23,114	2,739,192	205,989	4,272,610

11. Insurance contract liabilities (continued)

11.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

		2022				
		Remaining coverage		Incurred claims		
		Excluding loss component	Loss component	Present value of FCF	RA for non-financial risk	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022		1,045,481	69,093	2,844,582	258,798	4,217,954
Insurance revenue	15	(2,566,476)	-	-	-	(2,566,476)
Insurance service expenses	16	418,346	(10,920)	1,504,151	(43,211)	1,868,366
Incurred claims and other directly attributable expenses		-	-	1,928,728	74,306	2,003,034
Changes that relate to past service – changes in the FCF relating to the LIC		-	-	(424,577)	(117,517)	(542,094)
Initial recognition of onerous underlying contracts and reversal of loss component		-	(10,920)	-	-	(10,920)
Insurance acquisition cash flows amortisation		418,346	-	-	-	418,346
Insurance service result		(2,148,130)	(10,920)	1,504,151	(43,211)	(698,110)
Finance expenses from insurance contracts issued	20	-	-	13,477	1,525	15,002
Total amounts recognised in comprehensive income		(2,148,130)	(10,920)	1,517,628	(41,686)	(683,108)

11. Insurance contract liabilities (continued)

11.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

		2022				
		Remaining coverage		Incurred claims		
	Note	Excluding loss component RM'000	Loss component RM'000	Present value of FCF RM'000	RA for non-financial risk RM'000	Total RM'000
Cash flows						
Premium received		2,715,427	-	-	-	2,715,427
Claims and other directly attributable expenses paid		-	-	(1,698,644)	-	(1,698,644)
Insurance acquisition cash flows		(442,004)	-	-	-	(442,004)
Total cash flows		2,273,423	-	(1,698,644)	-	574,779
As at 31 December 2022		1,170,774	58,173	2,663,566	217,112	4,109,625

12. Deferred tax assets/(liabilities)

12.1 Recognised deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment						
- Capital allowance	-	-	(2,505)	(2,647)	(2,505)	(2,647)
- Revaluation reserve	-	-	(3,667)	(3,667)	(3,667)	(3,667)
Intangible assets	-	-	(969)	(788)	(969)	(788)
LRC - Allowance for impairment	5,367	4,484	-	-	5,367	4,484
Other payables and accruals	35,950	31,081	-	-	35,950	31,081
Investments						
- Recognised in profit & loss ("PL")	2,310	6,769	-	-	2,310	6,769
- Recognised in other comprehensive income ("OCI")	-	13,762	(1,352)	-	(1,352)	13,762
Insurance contract liabilities						
- Recognised in PL	-	-	(52,028)	(32,668)	(52,028)	(32,668)
- Recognised in OCI	-	-	(2,074)	(8,097)	(2,074)	(8,097)
Reinsurance contract held						
- Recognised in PL	3,843	1,325	-	-	3,843	1,325
- Recognised in OCI	646	1,853	-	-	646	1,853
Expected credit loss						
- Recognised in PL	709	701	-	-	709	701
- Recognised in OCI		-	(490)	(473)	(490)	(473)
Offset of tax	(48,825)	(48,340)	48,825	48,340	-	-
Net deferred tax assets, Restated	-	11,635	(14,260)	-	(14,260)	11,635

12. Deferred tax assets/(liabilities) (continued)

12.2 Movement in temporary differences during the year

	At 1 January 2022, Restated	Recognised in profit or loss (Note 22.1)	Recognised in other comprehensive income (Note 22.3)	At 31 December 2022/At 1 January 2023, Restated	Recognised in profit or loss (Note 22.1)	Recognised in other comprehensive income (Note 22.3)	At 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment							
- Capital allowance	(1,841)	(806)	-	(2,647)	142	-	(2,505)
- Revaluation reserve	(4,040)	-	373	(3,667)	-	-	(3,667)
Intangible assets	(3,058)	2,270	-	(788)	(181)	-	(969)
LRC - Allowance for impairment	12,035	(7,551)	-	4,484	883	-	5,367
Other payables and accruals	33,989	(2,908)	-	31,081	4,869	-	35,950
Investments							
- Recognised in PL	3,788	2,981	-	6,769	(4,459)	-	2,310
- Recognised in OCI	(6,469)	-	20,231	13,762	-	(15,114)	(1,352)
Insurance contract liabilities							
- Recognised in PL	(23,107)	(9,561)	-	(32,668)	(19,360)	-	(52,028)
- Recognised in OCI	1,947	-	(10,044)	(8,097)	-	6,023	(2,074)
Reinsurance contract held							
- Recognised in PL	2,435	(1,110)	-	1,325	2,518	-	3,843
- Recognised in OCI	(627)	-	2,480	1,853	-	(1,207)	646
Expected credit loss							
- Recognised in PL	703	(2)	-	701	8	-	709
- Recognised in OCI	(479)	-	6	(473)	-	(17)	(490)
	15,276	(16,687)	13,046	11,635	(15,580)	(10,315)	(14,260)

12. Deferred tax assets/(liabilities) (continued)

12.3 Recognised deferred tax assets/(liabilities) are attributable to the following:

	2023 RM'000	2022 RM'000
Deferred tax assets to be recovered:		
- Within 12 months	2,778	2,051
- After 12 months	46,047	57,924
Total deferred tax assets	48,825	59,975
Deferred tax liabilities to be settled:		
- Within 12 months	(32,023)	(25,549)
- After 12 months	(31,062)	(22,791)
Total deferred tax liabilities	(63,085)	(48,340)
Total deferred tax (liabilities)/ assets	(14,260)	11,635

13. Lease liabilities

	2023 RM'000	2022 RM'000
Non-current	10,191	2,421
Current	7,692	13,898
	17,883	16,319

14. Other liabilities

	Note	2023 RM'000	2022 RM'000 Restated
Current			
Due to ultimate holding company	14.1	9,456	1,368
Due to immediate holding company	14.1	5,949	2,714
Other payables		176,295	137,181
Accrued expenses		53,855	56,420
Dividend payable	26	240,013	172,142
		485,568	369,825

The carrying amounts disclosed above reasonably approximate their fair values at the end of the reporting year due to the relatively short term nature of these financial instruments.

14. Other liabilities (continued)

14.1 Amounts due to ultimate/immediate holding company

The amounts due to ultimate/immediate holding company are unsecured, interest free and repayable on demand.

15. Insurance revenue

	Note	2023 RM'000	2022 RM'000
Insurance revenue		2,772,793	2,566,476

16. Insurance service expenses

	Note	2023 RM'000	2022 RM'000
Incurred claims and other directly attributable expenses		2,055,389	2,003,034
Changes that related to past service		(447,562)	(542,094)
Amortisation of insurance acquisition cash flows		456,721	418,346
Losses on onerous contracts		(35,059)	(10,920)
	11.1	2,029,489	1,868,366

17. Net expense from reinsurance contracts held

	Note	2023 RM'000	2022 RM'000
Net reinsurance expense from contracts measured under the PAA		(279,417)	(230,976)
Loss recovery component		(11,392)	424
Incurred claims recovery		112,600	156,974
Changes that related to past service		(106,947)	(178,437)
		(285,156)	(252,015)

18. Investment income

18.1. Investment

	Note	2023 RM'000	2022 RM'000
Interest revenue from investments not measured at FVTPL			
- Interest income		181,143	161,663
Interest income on investments not measured at FVTPL		181,143	161,663
Net credit impairment loss on investments		(46)	(1)
Net investment income not measured at FVTPL		181,097	161,662
Net gains on FVTPL investments			
- Interest income		-	1,261
- Fair value gains/(losses)		19,173	(12,421)
Net gain on FVTPL investment		19,173	(11,160)
Dividend income measured at FVTPL		37,429	28,529
Dividend income		37,429	28,529
Total net investment income		237,699	179,031

18. Investment income (continued)

18.2. Net investment income for each class of financial instrument

	Note	2023 RM'000	2022 RM'000
Malaysian government securities		77,770	68,839
Malaysian government guaranteed bonds		22,264	25,595
Unquoted bonds of corporations in Malaysia		63,202	58,692
Fixed and call deposits with licensed financial institutions		17,907	8,537
Interest income on investments not measured at FVTPL		181,143	161,663
Unquoted bonds of corporations in Malaysia		-	611
Unquoted unit trust in Malaysia		19,173	(11,771)
Net gains on FVTPL investments		19,173	(11,160)
Malaysian government securities		(94)	(16)
Malaysian government guaranteed bonds		36	(5)
Unquoted bonds of corporations in Malaysia		50	27
Fixed and call deposits with licensed financial institutions		(60)	19
Other investments		22	(26)
Net credit impairment loss on investments		(46)	(1)
Dividend income measured at FVTPL		37,429	28,529
Dividend income		37,429	28,529
Total interest revenue and investment income		237,699	179,031

19. Net gains on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal

	2023 RM'000	2022 RM'000
Realised gains:		
Corporate bonds	-	355

20. Insurance finance expenses

	Note	2023 RM'000	2022 RM'000
Finance expenses from insurance contracts issued			
Interest accreted		62,995	56,850
Effect of changes in interest rates and other financial assumptions		25,094	(41,848)
	11.1	88,089	15,002
Finance income from reinsurance contracts held			
Interest accreted		(13,473)	(16,028)
Effect of changes in interest rates and other financial assumptions		(5,028)	10,334
Changes in risk of non-performance reinsurer		(110)	(451)
	7	(18,611)	(6,145)
Net insurance finance expense		69,478	8,857
Represented by:			
Amount recognized in profit and loss		49,412	40,371
Amount recognized in OCI		20,066	(31,514)
		69,478	8,857

21. Expenses by nature

2023	Note	Expenses attributed to insurance acquisition cash flows* RM'000	Other direct attributable expenses RM'000	Other operating expenses RM'000	Total RM'000
Employee benefit expenses	21.1	61,083	115,034	37,880	213,997
Executive directors' emoluments		-	-	2,368	2,368
Non-executive directors' emoluments	21.2	-	-	561	561
Auditors' remuneration:					
- Statutory audit fees		-	627	27	654
- Other audit related fees		-	827	35	862
Depreciation of property, plant and equipment	3	407	9,426	275	10,108
Depreciation of right-of-use	4	-	16,881	64	16,945
Amortisation of intangible assets	5	-	9,300	7,384	16,684
Advertising expenses		737	4,536	9,969	15,242
Bank charges		1	36	3	40
Short-term leases		10	105	377	492
Claims expenses		-	17,231	-	17,231
Other expenses		94,978	46,903	11,509	153,390
Commissions		336,783	39,000	-	375,783
		493,999	259,906	70,452	824,357

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition.

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21. Expenses by nature (continued)

2022	Note	Expenses attributed to insurance acquisition cash flows * RM’000	Other direct attributable expenses RM’000	Other operating expenses RM’000	Total RM’000
Employee benefit expenses	21.1	58,954	106,289	34,449	199,692
Executive directors' emoluments		-	-	1,827	1,827
Non-executive directors' emoluments	21.2	-	-	614	614
Auditors' remuneration:					
- Statutory audit fees		-	414	18	432
- Other audit related fees		-	376	16	392
Depreciation of property, plant and equipment	3	3,210	6,369	449	10,028
Depreciation of right-of-use	4		13,569	3,577	17,146
Amortisation of intangible assets	5	-	9,594	7,013	16,607
Advertising expenses		925	4,507	9,746	15,178
Bank charges		1	34	2	37
Short-term leases		12	125	420	557
Claims expenses		-	14,513	-	14,513
Other expenses		70,397	48,235	13,218	131,850
Commissions		308,505	42,000	-	350,505
		442,004	246,025	71,349	759,378

* Expenses attributed to insurance acquisition cash flows excluded capitalisation and amortisation of insurance acquisition.

21. Expenses by nature (continued)

The following breakdown present the reconciliation of directly attributable expenses and non-directly attributable expenses:

	Note	2023 RM'000	2022 RM'000
Directly attributable expenses:			
Management expenses		259,906	246,025
Insurance acquisition cash flows		493,999	442,004
Non-directly attributable expenses:			
Management expenses			
Investment expenses		1,641	1,770
Other operating expenses		62,049	61,236
Other operating expenses		6,762	8,343
		824,357	759,378

21.1 Employee benefit expenses

	Note	2023 RM'000	2022 RM'000
Wages and salaries		118,131	114,462
Bonus		70,034	60,904
Social security contributions		1,338	1,559
Contribution to Employees' Provident Fund		23,353	22,121
Other benefits		1,141	646
	21	213,997	199,692

21. Expenses by nature (continued)

21.2 Key management personnel compensation

	Note	2023 RM'000	2022 RM'000
Executive director/ Chief Executive Officer**:			
Salaries		1,263	1,148
Bonus		831	446
Other emoluments		274	233
Estimated monetary value of benefits-in-kind		46	39
		2,414	1,866
Non-executive directors:			
Fees		360	407
Other emoluments		201	207
Estimated monetary value of benefits-in-kind		3	5
		564	619
Other key management personnel* :			
Short-term employee benefits		6,523	5,323
		9,498	7,808

* Other key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

** The remuneration of CEO of the Company who is also the Executive Director of the Company, including benefits-in-kind, amounted to RM2,414,000 (2022: RM1,866,000).

The details of remuneration received by the Chief Executive Officer during the year are as follows:

	Note	2023 RM'000	2022 RM'000
Salaries and other emoluments		1,536	1,381
Bonus		832	446
Estimated monetary value of benefits-in-kind		46	39
		2,414	1,866
Amount included in employee benefit expenses		2,368	1,827

21. Expenses by nature (continued)

21.2 Key management personnel compensation (continued)

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors are as follows:

2023	Fees RM'000	Salaries RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director/Chief Executive Officer						
- Wang Wee Keong	-	1,263	832	273	46	2,414
Non-Executive Directors of the Company						
- Dr Muhammed Abdul Khalid	120	-	-	165	3	288
- Lim Tuang Ooi	120	-	-	18	-	138
- Wee Lay Hua	120	-	-	18	-	138
	360	-	-	201	3	564
Total Directors' Remuneration of the Company (including benefits-in-kind)	360	1,263	832	474	49	2,978

21. Expenses by nature (continued)

21.2 Key management personnel compensation (continued)

2022	Fees RM'000	Salaries RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director/Chief Executive Officer						
- Wang Wee Keong	-	1,148	446	233	39	1,866
Non-Executive Directors of the Company						
- Dr Muhammed Abdul Khalid	120	-	-	95	-	215
- Lim Tuang Ooi	120	-	-	18	-	138
- Wee Lay Hua	90	-	-	12	-	102
- Tan Sri Datuk (Dr.) Rafiah Binti Salim	57	-	-	79	5	141
- Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	20	-	-	3	-	23
	407	-	-	207	5	619
Total Directors' Remuneration of the Company (including benefits-in-kind)	407	1,148	446	440	44	2,485

*Fees (and other emoluments) for their roles as members of the Board Committees.

22. Tax expense

22.1 Recognised in profit or loss

	Note	2023 RM'000	2022 RM'000
Current tax expense			
Current year		122,196	150,217
Under provision in prior year		320	800
		122,516	151,017
Deferred tax expense / (income)			
Origination and reversal of temporary differences		17,784	16,504
(Over) / under provision in prior year		(2,204)	183
	12.2	15,580	16,687
Tax expense		138,096	167,704

22.2 Reconciliation of tax expense

	Note	2023 RM'000	2022 RM'000
Profit before tax		577,025	514,958
Tax at Malaysian tax rate of 24% (2022: 24%)		138,486	123,590
Non-deductible expenses		10,251	15,866
Non-taxable income		(8,756)	(7,158)
Difference in tax rate due to Cukai Makmur		-	34,423
		139,981	166,721
(Over) / under provision in prior year		(1,885)	983
Tax expense		138,096	167,704

22. Tax expense (continued)

22.3 Income tax recognised directly in other comprehensive income

	Note	2023 RM'000	2022 RM'000
Tax effects on FVOCI reserves			
At 1 January		13,289	(6,948)
Net change during the year	12.2	(15,131)	20,237
At 31 December		(1,842)	13,289
Tax effects on Asset Revaluation reserve			
At 1 January		(3,667)	(4,040)
Net gain arising from change in fair value	12.2	-	373
At 31 December		(3,667)	(3,667)
Tax effects on Insurance Finance income/(expenses)			
At 1 January		(6,244)	1,320
Net change during the year	12.2	4,816	(7,564)
At 31 December		(1,428)	(6,244)

23. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholder and a weighted average number of ordinary shares outstanding during the year calculated as follows:

	2023 RM'000	2022 RM'000
Profit for the year attributable to ordinary shareholder	438,929	347,254
Weighted average number of ordinary shares during the year	379,168	379,168
Basic earnings per ordinary share	115.8	91.6

23. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares as at the end of the reporting year.

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

24. Dividends

Dividend declared in each financial year by the Company as appropriation of profits is as follows:

	Sen per share (single tier)	Total amount RM'000	Date of payment
2023			
Interim 2023 ordinary	63.3	240,013	18 January 2024
2022			
Interim 2022 ordinary	45.4	172,142	11 January 2023
Final 2022 ordinary	28.5	108,063	8 June 2023

25. Capital expenditure commitments

	2023 RM'000	2022 RM'000
Property, plant and equipment		
Contracted but not provided for	1,751	1,006
Software development		
Contracted but not provided for	1,120	3,724

26. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related Parties	Relationship
Allianz SE, Munich	Ultimate holding company
Allianz Malaysia Berhad	Holding company
Allianz Life Insurance Malaysia Berhad	Related company
Allianz Technology SE	Related company
Allianz Investment Management SE	Related company
Allianz Investment Management Singapore Pte Ltd	Related company
Euler Hermes Singapore Services Pte Ltd	Related company
Euler Hermes Deutschland AG, Singapore branch	Related company
PT Asuransi Allianz Utama Indonesia Ltd	Related company
Allianz SE General Reinsurance Branch Labuan	Related company
Allianz Global Corporate & Specialty SE Hong Kong Branch	Related company
Allianz Global Corporate & Specialty SE	Related company
AWP Services Sdn Bhd	Related company
Rapidpro Consulting Sdn Bhd	Related company - Company connected to Director
Allianz Beratungs- Und Vertriebs-AG	Related company
Allianz Risk Consulting LLC	Related company
Allianz SE Reinsurance Branch Asia Pacific	Related company
Allianz Technology Sdn Bhd	Related 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 Company either directly or indirectly. The key management personnel include all the Directors of the Company and certain members of senior management of the Company. Compensation of key management personnel have been disclosed in Note 21.2. Apart from this, there are no other transactions with key management personnel.

26. Related parties (continued)

Identity of related parties (continued)

The significant related party transactions of the Company are as follows:

	Amount transacted for the year ended 31 December 2023 RM'000	Amount transacted for the year ended 31 December 2022 RM'000
Non-trade		
Ultimate holding company		
Payment of global marketing costs	(2,871)	(3,005)
Payment of training and other fees	-	(63)
Payment of software license fees	(43)	(43)
Payment of global mobility service fees	(177)	(368)
Payment / accrual for business building and regional investment	(8,088)	(1,596)
Payment of global technical support fees	(3,416)	(6,670)
Payment of equity incentive	-	(870)
Payment of Employee Share Purchase Plan	(1,784)	(1,009)
Reimbursement of expenses made on behalf	1,610	979
Payment of legal advisory fees	(17)	-
Immediate holding company		
Payment of expenses related to common resources	(17,240)	(16,569)
Receipt of rental of office premises	641	539
Payment of expenses made on behalf	(522)	(499)
Related companies*		
Payment of expenses related to common resources	(1,892)	(2,669)
Reimbursement of expenses made on behalf	2,592	3,427
Receipt of rental of office premises	4,129	3,371
Payment for insurance premium	(537)	(525)
Payment of investment advisory fees	(1,057)	(955)
Payment of service fees	(690)	(1,035)
Payment of software license fees	(15,575)	(8,541)
Payment of global mobility service fees	(55)	(325)
Payment of information and technology services	(5,079)	-

26. Related parties (continued)

Identity of related parties (continued)

	Amount transacted for the year ended 31 December 2023 RM'000	Amount transacted for the year ended 31 December 2022 RM'000
Related party – Company connected with Director		
Payment of training and other fees	(747)	(1,387)
Trade		
Related companies*		
Reinsurance premiums ceded	(222,028)	(184,843)
Reinsurance commission income	15,043	15,217

* Related companies are companies within the Allianz SE group.

Related party transactions have been entered into the normal course of business under normal trade term.

Significant related party balances related to the above transactions are disclosed in Notes 8, and 14.

27. Risk management framework

As a provider of insurance services, the Company considers risk management to be one of its core competencies. It is an integral part of the Company's business process. In order to protect its assets, the Company 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 identified, analysed and evaluated. Risk appetite is defined by the Company's risk strategy and limit structure. Close monitoring and reporting allows the Company to detect deviations from its risk tolerance limits at an early stage.

The Allianz risk management framework covers the following four primary components:

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.

27. Risk management framework (continued)

Risk reporting and monitoring

The Company'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 the delegated limits and authorities.

Risk strategy and risk appetite

The Company'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 Company's overall risk bearing capacity. The risk-return profile is improved through integration of risk considerations and capital needs into management and decision making process. This also keeps risk strategy and business objectives consistent with each other and allows the Company to take opportunities within its risk appetite.

Communication and transparency

Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to the Company's internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

Risk governance structure

The Board assumes the ultimate responsibility over the effectiveness of the Company'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 Company. RMC also oversees the Senior Management's activities in managing the key risk areas of the Company and to ensure that risk management process is in place and functioning effectively. The RMC is responsible for driving the risk management framework of Allianz Malaysia Berhad Group of companies ("AMB 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 AMB 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 recommendations 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 Company and provides pre-emptive recommendations to ensure timely action is taken in managing and mitigating the identified risks.

27. Risk management framework (continued)

Governance and regulatory framework

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

The Company 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 law or regulations have priority while the stricter will apply where possible.

28. Insurance risk

The board of directors sets the Company's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared and reviewed by the Company's chief underwriting officer. The board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Company seeks to minimise underwriting risks through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised underwriting guidelines, limits and standards.

The insurance risk of LRC and LIC consists of premium and reserve risks. Premium risk represents the risk of loss because of an unexpected high loss volume resulting in an insufficient coverage of premiums. Reserve risks represent the risk of loss resulting from deviations between payments for incurred losses that have not yet been settled and the reserves set up to cover these payments, or the use of an insufficient basis for the calculation of reserves.

The table below sets out the concentration of the general insurance risk based on the LIC (before impairment of reinsurance contract held) as at the end of the reporting period. The portfolios are aggregated for internal monitoring purposes as below:

28. Insurance risk (continued)

	2023			2022		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Fire	378,507	(119,946)	258,561	377,889	(161,918)	215,971
Motor	1,790,567	(85,730)	1,704,837	1,708,612	(97,879)	1,610,733
Marine, aviation, cargo and transit	62,544	(31,044)	31,500	89,061	(55,146)	33,915
Miscellaneous	713,563	(308,250)	405,313	705,116	(316,498)	388,618
Total	2,945,181	(544,970)	2,400,211	2,880,678	(631,441)	2,249,237

Key assumptions

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

Sensitivities

Analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process in respect of its insurance contracts. The table presented below demonstrates the sensitivity of the insurance contract liabilities estimates to particular movements in assumptions used in the estimation process.

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

28. Insurance risk (continued)

Sensitivities (continued)

	Change in assumptions	Impact on Gross Liabilities for Incurred Claims	Impact on Net Liabilities for Incurred Claims	Impact on Profit after Tax	Impact on Equity after tax
		RM'000	RM'000	RM'000	RM'000
31 December 2023					
Average claim cost	+10%	303,683	252,661	(192,501)	(193,023)
Average number of claims	+10%	395,333	305,118	(232,427)	(231,890)
31 December 2022					
Average claim cost	+10%	299,130	236,107	(181,526)	(179,441)
Average number of claims	+10%	317,424	279,183	(214,640)	(212,179)

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

Claims development table

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

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the Company believes that the estimate of total claims outstanding as of 31 December 2023 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

28. Insurance risk (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2023:

Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	1,773,004	
One year later	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	1,601,371	-	
Two years later	1,352,452	1,362,861	1,372,723	1,407,591	1,243,949	1,515,767	-	-	
Three years later	1,325,371	1,336,934	1,347,544	1,390,544	1,221,463	-	-	-	
Four years later	1,254,542	1,324,758	1,322,821	1,367,014	-	-	-	-	
Five years later	1,244,392	1,312,706	1,314,965	-	-	-	-	-	
Six years later	1,206,793	1,283,180	-	-	-	-	-	-	
Seven years later	1,190,311	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,176,323)	(1,232,434)	(1,169,745)	(1,132,249)	(987,820)	(1,082,813)	(971,541)	(720,991)	(8,473,916)
Gross claims liabilities (Direct & Fac) – accident years from 2016 to 2023	13,988	50,746	145,220	234,765	233,643	432,954	629,830	1,052,013	2,793,159
Gross claims liabilities (Direct & Fac) – prior accident years									37,484

28. Insurance risk (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2023: (continued)

Accident year	2016 RM’000	2017 RM’000	2018 RM’000	2019 RM’000	2020 RM’000	2021 RM’000	2022 RM’000	2023 RM’000	Total RM’000
Gross claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)									19,078
Claims handling expenses									28,742
Effect of discounting									(139,272)
Effect of the risk adjustment margin for non-financial risk									205,990
Gross LIC for the contracts originated									2,945,181

28. Insurance risk (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2022:

Accident year	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year	1,349,116	1,430,684	1,471,640	1,465,757	1,509,464	1,429,139	1,738,148	1,717,578	
One year later	1,278,469	1,368,219	1,406,527	1,380,596	1,453,938	1,283,734	1,571,530	-	
Two years later	1,256,084	1,352,452	1,362,861	1,372,723	1,407,591	1,243,949	-	-	
Three years later	1,235,679	1,325,371	1,336,934	1,347,544	1,390,544	-	-	-	
Four years later	1,224,698	1,254,542	1,324,758	1,322,821	-	-	-	-	
Five years later	1,203,126	1,244,392	1,312,706	-	-	-	-	-	
Six years later	1,192,204	1,206,793	-	-	-	-	-	-	
Seven years later	1,154,938	-	-	-	-	-	-	-	
Cumulative gross claims paid (Direct & Fac)	(1,113,214)	(1,167,878)	(1,222,617)	(1,140,348)	(1,082,575)	(912,325)	(891,860)	(693,688)	(8,224,505)
Gross claims liabilities (Direct & Fac) – accident years from 2015 to 2022	41,724	38,915	90,089	182,473	307,969	331,624	679,670	1,023,890	2,696,354
Gross claims liabilities (Direct & Fac) – prior accident years									51,571

28. Insurance risk (continued)

Claims development table (continued)

Gross liabilities for incurred claims as at 31 December 2022: (continued)

Accident year	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**Total RM'000**
Gross claims liabilities (treaty inwards, MNRB, Business outside Malaysia, MMIP and other adjustments)									25,458
Claims handling expenses									26,567
Effect of discounting									(136,384)
Effect of the risk adjustment margin for non-financial risk									217,112
Gross LIC for the contracts originated									2,880,678

28. Insurance risk (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2023:

Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	1,668,776	
One year later	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	1,469,686	-	
Two years later	1,097,165	1,198,917	1,224,761	1,244,906	1,140,917	1,176,668	-	-	
Three years later	1,075,612	1,173,951	1,208,500	1,237,143	1,126,967	-	-	-	
Four years later	1,069,385	1,167,124	1,196,597	1,214,741	-	-	-	-	
Five years later	1,058,880	1,147,704	1,190,577	-	-	-	-	-	
Six years later	1,029,928	1,121,989	-	-	-	-	-	-	
Seven years later	1,025,447	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(1,014,609)	(1,080,536)	(1,089,712)	(1,061,873)	(930,070)	(875,278)	(932,405)	(693,012)	(7,677,495)
Net claims liabilities (Direct & Fac) – accident years from 2016 to 2023	10,838	41,453	100,865	152,868	196,897	301,390	537,281	975,764	2,317,356
Net claims liabilities (Direct & Fac) – prior accident years									17,364

28. Insurance risk (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2023: (continued)

Accident year	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									17,128
Claims handling expenses									28,742
Effect of discounting									(116,963)
Effect of the risk adjustment margin for non-financial risk									135,936
Effect of non-performance risk of reinsurers									648
Net LIC for the contracts originated									2,400,211

28. Insurance risk (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2022:

Accident year	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year	1,101,455	1,200,101	1,279,931	1,316,381	1,288,646	1,275,378	1,378,058	1,606,710	
One year later	1,073,872	1,123,821	1,228,773	1,250,031	1,262,739	1,163,249	1,427,263	-	
Two years later	1,049,986	1,097,165	1,198,917	1,224,761	1,244,906	1,140,917	-	-	
Three years later	1,021,432	1,075,612	1,173,951	1,208,500	1,237,143	-	-	-	
Four years later	1,014,846	1,069,385	1,167,124	1,196,597	-	-	-	-	
Five years later	1,003,396	1,058,880	1,147,704	-	-	-	-	-	
Six years later	994,467	1,029,928	-	-	-	-	-	-	
Seven years later	968,019	-	-	-	-	-	-	-	
Cumulative net claims paid (Direct & Fac)	(951,769)	(1,007,421)	(1,071,913)	(1,066,274)	(1,017,622)	(858,851)	(843,445)	(649,947)	(7,467,242)
Net claims liabilities (Direct & Fac) – accident years from 2015 to 2022	16,250	22,507	75,791	130,323	219,521	282,066	583,818	956,763	2,287,039
Net claims liabilities (Direct & Fac) – prior accident years									17,391

28. Insurance risk (continued)

Claims development table (continued)

Net liabilities for incurred claims as at 31 December 2022: (continued)

Accident year	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Net claims liabilities (treaty inwards, MNRB, business outside Malaysia, MMIP and other adjustments)									(101,720)
Claims handling expenses									26,567
Effect of discounting									(109,479)
Effect of the risk adjustment margin for non-financial risk									128,681
Effect of non-performance risk of reinsurers									758
Net LIC for the contracts originated									2,249,237

29. Financial risks

Exposure to credit, liquidity, market (currency risk, interest rate risk, equity price risk) and operational risks arises in the normal course of the Company's business. The Company is guided by its risk management framework as well as policies and guidelines from the ultimate holding company, Allianz SE which sets out its general risk management philosophy. Through financial risk management, business strategies are evaluated to ensure their appropriateness to the strategic, operational and financial risks tolerance.

29.1 Credit risk

Credit risk involves the potential losses that may result from the default of counterparties to meet their contractual obligations. The Company is exposed to credit risk from the underwriting of general insurance business and investment in fixed income instruments. Financial losses may materialise when the counterparties failed to meet payment obligations for various reasons.

The Company has policies in place to mitigate the credit risk from underwriting of insurance business and it is monitored on an ongoing basis. Reinsurance is prioritised to local insurers or reinsurers, and if the Company has to place overseas, only counterparties with a credit rating that is acceptable based on Allianz Guideline for Reinsurance Security are used.

The Company'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 Investment Committee on quarterly basis.

29. Financial risks (continued)

29.1 Credit risk (continued)

29.1.1 Credit exposure

The tables below provide information regarding the credit risk exposure of the Company by classifying financial assets according to the Company's credit ratings of counterparties.

	Investment grade RM'000	Non-investment grade RM'000	Non-rated RM'000	Total RM'000
31 December 2023				
Amortised cost				
Other assets *	-	-	18,243	18,243
Cash and cash equivalents	464,254	-	72	464,326
Other assets - FVOCI	-	-	13,094	13,094
Investments - FVTPL				
Unquoted unit trust in Malaysia	-	-	1,060,488	1,060,488
Investments - FVOCI				
Malaysian government securities	-	-	2,389,577	2,389,577
Malaysian government guaranteed bonds	-	-	550,355	550,355
Unquoted debt securities	1,593,140	-	3,753	1,596,893
Fixed deposits	368,775	-	-	368,775
Reinsurance contract assets	350,729		191,534	542,263
	2,776,898	-	4,227,116	7,004,014

*Excluding balance with MMIP

29. Financial risks (continued)

29.1 Credit risk (continued)

29.1.1 Credit exposure (continued)

	Investment grade RM'000	Non-investment grade RM'000	Non-rated RM'000	Total RM'000
31 December 2022				
Amortised cost				
Other assets *	-	-	17,439	17,439
Cash and cash equivalents	527,801	-	39	527,840
Other assets - FVOCI	-	-	15,869	15,869
Investments - FVTPL				
Unquoted unit trust in Malaysia	-	-	1,120,241	1,120,241
Investments - FVOCI				
Malaysian government securities	-	-	2,111,993	2,111,993
Malaysian government guaranteed bonds	-	-	600,498	600,498
Unquoted debt securities	1,533,765	-	3,752	1,537,517
Fixed deposits	12,746	-	-	12,746
Reinsurance contract assets	445,801	-	217,879	663,680
	2,520,113	-	4,087,710	6,607,823

*Excluding balance with MMIP

29. Financial risks (continued)

29.1 Credit risk (continued)

29.1.1 Credit exposure (continued)

The tables below provide information regarding the credit risk exposure of the Company by classifying financial assets according to 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 speculative grade.

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Total RM'000
31 December 2023							
Amortised cost							
Other assets *	-	-	-	-	-	18,243	18,243
Cash and cash equivalents	356,787	107,425	42	-	-	72	464,326
Other assets - FVOCI	-	-	-	-	-	13,094	13,094
Investments - FVTPL							
Unquoted unit trust in Malaysia	-	-	-	-	-	1,060,488	1,060,488
Investments - FVOCI							
Malaysian government securities	-	-	-	-	-	2,389,577	2,389,577
Malaysian government guaranteed bonds	-	-	-	-	-	550,355	550,355
Unquoted debt securities	942,970	650,170	-	-	-	3,753	1,596,893
Fixed deposits	237,646	131,129	-	-	-	-	368,775
Reinsurance contract assets	-	313,550	37,099	78	2	191,534	542,263
	1,537,403	1,202,274	37,141	78	2	4,227,116	7,004,014

*Excluding balance with MMIP

29. Financial risks (continued)

29.1 Credit risk (continued)

29.1.1 Credit exposure (continued)

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Total RM'000
31 December 2022							
Amortised cost							
Other assets *	-	-	-	-	-	17,439	17,439
Cash and cash equivalents	323,414	204,198	189	-	-	39	527,840
Other assets - FVOCI	-	-	-	-	-	15,869	15,869
Investments - FVTPL							
Unquoted unit trust in Malaysia	-	-	-	-	-	1,120,241	1,120,241
Investments - FVOCI							
Malaysian government securities	-	-	-	-	-	2,111,993	2,111,993
Malaysian government guaranteed bonds	-	-	-	-	-	600,498	600,498
Unquoted debt securities	860,561	673,204	-	-	-	3,752	1,537,517
Fixed deposits	12,746	-	-	-	-	-	12,746
Reinsurance contract assets	-	400,106	45,550	143	2	217,879	663,680
	1,196,721	1,277,508	45,739	143	2	4,087,710	6,607,823

*Excluding balance with MMIP

29. Financial risks (continued)

29.1 Credit risk (continued)

29.1.1 Credit exposure (continued)

The tables below provide information regarding the credit risk exposure of the Company according to the Company's categorisation of counterparties by credit rating.

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Total RM'000
31 December 2023							
Investment grade	1,537,403	1,202,274	37,141	78	2	-	2,776,898
Non-investment grade	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	4,227,116	4,227,116
	1,537,403	1,202,274	37,141	78	2	4,227,116	7,004,014

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB and below RM'000	Non-rated RM'000	Total RM'000
31 December 2022							
Investment grade	1,196,721	1,277,508	45,739	143	2	-	2,520,113
Non-investment grade	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	4,087,710	4,087,710
	1,196,721	1,277,508	45,739	143	2	4,087,710	6,607,823

29. Financial risks (continued)

29.2 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 Company, refinancing is only possible at higher interest rates or assets may have to be liquidated at a discount.

Besides monitoring the liquidity position of the Company on a daily basis, the investment strategies particularly focus on the quality of investments and ensure a significant portion of liquid assets in the portfolio. Some other tools used by the Company include ensuring that its assets and liabilities are adequately matched and drawing down of funds to meet claims payment should the claims event exceed a certain amount as provided for in the reinsurance contracts.

29.2.1 Maturity profiles

The tables below summarise the maturity profile of the financial assets of the Company at the end of the reporting year based on remaining undiscounted contractual cash flows, including interest receivable:

29. Financial risks (continued)

29.2 Liquidity risk (continued)

29.2.1 Maturity profiles (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
31 December 2023									
Cash and cash equivalents	464,326	464,326	-	-	-	-	-	-	464,326
Malaysian government securities	2,389,577	187,317	374,901	418,963	273,809	408,924	725,663	-	2,389,577
Malaysian government guaranteed bonds	550,355	70,865	56,093	55,385	24,631	135,150	208,231	-	550,355
Unquoted debt securities	1,596,893	236,520	340,187	335,617	179,252	166,786	338,531	-	1,596,893
Unquoted unit trust in Malaysia	1,060,488	-	-	-	-	-	-	1,060,488	1,060,488
Fixed deposits	368,775	368,775	-	-	-	-	-	-	368,775
Reinsurance contract assets	542,263	365,631	85,568	58,393	19,720	10,275	2,676	-	542,263
Other assets *	31,337	21,648	2,812	2,236	1,554	906	2,181	-	31,337
Total financial assets	7,004,014	1,715,082	859,561	870,594	498,966	722,041	1,277,282	1,060,488	7,004,014

*Excluding balance with MMIP

29. Financial risks (continued)

29.2 Liquidity risk (continued)

29.2.1 Maturity profiles (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
31 December 2022									
Cash and cash equivalents	527,840	527,840	-	-	-	-	-	-	527,840
Malaysian government securities	2,111,993	293,511	187,356	374,142	313,578	250,700	692,706	-	2,111,993
Malaysian government guaranteed bonds	600,498	60,557	71,130	55,991	54,563	24,083	334,174	-	600,498
Unquoted debt securities	1,537,517	221,090	280,673	338,017	211,303	145,218	341,216	-	1,537,517
Unquoted unit trust in Malaysia	1,120,241	-	-	-	-	-	-	1,120,241	1,120,241
Fixed deposits	12,746	12,746	-	-	-	-	-	-	12,746
Reinsurance contract assets	663,680	456,990	107,186	56,169	27,361	11,241	4,733	-	663,680
Other assets*	33,308	22,314	2,972	2,356	1,785	1,012	2,869	-	33,308
Total financial assets	6,607,823	1,595,048	649,317	826,675	608,590	432,254	1,375,698	1,120,241	6,607,823

*Excluding balance with MMIP

29. Financial risks (continued)

29.2 Liquidity risk (continued)

29.2.1 Maturity profiles (continued)

The tables below summarise the maturity profile of the financial liabilities of the Company at the end of the reporting year based on remaining undiscounted contractual obligations, including interest/profit payable.

For LIC, maturity profiles are determined based on estimated timing of net cash outflows of the present value of FCF from the recognised insurance contract liabilities.

	Carrying value RM'000	Up to a year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
31 December 2023									
Insurance contract liabilities	4,272,610	3,070,672	647,240	318,442	141,079	65,189	29,988	-	4,272,610
Lease liabilities	17,883	8,263	6,984	3,669	-	-	-	-	18,916
Other liabilities	485,568	485,568	-	-	-	-	-	-	485,568
Total financial liabilities	4,776,061	3,564,503	654,224	322,111	141,079	65,189	29,988	-	4,777,094

29. Financial risks (continued)

29.2 Liquidity risk (continued)

29.2.1 Maturity profiles (continued)

	Carrying value RM'000	Up to a year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
31 December 2022									
Insurance contract liabilities	4,109,625	3,034,434	602,885	267,677	125,031	53,574	26,024	-	4,109,625
Lease liabilities	16,319	14,621	1,505	518	-	-	-	-	16,644
Other liabilities	369,825	369,825	-	-	-	-	-	-	369,825
Total financial liabilities	4,495,769	3,418,880	604,390	268,195	125,031	53,574	26,024	-	4,496,094

29. Financial risks (continued)

29.3 Market risk

Market risk is the risk of loss arising from changes in market prices or parameters influencing market prices. This includes changes in market prices due to a 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 Company;
- The Investment Policy and Mandate which formulated the single counterparty limits, group limits and sector limits are in place. Compliance to such limits is monitored closely and reported to RMWC, RMC and Investment Committee on a quarterly basis;
- Stress tests are performed as and when needed;
- Stop loss policy is in place.

29.3.1 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia ("RM"). As the Company's business is conducted primarily in Malaysia, the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act, 2013 and hence, primarily denominated in the same currency 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 Company'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 Company has no significant concentration of foreign currency risk.

29. Financial risks (continued)

29.3 Market risk (continued)

29.3.2 Interest rate risk

The Company is affected by changes in market interest rates which will impact the fair value of FVOCI financial instruments, insurance contract liabilities and reinsurance contract assets. When the interest rates increase, the Company will incur an economic loss mainly due to FVOCI financial instruments, and offset slightly by the additional discounting impact on insurance contract liabilities.

Interest rate sensitivity analysis

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit after tax and equity.

	Change in variables	Impact on Profit after Tax	Impact on Equity after tax
31 December 2023		**RM'000**	**RM'000**
Interest rate	+ 100 basis points	995	(93,339)
Interest rate	+ 50 basis points	496	(46,632)
Interest rate	- 100 basis points	(1,423)	92,598
Interest rate	- 50 basis points	(518)	46,532
31 December 2022			
Interest rate	+ 100 basis points	6,527	(86,277)
Interest rate	+ 50 basis points	3,313	(43,057)
Interest rate	- 100 basis points	(6,626)	85,922
Interest rate	- 50 basis points	(3,203)	43,104

It should be noted that movements in these variables are non-linear.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

29. Financial risks (continued)

29.3 Market risk (continued)

29.3.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to changes in market prices (other than those arising from changes in interest rates or foreign exchange rates), whether those changes are caused by factors specific to individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

The Company's equity price risk policy requires it to prioritise capital preservation besides setting limits on overall portfolio, single security and sector holdings. The Company complies with BNM stipulated limits during the financial year and has no significant concentration of equity price risk.

29.4 Operational risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Company's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

Relevant operational risks and control weaknesses are identified and evaluated via a structured self-assessment. Besides, operational risk events are collected so that significant losses can be used to analyse and provide measures aimed at avoiding or reducing future losses.

The Company puts in place the following controls to monitor and mitigate such risk:

- Effective segregation of duties;
- Access controls, authorisation and reconciliation procedures;
- Automation of processes where possible;
- Staff training; and
- Evaluation procedures such as internal audit.

29. Financial risks (continued)

29.5 Fair value of financial instruments

The basis of estimation of fair values for financial instruments is as follows:

(a) The fair values of structured deposits and negotiable instruments of deposit are based on the indicative market prices from the issuing banks.

(b) The fair values of Malaysian government securities, Malaysian government guaranteed bonds and unquoted debt securities are based on the fair values provided by the Company's custodian bank.

(c) The fair values of unquoted unit trust in Malaysia are based on the net asset values of the unquoted unit trust in Malaysia as at the date of the statements of assets and liabilities obtained from fund managers.

(d) The carrying amounts of fixed deposits are assumed to reasonably approximate their fair values.

(e) The carrying amounts of cash and cash equivalents, insurance receivables and other receivables, insurance payables, and other payables and accruals reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted equity securities due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

29. Financial risks (continued)

29.5 Fair value of financial instruments (continued)

29.5.1 Fair value hierarchy

The tables below analyse financial instruments carried at fair value in the statement of financial position by the various levels within the fair value hierarchy.

	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
31 December 2023						
Financial assets						
Investments - FVOCI						
Malaysian government securities	-	2,389,577	-	2,389,577	2,389,577	2,389,577
Malaysian government guaranteed bonds	-	550,355	-	550,355	550,355	550,355
Unquoted debt securities	-	1,596,893	-	1,596,893	1,596,893	1,596,893
Investments - FVTPL						
Unquoted unit trust in Malaysia	-	1,060,488	-	1,060,488	1,060,488	1,060,488
Fixed deposits	-	368,775	-	368,775	368,775	368,775
	-	5,966,088	-	5,966,088	5,966,088	5,966,088

29. Financial risks (continued)

29.5 Fair value of financial instruments (continued)

29.5.1 Fair value hierarchy (continued)

	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
31 December 2022						
Financial assets						
Investments - FVOCI						
Malaysian government securities	-	2,111,993	-	2,111,993	2,111,993	2,111,993
Malaysian government guaranteed bonds	-	600,498	-	600,498	600,498	600,498
Unquoted debt securities	-	1,537,517	-	1,537,517	1,537,517	1,537,517
Investments - FVTPL						
Unquoted unit trust in Malaysia	-	1,120,241	-	1,120,241	1,120,241	1,120,241
Fixed deposits	-	12,746	-	12,746	12,746	12,746
	-	5,382,995	-	5,382,995	5,382,995	5,382,995

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2022: no transfer in either direction).

30. Capital management

The RBC Framework was first issued on 1 January 2009 and with the latest update that takes effect from 17 December 2018. Under the RBC Framework, 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 Company has been in compliance with the said requirement by maintaining a CAR that is in excess of minimum requirement.

Regulatory capital requirements

The capital structure of the Company as at 31 December 2023 and 2022, as prescribed under the RBC Framework, is based on the RBC framework and Insurance Companies Statistical System ("ICSS") guidance notes issued by BNM. The financial information to derive the Total Capital Available as at 31 December 2023 and 2022 is in accordance with the statistical returns, comprising ICSS and RBC reporting forms for the financial year 2023 and 2022 respectively.

	2023 RM'000	2022 RM'000
Tier 1 Capital		
Paid up share capital	379,168	379,168
Retained earnings *	1,921,105	1,873,000
	2,300,273	2,252,168
Tier 2 Capital		
Reserves *	25,474	(11,886)
	25,474	(11,886)
Amounts deducted from capital		
Intangible assets	(88,097)	(83,162)
Deferred tax assets *	(35,353)	(48,994)
	(123,450)	(132,156)
Total Capital Available	2,202,297	2,108,126

* These are based on statistical returns for financial year 2023 and 2022, including the estimation of insurance contract liabilities based on the valuation methods specified in Part D of the RBC Framework in accordance with the provisions of the FSA 2013 and the accounting policies prescribed in the notes to the statistical returns. The accounting policies prescribed in the notes to the statistical returns are the accounting policies adopted in the audited financial statements of the Company for the financial year ended 31 December 2023 prepared in accordance with the MFRS, as modified by the BNM pursuant to Section 65 of the FSA 2013.

31. Contingencies

On 10 August 2016, the Malaysia Competition Commission ("MyCC") commenced an investigation into an alleged infringement by Persatuan Insurans Am Malaysia ("PIAM") and all 22 general insurers including the Company of Section 4(2)(a) of the Competition Act 2010 ("CA"). The alleged infringement is in relation to the agreement reached between PIAM and the Federation Of Automobile Workshop Owners' Association Of Malaysia ("FAWOAM") in relation to trade discount rates on the parts for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops. These rates were applied by the Company pursuant to a members' circular issued by PIAM, which arose from Bank Negara Malaysia ("BNM")'s directive to PIAM to engage FAWOAM to resolve the issues of parts trade discounts and labour hourly rate.

On 22 February 2017, the Company received MyCC's notice of proposed decision ("Proposed Decision") that the Company 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 includes a proposed financial penalty of RM213,454,814 on all the 22 general insurers. The Company, 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, the Company's solicitors received MyCC's Decision that parties had infringed the prohibition under Section 4 of the CA and which imposed financial penalties for the said infringement on each of the 22 general insurers ("MyCC's Decision").

In view of the impact of the Covid-19 pandemic, MyCC had granted a reduction of 25% of the said financial penalties imposed and a moratorium period of up to 6 months for the payment of the financial penalties to be made by 6 equal monthly instalments. The financial penalty imposed on the Company, taking into account the 25% reduction amounts to RM18,549,595.97.

Appeal filed with the Competition Appeal Tribunal

On 13 October 2020, the Company filed a Notice of Appeal against MyCC's Decision ("Appeal") with the Competition Appeal Tribunal ("CAT") and a formal Notice of Application was filed to the stay of MyCC's Decision on 12 November 2020 ("Stay Application").

In response to the Company's Notice of Appeal, MyCC filed a Statement in Reply ("SIR") and the Company then filed its Reply to the SIR on 11 December 2020..

Upon conclusion of the hearing of the respective parties' submissions, on 23 March 2021, the CAT allowed the Stay Application, pending the disposal of the Appeal.

31. Contingencies (continued)

Appeal filed with the Competition Appeal Tribunal (continued)

As for the appeal proceedings before the CAT, MyCC as well as several other insurers presented their oral submissions on hearing dates in March and April 2022. The Company presented its submissions in reply on 21 April 2022 and 22 April 2022 whereupon all parties' submissions concluded.

On 2 September 2022, the CAT unanimously allowed the Company's appeal along with the appeals of PIAM and the other 21 general insurers ("CAT's Decision") thereby setting aside MyCC's Decision.

Application for leave for Judicial Review filed at the High Court of Malaya

Separately, on 26 April 2021 the High Court of Malaya granted the Company leave to apply for Judicial Review of MyCC's Decision and an interim stay of MyCC's Decision until the hearing of any objection or application by MyCC to set it aside. The Company filed its Notice of Hearing of Application for Judicial Review at the High Court on 9 May 2021 ("AGIC's JR Proceedings") and MyCC then filed an application against the orders granting the Company 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, the Company filed a Notice of Appeal against the said decision on 18 November 2021 ("AGIC's Appeal"). The matter was then fixed for further case management on 8 September 2022.

In light of the CAT's Decision, the Company through its solicitors withdrew AGIC's Appeal since the same was superseded by the CAT's Decision. The case management earlier fixed for 8 September 2022 was vacated thereby bringing AGIC's JR Proceedings to an end.

MyCC's Application for leave for Judicial Review filed at the High Court of Malaya

On 1 December 2022, MyCC filed an application at the High Court of Malaya seeking leave to apply for Judicial Review against CAT's Decision ("MyCC's Leave Application") and the Company's solicitors filed an Affidavit on the Company's behalf to object to the said application.

MyCC in turn filed a further affidavit on 17 April 2023 and in response thereto, on 2 May 2023, its solicitors filed a further affidavit on behalf of the Company.

MyCC's Leave Application initially fixed for Hearing on 8 May 2023 was converted into a case management at which the Court fixed a further case management for 16 May 2023 for parties to fix a new Hearing date for MyCC's Leave Application. At the case management on 16 May 2023, the Court fixed the Hearing for MyCC's Leave Application on 30 November 2023.

31. Contingencies (continued)

MyCC's Application for leave for Judicial Review filed at the High Court of Malaya (continued)

At the Hearing on 30 November 2023, the parties' solicitors made their respective oral submissions to the Court which then fixed 16 January 2024 to deliver its decision.

On 16 January 2024, the Court dismissed MyCC's Leave Application with the cost of RM10,000.00 to each insurer (including the Company) and PIAM.

On 15 February 2024, MYCC filed an appeal at the Court of Appeal against the High Court's decision in dismissing MYCC's Leave Application.

Intervener Application in the Malaysia Airlines and AirAsia case

On a separate but related matter, MyCC filed an application for the Federal Court to review ("Review Application") its previous decision in the Malaysia Airlines and AirAsia case ("Airlines case") wherein the Federal Court effectively held that MyCC is not allowed to apply for Judicial Review against its own appellate tribunal, the CAT.

As recommended by its solicitors and given its vested interest in the matter, the Company filed an Intervener Application in respect of MyCC's Review Application with the Federal Court on 21 March 2023 ("AGIC's Intervener Application").

In response, MyCC filed its affidavit in Reply on 17 April 2023 and the Company in turn filed a further affidavit on 2 May 2023.

At the Hearing of AGIC's Intervener Application on 27 June 2023, whilst the Federal Court dismissed the same on the basis that the Company did not have direct interest in the proceedings relating to the Review Application in the Airlines case, the Company's solicitors have been allowed to hold a watching brief at the Hearing of the proceedings.

The Hearing of the Review Application earlier fixed for 4 October 2023 was vacated by the Federal Court and adjourned to 1 November 2023.

At the Hearing on 1 November 2023, MyCC's Review Application in the Airlines case was dismissed by the Federal Court.

The management of the Company believes that the criteria to disclose the above as a contingent liability are met. Saved as disclosed above, the Company does not have any other contingent assets and liabilities since last date of statement of financial position.

32. Subsequent event

Pursuant to an internal group re-organisation exercise of Allianz SE, the ultimate holding company of the Company, Allianz SE had on 6 February 2024 transferred 115,362,295 ordinary shares and 144,202,868 ICPS of AMB, the Company's immediate holding company to Allianz Europe B.V. On 8 February 2024, Allianz Europe B.V. transferred the same number of ordinary shares and ICPS of AMB to Allianz Asia Holding Pte. Ltd. As a result of these transactions, Allianz Asia Holding Pte. Ltd. and Allianz SE became the Company's penultimate holding company and ultimate holding company, respectively.

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

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 39 to 180 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 Company as at 31 December 2023 and of its 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:

Dr. Muhammed Bin Abdul Khalid

Wang Wee Keong

Kuala Lumpur,

Date: 26 February 2024

Allianz General Insurance Company (Malaysia) Berhad

Company No. 200601015674 (735426-V)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chin Xiao Wei**, the officer primarily responsible for the financial management of Allianz General Insurance Company (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 180 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 Chin Xiao Wei at Kuala Lumpur in the Federal Territory on 26 February 2024.

Chin Xiao Wei

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD
(Incorporated in Malaysia)
(Company No. 200601015674 (735426-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Allianz General Insurance Company (Malaysia) Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information, as set out on pages 39 to 180.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 200601015674 (735426-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD
(Incorporated in Malaysia)
(Company No. 200601015674 (735426-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditors' responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 200601015674 (735426-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 200601015674 (735426-V))

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT	WONG HUI CHERN
LLP0014401-LCA & AF 1146	03252/05/2024 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
26 February 2024